



**NYSE Liffe’s Liquidity Provider scheme
for the Amsterdam derivatives market
“ELPS Amsterdam”**

1. Introduction

This document sets out the conditions for the ELPS Amsterdam Liquidity Provider Scheme, for which auctions will be held under the described conditions. The auction schedule and number of Primary Liquidity Providers (PMMs) and Competitive Liquidity Providers (CMMs) required per class will be specified in a separate notice before each selection procedure.

During the ELPS VI Liquidity Provider scheme the introduction of the Premium Based Tick Size (PBTS) and the Performance Related Fees (PRF) models will take place. Therefore, this document is based on the ELPS VI scheme according to these two new models. In the period between the start of the new Liquidity Provider agreements and the introduction of PBTS and PRF different conditions will apply as stated in the document named “Addendum to the ELPS VI document (April 2009)”. The ELPS VI document should therefore be read in combination with the aforementioned Addendum.

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. 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 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.

Euronext Amsterdam N.V. reserves the right to terminate at any time on notice with immediate effect the role of any Liquidity Provider in part or all of the ELPS Amsterdam Liquidity Provider Scheme if it believes, in its absolute discretion, that actions undertaken or being undertaken by that Liquidity Provider or any affiliate of the Liquidity Provider undermine or are likely to undermine the integrity and quality of the Amsterdam market, considering, without limitation, the following characteristics of the market which the ELPS Amsterdam Liquidity Provider Scheme is designed to foster; price competition, full screens and tight prices. In the event of such termination, Euronext Amsterdam N.V. reserves the right to fill or not to fill any resulting vacancies for Liquidity Provider roles; if it is decided to fill such vacancies this shall be done in accordance with the ELPS selection procedure.

2.2 ECCs

Classes are grouped into class combinations (ECCs). 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 Amsterdam – April 2009 version”, see also Appendix VI 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 VI.

2.3 Number of PMMs and CMMs

During the ELPS VI auctions, the number of PMM and CMM roles available depends on the liquidity of each ECC. However, in order to allow new participants to enter the scheme, additional roles can be made available during the selection process. As the less liquid classes in the ECC are concerned, the selection process will not be aimed primarily at filling all roles. In these classes, NYSE Liffe will seek to appoint at least a specified number of PMMs and CMMs. The final numbers will be published in a separate document named “Timetable and number of available Liquidity Provider roles for ELPS Amsterdam Auction”.

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 NYSE 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 NYSE Liffe that set out their rights and obligations.

PMM benefits

PMMs benefit from the following:

- A PMM fee incentive scheme which could result in lower trading fees for PMM dependent of their performance results.(see Appendix IV);
- The market maker order (MMO): each PMM can update multiple two-sided prices (quotes) in each class in which it has quote obligations. The PMM MMO is currently set at 65 quotes per message. NYSE Liffe may amend this number in case market circumstances require so;
- Central delta protection;
- 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 series (including all series introduced on request) in the classes to which they are assigned during at least 85% of the day's trading hours, 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 85% of the relevant series. PMM may quote prices with a maximum spread that is twice the relevant contractually agreed spread. Delta protection is not available during the opening and uncrossingⁱ;
 - 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 85% of the relevant period of time, 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 85% of the trading hours on those last two trading days, subject to a maximum spread that is twice the relevant contractually agreed spread, and subject to the minimum order size.
- b) A PMM should update a two-sided price when all the volume on one side has been hit.
- c) A PMM should comply with its obligations using MMOs. Other types of orders are not taken into account when evaluating compliance with obligations.

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

- d) A PMM is required to trade a certain number of option contracts as defined in Appendix V in the class where he has an obligation to maintain a double sided market. This ‘Minimum Activity Requirement’ will only apply for the most liquid classes.

CMM benefits

CMMs benefit from the following:

- A CMM fee incentive scheme which could result in lower trading fees for CMM dependent of their performance results.(see Appendix IV);
- The market maker order (MMO); each CMM can update multiple two-sided prices (quotes) using the MMO in each class in which it has quote obligations. The CMM MMO is currently set at 7 quotes per message. NYSE Liffe may amend this number in case market circumstances require so ;
- Central delta protection.

CMM obligations

a) CMMs are required to:

- Quote prices continuously, during at least 85% of the day’s trading hours, in 10% of the available series 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. 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 i);
- 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, 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, 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 should update a two-sided price when all the volume on one side has been hit.

c) A CMM should comply with its obligations using MMOs. Other types of orders are not taken into account when evaluating compliance with obligations.

d) A CMM is required to trade a certain number of option contracts as defined in Appendix V in the class where he has an obligation to maintain a double sided market. This ‘Minimum Activity Requirement’ will only apply for the most liquid classes.

3.2 Conditions governing non-Liquidity Providers

Members that are not Liquidity Provider and therefore 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 NYSE Liffe.

