



**Liffe's Liquidity Provider scheme for  
the Brussels derivatives market  
“ELPS Brussels”**

## **1. Introduction**

The current liquidity provider agreements have different ending dates, on 30 October 2008 and 23 April 2009 respectively. This document sets out the conditions for the market making scheme for the Brussels derivatives market (“ELPS Brussels”), for which auctions will be held on 21 and 22 October 2008. The new liquidity provider agreements based on the new ELPS conditions (ELPS Brussels II – October 2008), replacing the agreements that end on 30 October 2008, will come into force on 31 October 2008.

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.

## **2. Principal features of ELPS**

### **2.1 Liquidity Providers**

ELPS recognises two types of Liquidity Provider: PMMs and CMMs.

PMMs have obligations relating to all series with a remaining lifetime of 12 months or less, in every class to which they are assigned, while the obligations of CMMs relate to only a limited number of series in each assigned class. Furthermore, CMM should maintain a market in the index options (BXO) before obtaining the right to become CMM in equity options.

### **2.2 ECCs**

Classes are grouped into class combinations (ECCs). The composition of the current ECCs will not change. However, not all liquidity providers selected for an ECC will be required to maintain a market in all classes in that ECC. Under certain circumstances as described in the selection procedure (“Selection Procedure for ELPS Brussels – October 2008”, see also Appendix IV to this document), a liquidity provider may relinquish its role in the less liquid classes in an ECC. The auction process is explained in more detail in Appendix IV.

### **2.3 Number of PMMs and CMMs**

During the ELPS Brussels II auctions, Liffe aims to select a maximum of 3 PMMs in each ECC. The number of CMM will be maximised to 6 per class.

### 3. Benefits and obligations of Liquidity Providers and dealers

#### 3.1 Conditions governing Liquidity Providers

- a) In order to apply for the role of PMM or CMM, a member should use software approved by Liffe.
- b) An applicant for the role of PMM or CMM will be admitted once it has provided a written statement from its clearing member confirming that the clearing member supports the application for the role of PMM/CMM based on the relevant obligations. Applicants are also required to enter into agreements with Liffe that set out their rights and obligations.

##### *PMM benefits*

PMMs benefit from the following:

- The PMM fee (currently € 0.10 per contract for IEOs) in the classes to which they are assigned, and the dealer fee (currently € 0.55 per contract for IEOs) in all other option classes;
- The market maker order (MMO): each PMM can update 65 two-sided prices (quotes) in each class in which it has quote obligations;
- Central delta protection (see also chapter 4);
- The right to a percentage of the turnover traded at the PMMs best bid or offer (see section 3.3).

##### *PMM obligations*

- a) PMMs are required to:
  - Quote prices continuously in all the series with a remaining lifetime less than 12 months in classes to which they are assigned during at least 90% of the day's trading hours (this obligation is 85% in the BXO class), subject to a minimum order size and maximum spread as determined in the auction process;
  - Quote prices continuously as from the start of the opening, i.e. from before the uncrossing until the moment the last series is open for trading, in at least 90% of the relevant series (this obligation is 85% in the BXO class). PMMs may quote prices with a maximum spread that is twice the relevant contractually agreed spread. Delta protection is not available during the opening and uncrossing<sup>i</sup>;
  - Quote prices continuously during the closing of the market, i.e. during the last five minutes of trading until all series are closed, during at least 90% of the relevant period of time (this obligation is 85% in the BXO classes), subject to the standard contractually agreed order size and spread;
  - Quote prices continuously on the last two trading days before expiry in expiring series during at least 90% of the trading hours on those last two trading days (this obligation is 85% in the BXO class), subject to a maximum spread that is twice the relevant contractually agreed spread, and subject to the minimum order size.
- b) A PMM must update a two-sided price when all the volume on one side has been hit.

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<sup>i</sup> Delta protection will become active once the uncrossing has taken place and the market is open for trading.

