

Terms and Conditions for an Incentive Scheme for New Market Participants acting as Liquidity Providers (“NMPs”) in London Futures Contracts

1. Introduction

- 1.1 These Terms and Conditions, together with the Application Form (attached as Appendix 1) and London Notice No. 2762 and any amendments prescribed by the Exchange by Notice from time to time (the “Agreement”), govern the participation of the NMPs in the scheme for NMPs acting as liquidity providers in eligible London Futures Contracts (the “Scheme”). The parties to this Agreement are the Exchange and the signatories to the Application Form.
- 1.2 Capitalised or italicised terms (not defined in these Terms and Conditions) shall have the meanings given to them in London Notice No. 2762, the Application Form or the Rules of the Exchange, as the case may be.

2. NMP Obligations

- 2.1 The NMP represents and warrants, both at the date of submission to the Exchange of the Application Form and throughout his participation in the Scheme, that the NMP satisfies the eligibility criteria for the Scheme, as set out in London Notice No. 2762, as the same is amended from time to time by the Exchange.
- 2.2 The NMP agrees that all market-assigned business submitted using the TRS Account Reference provided by the NMP on the Application Form will meet the definition of Qualifying Business as set out in London Notice No. 2762, as the same is amended from time to time by the Exchange.
- 2.3 If the NMP executes or intends to execute business on behalf of clients while participating in the Scheme, he agrees to inform the Exchange immediately. Where the Exchange considers that an NMP is executing or has executed a significant amount of client business at any time during his participation in the Scheme, the Exchange may terminate this Agreement pursuant to clause 5.4. The Exchange’s decision on what constitutes a significant amount of client business shall be final.
- 2.4 The NMP agrees to provide immediate written notice to the Exchange in the event of any change to representations made under this clause 2 or information provided in the Application Form.

3. Member, Clearing Member and Trading Bureau Obligations

- 3.1 The Clearing Member, the Member (if any) and the Trading Bureau (if any) shall, to the extent practicable, ensure that the only market-assigned business submitted under the NMP’s Account Reference (as given in the Application Form) as Qualifying Business is business of the NMP.
- 3.2 The Clearing Member agrees to pass on all the rebates received from the Exchange under the Scheme in accordance with any arrangements in place between the Clearing Member, the Member (if a party to this Agreement), the Trading Bureau (if any) and the NMP.

- 3.3 The Member (if any) and the Trading Bureau (if any) shall pass on all rebates received under the Scheme in accordance with any arrangements in place between the Member (if any), the Trading Bureau (if any) and the NMP.
- 3.4 Clause 3.3 shall not apply where the Exchange, the Clearing Member and the NMP are the only parties to this Agreement.

4. Payment of Rebates

- 4.1 The Exchange will charge the Clearing Member the transaction fees at the applicable rate.
- 4.2 The Exchange will calculate the transaction fee charges based on the standard transaction fee per lot per side for each eligible London Futures Contract for all Qualifying Business using the Account Reference provided on the Application Form. The Exchange will then calculate the rebate due in accordance with London Notice No. 2762 and any amendments thereto, and pay the appropriate rebate in accordance with this Agreement. The Exchange will only credit rebates for Qualifying Business submitted using the precise TRS Account Reference provided by the NMP on the Application Form and the Exchange accepts no liability for any errors, omissions or any underpayment resulting from inaccurately submitted business.

5. Term and Termination

- 5.1 Application Forms require prior approval by the Exchange before participation in the Scheme may commence. Applications received after on or after 22 March 2007 shall, if approved, bring this Agreement into force on the first business day in the calendar month following the date of the application. No application forms shall be accepted after 31 March 2008. The term of this Agreement shall be six calendar months in respect of eligible London Futures Contracts.
- 5.2 The Exchange may terminate the Scheme in its entirety, and thereby this Agreement, at any time on seven days' written notice.
- 5.3 The Exchange may terminate this Agreement by written notice with immediate effect on the occurrence of one or more of the following events:
- a) a material change in the ownership or the nature of the business and operations of any of the other parties which, in the Exchange's opinion, might affect the performance of the obligations of any of the other parties under this Agreement;
 - b) any of the other parties, being a member of the Exchange, ceases to be a member of the Exchange, has its trading rights suspended or is declared a defaulter pursuant to the Rules;
 - c) any of the other parties is subject to criminal, regulatory or insolvency (or other analogous) proceedings;
 - d) the clearing agreement between the Member, if any, and the Clearing Member is terminated;
 - e) the relationship between the NMP, the Trading Bureau, if any, the Member, if any, and the Clearing Member is terminated; and

