

LONDON NOTICE No. 3217

ISSUE DATE: 10 November 2009
EFFECTIVE DATE: 1 December 2009

THREE MONTH EURO (EURIBOR) AND THREE MONTH STERLING (SHORT STERLING) INTEREST RATE FUTURES CONTRACTS AND THE FTSE 100 INDEX FUTURES CONTRACT

ASIA PACIFIC LIQUIDITY PROVIDER SCHEME

Executive Summary

This Notice informs Members of the introduction of a new Asia Pacific Liquidity Provider Scheme for independent proprietary traders based in specified locations in the Asia Pacific region.

1. Introduction

- 1.1 This Notice informs Members of the introduction of a new Liquidity Provider (“LP”) Scheme for independent proprietary traders based in certain specified locations in the Asia Pacific region (the “**Asia Pacific LP Scheme**”). The new Scheme will operate from **1 December 2009 until 30 November 2010**.
- 1.2 Independent proprietary traders operating from one of the following locations within the Asia Pacific region are eligible to apply to participate in the Scheme:

Australia	Brunei	Cambodia
Hong Kong	Indonesia	Japan
Macau	Malaysia	New Zealand
Philippines	Singapore	South Korea
Taiwan	Thailand	Vietnam

2. Overview of the Asia Pacific Liquidity Provider Scheme

- 2.1 Subject to the terms and conditions summarised in this Notice, the Asia Pacific LP Scheme offers Exchange transaction fee rebates in respect of “Qualifying Business” in the Three Month Euro (EURIBOR) Interest Rate Futures Contract, Three Month Sterling (Short Sterling) Interest Rate Futures Contract and the FTSE 100 Index Futures Contract (the “Contracts”).
- 2.2 Individuals can register with the Exchange and, if accepted, will benefit from the reduction in Exchange transaction fees in relation to “Qualifying Business”, based on the fee schedule

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The **Euronext Derivatives Markets** comprise the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets. Euronext is part of the NYSE Euronext group.

below. The thresholds are based on monthly volumes, per Contract covered by the Scheme, per registered TRS account reference.

Volume	Fee Per lot, per side	Rebate Per lot, per side
Lots 0 - 750	25p	0p
Lots 751 – 7,500	20p	5p
Lots 7,501 - 13,500	15p	10p
Lots 13,501 - 20,000	10p	15p
Lots >20,000	25p	0p

- 2.3 Whilst registered for inclusion in the Asia Pacific LP Scheme, traders are excluded from registration on any other LP Scheme in the Contracts.

3. Summary of Other Terms and Conditions

- 3.1 To be eligible for participation in the Scheme, an individual must be an independent financial futures trader based in one of the locations set out in section 1.2 of this Notice, whose principal activities include trading futures on a discretionary basis for his own account or for the proprietary account of an employer, and whose trading activity will contribute to price discovery in the marketplace. An individual must be registered for participation in the Asia Pacific LP Scheme by the Member through which he accesses the London market.
- 3.2 Qualifying Business for the Asia Pacific LP Scheme is business which satisfies the following criteria:
- (a) trades executed in the Euribor, Short Sterling and FTSE 100 Index Futures Contracts; and
 - (b) assigned to a person registered by the Exchange as an Asia Pacific LP to an exclusively nominated TRS Account Reference; and
 - (c) proprietary business of the participant, or his employer, and not client business.

4. Application Process

- 4.1 The Asia Pacific LP application form is available from Account Managers. Those wishing to apply for LP status should complete the form and submit it to their Account Manager. The Exchange's decision as to whether applications should be approved for LP status shall be final and binding.
- 4.2 Scheme Terms and Conditions are attached to the application form. The Exchange advises every applicant to ensure that they have read and understood those Terms and Conditions, as the Terms and Conditions and applicable Notices govern participation in the Scheme.
- 4.3 Ultimately, it is the responsibility of the applicant to ensure that all information included on the application form is complete and correct. Incorrect information will affect and possibly lengthen the application process and could affect the payment of Exchange transaction fee rebates.

- 4.4 **Members may register participants at any time during the duration of the Asia Pacific LP Scheme, up until close of business 29 October 2010. To benefit from reduced Exchange transaction fees in a particular calendar month, participants must be registered with the Exchange prior to the start of that calendar month.**

5. Identification of Qualifying Business

- 5.1 Once an individual has been registered as an LP, his Qualifying Business will be identified through a single unique entry in the User Specified field (a LIFFE CONNECT[®] field which translates into a single Account Reference in the Trade Registration System (“TRS”)) used exclusively by the LP and solely for his activity in that capacity.
- 5.2 It is essential that submitted Account References are accurate as a simple error will result in Qualifying Business not being identified. For example, if Account Reference “ABC1” was submitted as “ABC”, no Qualifying Business would be identified and no transaction fee rebates would be awarded.
- 5.3 Applicants should be aware that after a LIFFE CONNECT[®] trade enters TRS, the Account Reference field can be amended through TRS post trade processing. For example, allocation can be made to a different Account Reference. As such, applicants should ensure that they submit in their application the final Account Reference of their trades for the Exchange to identify Qualifying Business accurately.
- 5.4 **The Exchange stresses that any underpayment of transaction fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.**
- 5.5 If a registered LP decides to make changes to the trading and/or clearing arrangements which were detailed in the application, particularly those used by the Exchange to identify Qualifying Business (e.g., clearer, Member and Account Reference details), it is the responsibility of the LP to provide the Exchange with formal notification of such amendments in a timely manner, ideally in advance. Failure to do so could result in inaccurate registrations and transaction fee rebates not being received.
- 5.5 The Exchange advises any LPs wishing to amend such details to do so, where possible, at or near the beginning of a calendar month. This will maximise an LP’s ability to receive volume discounts by avoiding Qualifying Business for the month concerned being “split” (e.g. where an LP is registered at the Exchange under two different Account References or clearers, the previous one and the new one).

6. Billing Arrangements

- 6.1 Exchange transaction fees will be billed (as they are currently) to Clearing Members at the beginning of the following calendar month, on the basis of the standard Exchange transaction fee for the Futures Contract concerned. The Exchange will then calculate the rebates on Qualifying Business for registered LPs and make rebates to Clearing Members during the following calendar month.
- 6.2 For the avoidance of doubt, clearing fees of 3 pence per side, per lot will be applied to all traded volume transacted by Asia Pacific LP Scheme participants.
- 6.3 In the event that any business which may give rise to a benefit under the terms of the LP Scheme may also qualify as business undertaken by the LP giving rise to a benefit under any other Exchange liquidity provision, market making or other similar scheme or arrangement (regardless of whether such scheme or arrangement is an “incentive scheme” within the

FSA's guidance), the Exchange reserves the right in its absolute discretion to take one or more of the following actions:

- (a) not to credit any further rebates otherwise due under the Scheme;
- (b) to re-charge some or all of the discounted transaction fees made under the Scheme;
and
- (c) to terminate the LP Agreement by notice to the parties with immediate effect.

For further information in relation to this Notice, Members should contact:

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