

AMSTERDAM NOTICE No. 10/011

ISSUE DATE: 15 April 2010
EFFECTIVE DATE: 03 May 2010

PMM SCHEME AEX DIVIDEND INDEX FUTURES CONTRACT**Executive Summary**

This notice invites Members to apply to participate in the Primary Market Maker (“PMM”) Scheme in respect of the AEX Dividend Index Futures Contract to be made available for trading on and from 3 May 2010.

1. Introduction

- 1.1 This Notice invites Members to apply to participate in the Primary Market Maker (“PMM”) Scheme in respect of the AEX Dividend Index Futures Contract (“the Contract”). The PMM Scheme will operate from the Contract’s launch on 3 May 2010 until 30 April 2011. Further details in relation to the Contract Specification, are included in Amsterdam notice 10/010.
- 1.2 Those appointed will benefit from trading fee reductions in return for fulfilling quantified market obligations.
- 1.3 The details of the PMM Scheme are explained in the remainder of this Notice.

2. PMM role

- 2.1 A PMM will have the obligation to maintain two-way prices with a maximum spread of 1.00 Index Point in the five (December) maturities. The size obligation for each maturity is set at 100 lots.
- 2.2 In order to benefit from the maximum trading 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”).
- 2.3 Details of exemptions that may be applied to the above PMM obligations can be found in the Attachment to this notice.
- 2.4 With the start of the contract 5 PMM roles are made available. If at least 3 roles are assigned, no other vacancies will be available during the contract period. If less than 3 roles are

Web site: www.nyx.com/liffe

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.

assigned, the vacancies will remain available during the contract period up to a maximum of 3.

3. Performance Bands/Fee Incentives

3.1 The financial incentives for PMMs will comprise Exchange trading fee reductions. These will be determined by each PMM's performance against his market obligations. The following table shows the per lot trading fees based upon the different performance bands.

Performance band	Performance score	Fee Per Lot
Band 1	> 90.0%	€ 0.07
Band 2	70.0% - 90.0%	€ 0.15
Band 3	50.0% - 70.0%	€ 0.25
Band 4	< 50.0%	€ 0.32

3.2 Exchange trading fees will be charged on a daily basis at the Band 1 (minimum) rate and will be surcharged one month in arrears, depending on the PMM's performance against contractually defined obligations during the month concerned (i.e. using the table set out under paragraph 3.1).

3.3 The fee based on the Average Performance Percentage per class of a PMM will only be applied to Central Order Book trades executed by the PMM and booked on the market maker account.

4. Application process for PMM Status

4.1 All 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.

4.2 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.

5. Selection of PMMs

5.1 The Exchange will select the PMMs 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.

5.2 An internal Committee, comprising Quality of Markets, Market Development, Regulatory Management and Business Development, 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 PMMs appointed.

6. Performance measurement for PMMs

6.1 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.

6.2 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%

6.3 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 PMM 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@nyx.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 Amsterdam Notice, Members should contact:

Quality of Derivative Markets	+31 (0) 20 550 5110	qualityofderivativemarkets@nyx.com
or		
Sales & Account Management	+31 (0) 20 550 5315	derivativesamsterdam@euronext.com

Appendix 1

Exemptions to PMM obligations in respect of the AEX Dividend Index Contract

1. A PMM may, subject to approval of 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 notifying a senior Exchange Official in advance, relax or suspend its market making activity in the contract 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.