Also, they may not use the MMO facility, and may only send single orders. Nor may they use the delta protection facility.

On the other hand these members that are not Liquidity Providers 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 and the member group does not hold a PMM position in the relevant class. In such situations, the group of member firms may obtain a second CMM role.
 - (iii) If all the concerning members have a quality score in the 'green zone' and therefore get reselected during the selection procedure. We refer to the 'Selection procedure for ELPS Amsterdam – April 2009' document for more information.
- c) If two PMMs or two CMMs active within the same ECC merge into one company, 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, NYSE 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 into one company, 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. NYSE 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 into one company, 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

NYSE Liffe operates a system of discretionary financial sanctions in order to discourage unrealistic or unsustainable bidding or commitments. These sanctions are discretionary; NYSE 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 3 of Appendix III.

4 ELPS VI and future ELPS schemes

Price competition, full screens and tight prices characterise the Amsterdam market. NYSE 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 VI in consultation with Liquidity Providers (or a delegation representing Liquidity Providers).

ECCs - composition and changes

1) Composition of ECCs

NYSE Liffe has decided to keep the current ECCs unchanged.

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) Bonus issue, dividend, recapitalisation

- a) If, as the result of a bonus issue, divided distribution or recapitalisation, a second option class (“O class”) is introduced alongside the existing option class, it will be included in the ECC in which the primary option class is listed. This O class is a separate class.
- b) In case after a Corporate Action a certain class shows characteristics of an O class, NYSE Liffe may determine that the specific class will get the O class status. The concerning class will remain in the current ECC and the current PMM and CMM will keep their role.
- c) PMM and CMM obligations in O classes differ from those in ordinary classes. The minimum order size and maximum spreads obligation for PMMs and CMMs are as follows:

Term	Bid price	Maximum spreads
=<12 months	0.00 - 0.50	0.25
	0.51 - 2.50	0.50
	2.51 - 5.00	0.50
	5.01 - 10.00	0.50
	10.01 - 20.00	1.00
	> 20.00	1.50
	minimum order size	10
>12 months	Bid price:	
	0.00 - 0.50	0.50
	0.51 - 2.50	1.00
	2.51 - 5.00	1.00
	5.01 - 10.00	1.00
	10.01 - 20.00	2.00
> 20.00	3.00	
	minimum order size	5

PMMs are obliged to quote prices continuously until all series in an O class have expired or until the end of period during which they are contractually bound to act as PMM, whichever is earlier.

CMM are obliged to quote prices continuously for a period up to and including the third full assessment period. The MMO functionality for the relevant class will be withdrawn once the CMM quote obligation is no more applicable.

Liquidity Providers are obliged to quote prices during the opening. However, this obligation ends as soon as three full assessment periods have lapsed after introduction of the relevant O class. Liquidity Providers have an obligation to quote prices during the closing of the market in accordance with paragraph 3.1. Contrary to paragraph 3.1, for O classes there is no additional assessment on quoting during the last two days before expiration.

5) 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, NYSE 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 NYSE Liffe decides to list options on shares of the acquiring company, this new option class may 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 order size and spread obligations stated under 4b apply. 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.

10) Company goes into administration/is declared bankrupt

See “Delisting of option classes”.

11) Other

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

NTM series

CMMs are required to quote two-sided prices continuously in 10%ⁱⁱ of the series of a given options class. These series must be in the near-the-money (“NTM”) area, which is 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%ⁱⁱ of the relevant traded price of the underlying, and is subject to a minimum of € 2ⁱⁱ and a maximum of € 50ⁱⁱ. 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 € 20.5)
- 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 fulfil their obligations in series introduced on an intra-day basis, provided the series fall within the NTM area.
- CMMs may not fulfil their obligations in suspended series.
- The FTI contract price will be used as the traded price of the underlying for the AEX classes.
- The FDE and FED contract prices will be used as the traded price of the underlying for the classes DEX and EDX.

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

ⁱⁱ NYSE Liffe may decide to amend this parameter in cases market circumstances require so.

Performance monitoring

1) Monitoring of performance

- a) Daily checks are performed to establish whether Liquidity Providers have met their obligations. This results in a daily performance result per class which is a weighted average of the different performance assessments (i.e. opening performance, continuous quoting performance, closing performance and expiration performance). The following weights will be used to determine the daily performance result.

	Opening	Continuous	Closing	Expiration	Total
On days with expiration assessment	5%	75%	15%	5%	100%
On days without expiration assessment	5%	80%	15%	-	100%

- b) If a Liquidity Provider is unable to comply with its obligations in an event of force majeure, NYSE Liffe must be notified in writing. The final decision as to whether or not an event constitutes force majeure rests with NYSE Liffe.
- c) At the end of each calendar month the Exchange will determine the monthly performance per class by calculating the average of the daily performance results over the relevant calendar month.

