



Liffe

NYSE Euronext

INFO-FLASH

EURONEXT DERIVATIVES MARKETS

> London

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FTSE 100 DIVIDEND INDEX FUTURES CONTRACT (EXCHANGE CONTRACT NO. 98)

INVITATION TO APPLY FOR PRIMARY MARKET MAKER STATUS

Executive Summary

This Info-Flash invites Members to apply to participate in the Primary Market Maker ("PMM") Scheme in respect of the FTSE 100 Dividend Index Futures Contract to be made available for trading on and from Wednesday 13 May 2009.

1. Introduction

- 1.1 This Info-Flash invites Members and appropriate clients to apply to participate in the Primary Market Maker ("PMM") Scheme in respect of the FTSE 100 Dividend Index Futures Contract ("the Contract"). The PMM Scheme will operate from the Contract's launch on 13 May 2009 until 12 May 2010. Further details in relation to the Contract, including the full legal Contract Specification, are contained in London Notice No. 3149, also being issued today.
- 1.2 Those appointed will benefit from transaction fee reductions (effected through rebates) in return for fulfilling quantified market obligations.
- 1.3 The details of the PMM Scheme are explained in the remainder of this Info-Flash.

2. PMM role

- 3.1 A PMM will have the obligation to maintain two-way prices with a maximum spread of 8 Value Points in five December maturities. The size obligation for each maturity is set at 100 lots.
- 3.2 In order to benefit from the maximum transaction fee reduction, PMMs will be required to provide two-way prices for 90% of the trading day (the "Continuous Measurement") and for 90% of the last 5 minutes of the trading day (the "Closing Measurement").

Web site: www.nyx.com/liffe

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- 3.3 In addition, PMMs are required to maintain two way prices during at least 90% of the trading day for the calendar spread in relation to the first/second maturities during the 10 business days preceding the third Friday of the delivery month of the first maturity, with a maximum spread of 8 Value Points and a lot size of 100.
- 3.4 Details of exemptions that may be applied to the above PMM obligations can be found in the Attachment to this Info-Flash.
- 3.5 A maximum of 3 Members will be appointed as PMMs.

4. Performance Bands/Fee Incentives

4.1 The financial incentives for PMMs will comprise Exchange transaction fee reductions. These will be determined by each PMM’s performance against his market obligations. The following table shows the final transaction fees based upon the different performance bands and effective per lot transaction fees to be charged in relation to the PMMs.

Performance	Performance score	Fee Per Lot
Band 1	> 90.0%	zero
Band 2	>70.0% - 90.0%	10p
Band 3	50.0% - 70.0%	20p
Band 4	< 50.0%	25p

- 4.2 Exchange transaction fees will be charged on a monthly basis at the standard rate and the relevant amount will be rebated one month in arrears, depending on the market maker’s performance against contractually defined obligations during the month concerned (i.e. using the table set out under paragraph 4.1). Per lot fee reductions will be applied to all of the market maker’s proprietary business, whether executed via the Central Order Book or reported via Bclear.
- 4.3 Non-Segregated and Client trades will attract standard transaction and clearing fees and will not be subject to any rebates.

5. Application process for PMM Status

- 5.1 All Members and appropriate clients of Members are eligible to apply for PMM status. Applicants should contact Quality of Derivative Markets at +31 (0)20 550 5110 or via email at qualityofderivativemarkets@nyx.com.
- 5.2 Members are reminded that the appointment of each PMM will be subject to a binding contract (“the Agreement”) between the successful applicant and the Exchange. A completed application form does not constitute an Agreement. Furthermore, a successful applicant’s market maker status, and therefore the period for which the market maker may receive financial benefits, may not be deemed to have commenced until the Agreement is completed and signed by all parties.

6. Selection of PMMs

- 6.1 The Exchange will select the market makers on the basis of:
- (a) the quality of their market making in other Exchange-operated schemes (in terms of performance and quote efficiency); and
 - (b) the technological and human resources to be allocated to the market making activity.
- 6.2 An internal Committee, comprising Quality of Markets, Market Development and Regulatory Management, will select PMMs with a view to maximizing the quality of the Exchange's market in the Contract. The Committee reserves the right to limit the number of market makers appointed.
- 6.3 If, having completed this process, some market making roles have not been taken, the remaining positions will be held open for the remainder of the Scheme period and may be filled during that period by subsequent appointments.

7. Performance measurement for PMMs

- 7.1 A PMM must assign market making business in the Contract to specific Individual Trading Mnemonics ("ITM(s)") for performance measurement purposes. Performance measurement will be based upon assigned ITM(s) only.
- 7.2 Monthly performance is equal to the weighted average of the monthly Continuous and Closing Measurements. The Continuous and Closing Measurement results are respectively multiplied by the Continuous and Closing Measurement weight factors. Thereafter, the sum of these two scores determines the final monthly performance percentage:
- Continuous Measurement weight factor: 75%
Closing Measurement weight factor: 25%
- 7.3 Any PMM encountering technical problems which could prevent it from complying with its obligations must inform NYSE Liffe Market Services by telephone as quickly as possible (+44 (0)20 7379 2001). Once the technical issue has been resolved, the market maker concerned may send a request for its performance measurement to be adjusted, along with the description of the problem and the solution, by email to: qualityofderivativemarkets@liffe.com. NYSE Liffe will decide whether or not there are sufficient grounds for making an adjustment to the calculation of the market maker's monthly performance.

For further information in relation to this Info Flash, Members should contact:

Equity Product Management

+44 (0) 20 7379 2200

equities@liffe.com

Exemptions to PMM obligations in respect of the FTSE 100 Dividend Index Contract

1. A PMM may, subject to notifying a senior Exchange Official in advance, relax its commitment if it has breached internal trading limits. In such circumstances the Exchange may require evidence to support such action and may additionally, at its discretion, review and/or amend benefits accordingly.
2. A PMM may, subject to the prior approval of a senior Exchange Official, relax its commitment in periods of increased underlying stock market volatility. In this event, the PMM may widen the maximum bid-offer spreads to which the PMM has committed, but must quote continuously.
3. A PMM may, subject to notifying a senior Exchange Official in advance, relax or suspend its market making activity in a specific contract or all contracts in the event of a failure of any computer hardware or software of the PMM or the Exchange or any telecommunications connections, lines or devices between them which prevent the PMM from fulfilling its obligations. In such circumstances the Exchange may require evidence to support such action, and may additionally, at its discretion, review and/or amend benefits accordingly.