

LONDON NOTICE NO. 3737

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INTRODUCTION OF A RISK MANAGEMENT GUI: "SUSPEND BUTTON"

Executive Summary

This Notice informs Members about the introduction of a Risk Management Graphical User Interface ("GUI") which will be made available, initially for Members of the London market to provide for the suspension of trading access at Member level. Members may now make applications for access to the Risk Management GUI.

1. Introduction

- 1.1 NYSE Liffe requires Members to have in place risk management arrangements that are appropriate to the nature and scale of their business. Section 8106 of the Euronext Rule Book (Book I) specifies the minimum features that should form part of a Member's arrangements. In addition, NYSE Liffe provides certain risk controls for the benefit of Members, such as dynamic price limits and drop copies of order and trade messages.
- 1.2 In response to Member demand, NYSE Liffe has been working with its Clearing and Non-Clearing Members, as well as trade bodies such as the FIA Market Access Working Group, to identify additional risk controls that may be provided for the benefit of Members, which will supplement Members' own risk controls.
- 1.3 NYSE Liffe intends to introduce a series of risk control enhancements over time, commencing with the introduction of a new Risk Management GUI providing "Suspend Button" functionality for Members of the London market. NYSE Liffe plans to roll out this functionality to the NYSE Liffe markets of Amsterdam, Brussels, Lisbon and Paris, and to define and communicate further risk control enhancements, in due course.

2. Suspend Button Functionality

- 2.1 The Risk Management GUI will be made available over the SFTI network to provide for the suspension of access to the Universal Trading Platform ("UTP") at Member level, i.e., to allow:
 - (a) a General Clearing Member ("GCM") to suspend the access of one of its Non-Clearing Member(s) ("NCM") across the London market product set(s) for which they have a clearing agreement; or
 - (b) any London market Member (whether GCM or NCM) to suspend its own access across all NYSE Liffe Markets (i.e. the Amsterdam, Brussels, Lisbon, London and Paris derivatives markets).

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.

- 2.2 Member level suspension means that all Individual Trading Mnemonics (“ITMs”) registered in the name of that Member will be suspended; it will not initially be possible for suspension to be conducted at individual ITM level.
- 2.3 The activation of a suspension will have the following effect in respect of the Member concerned:
- (a) all resting orders (including GTCs) will be cancelled;
 - (b) all new order submission will be blocked; and
 - (c) connection to the UTP (via CCG) will be maintained to allow for continued communication with the Member concerned.

3. Deactivating a Suspension

- 3.1 The function of deactivating a suspension will be performed by staff in European Market Services (“EMS”). Requests for deactivation of a suspension may only be made by the Member who initiated the suspension i.e. it will not be possible for an NCM to deactivate a suspension initiated by his GCM.
- 3.2 Requests must be made to EMS by email at MarketServicesUK@nyx.com. EMS will reserve the right to seek any additional information or verification from the Member’s Management or Compliance Contacts, as EMS deems fit, before deactivating the suspension.

4. Procedures and Controls

- 4.1 Suspend Button functionality at Member level is provided for use in extreme circumstances rather than as a day to day risk management tool. Members are reminded of their over-arching obligations to implement an appropriate system of internal controls and to ensure that market facilities are used in an appropriate manner. NYSE Liffe therefore expects Members who apply to access the Risk Management GUI to implement, as a minimum:
- (a) arrangements to provide for the appropriate use of the Suspend Button; and
 - (b) suitable security measures such that only those persons who are so authorised are able to effect trading suspensions or to apply for the deactivation of a suspension.
- 4.2 GCMs who elect to access the Risk Management GUI should ensure that the circumstances in which an NCM’s suspension may be activated are clearly documented between the two parties; NCMs should ensure that relevant staff are aware of those circumstances.
- 4.3 The Suspend Button functionality is provided to Members “as is” and in good faith and its use is at a Members’ own risk. Members’ attention is drawn to the Exclusion of Liability provisions set out at Section 1.6 of the Euronext Rule Book (Book I), which shall apply to all risk control enhancements provided including, but not limited to, the Suspend Button functionality.

5. Using the Risk Management GUI

- 5.1 Those Members who do wish to use the service – which is not mandatory – will need to request a logon and password for the Risk Management GUI by submitting an order form signed by their

Member Connectivity Administrator (MCA). Order Forms will be available from Technology Partnerships, whose contact details are below, on and from 29 July 2013.

- 5.2 Access to the GUI will be via the SFTI network only and the GUI servers additionally require the Member to present a valid client SSL certificate.
- 5.3 Test system access will be provided and further details in relation to access to the test and production environments will be provided to those Members who apply to use the service. It will be mandatory for members to complete training in the test environment prior to using the production system.
- 5.4 Documentation including a User Guide for the GUI, Order Forms and technical connectivity information may be found at <http://liffedeveloperdiary.if5.com/>. Please contact Technology Partnerships if you have further questions regarding the Risk Management GUI functionality or the on-boarding process.

6. Revisions to Harmonised Rule Book

- 6.1 Revisions to Chapter 5 of the Euronext Rule Book (Book I) to support the implementation of the Risk Management GUI were issued under cover of London Notice No. [3719](#), issued on 16 May 2013. For convenience, those revisions are also set out in the Attachment to this Notice.

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

Technology Partnerships

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technologypartnerships@nyx.com

Amendment to the Euronext Rules (Book I)
(additions shown underlined)

- 5204 The Relevant Market Undertaking may make available to Euronext Derivatives Members facilities for pre- and post-trade risk management including arrangements which would allow a Clearing Member to suspend with immediate effect access to the Euronext Trading Platform of a Euronext Derivatives Member for which it clears or for a Euronext Derivatives Member to suspend its own access. The conditions for the use of such facilities and arrangements shall be specified by Notice.