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.

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 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 85% the performance measurement is set at 85%.

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.

- $70\% \text{ of } 11 = 7.7$
- 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	$5.0\% \times 8/11$	3.6%
10 series	$40.0\% \times 10/11$	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, NYSE 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 85% 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 85% 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) Early termination of role by Liquidity Provider

- a) If a PMM wishes to cease its activities in a certain ECC during the term of the agreement, NYSE Liffe will publish the vacancy. If the vacancy is not filled within two weeks, NYSE Liffe may, at its sole discretion, impose a fine of € 20,000 for each month remaining of the term of the agreement (this fine may be imposed pro rata for part of a month). In the case of ECCs made up of less liquid classes, or in case of individual option classes, the fine imposed is € 10,000 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 CMM wishes to cease its activities in a certain ECC during the term of the agreement, NYSE Liffe will publish the vacancy. Furthermore, NYSE Liffe may, at its sole discretion, impose a one time penalty of € 5,000. In case of ECCs made up of less liquid classes, or in case of individual option classes, the fine imposed is € 2,000,-.

- c) 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.

Performance Related Fee model

The Performance Related Fee model (PRF) rewards Liquidity Providers that comply with their quoting requirements on a monthly basis. Liquidity Providers in general who show a final monthly performance of at least 85% will be charged the lowest trading fee (i.e. € 0.07) per contract. Liquidity providers who have a performance result below the 85% will have to pay higher trading fees. The basic PRF model results in the following trading fee per class. Please note trading fees do not include clearing fees and is only applicable on central order book transactions.

Monthly performance	Trading fee per contract
>= 85.0%	€ 0.07
>= 80.0% - 85.0%	€ 0.12
< 80.0%	€ 0.17
Maximum trading fee per order: € 40	

An exception is being made for those classes that operate under the premium based tick size model. For these classes Liquidity Providers have the chance to obtain additional rebates when trading under a certain premium threshold. This threshold has been set to a traded premium of € 0.20 per contract resulting in the following scheme.

Monthly performance	Trading fee per contract	
	Premium ≤ € 0.20	Premium > € 0.20
>= 90.0%	€ 0.04	€ 0.07
>= 85.0% - 90.0%	€ 0.07	€ 0.07
>= 80.0% - 85.0%	€ 0.12	€ 0.12
< 80.0%	€ 0.17	€ 0.17
Maximum trading fee per order: € 40		

In order to limit the down side risk for a Liquidity Provider, the transaction fee above € 0.07 per contract (the surcharge) will be capped to a maximum number of traded and charged contracts in the relevant class. This surcharge cap depends on the Liquidity Provider role (PMM or CMM) and the stock group the option class belongs to (option classes are distributed in groups reflecting its liquidity on a 12 months period). All traded contracts above the cap are charged a trading fee of € 0.07 per contract.

Yearly Turnover of a class in contracts	Group	Monthly Surcharge Cap in number of charged contracts	
		PMM	CMM
>= 2,000,000	A	50,000	10,000
>= 250,000	B	25,000	5,000
< 250,000	C	0	0

Because of the maximum trading fee per order, there are charged contracts and non-charged contracts, only the number of charged contracts is taken into account for the surcharge cap calculation. For example, a Liquidity Provider trades 1,500 contracts in one trade at € 0.50. The fee for this transaction is being capped at € 40. The number of charged contracts is $(40/0.07)$ 571 contracts.

In a class with premium based tick size and traded at or below € 0.20, that would be $(40/0.04)$ 1,000 charged contracts.

The distribution of classes (with Liquidity Provider contracts ending in April) among the three different groups will be as follows and will be reviewed if necessary by the Exchange. Contracts not shown in the table below have Liquidity Provider agreements up to and including October 2009.

Group A	Group B	Group C
AEX	AAI	BCK
AEX Dailies	BAM	BOS
AEX Weeklies	DSM	CIO
ING	LC	CSM
KPN	SBM	IM
PHI	SR	ISX
UN	TPG	LAU
	TTM	OCE
	USG	UBL
		UOO
		WES
		WHV

Please note that O classes will always be inserted in group C (no surcharge). Also newly listed option classes will join group C for the first contract period.

According to the PRF model Liquidity Providers will be charged daily a trading fee of € 0.07 or € 0.04 per contract where applicable (with a maximum of €40 per order) as a basic fee. After determining the final performance score by the Exchange, Liquidity Providers will be charged additionally if applicable.

In case a Liquidity Provider under performs for three consecutive months the Exchange may impose a fine according to the following table. In case of a next consecutive month of under performance within the contract period this fine will be imposed again. For this purpose a performance below 80% is being considered as under performing.