- c) A PMM must comply with its obligations using MMOs. Other types of orders are not taken into account when evaluating compliance with obligations. Compliance with each of the obligations mentioned above is evaluated separately (see Appendix III).

#### *CMM benefits*

CMMs benefit from the following:

- The right to become a CMM in equity option classes (CMM have to quote in the BXO class). The CMM may choose which ECC he would like to become CMM in and has to quote at least two classes within the chosen ECC;
- The CMM fee (currently € 0.10 per contract) in the classes to which they are assigned, and the dealer fee (currently € 0.55 per contract) in all other option classes;
- The market maker order (MMO); each CMM can update 7 two-sided prices (quotes) using the MMO in each class in which it has quote obligations;
- Central delta protection (see also chapter 4).

#### *CMM obligations*

a) CMMs are required to:

- Quote prices continuously in the index options (BXO), during at least 85% of the day's trading hours (this obligation is 90% in equity option classes), in 10% of the available series, with a remaining lifetime less than 12 months, in each class to which they are assigned. These series must be near the money ("NTM"). The area considered NTM is defined in Appendix II;
- Quote prices continuously in the aforementioned series as from the start of the opening, i.e. from before the uncrossing until the last series is open for trading, for at least 85% of the relevant number of series (this obligation is 90% in the equity option classes). CMMs may quote prices with a maximum spread that is twice the relevant contractually agreed spread. Delta protection is not available during the opening and uncrossing (see footnote ii);
- Quote prices continuously in the aforementioned series during the closing of the market, i.e. during the last five minutes of trading until all series are closed, during at least 85% of the relevant period of time (this obligation is 90% in the equity option classes), subject to the relevant contractually agreed order size and spread;
- Quote prices continuously in the aforementioned series on the last two trading days before expiry during at least 85% of the trading hours on those last two days (this obligation is 90% in the equity option classes), subject to the relevant contractually agreed order size and spread. CMM may quote expiring series with a maximum spread that is twice the relevant contractually agreed spread, and subject to the minimum order size.

b) A CMM must quote for a minimum size of twice the relevant PMM size.

c) A CMM must update a two-sided price when all the volume on one side has been hit.

d) A CMM must comply with its obligations using MMOs. Other types of orders are not taken into account when evaluating compliance with obligations. Compliance with each of the obligations mentioned above is evaluated separately (see Appendix III).

### 3.2 Conditions governing dealers

Members that do not wish to be assigned the role of PMM or CMM may participate in trading in all options and futures using software approved by Liffe.

These members may not use the MMO facility, and may only send single orders. Nor may they use the delta protection facility. Also, they do not have any specific obligations to quote prices.

### 3.3 Percentage of turnover

PMMs are entitled to a guaranteed percentage of the turnover traded at their prices in the classes in which they act in the capacity of PMM. This guaranteed percentage is established during the auction process and varies from class to class. CMMs are not entitled to a guaranteed percentage of turnover.

### 3.4 Liquidity Providers and ECCs

- a) A group of member firms (i.e. a group of companies operating together and connected by intra-group (equity) interests of 50% or more, including the principle holding company) may not hold more than one PMM role within an ECC.
- b) A group of member firms may only hold one CMM role within an ECC, except in either the following circumstances.
  - (i) If at least one of the members within the group of member firms currently holds the role of PMM and has not been selected as a PMM in the selection procedure. In such situations, under certain circumstances described in the selection procedure, the group of member firms may obtain a second or a third CMM role.
  - (ii) If CMM roles are still vacant following the CMM selection procedure. In such situations, the group of member firms may obtain a second CMM role.
- c) If two PMMs or two CMMs active within the same ECC merge, the obligations of the PMM/CMM that is taken over will be transferred to the acquiring PMM/CMM. Since a member cannot hold two PMM/CMM roles in any one ECC, Liffe will terminate one of the PMM/CMM agreements. This will create a vacancy for a new PMM/CMM in that ECC, which will be announced to market participants. The new PMM/CMM will be selected in accordance with the ELPS conditions.
- d) If a PMM and a CMM active within the same ECC merge, the obligations will be transferred to the acquiring company (either the old PMM or the old CMM). Since a member cannot act as both PMM and CMM in any one ECC, the new company may only act as PMM in that class. Liffe will therefore terminate the CMM agreement. This will create a vacancy for a new CMM in that ECC, which will be announced to market participants. The new CMM will be selected in accordance with the ELPS conditions.
- e) If two Liquidity Providers active in different ECCs merge, the new company will act as Liquidity Provider in both ECCs following the merger in the same roles as before the merger.
- f) If a PMM or CMM goes into administration or is declared bankrupt, the vacancy this creates will be announced to market participants. A new PMM or CMM will be selected in accordance with the ELPS conditions.

