

## LONDON NOTICE No. 3117

ISSUE DATE: 6 February 2009  
EFFECTIVE DATE: 23 February 2009

### THREE MONTH STERLING (SHORT STERLING) INTEREST RATE FUTURES CONTRACT – INCREASE IN MINIMUM PRICE MOVEMENT

#### Executive Summary

This Notice informs Members that, following a consultation process involving the largest users of the Short Sterling Futures Contract, the Exchange has determined to increase the minimum price movement of the Short Sterling Futures Contract to 1 basis point.

1. London Notice No. 2994, issued on 1 February 2008, informed Members that in response to strong customer demand and to reflect the development of the Short Sterling market, the Exchange had resolved to reduce the minimum price movement (“tick size”) for the Three Month Sterling Interest Rate Futures Contract (“Short Sterling Futures Contract”) from 1 basis point to 0.5 basis points.
2. This Notice informs Members that, following a consultation involving the largest users of the Short Sterling Futures Contract and in light of recent market conditions - specifically a reduction in liquidity across all global interest rate futures markets both on-Exchange and OTC - the Exchange has determined to increase the tick size of the Short Sterling Futures Contract from 0.5 basis points to 1 basis point. **This will apply across all delivery months and all strategies with effect from Monday 23 February 2009.** Members should note that the Exchange will continue to consult with customers and will undertake a further review in due course to determine whether the tick size should remain at 1 basis point.
3. The necessary amendments to the Contract Details of Exchange Contract No. 801 are contained in the Attachment to this Notice and an updated version of Exchange Contract No. 801 will be made available on the NYSE Euronext website ([www.nyx.com/liffe](http://www.nyx.com/liffe)) in due course.
4. Members should note that following the increase in the tick size of the Short Sterling Futures Contract, Daily Settlement Prices will be generated in 1 basis point increments for all delivery months. For the avoidance of doubt, the degree of precision with which the Exchange Delivery Settlement Price is established (i.e., in multiples of 0.1 basis points) shall remain unchanged.

Web site: [www.nyx.com/liffe](http://www.nyx.com/liffe)

The **Euronext Derivatives Markets ("Liffe")** 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.

5. There will be no changes to the LIFFE CONNECT<sup>®</sup> API or Trading Host, and the interaction of implied and outright prices, spreads and other recognised strategies will remain unchanged.
6. The Short Sterling Futures Contract is now available in the Liffe Test Environments with a 1 basis point tick size.
7. Members are advised that any Good 'Til Cancelled ("GTC") orders in the Short Sterling Futures Contract order book, which were submitted at a half basis point price level, will need to be revised to a full basis point price, or deleted, prior to close of business on Friday 20 February 2009. Members should be aware that the time priority of GTC orders will change upon their revision. Any GTC orders left resting in the market at a half basis point price will be deleted by Exchange officials on the evening of Friday 20 February 2009.

For further information in relation to this Notice, Members should contact their Account Manager or:

Fixed Income Derivatives

+44 (0)20 7379 2222

[stirs@liffe.com](mailto:stirs@liffe.com)

## (B) CONTRACT DETAILS SPECIFIED BY THE BOARD FOR SHORT TERM INTEREST RATE CONTRACTS

**Table I: Section (a)**

Contract	Three Month Eurodollar	Three Month Sterling	Three Month Euro Swiss Franc
<b>Known as Exchange Contract No.</b>	15	16	33
<b>Currency specified by the Board</b>	Dollar \$	Sterling £	Swiss Franc SFr
<b>Period specified by the Board</b>	Three Months	Three Months	Three Months
<b>Unit of trading</b>	\$ 1 million	£ 500,000	SFr 1 million
<b>Delivery months</b>	All calendar months	All calendar months	Mar, Jun, Sep, Dec
<b>No. of delivery months available for trading<sup>1</sup></b>	20 Quarterly 4 Serial	21 Quarterly 2 Serial	8 Quarterly
<b>Basis Point value<sup>2</sup></b>	\$25.00 per lot	£12.50 per lot	SFr25.00 per lot
<b>Minimum price movement (Value)</b>	Half Basis Point (\$12.50)	Half <del>One</del> Basis Point ( <del>£6.25</del> £12.50)	One Basis Point (SFr25.00)
<b>Minimum EDSP Price Increment</b>	0.001%	0.001%	0.001%
<b>Quotation</b>	100.00 minus rate of interest	100.00 minus rate of interest	100.00 minus rate of interest
<b>Last Trading Day</b>	Two business days prior to the third Wednesday of the delivery month	Third Wednesday of the delivery month. <sup>3</sup>	Two business days prior to the third Wednesday of the delivery month
<b>Interest rate basis</b>	Actual days/360	Actual days/365	Actual days/360

- 1 The delivery months available for trading will be the relevant number of nearest quarterly delivery months and the relevant number of nearest serial delivery months. A new delivery month is available for trading the business day after the Last Trading Day of a delivery month.
- 2 A one Basis Point change in price has a value equal to the Basis Point value. In respect of contracts for a three month period, this is equal to the change in gross interest on the unit of trading for one quarter of a year resulting from a 0.01% change in the interest rate i.e. Basis Point value =  $\frac{0.01}{100} \times \frac{3}{12} \times$  Unit of trading. In respect of contracts for a one month period, this is equal to the change in gross interest on the unit of trading for 30 days resulting from a 0.01% change in the interest rate i.e. Basis Point value =  $\frac{0.01}{100} \times \frac{30}{360} \times$  Unit of trading.
- 3 If such a day is not a business day, "Last Trading Day" shall mean the business day next following such day.