

## LONDON NOTICE NO. 3756

Issue Date: 8 November 2013

Effective Date: 25 November 2013

### INTRODUCTION OF THE ULTRA LONG GILT FUTURES CONTRACT

#### Executive Summary

This Notice informs Members of the introduction of the Ultra Long (30 year) Gilt Futures Contract which will be made available on the Universal Trading Platform, and within Bclear, on and from 25 November 2013.

#### 1. Introduction

- 1.1 On and from the 25 November 2013, the Exchange will make available for trading a new Ultra Long (30 year) Gilt Futures Contract (the "Contract") on the Universal Trading Platform ("UTP"), and within Bclear.
- 1.2 This Notice provides Members with the following information:
  - (a) Details of the Ultra Long Gilt Futures Contract;
  - (b) Testing;
  - (c) Fees;
  - (d) Designated Market Maker Programme and inclusion of the Contract in existing LIFFE Incentive Programmes;
  - (e) Trading Licence;
  - (f) Minimum Volume Thresholds for Block Trades and Bclear;
  - (g) Bclear reporting requirements;
  - (h) Business Days and Trading Hours;
  - (i) Statement in relation to Gilt Contracts; and
  - (j) U.S. Regulatory Position.

#### 2. Details of the Ultra Long Gilt Futures Contract

- 2.1 The Contract will be made available for trading under the terms of Exchange Contract No. 144. Exchange Contract No. 144 is a generic Contract Specification which incorporates the existing Short, Medium and Long Gilt Futures Contracts. The full legal Contract Specification can be found on the NYSE Euronext website ([www.nyx.com/bondderivatives](http://www.nyx.com/bondderivatives)). The Summary Contract Specifications form Attachment 1 to this Notice.
- 2.2 The Contract is based on a £100,000 nominal value notional gilt with a 4% coupon. The maturity range of deliverable Gilts for the Contract will be 28 to 37 years, with a  $\geq 1\%$  and  $\leq 7\%$  coupon range. Three quarterly delivery months will be listed and the first delivery month will be **March**

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.

**2014.** The initial List of Deliverable Gilts in respect of the March 2014, June 2014 and September 2014 Delivery Months can be found in Attachment 2 to this Notice.

- 2.3 The Exchange Code for the Contract is “U”. The Vendor codes for the Contract are set out in the table below:

Vendor	Vendor Code
Bloomberg	UGLA <Cmnty>
Thomson Reuters	0#U

### 3. Testing

- 3.1 The Contract is now available in the CTSO environment. Members and Vendors are strongly advised to access the CTSO environment in order to test the Contract.

### 4. Fees

- 4.1 A Trading Fee Holiday will operate in the Contract between 25 November 2013 until close of business 28 February 2014, inclusive. Clearing and Delivery Fees will still apply during and following this period.

- 4.2 Standard fees associated with the Contract are detailed in the table below:

Platform	Trading Fees (per lot, per side)	Clearing Fees (per lot, per side)	Delivery (per Bargain)
UTP	£0.20	£0.03	£2.50
Bclear	£0.30	£0.03	£2.50

### 5. Designated Market Maker Programme and inclusion of the Contract in existing LIFFE Incentive Programmes

- 5.1 The Exchange intends to introduce a Designated Market Maker (“DMM”) Programme in the Contract. Details of the Programme and how to apply will be issued separately.

- 5.2 The Contract will also be included in the following LIFFE Incentive Programmes effective from 3 March 2014 after the Trading Fee Holiday has ceased:

- (a) Interest Rate Futures New Market Participant Programme; and
- (b) Interest Rate Futures Discount Programme.

- 5.3 Details of the Incentive Programmes are contained in London Info-Flash No. [LO13/50](#) and London Info-Flash No. [LO13/47](#) respectively. Members and appropriate clients of Members wishing to apply should send the relevant application form to their Relationship Manager. Application forms are available on the NYSE Euronext website: [www.nyx.com/lpprogrammes](http://www.nyx.com/lpprogrammes).