### 3.7 Discretionary sanctions in the event of early termination of role by Liquidity Provider

Liffe operates a system of discretionary financial sanctions in order to discourage unrealistic or unsustainable bidding or commitments. These sanctions are discretionary; Liffe does not wish to discourage competitive bids or to force firms to retain Liquidity Provider roles if exceptional circumstances force them to relinquish them. The exchange recognizes that there may be circumstances in which Liquidity Providers have to withdraw for reasons that are unrelated to 'overbidding'. Full details can be found in section 7 of Appendix III.

## **4 ELPS Brussels II and future ELPS schemes**

Price competition and full screens characterise the Brussels market. Liffe works closely with Liquidity Providers in order to develop ELPS Liquidity Provided Scheme further, and retains the right to introduce interim changes to ELPS in consultation with Liquidity Providers (or a delegation representing Liquidity Providers).

**ECCs - composition and changes**

1) Composition of ECCs

The existing ECCs will stay unchanged for the next contract period.

2) Introduction of new option classes

New option classes may be included in a new ECC or be listed separately.

3) Delisting of option classes

When an option class is delisted, it is removed from the ECC in which it was included.

4) Merger between two companies in the event that options on their shares are included in different ECCs

A new option class (“new” class) relating to shares in the newly created company will be listed in a separate ECC. The PMMs and CMMs active in the option classes relating to the shares of the merging companies (the “old” classes) will become PMMs and CMMs for the new option class (in this new class a member can only hold one Liquidity Provider role). A month after the creation of the new class, the PMMs and CMMs may opt out of retaining their full obligations as PMM or CMM. At least one third of the PMMs and CMMs active in the old classes must continue to act as Liquidity Providers in the new class. If more than two thirds of the PMMs and CMMs opt out, Liffe will appoint PMMs and CMMs at random (in this case, paragraph 3.4 sub b will remain applicable). The conditions that have to be met by PMMs and CMMs that are prepared to remain active in the new class are the lowest spread and order size obligations for the old classes (these may constitute the spread obligation of one of the old classes and the order size obligation of the other old class).

6) Merger between two companies in the event that options on their shares are included in the same ECC

The new option class will be included in the same ECC as the original classes.

7) Cash takeover by a company on whose shares options are not listed (fair value)

See “Delisting of option classes”. In case Liffe decides to list options on shares of the acquiring company, this new option class will be included in the same ECC as the acquired company.

8) Share takeover involving two companies

Options on shares in the acquiring company will continue to be included in the existing ECC. Options on shares in the acquired company will be removed from the relevant ECC. In case of a new listing on shares of the acquiring company, this new option class will be included in the same ECC as the acquired company.

9) Spin-off of part of a company

Options on the basket of shares resulting from a spin-off will be listed in the same ECC as the original option class. The following order size and spread obligations will apply.

