

Market Notice: 013-14

Issue Date: 28 November 2014

Effective Date: 1 December 2014

LIQUIDITY PROVIDER PROGRAMME

Introduction

NASDAQ OMX NLX Limited (“**NLX**” or the “**Operator**”) is introducing a Liquidity Provider Programme (the “**LP Programme**”).

Eligibility

The LP Programme is available to all Participants.

Objectives

The LP Programme is intended to encourage and support liquidity by alleviating some of the dealing or other identified costs associated with trading and supporting the development of NLX.

Details

Qualification

NLX will provide a Monthly Liquidity Pool for Participants (“**Qualifying Participants**”) that during each trading day of that month have traded a *de minimus* 50 lots across at least two (2) Eligible Products (as defined below).

Monthly Liquidity Pool

Subject to the General Conditions (as defined below), the value of the Monthly Liquidity Pool will be calculated based on the number of combined lots traded and the lowest daily volume that month (30,000 minimum), in accordance with the following table:

Monthly Liquidity Pool	
Daily Volume	GBP per lot
30,000 – 45,000	0.06
45,001 – 60,000	0.08
60,001 +	0.10

For the avoidance of doubt, and by way of example only: Where in any given month a total of 2,000,000 lots (i.e. 1,000,000 contracts) is traded with a lowest daily volume of 50,000, the available Monthly Liquidity Pool will be calculated at GBP 124,000 (i.e. 6.2p blended rate (45,000 x 6p) + (5,000 * 8p) is applied to 2,000,000 lots).

The Monthly Liquidity Pool is subject to a maximum GBP 180,000. An additional GBP 60,000 shall be made available where there is an increase of 5% in total Open Interest across the Eligible Products each month, which will be added to the Monthly Liquidity Pool.

Allocation

Subject to the General Conditions (as defined below), the Monthly Liquidity Pool will be allocated pro-rata to each of the Qualifying Participants.

General Conditions

The following General Conditions shall apply:

- (a) As calculated at 17:00 (UK) each trading day, NLX's daily volume must be equal to or greater than 30,000 for any benefit under this LP Programme to accrue that day;
- (b) On any day that NLX is not operating normal trading hours (e.g. Christmas Eve), the daily volume requirement in (a) shall be halved;
- (c) Trading must occur throughout the trading session, and therefore any hourly period that contains more than 30% of the overall traded volume per Participant for that day shall be discounted by 50% on a pro rata basis;
- (d) For the purposes of calculating the pro-rata allocation, outright trades executed in the front 12 expiries shall have a weighting of 200%;
- (e) The pro-rata allocation for each Participant shall be capped at 25%; and
- (f) Any Participant that has not held its Open Interest overnight for a minimum of five days each month shall have its pro-rata allocation deducted by 25%.

Eligible Products

The LP Programme will apply to all contracts executed in the following products:

- (a) Euribor Futures
- (b) Sterling Futures
- (c) Long Gilt Futures
- (d) 2 year Schatz Futures
- (e) 5 year Bobl Futures
- (f) 10 year Bund Futures

Commencement Date, Period and Termination

Except where NLX decides in its absolute discretion to terminate The LP Programme early (“**Early Termination**”), it shall commence on December 1, 2014 and run for a period of six (6) months. In the event that NLX chooses Early Termination, notification will be given by Market Memo.

Compliance

NLX shall review the performance of Participants benefiting from the LP Programme in the context of its primary objectives to support liquidity and market quality, and to maintain an orderly market. Accordingly, Participants are reminded that they must at all times comply with the NLX Rules and other Documentation.

In particular, **Rule 7.3** provides that:

A Participant, Trading Representative or Designated Representative, either individually or in conjunction with any other person (regardless of whether that person is a Participant or not) must not act or attempt any act or engage in any course of conduct (or fail to act when required to by these Rules or by any law or regulation) which is or is likely to:

- constitute Market Abuse;
- be damaging to the integrity or reputation of the Operator or the fair, proper or efficient operation of the Market or any CCP; or
- be the cause or contributory cause of the Participant or any other Participant breaching these Rules (in the knowledge of the Participant, Trading Representative or Designated Representative).

Participants are reminded also to have regard to Financial Conduct Authority (“FCA”) requirements with respect to fair and orderly trading.

Without prejudice to NLX’s ability to apply sanctions to Participants under the Rules, NLX shall in its absolute discretion, such discretion being exercised reasonably:

(a) Refuse to include executed volume considered to be entered into for improper purposes, and in particular, automatically exclude self-matched trades; and

(b) Remove any Participant from benefiting from the LP Programme where it considers the objectives of this LP Programme to be compromised by that Participant.

Contacts

For further information in relation to this Notice, please contact:

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Participants with specific enquiries in relation to Compliance matters can address these to:

NLX Compliance

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