

LIFFE CIRCULAR NO: 05/06

11 March 2005

To All Members

**ROBUSTA COFFEE, COCOA AND WHITE SUGAR FUTURES AND OPTIONS CONTRACTS
INCENTIVE SCHEME FOR NEW MARKET PARTICIPANTS IN COMMODITY CONTRACTS**

Executive Summary

This Circular informs members of the introduction of an incentive scheme for new market participants in Commodity Futures and Options Contracts, and invites members to apply on behalf of such participants.

1. Introduction

1.1 The Exchange has determined to introduce an incentive scheme (“the Scheme”) which is aimed at new market participants in the Robusta Coffee, Cocoa and White Sugar Futures and Options Contracts (“the Contracts”).

2. Eligibility for the Scheme

2.1 The Scheme is open to any individual trader:

- (a) who has not previously traded the Contracts;
- (b) whose principal activities include trading futures or options 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 or options order flow of other market participants.

2.2 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, inter alia, under cover of Circular No. 99/28 on 25 February 1999.

3. Qualifying Business

3.1 “Qualifying Business” under the Scheme is business that is:

- (a) executed by, and assigned to, a person registered by the Exchange as a participant in the Scheme; and
- (b) own/proprietary account business of the registered participant, or his employer, and not client business.

3.2 As stated above, the purpose of the Scheme is to incentivise new participants who intend to trade the Contracts for their own or proprietary accounts. Therefore, individuals who also intend to execute business on behalf of clients while participating in the Scheme should inform the Exchange.

4. Benefits

4.1 Each registered participant will benefit from rebated Exchange transaction fees for Qualifying Business in the Contracts, as follows:

- (a) in the first three months following registration, a full rebate of LIFFE transaction fees incurred in respect of the Contracts; and
- (b) in the fourth, fifth and sixth months following registration, a rebate equal to 50% of LIFFE transaction fees incurred in respect of the Contracts.

4.2 Standard LCH.Clearnet clearing fees of 3 pence per side per lot for the Contracts will continue to apply to all business transacted by participants in the Scheme.

5. Application process

5.1 Members wishing to register traders for participation in the Scheme should request application forms by contacting their Account Manager or by sending an e-mail to commodities@liffe.com. Completed application forms should be returned to the member’s Account Manager at Euronext.liffe before the end of the calendar month in order for the relevant traders to be included in the Scheme from the beginning of the following month. Applications may be made at any time **up to and including Wednesday 14 December 2005**.

5.2 Those members who do not already hold the relevant trading subscription (i.e a commodity futures and/or commodity options trading subscription, as applicable) should contact memberships@liffe.com. Members should also ensure that they have the appropriate clearing arrangements in place in relation to commodity contracts.

5.3 The Exchange’s decision about whether to approve an application shall be final and binding. Furthermore, the Exchange reserves the right to limit the number of participants in the Scheme. The Exchange also reserves the right to publish a list of member firms participating in the Scheme.

6. Administrative arrangements

6.1 Once an individual has been registered for participation in the Scheme it will be necessary for the Exchange to be able to identify his trading through a unique entry into the User

Specified field (a LIFFE CONNECT[®] field which translates into the Account Reference on TRS) used exclusively by the trader.

- 6.2 Transaction fees will be billed to clearing members shortly after the end of each month, on the basis of the standard Exchange transaction fee for the Contracts concerned. Any transaction fees in respect of volume transacted in the Contracts will be rebated to clearing members on the basis described in paragraph 4.1 above.

7. Further Information

- 7.1 Members seeking further information in relation to this Circular should contact Eric Hasham (+44 (0)20 7379 2373) or Malcolm Wall Morris (+44 (0)20 7379 2139) at Euronext.liffe.

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