## 6. Trading Licence

- 6.1 Members wishing to execute trades in the Contract on UTP and Bclear must hold a valid Financial Futures Trading Subscription.
- 6.2 To submit trades in the Contracts via Bclear, Members will need to have completed the relevant Bclear application form, which can be found on the NYSE Euronext website ([www.nyx.com/bclearapplication](http://www.nyx.com/bclearapplication)).
- 6.3 To claim trades only, Members will need to have the appropriate entitlement set up in the membership database and access to the Universal Clearing Platform ("UCP").
- 6.4 To clear trades, Members will require the relevant clearing status (GCM or ICM) and access to UCP.

## 7. Minimum Volume Thresholds for Block Trades and Bclear

- 7.1 The Minimum Volume Thresholds (Lots) for Block Trades and Bclear for the Contract in all delivery months shall be as follows:

Platform	Outrights	Strategies (per leg of strategy)
UTP Block Trade Facility	100	100
Bclear	250	250

- 7.2 Further details in respect of LIFFE's Wholesale Trading Facilities are available on the NYSE Euronext website ([www.nyx.com/wholesaletrading](http://www.nyx.com/wholesaletrading)).

## 8. Bclear reporting requirements

- 8.1 Members are reminded that the Rules governing the Bclear Service ("Bclear Rules") are set out in Section 12 of LIFFE Rule Book II. Specifically, Rule 12.7.4 relates to the Bclear Service and is set out below:

*"12.7.4 An OTC Trade Reporting Member must submit to the Exchange the details of the OTC Trade described in LIFFE Rule 12.7.3(b) to (m), as applicable, as soon as practicable. In any event, the details of the OTC Trade must be submitted by the OTC Trade Reporting Member within the time period specified by Notice. Members must not delay the reporting of OTC Trades."*

- 8.2 The Contracts submitted to the Bclear Service will be conducted under the Bclear Rules in respect of Fixed Income products. The Bclear reporting times are set out as follows:

- (a) within five minutes in the case of a Bclear Trade which was not dependent on the execution of a transaction in another instrument, unless market conditions are exceptional; or

- (b) within fifteen minutes in the case of:
- (i) exceptional market conditions; or
  - (ii) a Bclear Trade which was dependent on the execution of a transaction in another instrument.

8.3 Price, volume and trade time details related to transactions in the Contracts submitted via Bclear will be published to the market 75 minutes after acceptance by the Exchange or at the daily close of trading in the Contract on the UTP, whichever is sooner.

## 9. Business Days and Trading Hours

9.1 The Contracts will be available for trading Monday to Friday except for non-trading days as specified in the NYSE Liffe Trading Calendar: <https://globalderivatives.nyx.com/en/nyse-liffe/exchange-holidays>.

9.2 Detailed session times for the trading of Contracts are as follows (all times are London times):

Contract	Host	Session Start	Pre Open	Open	Settlement	Pre Close	Close	Session Close
Ultra Long Gilts	F	00:30	06:03	<b>08:00</b>	16:15	17:58	<b>18:00</b>	21:35

9.3 Members may report transactions to the Exchange via Bclear between 08:00 and 18:00 hours (London time).

## 10. Statement in relation to Gilt Contracts

10.1 The Exchange draws the following statement to the attention of potential users of its Gilt Futures Contracts. Members should ensure that their clients are made aware of the statement:

*“Statement in relation to Gilt Contracts*

*Potential users of the Gilt Contracts made available on The London International Financial Futures and Options Exchange should familiarise themselves with the relevant Contract Terms and Administrative Procedures.*

*Potential users should consider the risks of holding a position into the Notice Period of a Gilt Contract wherein they are potential buyers or sellers in the delivery process. In particular, they should familiarise themselves with the use of Price Factors and the EDSP price formation process as these are both constituents of the formula for the calculation of the invoicing amount.”*

## **11. U.S. Regulatory Position**

- 11.1 The Contract will be made available to Members and their Affiliates who are based in the United States, effective from launch.