Class Group	Fine
A	€ 10,000
B	€ 5,000
C	€ 1,000

Minimum Activity Requirement

Each assessment period Liquidity Providers are deemed to trade at least a certain number of option contracts in the classes in which they have an obligation to maintain a double sided market. The table below shows the “Minimum Activity Requirement” (MAR) per assessment period for each class where the MAR is applicable. Classes that are not included in this table have no MAR. The MAR only includes the volume traded through the key assigned as Liquidity Provider in the relevant class(es).

Class	MAR	
	PMM	CMM
AEX	15.000	1.500
AX*	1.000	n/a
ING	10.000	1.000
KPN	10.000	1.000
PHI	10.000	1.000
UN	10.000	1.000

* AX includes all AEX weekly options on a monthly basis instead of the separate contracts.

** A1-A31 includes all AEX daily options on a monthly basis instead of the separate contracts.

Contracts not shown in the table above have Liquidity Provider agreements up to and including October 2009.

In case a Liquidity Provider trades below the relevant MAR he will be warned he should become more active to justify his role as Liquidity Provider. In case the same Liquidity Provider repeatedly acts below the relevant threshold NYSE Liffe may decide to demote this member. Other members not being a member from the same group of firms may then fulfil the vacancy.

NYSE Liffe retains the right to amend the different MAR levels in case these do not reflect general market activity.

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 Amsterdam”, which can be found on our website (www.nyx.com/elps) and is available on request from your account manager. The procedure is briefly described below.

2) Selection procedure for PMMs

- a) NYSE 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, NYSE Liffe selects the applicants that have chosen the highest obligations levels.
- d) Once the obligation level for the relevant ECC is determined, NYSE Liffe will make a further selection between the candidates, based on the extent to which they have added quality to the market during the previous contract period (or a part hereof). For this, an average quality score is determined for each candidate over the previous contract period (or a part hereof), using an algorithm which is described in “Quality Formula, version 2.0” available on the website (www.nyx.com/elps). The subsequent ranking of the candidates is based on the average quality score of the candidates in the most liquid class of the relevant ECC and the role (PMM or CMM) in which they were active in the previous contract period (or a part hereof).
- e) As part of the selection process, a play off may be held between candidates (“PMM play off candidates”), before a final selection for the PMM role is made.
- f) The selected candidates and the PMM play off candidates are asked if they wish to be assigned a role in the less liquid option classes alongside the role they have been assigned (respectively will be assigned if they win the play off) 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. As a rule, PMM play off candidates should participate in the less liquid classes during the play off period. The PMM play off candidate that wins the play off will have priority to be assigned the role in the less liquid classes, once the play off has ended.
 - ii) If the number of selected candidates and play off candidates that wish to be assigned a role in a class is potentially lower than the minimum number of PMMs, NYSE Liffe will try to select one or more additional candidates. NYSE 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 have 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 spread and order size obligations in each class in the relevant ECC are the same as for the PMMs. However, CMMs only take on an obligation to quote prices for 10% of available series, which must be NTM series.
- c) If there are too many applications for the role of CMM in a particular ECC, NYSE Liffe will select CMMs, based to the extent which they have added quality to the market during the previous contract period (or a part hereof). For this, an average quality score is determined for each candidate over the previous contract period (or a part hereof), using an algorithm which is described in “Quality Formula, version 2.0” available on the website (www.nyx.com/elps). The subsequent ranking of the candidates is based on the average quality score of the candidates in the most liquid class of the relevant ECC and the role (PMM or CMM) in which they were active in the previous contract period (or a part hereof).
- d) As part of the selection process, a play off may be held between candidates, before a final selection for the CMM role is made (“CMM play off candidates”)
- e) The selected candidates and the CMM play off 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:
 - i) If all the selected parties wish to be assigned such a role, they will all be assigned the role in the less liquid classes. As a rule, CMM play off candidates should participate in the less liquid classes during the play off period. The CMM play off candidate that wins the play off will have priority to be assigned the role in the less liquid classes, once the play off has ended.
 - ii) If the number of selected candidates and CMM play off candidates that wish to be assigned a role in a class is potentially lower than the minimum number of CMMs, NYSE Liffe will try to select one or more additional candidates. NYSE 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 have become available, based on the conditions set during the auction. If it is still impossible to select the minimum number of CMMs for an option class, the roles may be assigned by drawing lots.

4) Number of PMMs and CMMs per class

The number of PMM and CMM role available for each class will be published in a separate document named ‘Timetable and number of available Liquidity Provider roles for ELPS Amsterdam Auction’ before the start of the selection procedure. NYSE Liffe has decided to limit the number of PMM per class to 6 PMMs. However, this will take effect as of the October 2009 selection round. The April 2009 selection round will be the last one in which a seventh PMM may be selected according to the selection procedure.

Disclaimer

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