

LONDON INFO-FLASH NO. LO09/31

ISSUE DATE: 4 September 2009

THREE MONTH EONIA SWAP INDEX FUTURES CONTRACT

INVITATION TO APPLY FOR DESIGNATED MARKET MAKER SCHEME

Executive Summary

This Info-Flash informs Members of the renewal of the Designated Market Maker Scheme in the Three Month EONIA Swap Index Futures Contract and invites Members and appropriate clients of Members to apply.

1. Introduction

- 1.1 London Notice No. 3141, issued on 31 March 2009, informed Members of the appointment of Designated Market Makers (“DMMs”) in the Three Month EONIA Swap Index Futures Contract (“Three Month EONIA Futures”) DMM Scheme (the “EONIA Outright DMM Scheme”).
- 1.2 This Info-Flash advises Members of the renewal of the EONIA Outright DMM Scheme, and invites Members and appropriate clients of Members to apply. The renewed Scheme will run for a six month period, from **1 October 2009 to 31 March 2010**.

2. DMM benefits

- 2.1 Subject to fulfilling the relevant obligations, DMMs shall be granted the following:
 - (a) a full Exchange transaction fee rebate on market assigned outright business transacted in a market making capacity; and
 - (b) a stipend that reflects a proportion of its reasonable identified costs of acting in a DMM capacity, e.g., staff costs and cost of trading software and hardware. Applicants should include a breakdown of such costs in euro as part of their application. If agreed, this will be paid on a monthly basis in respect of each day during the calendar month in which the DMM meets its obligations. For the avoidance of doubt, the Exchange will not subsidise the market position and/or margin payments arising from an applicant’s activity in a DMM capacity. Finally, the Exchange will not make stipend payments in respect of capital or opportunity costs.
- 2.2 Stipends will be paid in euro.
- 2.3 There will be no trade priority advantages provided by the Exchange to DMMs.

Web site: www.nyx.com/liffe

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3. DMM obligations

- 3.1 In return for the benefits described in section 2 above, DMMs will be required to make continuous two way prices, at specified maximum bid/offer spreads, in a specified minimum quote size, for a fixed proportion of the trading session between 07:00 and 18:00 hours (London time).
- 3.2 For information and guidance purposes, details of current obligations in place in relation to the existing EONIA Outright DMM Scheme are contained in the Attachment to this Info-Flash.
- 3.3 Should a DMM materially fail to meet its DMM obligations, the Exchange may determine a course of action to terminate its participation in the Scheme and/or to reduce or remove any entitlement of the DMM and, where appropriate, to re-charge in part or in full any rebates and payments made under the terms of the Scheme.
- 3.4 It is intended that the names of DMMs and the nature of their commitments will be promoted by the Exchange and detailed on the NYSE Liffe website.

4. DMM Application process

- 4.1 Members who wish to apply for DMM status, either themselves or on behalf of their clients, should contact their Account Manager for an application form. Completed application forms should be submitted to Account Managers by the close of business on **Monday 14 September 2009**. Members or clients who would like additional information about the DMM Scheme should contact the Fixed Income Derivatives team at NYSE Liffe.
- 4.2 The EONIA Outright DMM Scheme is open to all Members with the appropriate trading rights. A non-Member may undertake the market making activities on behalf of a Member. However, in such cases the performance of the DMM obligations remains the responsibility of the Member and, as such, DMM applications must be submitted to the Exchange with the full understanding and agreement of the Member. In all cases, applicants should only apply for DMM status with the agreement of the relevant General Clearing Member.
- 4.3 Applications for DMM status should contain the following information:
 - (a) the standard bid/offer spread and quote size obligations that the applicant is prepared to meet and the proportion of the trading session for which the applicant is prepared to meet those obligations;
 - (b) details of the applicant's reasonable identified costs of acting in the capacity of market maker; and
 - (c) the details of one Individual Trading Mnemonic ("ITM") through which market making business will be submitted and of the TRS Account References to which market making business will be assigned. Please note that all market making business must be assigned exclusively to nominated TRS Account(s), not currently used in any other Exchange market making or liquidity provision scheme or other arrangement.
- 4.4 In addition, Members should provide any supporting information with their application which they feel would be relevant, including but not limited to the following:
 - (a) the number and experience of staff, both in terms of the Responsible Person and other staff, available to support the market making commitments;

- (b) the level of sophistication of their Automated Price Injection Models (“APIMs”), as any models must be registered with and approved by the Exchange; and
 - (c) the level of financial support, including in particular the level of risk capital, available to support the market making commitments.
- 4.5 DMMs will be appointed through a competitive tender process. A Review Panel comprising members of NYSE Liffe’s executive will examine applications for DMM status. No Panel member will have a material interest in any applicant, for example by way of personal or financial connection.
- 4.6 The Review Panel’s decision shall be final.
- 4.7 The appointment of a DMM will be subject to a binding contract (“the Agreement”) between the DMM and the Exchange. A completed application form does not constitute such an Agreement. Members who have made successful applications will receive a formal Agreement for their signature from the Exchange. A successful applicant’s DMM status, and therefore the period for which he may receive financial benefits, may not be deemed to have commenced until such Agreement is completed, signed and received by the Exchange. All DMM appointments will be subject to standard contractual terms (e.g. in respect of early termination).
- 4.8 The EONIA Outright DMM Scheme will run until the close of business on **Wednesday 31 March 2010**.

For further information in relation to this Info-Flash, Members should contact their Account Manager or the following:

Fixed Income Derivatives

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**Existing Designated Market Maker Obligations in the Three Month EONIA Swap Index
Futures Contract Outright DMM Scheme**

RSJ Invest, a.s.

Delivery Month	Session Presence (%)	Maximum Bid/Offer Spread (bps)	Minimum Order Size
Front Quarterly Month	90%	1.5	50
Second Quarterly Month	90%	1.5	50
Third Quarterly Month	90%	2.0	50
Fourth Quarterly Month	90%	2.0	50

“DMM A”

Delivery Month	Session Presence (%)	Maximum Bid/Offer Spread (bps)	Minimum Order Size
Front Quarterly Month	80%	1.5	50
Second Quarterly Month	80%	1.5	50
Third Quarterly Month	80%	1.5	50
Fourth Quarterly Month	80%	1.5	50

“DMM B”

Delivery Month	Session Presence (%)	Maximum Bid/Offer Spread (bps)	Minimum Order Size
Front Quarterly Month	90%	1.5	50
	10%	1.0	50
Second Quarterly Month	90%	1.5	50
	10%	1.0	50
Third Quarterly Month	90%	1.5	50
Fourth Quarterly Month	90%	1.5	50