

## **LONDON NOTICE No. 3406**

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### **NEW MARKET PARTICIPANT PROGRAMME FOR FUTURES CONTRACTS**

#### **Executive Summary**

This Notice informs Members of the extension of the New Market Participants Scheme for futures contracts which will now be known as the New Market Participant Programme for Futures Contracts.

#### **1. Introduction**

- 1.1 London Notice No. 3272, issued on 31 March 2010, informed Members of the renewal of, and revision to, the New Market Participants Scheme (the “Scheme”) in respect of specified LIFFE futures contracts until close of business on 31 March 2011.
- 1.2 This Notice informs Members of the renewal of the Scheme for a further twelve months from 1 April 2011 to 30 March 2012, and invites participants who are new to trading specified LIFFE futures contracts to apply.
- 1.3 Members should note that this Scheme will now be known as the New Market Participant Programme for Futures Contracts (the “Programme”). The Programme will be open to applications up to and including **29 February 2012**.

#### **2. Benefits of the Programme**

- 2.1 Each participant who is approved on the Programme will benefit from a full Exchange trading fee rebate in respect of Qualifying Business, subject to a monthly cap, for a period of twelve calendar months, commencing the month in which they are approved on the Programme. Details of the monthly fee caps are detailed in the table below:

<b>Calendar Month</b>	<b>Cap Per Calendar Month</b>
Months One and Two	Up to 2,000 lots
Months Three and Four	Up to 3,500 lots
Months Five and Six	Up to 4,500 lots
Months Seven and Eight	Up to 6,000 lots
Months Nine and Ten	Up to 7,500 lots
Months Eleven and Twelve	Up to 10,000 lots

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

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 In circumstances where Qualifying Business attracts different Exchange trading fees, within the relevant monthly cap, the Exchange shall calculate rebates due on such contracts beginning with those which have the highest trading fees. Any business executed in excess of the monthly levels set out in paragraph 2.1 will be charged at the standard Exchange trading fee for the futures contract concerned and such business shall not be eligible for any rebates.
- 2.3 For the avoidance of doubt, standard clearing fees of 3 pence per side, per lot will continue to apply for all business transacted by participants registered on the Programme.
- 2.4 Full details of NYSE Liffe's Subscriptions, Fees and Charges are available on the NYSE Euronext website ([www.nyx.com/subsfeescharges](http://www.nyx.com/subsfeescharges)).

### **3. Qualifying Business**

- 3.1 Under the Programme, "Qualifying Business" is business which must be:
- (a) executed in the following futures contracts (the "Contracts"):
    - Three Month Euro (EURIBOR) Interest Rate Futures Contract;
    - Three Month Sterling (Short Sterling) Interest Rate Futures Contract;
    - Three Month Euro Swiss Franc (Euroswiss) Interest Rate Futures Contract;
    - Three Month EONIA Swap Index Futures Contract;
    - Long, Medium and Short Gilt Futures Contracts;
    - Two Year, Five Year, and Ten Year Euro Swapnote<sup>®</sup> Futures Contracts; and
    - FTSE 100 Index Futures Contract;
  - (b) executed by, and assigned to, a person registered by the Exchange as a participant in the Programme (the "NMP"); and
  - (c) own/proprietary account business of the NMP, and not client business.

Business which satisfies all the criteria set out above will qualify for the benefits described in section 2.1.

- 3.2 The purpose of the Programme is to encourage new traders who intend to trade for their own or proprietary accounts only. Therefore, individuals who intend also to execute business on behalf of clients while participating in the Programme, must ensure that only own/proprietary account business is assigned to the TRS Account References registered with the Exchange for the purposes of this Programme.

### **4. Eligibility for the Programme**

- 4.1 The Programme is only open to individual traders who are new to trading the Contracts, as specified in section 3.1(a). For the purpose of the Programme, a New Market Participant (NMP) is defined as an individual:
- (a) who has no prior experience of trading any of the Contracts, who is undergoing training which involves trading the Contracts, and who will support and enhance the liquidity of those contracts;
  - (b) whose principal activities will include trading futures on a discretionary basis for his own account, or for the proprietary account of an employer in which he has an interest; and

- (c) whose trading activity will contribute to price discovery and will satisfy the futures order flow of other market participants.
- 4.2 To be eligible, traders must continue to receive suitable training support within their trading firm. Members are reminded of their overarching obligations under the Rules to organise and control their affairs in a responsible manner and to ensure that all staff involved in LIFFE business are suitable, adequately trained and properly supervised. Relevant guidance in this respect was issued under cover of Circular No. 99/28 on 25 February 1999.
- 4.3 Each individual applying for inclusion in the Programme may participate for a maximum period of twelve calendar months.
- 4.4 Individuals registered for inclusion in the Programme are excluded from registration in any other Exchange liquidity provision, market making or other similar programme or arrangement (regardless of whether such programme or arrangement is an “incentive scheme” within the FSA’s guidance) during the period of their inclusion in this Programme.

## **5. Application Process**

- 5.1 The application form for the Programme is available from Account Managers and the NYSE Euronext website ([www.nyx.com/stirlpschemes](http://www.nyx.com/stirlpschemes)). Those wishing to apply for the Programme should complete the form and submit it to their Account Manager before 29 February 2012. The Exchange’s decision as to whether an applicant should be approved as an NMP on the Programme shall be final and binding.
- 5.2 Programme 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 Programme.
- 5.3 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 trading fee rebates.

## **6. Identification of Qualifying Business**

- 6.1 Once an NMP has been registered, their Qualifying Business will be identified through a single unique entry into the User Specified field (a LIFFE CONNECT<sup>®</sup> field that translates into a single Account Reference in the Trade Registration System (“TRS”)) used exclusively by the NMP and solely for their activity in that capacity.
- 6.2 Applicants should be aware that after a LIFFE CONNECT<sup>®</sup> trade enters TRS, the Account Reference field can be amended through TRS post trade processing any time up until 21:30 hours (London time) on the same business day. As such, applicants should ensure that they submit in their application the final Account Reference based on market assigned trades for the Exchange to identify Qualifying Business accurately.
- 6.3 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 trading fee rebates would be awarded.
- 6.4 **The Exchange stresses that any underpayment of trading fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.**

- 6.5 If a registered NMP 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 NMP to provide the Exchange with formal notification of such amendments in a timely manner, ideally in advance and in all cases by no later than close of business on the last business day of the month in which the change occurred. If this is not done, then only volumes transacted during the calendar month in which the notification of changes was received by the Exchange will be eligible for the benefits specified in paragraph 2.

## **7. Other information**

- 7.1 Exchange trading fees will be billed (as they are currently) to Clearing Members at the beginning of the following calendar month. This initial bill will be calculated on the basis of standard fees as published on the NYSE Euronext website. The Exchange will then calculate the rebates on Qualifying Business for approved NMPs and make rebates to Clearing Members during the following calendar month. For example, rebates for Qualifying Business transacted in April 2011 will be calculated in May 2011 for payment to Clearing Members at the beginning of June 2011.
- 7.2 In the event that any business which may give rise to a benefit under the terms of the Programme may also qualify as business undertaken by the NMP giving rise to a benefit under any other Exchange liquidity provision, market making or other similar programme or arrangement (regardless of whether such programme 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 Programme;
  - (b) to re-charge some or all of the discounted trading fees made under the Programme; and
  - (c) to terminate the Agreement by notice to the parties with immediate effect.
- 7.3 The Exchange reserves the right in its absolute discretion to terminate the Programme by Notice.

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

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