

## **BRUSSELS NOTICE BRU12-02**

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### **UPDATE OF THE LIQUIDITY PROVIDER PROGRAM FOR THE BRUSSELS DERIVATIVES MARKET (ELPS BRUSSELS)**

#### **Executive Summary**

This Notice replaces Brussels Notice BRU11-10 to reflect the change of Liquidity Provider trading fees implemented as from 1 December 2011.

#### **1. Introduction**

Brussels Notice 11-12, issued on 2 November 2011, describes the trading fee reduction for the Brussels market applicable as from 1 December 2011. This notice replaces Brussels Notice BRU11-10, issued on 7 October 2011.

The changes in this Notice apply to attachment IV, the performance related fee model with the updated fees as described in Brussels Notice BRU11-12.

This Notice sets out the conditions for the ELPS Brussels program, for which a selection process will be held under the described conditions. The selection procedure including the number of “Primary Market Maker” (PMM), “Competitive Market Maker” (CMM) and “Extra Competitive Market Maker” (CMX) roles per Class will be specified in a separate document named “Selection Procedure for ELPS Brussels”. This document and the application form for applying for a Liquidity Provider role can be downloaded from our website ([www.nyx.com/elps](http://www.nyx.com/elps) >> Stock Options >> Brussels). 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 20 October 2011.

Applications for vacant places submitted after the aforementioned deadline will be handled in order of receipt.

The contract period for the extension of the Liquidity Provider program will be twelve months.

NYSE Liffe will introduce a new type of Market Making role, the Extra Competitive Market Maker (CMX), during the lifetime of this ELPS Brussels program. The CMX role will not be available as of the start of this program (1 November 2011) but can be made available during the program, at a date yet to be confirmed, and following a notification period of not less than one month. The CMX role is intended for Members who wish to provide greater liquidity than the CMM role, but not the complete coverage offered via the PMM role. Although the CMX role will not be available until a later date, Members are asked to apply for this future role during the current application process (i.e. before close of business on Thursday 20 October 2011).

Web site: [www.nyx.com/liffe](http://www.nyx.com/liffe)

The **Euronext Derivatives Markets** comprise the markets for derivatives operated by Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Brussels, Lisbon, Paris and London markets. Euronext is part of the NYSE Euronext group.

## **2. Principal features of ELPS**

### **2.1 Liquidity Providers**

- ELPS Brussels recognises three types of Liquidity Provider namely: PMMs, CMXs and CMMs.
- PMMs have obligations relating to all series per Class to which they are assigned, while the obligations of CMXs and CMMs relate to only a limited number of series per assigned Class.

### **2.2 ECCs**

Classes are grouped into “Equity Combinations Classes” (ECCs). However, subscriptions will be made at a Class level basis. Under specific circumstances, PMM applicants for the most liquid Class in an ECC (A-class) can be appointed to become PMM in the other classes in that particular ECC. This exception can be made if the number of applicants in the other classes does not meet the minimum required number of PMMs. A full list of ECCs and their compositions are included in Attachment I.

### **2.3 Number of PMMs, CMXs and CMMs**

During the selection process, the available number of PMM, CMX and CMM roles depends on the liquidity of each Class. However, in order to allow participants to enter the program, additional roles can be made available during the selection process. As the less liquid classes within an ECC are concerned, the selection process will not be aimed primarily at filling all roles. In these classes, NYSE Liffe will seek to appoint at least a specified number of PMMs as mentioned in the document “Selection Procedure for ELPS Brussels 2011”.

### **2.4 Discretionary authority**

- NYSE Liffe, in its absolute discretion, may create additional role(s) during the selection process and contract period if it deems in the best interest of the market. NYSE Liffe may decide to deviate from the selection procedure in appointing Liquidity Providers for the possible additional role(s).
- NYSE Liffe reserves the right to terminate at any time on notice with immediate effect the role of any Liquidity Provider in part or all of the ELPS Brussels program if it believes, in its absolute discretion, that actions undertaken or being undertaken by that Liquidity Provider or any affiliate of the Liquidity Provider undermine or are likely to undermine the integrity and quality of the Brussels market, considering, without limitation, the following characteristics of the market which the ELPS Brussels program is designed to foster; price competition, full screens and tight prices. In the event of such termination, NYSE Liffe reserves the right to fill or not to fill any resulting vacancies for Liquidity Provider roles; if it is decided to fill such vacancies this shall be done in accordance with the ELPS selection procedure.