- f) the NMP is, or applies to be, a participant in any other existing or future LIFFE liquidity provider scheme.
- 5.4 In the event the Exchange determines, in its absolute discretion, that any of the other parties materially breaches or fails to perform any of its respective obligations under this Agreement (for the avoidance of doubt this shall include, without limitation, the NMP breaching its obligation (i) to be a trainee trader as part of the eligibility criteria under clause 2.2 and/ or (ii) under clause 2.4 not to execute a significant amount of any client business), the Exchange may decide, in its absolute discretion, to take one or more of the following actions:
- a) to terminate this Agreement by notice to the parties with immediate effect;
 - b) to not credit some or all of the rebates for the period or periods affected by the breach or failure or any future period; and
 - c) to re-charge some or all of the rebates paid in respect of any period affected by the breach or failure.

6. Liability

- 6.1 On termination of the Scheme or this Agreement for whatever reason, the other parties shall have no claim against the Exchange for damages or compensation of whatever nature.
- 6.2 Termination of this Agreement shall not affect the accrued rights and obligations of any of the parties except that the Exchange reserves the right not to credit rebates where this Agreement is terminated (i) due to a breach by the NMP of clause 5.3 (c) or (ii) pursuant to clause 5.4.

7. Miscellaneous

- 7.1 Any notice required to be given pursuant to this Agreement shall be in writing and may be given electronically, by facsimile, by hand or by post to the address of the relevant party which appears on the Application Form or which is notified to each of the other parties from time to time for that purpose. Any such notice shall be deemed received when sent except in the case of delivery by post which shall be deemed received 24 hours after posting (if sent to an address in the United Kingdom mainland) or three working days after posting if sent to an address outside the UK.
- 7.2 No party to this Agreement may assign, sub-contract or delegate any of its rights or obligations under this Agreement without the prior written consent of the other parties.
- 7.3 A person who is not a party to this Agreement shall have no right under the Contract (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.
- 7.4 In the event of any conflict between this Agreement and the Rules, the Rules shall prevail.

7.5 This Agreement (together with any disputes arising under or in connection with this Agreement) shall be governed by English law and the parties submit to the exclusive jurisdiction of the English courts.

Appendix 1 – Application Form for New Market Participants Acting as Liquidity Providers in London Futures Contracts

Please complete in BLOCK CAPITALS ensuring such information is clear & correct

If you need any assistance to complete this form, please contact your LIFFE Account Manager

The Exchange stresses that any underpayment of transaction fee rebates resulting from inaccurate application/registration details will **NOT** be corrected retrospectively by the Exchange.

New Market Participants ("NMP") Details	
Name of applicant (please insert full legal name) (the "NMP")	
<i>The following should be completed:</i>	
Telephone number.....	
Mobile.....	
Email.....	
Primary trading location.....	
.....	
2. User Specified field(s) on LIFFE CONNECT® / Account Reference(s) on Trade Registration System (TRS)	
.....	
By signing this Agreement, the NMP agrees to be bound by its terms	
Signature	Date
Trading Bureau Authorisation (This section can be left blank where NMP's Trading Bureau is a member or a clearing member)	
Full Legal Name(the "Trading Bureau")	
By signing this Agreement, the Trading Bureau agrees to be bound by its terms	
Signature	Date
Name of signatory	
Position	
<u>Member authorisation</u> (this section can be left blank where the NMP's member is a clearing member)	
Full legal name (the "Member")	
By signing this Agreement, the Member agrees to be bound by its terms	
Signature	Date
Name of signatory	
Position	
<u>Clearing Member authorisation</u>	
Full legal name (the "Clearing Member")	
By signing this Agreement, the Clearing Member agrees to be bound by its terms	
Signature	Date
Name of signatory	
Position	