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

Fixed Income Derivatives                      +44 (0) 20 7379 2222                      [rates@nyx.com](mailto:rates@nyx.com)

For any queries regarding the CTSG environment please contact:

Technology Partnerships                      +44 (0) 20 7379 2417                      [Technologypartnerships@nyx.com](mailto:Technologypartnerships@nyx.com)

**Addition to the Summary Contract Specification for Contract No. 144**

CONTRACT	<b>Ultra Long Gilt Futures Contract</b>
EXCHANGE CONTRACT	No. 101
UNIT OF TRADING	£100,000 nominal value notional Gilt with 4% Notional Coupon
DELIVERY DAY	Any business day in delivery month (at seller's choice)
DELIVERY MONTHS	March, June, September, December, such that three expiry months are available for trading
QUOTATION	Per £100 nominal
MINIMUM PRICE MOVEMENT (Tick size and value)	0.02 (£20)
LAST TRADING DAY	Two business days prior to the last business day in the delivery month. On the Last Trading Day, trading in the expiring month will cease at 11:00 hours (London time). If such a day is not a business day, Last Trading Day shall mean the next business day following such day.
EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)	The London market price at 11:00 on the second business day prior to settlement day, rounded to the nearest lower number of Pounds and whole pence. The invoicing amount in respect of each Deliverable Gilt is to be calculated by the price factor system. Adjustment will be made for full coupon interest accruing as at Settlement Day.
TRADING HOURS	08:00 – 18:00 hours (London time)
TRADING PLATFORM	UTP and Bclear
ALGORITHM	Central order book applies a price/time priority trading algorithm
WHOLESALE SERVICE	Asset Allocation, Basis Trading, Block Trading and Bclear
CLEARING	ICE Clear Europe Limited
FIRST NOTICE DAY	Two business days prior to the first day of the delivery month
LAST NOTICE DAY	First business day after the Last Trading Day
MATURITY RANGE OF DELIVERABLE GILTS	28 years to 37 years
CONTRACT STANDARD	Delivery may be made of any gilts on the List of deliverable Gilts in respect of a delivery month of an Exchange Contract, as published by the Exchange on or before the tenth business day prior to the First Notice Day of such delivery month. Holders of a long position on any day within the Notice period may be delivered against during the delivery month. All gilt issues included in the List will have the following characteristics:

	<ul style="list-style-type: none"> <li>• having been issued and settled;</li> <li>• having been admitted to the Official List of the UK Listing Authority ;</li> <li>• having terms as to redemption such as provide for redemption of the entire gilt issue in a single instalment such that the length of time to the maturity date from, and excluding, the first date of the relevant delivery month is within the maturity range for the relevant Exchange Contract specified by the Board in the Contract Details;</li> <li>• having no terms permitting or requiring early redemption;</li> <li>• bearing interest at a single fixed rate throughout the term of the issue, within the coupon range specified by the Board in the Contract Details for the relevant Exchange Contract, and payable in arrears semi-annually (except in the case of the first interest payment period which may be more or less than six months);</li> <li>• being denominated and payable as to principal and interest only in Pounds and pence;</li> <li>• being fully paid or, in the event that the gilt issue is in its first interest period and is partly paid, being anticipated by the Board to be fully paid on or before the Last Notice Day of the relevant delivery month;</li> <li>• not being convertible;</li> <li>• not being in bearer form; and</li> <li>• being anticipated by the Board to have on one or more days during the relevant delivery month an aggregate principal amount outstanding of not less than £1.5 billion which, by its terms and conditions, if issued in more than one tranche or tap or issue, is fungible.</li> </ul>
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**INITIAL LIST OF DELIVERABLE GILTS****ULTRA LONG GILT CONTRACT (4% COUPON) - PRICE FACTORS AND ACCRUED INTEREST****DELIVERY MONTH: MARCH 2014**

<b><u>GILT</u></b> <b><u>ISIN* CODE</u></b>	<b><u>COUPON</u></b>	<b><u>REDEMPTION</u></b>	<b><u>PRICE</u></b> <b><u>FACTOR</u></b>	<b><u>DAILY</u></b> <b><u>ACCRUED</u></b>	<b><u>INITIAL</u></b> <b><u>ACCRUED</u></b>	<b><u>MARCH 2014</u></b> <b><u>DELIVERY DAYS</u></b>
GB00B1VWPJ53	4.50	7 Dec 2042	1.0849438	12.362637	1026.098901	--34567--01234--78901--45678--1
GB00B84Z9V04	3.25	22 Jan 2044	0.8698581	8.977901	332.182320	--34567--01234--78901--45678--1
GB00B128DP45	4.25	7 Dec 2046	1.0453775	11.675824	969.093407	--34567--01234--78901--45678--1
GB00B39R3707	4.25	7 Dec 2049	1.0472899	11.675824	969.093407	--34567--01234--78901--45678--1

Key:  
Price Factor: \*International Securities Identification Number  
price factor expressed as a fraction of par.  
Daily Accrued: accrued interest per day on £100,000 face value.  
Initial Accrued: accrued interest on £100,000 face value as of the last day of the month prior to the delivery month.  
Delivery Days: - = non business day.