**2.5** For the avoidance of doubt, NYSE Liffe’s decision about the selection of Liquidity Providers is final.

## **3. Benefits and obligations of Liquidity Providers**

### **3.1 Conditions governing Liquidity Providers**

- a) In order to apply for the role of PMM, CMX or CMM, a Member should use software approved by NYSE Liffe.
- b) An applicant for the role of PMM, CMX or CMM will be admitted once it has provided a written statement from its Clearing Member confirming that the Clearing Member supports the application for the role of PMM, CMX, or CMM based on the relevant obligations. Applicants are also required to enter into agreements with NYSE Liffe that set out their rights and obligations.

### 3.1.1 *PMM benefits*

PMMs benefit from the following:

- A PMM fee incentive scheme which could result in lower trading fees for PMMs dependent of their performance results.(see Attachment IV);
- The “Market Maker Order” (MMO) functionality: each PMM can update multiple two-sided prices (quotes) using the MMO in each Class in which it has quote obligations. The current MMO setup per option class can be found on our website ([www.nyx.com/elps](http://www.nyx.com/elps) >> Stock Options >> Brussels >> “Current MMO setup for Liquidity Providers”);
- Central delta protection;
- The right to a percentage of the turnover traded at the PMMs best bid or offer (see section 3.2).

### 3.1.2 *PMM obligations*

a) PMMs are required to:

- Quote prices continuously in all series (including all series introduced intraday on request) during at least 85% of the day’s trading hours, subject to a minimum order size and maximum spread as determined in the selection process;
- Quote prices continuously as from the start of the opening, i.e. from before the uncrossing until the moment the last series is open for trading, in at least 85% of the relevant series. PMMs may quote prices with a maximum spread that is twice the contractually agreed spread. Delta protection is not available during the opening and uncrossing<sup>1</sup>;
- Quote prices continuously during the closing of the market, i.e. during the last five minutes of trading until all relevant series are closed, during at least 85% of the specific period of time, subject to the standard contractually agreed order size and spread;
- On the last two trading days prior to an expiry, the prices quoted in expiring series may have twice the relevant contractually agreed maximum spread.

b) A PMM should update a two-sided price when all the volume on one side has been hit.

c) A PMM should comply with its obligations using MMOs. Other types of orders are not taken into account when evaluating compliance with obligations.

d) To benefit from the PMM fee scheme a PMM is required to allocate business which is executed/transacted as part of this Agreement to the relevant market maker account at LCH.Clearnet S.A. It is the Member’s sole responsibility to correctly allocate its business. NYSE Liffe will not be held liable for incorrect allocation by a Member.

e) A PMM is required to trade a certain number of option contracts as defined in Attachment V in the Class where he has an obligation to maintain a double sided market. This ‘Minimum Activity Requirement’ will only apply for high liquid classes.

### 3.1.3 *CMX and CMM benefits*

CMXs and CMMs benefit from the following:

- A CMX/CMM fee incentive scheme which could result in lower trading fees for CMXs/CMMs dependent of their performance results.(see Attachment IV);
- The “Market Maker Order” (MMO); each CMX/CMM can update multiple two-sided prices (quotes) using the MMO in each class in which it has quote obligations. The current MMO setup per option class can be found on our website ([www.nyx.com/elps](http://www.nyx.com/elps) >> Stock Options >> Brussels >> “Current MMO setup for Liquidity Providers”);

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<sup>1</sup>Delta protection will become active once the uncrossing has taken place and the market is open for trading.

- Central delta protection.
- A CMM is entitled to have 4 ‘days-off’ per quarter, maximum 16 on a yearly basis. On these days the CMM will be exempted for its quoting requirements. The performance measurements for these days will be excluded from the CMM statistics. Days-off should be requested before end of trading of the trading day in question. This benefit does not apply to the CMX role.

### **3.1.4 CMX and CMM obligations**

- a) CMXs and CMMs are required to:
  - Quote prices continuously, during at least 85% of the day’s trading hours, in a subset of series per Class. These series must be “Near The Money” (NTM). The area considered NTM and the number of series each CMM/CMX should quote is defined in Attachment II;
  - Quote prices continuously in the aforementioned series as from the start of the opening, i.e. from before the uncrossing until the last series is open for trading, for at least 85% of the relevant number of series. CMXs/CMMs may quote prices with a maximum spread that is twice the contractually agreed spread. Delta protection is not available during the opening and uncrossing<sup>1</sup>;
  - Quote prices continuously in the aforementioned series during the closing of the market, i.e. during the last five minutes of trading until all relevant series are closed, during at least 85% of the specific period of time, subject to the relevant contractually agreed order size and spread;
  - On the last two trading days prior to an expiry, CMXs and CMMs may quote prices in expiring NTM series with twice the relevant contractually agreed maximum spread.
- b) A CMX/CMM should update a two-sided price when all the volume on one side has been hit.
- c) A CMX/CMM should comply with its obligations using MMOs. Other types of orders are not taken into account when evaluating compliance with obligations.
- d) To benefit from the CMX/CMM fee scheme a CMX/CMM is required to allocate business which is executed/transacted as part of this Agreement to the relevant market maker account at LCH.Clearnet. It is the Member’s sole responsibility to correctly allocate its business. NYSE Liffe will not be held liable for incorrect allocation by a Member.
- e) A CMX/CMM is required to trade a certain number of option contracts in the Class where he has an obligation to maintain a double sided market, as defined in Attachment V. This ‘Minimum Activity Requirement’ will only apply to high liquid classes.