Term:	Bid price:	Maximum spreads
=<12 months	0.00 - 0.50	0,50
	0.51 - 2.50	0,50
	2.51 - 5.00	1,00
	5.01 - 10.00	2,00
	10.01 - 20.00	3,00
	20.01 - 30.00	4,00
	30.01 - 40.00	8,00
	> 40.00	10,00
	minimum size	2
=<12 months	0.00 - 0.50	0,50
	0.51 - 2.50	0,50
	2.51 - 5.00	1,00
	5.01 - 10.00	2,00
	10.01 - 20.00	3,00
	20.01 - 30.00	4,00
	30.01 - 40.00	8,00
	> 40.00	10,00
	minimum size	0

If a new option class is created for the shares of the spun-off part of the original company, this class will be included in a new ECC or be listed separately.

10) Company goes into administration/is declared bankrupt

See “Delisting of option classes”.

11) Other

In all other cases, Liffe will take its decision in the spirit of ELPS.

### NTM series

CMMs are required to quote two-sided prices continuously in 10% of the series of a given options class with a remaining lifetime of less than 12 months. These series must be near-the-money (“NTM”) series.

NTM series are defined as follows.

- The NTM area is defined daily.
- The upper boundary of the NTM area is the highest traded price of the underlying on a given trading day, plus an additional offset.
- The lower boundary of the NTM area is the lowest traded price of the underlying on a given trade day, minus an offset.
- The offset is 10% of the relevant traded price of the underlying, and is subject to a minimum of €2 and a maximum of €300 (for equity options the maximum will be €50). CMM obligations can be met in any series in a given options class, regardless of the expiry month, that has a strike price at or within the boundaries of the NTM area.

#### *Example*

Underlying share:

- Highest traded price = €20.50
- Lowest traded price = €19.25
  
- Upper boundary offset = €2.05 (i.e. 10% of €20.50)
- Lower boundary offset = €2.00 (minimum offset, as 10% of €19.25 is less than €2)
  
- Upper boundary = €20.50 + €2.05 = €22.55
- Lower boundary = €19.25 - €2.00 = €17.25

#### *Notes*

- The offset percentage and minimum and maximum offset values may be changed from time to time at the discretion of the exchange.
- CMMs may not fulfil their obligations in suspended series.

If the NTM area does not include at least 10% of all the series in a class, the CMM obligations will only relate to those series that fall within the NTM area.

## Performance, monitoring and sanctions

### 1) Monitoring of performance

- a) Daily checks are performed to establish whether Liquidity Providers have met their obligations.
- b) If a Liquidity Provider is unable to comply with its obligations in an event of force majeure, Liffe must be notified in writing. The final decision as to whether or not an event constitutes force majeure rests with Liffe.
- b) Monthly checks are performed in addition to the daily checks. Every month, Liquidity Providers have to comply with contractual obligations relating to the minimum order size and maximum spread, and possibly also additional obligations.

### 2) Monitoring procedure

#### a) *Opening measurement*

The opening measurement is taken at each opening during the trading day. The monitoring system checks whether there is a valid quote in the relevant series at the beginning of the uncrossing. If a Liquidity Provider has a valid quote in a series at the moment when the series uncrosses, the corresponding performance measurement is 100%. If it does not, the performance measurement in that series is 0%. If a Liquidity Provider cancels a quote in a particular series before the start of the uncrossing of that series, the performance measurement in that series is 0%.

In the case of PMMs, all series in the relevant class are taken into account when taking the opening measurement. This means that if a valid quote is available in 90% of the series, the opening performance measurement is 90%. In the case of CMMs, only NTM series are considered when taking opening measurements. As a result, if a CMM is required to quote prices in 10 NTM series and it has valid quotes available in 9 NTM series, its performance measurement is 90%.

If there is more than one opening on a particular trading day, the performance measurement is the average of all the opening measurements taken on that trading day. The monthly performance measurement of a Liquidity Provider in a particular class is the average of the Liquidity Provider's daily measurements in that class during the relevant assessment period, excluding the three lowest performance measurements.

During the opening, Liquidity Providers may quote prices with twice the contractually agreed maximum spread.