Invoicing Amount:  $(1000 \times \text{EDSP} \times \text{Price Factor}) + \text{Initial Accrued} + (\text{Daily Accrued} \times \text{Delivery Day in Month})$

Gilts issued subsequent to publication of the Initial list and until ten business days prior to the First Notice Day that meet the contract standard will potentially be included in the final List of Deliverable Gilts.

**INITIAL LIST OF DELIVERABLE GILTS****ULTRA LONG GILT CONTRACT (4% COUPON) - PRICE FACTORS AND ACCRUED INTEREST****DELIVERY MONTH: JUNE 2014**

<b><u>GILT ISIN* CODE</u></b>	<b><u>COUPON</u></b>	<b><u>REDEMPTION</u></b>	<b><u>PRICE FACTOR</u></b>	<b><u>DAILY ACCRUED</u></b>	<b><u>INITIAL ACCRUED</u></b>	<b><u>JUNE 2014 DELIVERY DAYS</u></b>
GB00B1VWPJ53	4.50	7 Dec 2042	1.0846043	12.362637 12.295082	-86.538462 -86.065574	-23456- -90123--67890--34567--0
GB00B84Z9V04	3.25	22 Jan 2044	0.8704327	8.977901	1158.149171	-23456--90123--67890--34567--0
GB00B128DP45	4.25	7 Dec 2046	1.0452652	11.675824 11.612022	-81.730769 -81.284153	-23456- -90123--67890--34567--0
GB00B39R3707	4.25	7 Dec 2049	1.0471968	11.675824 11.612022	-81.730769 -81.284153	-23456- -90123--67890--34567--0

Key:  
Price Factor: \*International Securities Identification Number  
price factor expressed as a fraction of par.  
Daily Accrued: accrued interest per day on £100,000 face value.  
Initial Accrued: accrued interest on £100,000 face value as of the last day of the month prior to the delivery month.  
Delivery Days: - = non business day.

Invoicing Amount:  $(1000 \times \text{EDSP} \times \text{Price Factor}) + \text{Initial Accrued} + (\text{Daily Accrued} \times \text{Delivery Day in Month})$

Gilts issued subsequent to publication of the Initial list and until ten business days prior to the First Notice Day that meet the contract standard will potentially be included in the final List of Deliverable Gilts.

**ULTRA LONG GILT CONTRACT (4% COUPON) - PRICE FACTORS AND ACCRUED INTEREST**

<u>GILT</u> <u>ISIN* CODE</u>	<u>COUPON</u>	<u>REDEMPTION</u>	<u>PRICE</u> <u>FACTOR</u>	<u>DAILY</u> <u>ACCRUED</u>	<u>INITIAL</u> <u>ACCRUED</u>	<u>JUNE 2014</u> <u>DELIVERY DAYS</u>
GB00B1VWPJ53	4.50	7 Dec 2042	1.0846043	12.362637 12.295082	-86.538462 -86.065574	-23456- -90123--67890--34567--0
GB00B84Z9V04	3.25	22 Jan 2044	0.8704327	8.977901	1158.149171	-23456--90123--67890--34567--0
GB00B128DP45	4.25	7 Dec 2046	1.0452652	11.675824 11.612022	-81.730769 -81.284153	-23456- -90123--67890--34567--0
GB00B39R3707	4.25	7 Dec 2049	1.0471968	11.675824 11.612022	-81.730769 -81.284153	-23456- -90123--67890--34567--0

Invoicing Amount:  $(1000 \times \text{EDSP} \times \text{Price Factor}) + \text{Initial Accrued} + (\text{Daily Accrued} \times \text{Delivery Day in Month})$

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