### **3.2 Percentage of turnover**

PMMs are entitled to a guaranteed percentage of the turnover traded at their prices in the classes in which they act in the capacity of a PMM. This guaranteed percentage is established during the selection process and varies from Class to Class. CMXs and CMMs are not entitled to a guaranteed percentage of the turnover.

### **3.3 Multiple Liquidity Provider roles**

- a) A group of legal entities (i.e. a group of companies operating together and connected by intra-group (equity) interests of 50% or more, including the principle holding company) may not hold more than one PMM role within a Class.
- b) A group of Member firms may only hold one CMX or CMM role within a Class, except in either the following circumstances.

- (i) If at least one of the entities within a group of legal entities currently holds the role of PMM and has not been selected as a PMM during the selection process. In such situations, under certain circumstances described in the selection procedure, the group of entities may obtain an additional CMX or CMM role.
  - (ii) If CMM roles are still vacant following the CMM selection process and the group of entities does not hold a PMM position in the relevant Class. In such situations, the group of entities may obtain a second CMM role.
  - (iii) If all the concerning entities have a quality score in the ‘green zone’ and therefore get reselected during the selection process. We refer to the document ‘Selection procedure for ELPS Brussels –2011’ for more information.
- c) If two entities with the same capacity (PMM, CMX or CMM) active within the same Class merge into one legal entity, the obligations of the entity that is taken over will be transferred to the acquiring entity. Since a legal entity cannot hold two PMM, CMX or CMM roles in any Class, NYSE Liffe will terminate one of the PMM, CMX or CMM agreements. This may create a vacancy for a new PMM, CMX or CMM in that Class, which will be announced to market participants. Any new Liquidity Provider will be selected in accordance with the ELPS conditions.
  - d) If two or more entities with different capacities (PMM, CMX or CMM) active within the same Class merge into one legal entity, the obligations will be transferred to the acquiring entity. Since one legal entity cannot have multiple roles in any one Class, the new entity may only fulfil the requirements corresponding to the larger role (first PMM, second CMX and third CMM) in that Class. NYSE Liffe will therefore terminate the other agreement(s). This may create one or more vacancies in that Class, which will be announced to market participants. Any new Liquidity Provider will be selected in accordance with the ELPS conditions.
  - e) If two Liquidity Providers active in different classes merge into one entity, the new entity will act as Liquidity Provider in both classes following the merger in the same roles as before the merger.
  - f) If a Liquidity Provider goes into administration or is declared bankrupt, resulting in a vacancy, this will be announced to market participants. Any new Liquidity Provider will be selected in accordance with the ELPS conditions.

### **3.4 Discretionary sanctions in the event of early termination of a role by a Liquidity Provider**

NYSE Liffe operates a system of discretionary financial sanctions in order to discourage unrealistic or unsustainable bidding or commitments. These sanctions are discretionary; NYSE Liffe does not wish to discourage competitive bids or to force firms to retain Liquidity Provider roles if exceptional circumstances force them to relinquish them. NYSE Liffe recognizes that there may be circumstances in which Liquidity Providers have to withdraw for reasons that are unrelated to ‘overbidding’. Full details can be found in section 3 of Attachment III.

## **4 Future ELPS programs Brussels market**

Price competition, full screens and tight prices characterise the Brussels derivatives market.

During the lifetime of this ELPS program NYSE Liffe intends to:

1. Implement the CMX role in the most liquid equity option classes;

NYSE Liffe retains the right to introduce more interim changes to the ELPS program.

## **5 Disclaimer**

The **NYSE Euronext Derivatives Markets (“NYSE Liffe”)** 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. Whilst all reasonable care has been taken to ensure that this document is accurate and not misleading, neither Euronext N.V. nor any of its group companies shall be liable (except to the extent required by law) for the use of the information howsoever arising. Euronext N.V. expressly disclaims all warranties, expressed or implied, as to the accuracy of any of the content provided, or as to the fitness of the information for any purpose.