#### b) *Continuous measurement*

The continuous measurement relates to when the market is open for trading. In the case of PMMs, measurements start to be taken in an individual series as soon as that series is open for trading. In the case of CMMs, measurements start to be taken as soon as the class is open for trading after receiving an underlying price. This difference exists because CMMs are only obliged to quote prices in a limited number of NTM series, which they are free to choose.

The monitoring system checks whether a Liquidity Provider has valid quotes in each series. In the case of PMMs it calculates the performance in each series. The average of its performance in all series is its daily PMM performance. In the case of CMMs the monitoring tool determines the amount of time since the class opened for trading during which the CMM quoted prices in 10% of the total number of series (see above). The series in which quotes are provided must be NTM series. The number of series in a CMM must quote prices is calculated each morning on basis of the total number of series available in the relevant class. This number of series remains the same for the duration of that day, regardless of whether any new series are introduced (for instance on request) or any existing series are delisted (for instance on expiry) or suspended.

Generally speaking, a CMM that quotes prices in fewer than the required number of series will have a performance measurement of 0%. However, this is subject to the application of the recalculation rule (the “70% rule”), which is as follows.

- A Recalculation takes account of performance measurements for series in which there are valid quotes, provided the number of series in which there are valid quotes is at least equal to 70% of the number of series in which the CMM is obliged to quote prices.
- B If recalculation results in a performance measurement of more than 90% (or 85% in the case of certain classes), the performance measurement is set at 90% (or 85% in the case of certain classes).

#### Example

A CMM is obliged to quote prices in 11 series. On a particular trading day, the CMM’s presence in the market is as follows.

- 12.5% of the day in 7 series
- 5% of the day in 8 series
- 40% of the day in 10 series
- 5% of the day in 11 series

Under the 70% rule, the CMM’s performance measurements are recalculated on the following basis.

- 70% of 11 = 7.7
- The result is rounded up to the nearest whole number, i.e. to 8.  
(70% of 6, i.e. 4.2, will also be rounded up, i.e. to 5).

The CMM’s performance rating in the class in which it is present in the market in fewer than 8 series is ignored. The other performance measurements are added together, as follows.

8 series	5.0% x 8/11	3.6%
10 series	40.0% x 10/11	36.4%
11 series	5.0%	5.0%
Total		45.0%

The CMM’s performance measurement is therefore 45%.

- C. If a CMM repeatedly fails to quote prices for the required number of series on either of the two last trading days before an expiry, Liffe may decide not to recalculate the CMM’s performance that day.

c) *Closing measurement*

The closing measurement is taken during the last few minutes (currently five minutes) that the market is open for trading on a trading day. The measurement is similar to the continuous measurement, but does not include the 70% rule. The monthly measurement of a Liquidity Provider in a particular class is the average of the daily measurements during the relevant month excluding the two lowest daily percentages.

d) *Expiry measurement*

On the last two trading days before an expiry (generally speaking these are the third Thursday and Friday of the expiry month), the performance of PMMs and CMMs is subject to different measurements (these days are also taken into account when taking continuous measurements). During these two days, PMMs must quote prices in expiring series during 90% of the time. The prices quoted in expiring series may have twice the relevant contractually agreed maximum spread.

CMMs must quote prices in NTM series during 90% of the time. The measurements taken during expiry are the same as continuous measurements, with the difference that the performance on the Thursday and Friday are considered separately. Furthermore a CMM may quote prices in expiring NTM series with twice the relevant contractually agreed maximum spread.

e) *Miscellaneous*

Liquidity Providers may quote prices with twice the relevant contractually agreed spread during the opening (see above), and in expiring series during the last two trading days before an expiry. This does **not** mean that Liquidity Providers may quote prices with four times the relevant contractually agreed spread during the opening or on either of the last two days before an expiry.

Under fast market conditions, Liquidity Providers may quote prices with twice the relevant contractually agreed spread. This does **not** mean that Liquidity Providers may quote prices with four times the relevant contractually agreed spread during the opening or on either of the last two days before an expiry.

