

## AMSTERDAM NOTICE NO. 12/031

Issue Date: 3 October 2012  
Effective Date: 1 November 2012

### EXTENSION OF THE AEX DIVIDEND INDEX FUTURES PMM PROGRAMME

### INVITATION TO APPLY FOR PRIMARY MARKET MAKER STATUS

#### Executive Summary

This notice invites Members to participate in the Primary Market Maker (“PMM”) Programme in respect of the AEX Dividend Index Futures that will be renewed as from 1 November 2012 up to and including 31 October 2013

#### 1. Introduction

- 1.1 This Notice invites Members to apply to participate in the Primary Market Maker (“PMM”) Programme in respect of the AEX Dividend Index Futures Contract (“the Contract”). The current PMM Programme expires at the close of business on 31 October 2012. A renewed PMM Programme, on the same terms and conditions as the current PMM Programme, will commence on and from 1 November 2012 until 31 October 2013. This Notice replaces Amsterdam Notice 11/025, issued on 26 October 2011.
- 1.2 This document and the application form for applying for a PMM role can be downloaded from our website ([www.nyx.com/elps](http://www.nyx.com/elps) >> Stock Indices >> Amsterdam). Applicants should complete the Application Form and send the form to the Quality of Derivative Markets department via fax (+31 (0)20 550 5101) or email ([ELPS@nyx.com](mailto:ELPS@nyx.com)) by no later than the close of business on Thursday 18 October 2012.
- 1.3 Those appointed will benefit from trading fee reductions in return for fulfilling quantified market obligations.
- 1.4 The details of the PMM Programme are explained in the remainder of this Notice. The Contract Specifications are included in Amsterdam notice 10/010 and can be found on the NYSE Euronext website at <http://globalderivatives.nyx.com/contract/content/33673/notice>. Further details can be found on the NYSE Euronext website at [www.nyx.com/dividendindexfutures](http://www.nyx.com/dividendindexfutures).

#### 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 Members should note that NYSE Liffe will appoint a maximum of three PMMs. In light of this fact, applicants are advised to submit their applications without delay. However, NYSE Liffe will consider applications made throughout the duration of the Programme with a view to providing the maximum benefit to the market.
- 2.4 Discretionary authority
  - (a) NYSE Liffe, in its absolute discretion, may create additional role(s) during the contract period if it deems it is in the best interest of the market.
  - (b) NYSE Liffe reserves the right to terminate at any time on notice with immediate effect the role of any PMM in part or all if it believes, in its absolute discretion, that actions undertaken or being undertaken by that PMM or any affiliate of the PMM undermine or are likely to undermine the integrity and quality of the Amsterdam market, considering, without limitation, the objectives of the PMM Programme. In the event of such termination, NYSE Liffe reserves the right to fill or not to fill any resulting vacancies; if it is decided to fill such vacancies this shall be done in accordance with the PMM selection procedure.
- 2.5 For the avoidance of doubt, NYSE Liffe’s decision about the selection of PMMs is final.

**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.

<b>PERFORMANCE BAND</b>	<b>Performance score</b>	<b>Fee Per Lot (Eurocents)</b>
Band 1	≥ 90.0%	7ct
Band 2 <sup>1</sup>	> 70.0% - < 90.0%	L= 7ct H= 25ct %fee=0.9ct
Band 3	≥ 50.0% - ≤ 70.0%	25ct
Band 4	< 50.0%	32ct

*Example:*

A PMM who has performed his market obligation for 87% (Band 2) of the relevant period during the trading day (taking into account the Continuous and the Closing Measurements), will pay an effective fee of 9.7ct per lot per side. At 90% performance (Band 1) a 7ct fee would have applied.

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<sup>1</sup> The Band 2 performance fee is calculated as a linear function of the difference in fee between Band 1 and Band 3 divided by the difference in the performance band percentage between Band 1 and Band 3

Each percentage point below Band 1 equates to an additional 0.9ct charge;  
i.e.  $7+(90-87)*0.9=9.7\text{ct}$ .

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).

3.2 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 [ELPS@nyx.com](mailto:ELPS@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 NYSE Liffe will select the PMMs on the basis of:

- (a) the quality of their market making in the AEX Dividend Index Futures Contract and in other Exchange-operated Programmes (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 a specific Individual Trading Mnemonic ("ITM") for performance measurement purposes. Performance measurement will be based upon the assigned ITM 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 [ELPS@nyx.com](mailto:ELPS@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:*

NYSE Liffe, Quality of Derivative Markets

+31 (0) 20 550 5110

[ELPS@nyx.com](mailto:ELPS@nyx.com)