

LONDON INFO-FLASH NO. LO09/45

ISSUE DATE: 17 December 2009

SHORT TERM INTEREST RATE (“STIR”) OPTIONS

DESIGNATED MARKET MAKER SCHEME

Executive Summary

This Info-Flash informs Members of the extension of the STIR Options Designated Market Maker (“DMM”) Scheme in the Three Month Euro (EURIBOR) Options and Mid-Curve Options Contracts and the Three Month Sterling (Short Sterling) Options and Mid-Curve Options Contracts and invites additional Members to apply.

1. Introduction

- 1.1 London Info-Flash No. LO09/40, issued on 10 November 2009, provided Members with a revised list of DMM appointments in the STIR Options DMM Scheme in relation to Three Month Euro (EURIBOR) Options and Mid-Curve Options Contracts (“Euribor Options and Mid-Curves”) and Three Month Sterling (Short Sterling) Options and Mid-Curve Options Contracts (“Sterling Options and Mid-Curves”) (the “STIR Options DMM Scheme”).
- 1.2 This Info-Flash informs Members that the STIR Options DMM Scheme will be extended until **28 January 2011**. All DMM appointments are subject to standard contractual terms (e.g. in respect of early termination). The Attachment to this Info-Flash contains an updated list of DMMs in the STIR Options DMM Scheme.

2. DMM Obligations

- 2.1 For 90% of the trading session (that is, contract opening through to close), each DMM is required, upon demand, to quote two way competitive prices and order sizes, either:
 - (a) over the telephone; or
 - (b) through LIFFE CONNECT[®].
- 2.2 In addition, upon reasonable request by the Exchange, DMMs will be required to assist with the settlement process. The assistance may include, amongst other things, the provision of theoretical option prices, information relating to orders that are being worked in the market (but not reflected in on-screen prices) and the submitting of orders through LIFFE CONNECT[®] to reflect such orders.

Web site: www.nyx.com/liffe

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3. Benefits of the DMM Scheme

- 3.1 In return for fulfilling the obligations, approved DMMs who have registered their TRS account references with the Exchange will receive a 12 pence Exchange transaction fee rebate per side per lot on Euribor Options and Mid-Curves, and a 10 pence Exchange transaction fee rebate per side per lot on Sterling Options and Mid-Curves.
- 3.2 Those who are already registered in the STIR Options DMM Scheme will be deemed to continue as members of the Scheme from 1 February 2010 unless the Exchange is otherwise notified on or before 22 January 2010.
- 3.3 In the event that any business which may give rise to a benefit under the terms of the DMM Scheme may also qualify as business undertaken by the DMM giving rise to a benefit under any other Exchange market making, liquidity provision, or other similar scheme or arrangement (regardless of whether such scheme or arrangement is an “incentive scheme” within the FSA’s guidance), the Exchange reserves the right in its absolute discretion to take one or more of the following actions:
- (a) not to credit any further rebates otherwise due under the Scheme;
 - (b) to re-charge some or all of the discounted transaction fees effected under the Scheme; and
 - (c) to terminate the DMM Agreement by notice to the parties with immediate effect.
- 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 Euronext website at the following address www.nyx.com/stirs-marketmakers.

4. 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 Friday 22 January 2010. Members or clients who would like additional information about the DMM Schemes should contact the Fixed Income Derivatives team at NYSE Liffe.
- 4.2 The STIR Options 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.

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

Fixed Income Derivatives

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SHORT TERM INTEREST RATE (“STIR”) OPTIONS CONTRACTS – DESIGNATED MARKET MAKERS (“DMMs”) IN THE STIR OPTIONS DMM SCHEME	
Three Month Euro (EURIBOR) including Mid-Curves	Three Month Sterling (Short Sterling) including Mid-Curves
<ul style="list-style-type: none"> • ADG Market Making LLP • ARC Derivatives LLP, trading through The Kyte Group Limited • Atlantic Trading LLP • BNP Paribas S.A. • CTC London Limited • DRW Investments LLC • IMC Trading BV • Liquid Capital Markets Limited • LL Capital LLP, trading through TRX Futures Limited • Mako Fixed Income Partnership LLP • Optiver VOF • Ronin Trading UK LLP • Sequoia Capital LLP • Société Générale • Tibra Trading Europe Limited • Tradelink Worldwide Ltd • Winchmore Capital LLP • Wolverine Trading UK Limited 	<ul style="list-style-type: none"> • ADG Market Making LLP • Atlantic Trading LLP • BNP Paribas S.A. • CTC London Limited • DRW Investments LLC • Liquid Capital Markets Limited • Mako Fixed Income Partnership LLP • Optiver VOF • Ronin Trading UK LLP • Sequoia Capital LLP • Société Générale • Tibra Trading Europe Limited • Tradelink Worldwide Ltd • Winchmore Capital LLP
<p><u>Obligations</u></p> <p>1. For 90% of each trading session (that is, contract opening through to close), each DMM, upon demand, will be required to quote two way competitive prices and order sizes, either:</p> <p style="padding-left: 20px;">(a) over the telephone; or (b) through LIFFE CONNECT®.</p> <p>2. Upon reasonable request by the Exchange, DMMs will be required to assist with the settlement process. The assistance may include, amongst other things, the provision of theoretical option prices, information relating to orders that are being worked in the market (but not reflected in on-screen prices) and, the submitting of orders through LIFFE CONNECT® to reflect such orders.</p> <p><u>Exemptions</u></p> <p>1. On UK, US and German national holidays, the Exchange will determine which DMM obligations, if any, should be honoured.</p> <p>2. Where intra-day market conditions prevent a DMM from honouring its obligations, for example over the announcement of significant economic news and during technical issues, the DMM must inform the Exchange at its earliest convenience.</p>	