3) Sanctions

A liquidity provider that fails to comply with its obligations in a particular month will be notified of this in writing. A fine may be imposed, based on the following system.

*Continuous quoting obligations*

The difference between the performance obligation and the average actual presence in the market during the month is calculated for each class. The difference is then multiplied by €20.

*Obligations during opening*

The difference between the performance obligation and the average actual presence in the market during the month is calculated for each class. The difference is then multiplied by €10. In this case the minimum fine imposed for failure to comply with obligations is €100.

*Obligations during closing*

The difference between the performance obligation and the average actual presence in the market during the month is calculated for each class. The difference is then multiplied by €10. In this case the minimum fine imposed for failure to comply with obligations is €100.

*Obligations during expiry*

The difference between the performance obligation and the average actual presence in the market during the last two trading days before expiry is calculated for each class. The difference is then multiplied by €10. In this case, the minimum fine imposed for failure to comply with obligations is €100.

4) Conditional fines

Conditional fines are imposed if the following conditions are met.

- i) The difference between the performance obligation and the average actual presence in the market does not exceed 5% and;
- ii) No conditional fines were imposed on the Liquidity Provider in relation to the last three months that have been assessed for the same class.

Where expiry obligations are concerned, point 4 sub i are not taken into consideration

A conditional fine does not become unconditional if the Liquidity Provider complies with its obligations during the next three assessment periods.

5) Appeals

Where a Member does not agree with the imposed penalty, he may send a written notice of objection to Quality of Markets. An internal performance committee handles these objections and decides whether or not there are grounds to withdraw the imposed penalty.

6) Repeated failure to comply with obligations

- a) If a PMM fails to comply with its obligations in an ECC in three months during the term of the PMM agreement, Liffe may decide that the PMM may no longer act as PMM in the relevant ECC for the remainder of the period stated in the PMM agreement. Liffe may decide that the member concerned is barred from applying for vacant PMM and CMM roles in existing ECCs for a specific period of time.
- b) If a CMM fails to comply with its obligations in an ECC in three months during the term of the CMM agreement, Liffe may decide that the CMM may no longer act as CMM in the relevant ECC for the remainder of the period stated in the CMM agreement. Liffe may decide that the member concerned is barred from applying for vacant PMM and CMM roles in existing ECCs for a specific period of time.

7) Early termination of role by Liquidity Provider

- a) If a liquidity provider wishes to cease its activities in a certain ECC during the term of the agreement, Liffe will publish the vacancy. If the vacancy is not filled within two months, Liffe may, at its sole discretion, impose a fine of €2,000 for each month remaining of the term of the agreement (this fine may be imposed pro rata for part of a month). If the vacancy is filled within two weeks, the fine will not be imposed.
- b) If a member does not agree with the imposed fine, it may send written notice of objection to Liffe. An internal performance committee will handle this objection and decide whether or not there are grounds to cancel the fine.

### Selection procedure

#### 1) Selection procedure for liquidity providers

The selection procedure for liquidity providers is described in detail in a separate document, “Selection Procedure ELPS Brussels”, which can be found on our website ([www.euronext.com/elps](http://www.euronext.com/elps)) and is available on request from your account manager. The procedure is briefly described below.

