

CIRCULAR NO: 00/25

21 March 2000

To All Members

LIFFE CONNECT™ LAUNCH OF FINANCIAL OPTIONS AND FTSE 100 INDEX OPTIONS - TRADING RIGHTS

1. Introduction

- 1.1 As members will be aware, financial option and FTSE 100 Index option contracts will be available for trading on LIFFE CONNECT™ with effect from Tuesday 2 May 2000.
- 1.2 The purpose of this Circular is to advise members that – subject to restrictions in the United States which are explained below – they may subscribe for trading rights for financial options only, for FTSE 100 Index options only, or for both financial options and FTSE 100 Index options.

2. Trading Rights

- 2.1 Members wishing to trade these contracts on LIFFE CONNECT™ must install conformant application software (i.e. trading application software which has been certified by LIFFE as conforming with API version 4.0). In addition, members must pass a Market Entry Test (“MET”) to demonstrate that they have a suitable technical environment and adequate operating procedures.
- 2.2 With the exception of those members in the United States, members who pass the MET may subscribe for trading rights for all of the following option contracts on LIFFE CONNECT™:
 - Long Gilt Option
 - Italian Government Bond (“BTP”) Option
 - German Government Bond (“Bund”) Option
 - Euro (EURIBOR) Option and One Year Mid-Curve Euro (EURIBOR) Option
 - Euro (LIBOR) Option and One Year Mid-Curve Euro (LIBOR) Option
 - Short Sterling Option and One Year Mid-Curve Short Sterling Option
 - Euro Swiss Franc Option
 - Options on the FTSE 100 Index (American-style and European-style exercise)

- 2.3 Members based in the United States should be aware that approval has not yet been granted by the Securities and Exchange Commission (“SEC”) to allow FTSE 100 Index options to be made available on LIFFE CONNECT™ within the United States. Consequently, members in the United States may not obtain rights to trade FTSE 100 Index options but they may be granted rights to trade the above referenced financial options. The Exchange is aware that some members trade on LIFFE CONNECT™ from both the United States and from other jurisdictions in which LIFFE has permission to make the system available. Such members may be granted trading rights for both financial options and FTSE 100 Index options outside the United States but they may not obtain rights to trade FTSE 100 Index options from the United States until such time as the SEC has granted approval of this product.
- 2.4 Members intending to take part in the MET **must** complete the Attachment to this Circular and return it to the Exchange by fax, post or e-mail by 31 March 2000. If members submit an unsigned attachment by e-mail, a signed version should also be submitted by post or fax. Failure to comply with this requirement will result in no subscriptions being allocated to the member concerned

3. Responsible Persons

- 3.1 Members should be aware that the obligations of a responsible person under the Rules and Trading Procedures of LIFFE apply when trading any LIFFE product on LIFFE CONNECT™. Accordingly, responsible persons currently registered to members for the trading of financial futures on LIFFE CONNECT™ will, subject to the member passing the MET, be obliged to fulfil those obligations in respect of all financial options and/or FTSE 100 Index options orders submitted under his/her ITM(s) as applicable.
- 3.2 Members should also ensure that the appropriate application forms for the registration of any responsible persons to trade financial options and FTSE 100 Index options are completed and returned. These application forms were sent out under cover of letter dated 3 March 2000 from the Market Control Centre (“MCC”) to Members’ LIFFE CONNECT™ Administrators (“MCA”). They should be completed and returned to Pam Sellar at MCC (either by fax, number: ++ (0)20 7929 3554 or by post) by 24 March 2000 if members wish to participate in the dress rehearsals and live trading from 2 May 2000.
- 3.3 Furthermore, members should be aware that it is for the member to ensure that appropriate front-end risk management arrangements are made to restrict, if required, the products available for trading for any particular ITM. (In the case of ITMs for use in the United States there will be an Exchange restriction which will prevent access to FTSE 100 Index options.)

4. Further Information

- 4.1 Members seeking further information in relation to this Circular should contact their Account Manager at LIFFE.

N E Carew Hunt
Market Secretary

Voluntary Restriction of Member Trading Rights

Member Name

Member Mnemonic.....

Subject to successful completion of all Market Entry Test criteria, I **do/do not** (*please delete as appropriate*) require trading access to the following LIFFE contracts on LIFFE CONNECT™ from Tuesday 2 May 2000:

- Long Gilt Option
- Italian Government Bond (“BTP”) Option
- German Government Bond (“Bund”) Option
- Euro (EURIBOR) Option and One Year Mid-Curve Euro (EURIBOR) Option
- Euro (LIBOR) Option and One Year Mid-Curve Euro (LIBOR) Option
- Short Sterling Option and One Year Mid-Curve Short Sterling Option
- Euro Swiss Franc Option

I **do/do not** (*please delete as appropriate*) require trading access to the following LIFFE contracts on LIFFE CONNECT™ from Tuesday 2 May 2000:

- Options on the FTSE 100 Index (American-style and European-style exercise)

Authorised by MCA¹ (print name).....

Signed.....

Date.....

Contact Number.....

Please return to Bridget Watts by 31/03/00

LIFFE

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¹ Member’ s LIFFE CONNECT™ Administrator

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