#### 2) Selection procedure for PMMs

- a) Liffe sets several obligation levels that relate to spreads between bid and ask quotes and the minimum order size that these quotes cover. For PMMs, a guaranteed percentage of volume may be offered as part of the auction process.
- b) During an auction, applicants are invited to subscribe to the level of obligations they are willing to accept for the role of PMM in the relevant ECC. At least three bidding rounds are held.
- c) At the end of the auction, Liffe selects the applicants that have chosen the highest obligations levels.
- d) If, at the end of the auction, the number of subscriptions for a particular level of obligations is more than the predefined maximum number of PMMs in the relevant ECC and no candidates have subscribed for a higher level of obligations, candidates will be selected first on the basis of priority rules and subsequently on the basis of performance assessment. These priority rules and performance assessment can be found in paragraph 5 below.
- e) Liffe may introduce new lower or higher obligation levels.
- f) The selected candidates are asked if they wish to be assigned a role in the less liquid option classes alongside the role they have been assigned in the most liquid option class within the ECC.
  - i) If all the selected candidates wish to be assigned such a role, they will all be assigned the role in the less liquid classes.
  - ii) If the number of selected candidates that wish to be assigned a role in a class is potentially lower than the minimum number of PMMs, Liffe will try to select one or more additional candidates. Liffe will approach other parties that have indicated an interest in the less liquid option classes and ask them whether they wish to be assigned one of the roles that has become available, based on the conditions set during the auction. If it is still impossible to select the minimum number of PMMs for an option class, the roles may be assigned by drawing lots.

#### 3) Selection procedure for CMMs

- a) Once PMMs have been selected for all classes, CMMs are selected. Only one subscription procedure is held for CMMs.
- b) The maximum spread obligations in each class in the relevant ECC are the same as for the PMMs.
- c) CMMs have a minimum size obligation twice the relevant PMM obligation.
- d) CMMs only take on an obligation to quote prices for 10% of available series with a remaining lifetime of less than 12 months; the series to quote must be NTM series.
- e) If there are too many applications for the role of CMM in a particular class, candidates will be selected first on the basis of priority rules and subsequently on the basis of performance assessment. These priority rules and performance assessment can be found in paragraph 5 below.
- f) Liffe reserves the right to introduce new CMM roles.

4) Number of PMMs and CMMs per class

The following number of PMM and CMM role will be available at the ECC auction selection procedure.

ECC/Class	Maximum		Minimum
	PMM	CMM	PMM
<b><u>BLG</u></b>	3	5	n/a
MOB	3	5	2
SOL	3	5	2
BAR	3	5	2
<b><u>FRB</u></b>	3	5	n/a
AGE	3	5	2
DEL	3	5	2

Please note that the minimum number of PMM roles only applies to the less liquid classes in an ECC. (In the table above, the most liquid classes are indicated in bold and underlined).

## 5) Priority rules and performance assessment

When Liffe has to select between candidates that have submitted equivalent bids or have applied for a role where the number of liquidity providers is restricted, it carries out a performance assessment, applying the following order of priority.

1. Existing PMMs active in the relevant ECC whose role commenced at least three months before the announcement of the auction, provided they did not fail to comply with their obligations in more than three months during the term of their agreement
2. Existing PMMs active in the relevant ECC whose role commenced less than three months before the announcement of the auction, provided they complied with their obligations in each month during the term of their agreement
3. Existing CMMs active in the relevant ECC whose role commenced at least three months before the announcement of the auction, provided they did not fail to comply with their obligations in more than three months during the term of their agreement
4. Existing CMMs active in the relevant ECC whose role commenced less than three months before the announcement of the auction, provided they complied with their obligations in each month during the term of their agreement

Other traders (assigned no priority as their prior performance cannot be assessed)

If, after following the above procedure, there is still a tie between two or more existing liquidity providers applying for a specific role, the average performance across the ECC (based on steps 1 to 3) will be assessed.

If this assessment still results in a tie, the total volume traded across the ECC since the start of the current ELPS Brussels scheme will be measured. For the purposes of this performance assessment, only volume traded through the central market is taken into account. The candidate with the highest trade volume will be selected.

The final decision regarding the selection of PMMs and CMMs rests with Liffe. There is no upper limit on the number of PMM or CMM roles a member firm may hold, although they may not hold more than one liquidity provider role in any one class.

## **Disclaimer**

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. Whilst all reasonable care has been taken to ensure that this document is accurate and not misleading, neither Euronext N.V. nor any of its group companies shall be liable (except to the extent required by law) for the use of the information howsoever arising. Euronext N.V. expressly disclaims all warranties, expressed or implied, as to the accuracy of any of the content provided, or as to the fitness of the information for any purpose.