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

Quality of Derivative Markets      +31 (0)20 550 5110      [ELPS@nyx.com](mailto:ELPS@nyx.com)

**ECCs - composition and changes****1 Composition of ECCs**

NYSE Liffe has defined the following ECCs:

ECCs
AGE-KBC-TLN(TNX)-UMC
BAR-COL-DEL-GBL-INT
AVH
BEK
BEL
BLG-DXB-NYR(NYZ)-UCB
BXO
FRB-MOB(MBX)-OME-SOL

NYSE Liffe will review the composition of ECCs if it deems necessary.

**2 Introduction of new option classes**

New option classes may be included in a new ECC together with other classes or be listed in an individual ECC as a sole constituent.

**3 Delisting of option classes**

When an option class is delisted, it is removed from the ECC in which it was included.

**4 Bonus issue, dividend, recapitalisation**

a) If, as the result of a bonus issue, divided distribution or recapitalisation, a second option class (“O-class”) is introduced alongside the existing option class, it will be included in the ECC in which the primary option class is listed. This O-class is a separate class. Liquidity Providers in the primary option class will have quoting obligations in the new O-class (see point 4c).

b) In case after a Corporate Action a certain class shows characteristics of an O-class, NYSE Liffe may determine that the specific class will get the O-class status. The concerning class will remain in the current ECC and the current Liquidity Providers will keep their role.

c) Liquidity Provider obligations in O-classes differ from those in ordinary classes. The minimum order size and maximum spreads obligation for PMMs, CMXs and CMMs are as follows:

Term	Bid price	Maximum spreads
≤12 months	0.00 - 0.50	0.50
	0.51 - 2.50	0.50
	2.51 - 5.00	1.00
	5.01 - 10.00	2.00
	10.01 - 20.00	3.00
	20.01 - 30.00	4.00
	30.01 - 40.00	8.00
	> 40.00	10.00
minimum order size		2

PMMs are obliged to quote prices continuously until all series in an O-class have expired or until the end of the period during which they are contractually bound to act as a PMM, whichever is earlier.

CMXs are obliged to quote prices continuously in 30% of the series in the NTM area in the relevant O-class for a period up to and including the third full assessment period.

CMMs are obliged to quote prices continuously in 10% of the series in the NTM area in the relevant O-class for a period up to and including the third full assessment period.

The MMO functionality for the relevant class will be withdrawn once the CMX or CMM quote obligation is no more applicable.

Liquidity Providers are obliged to quote prices during the opening and have an obligation to quote prices during the closing of the market in accordance with paragraph 3.1.

**5 Merger between two listed companies in the event that options on their shares are included in different ECCs**

A new option class (“new” class) relating to shares in the newly created company will be listed in a separate ECC. The Liquidity Providers active in the option classes relating to the shares of the merging companies (the “old” classes) will become Liquidity Providers for the new option class (in this new Class a Member can only hold one Liquidity Provider role). A month after the creation of the new class, the PMMs, CMXs and CMMs may opt out of retaining their full obligations as PMM, CMX or CMM. At least the minimum required number of PMMs active in the old classes must continue to act as Liquidity Providers in the new Class. When the minimum required number of PMMs does not wish to remain active, NYSE Liffe will appoint PMMs at random (in this case, section 2.2 and 3.3 of this notice will become applicable). The conditions that have to be met by Liquidity Providers that remain active in the new Class are the lowest maximum spreads and lowest minimum size obligations for the old classes (these may constitute the spread obligation of one of the old classes and the order size obligation of the other old Class).

**6 Merger between two companies in the event that options on their shares are included in the same ECC**

The new option class will be included in the same ECC as the original classes. Liquidity Providers for this new option class will be selected as mentioned above in section 5.

**7 Cash takeover by a company on whose shares options are not listed (fair value)**

See “Delisting of option classes, section 3”. In case NYSE Liffe decides to list options on shares of the acquiring company, this new option class may be included in the same ECC as the acquired company.

**8 Share takeover involving two companies**

Options on shares in the acquiring company will continue to be included in the existing ECC. Options on shares in the acquired company will be removed from the relevant ECC. In case of a new listing on shares of the acquiring company, this new option class will be included in the same ECC as the acquired company.

**9 Spin-off of part of a company**

Options on the basket of shares resulting from a spin-off will be listed in the same ECC as the original option class. The spreads and size requirements stated under 4c will apply. If a new option class is created for the shares of the spun-off part of the original company, this Class will be included in the same ECC. NYSE Liffe reserves the right to assign higher priority to Liquidity Providers in the original option class.



## 10 Company goes into administration/is declared bankrupt

See “Delisting of option classes, section 3”.

## 11 Other

In all other situations, NYSE Liffe will take its decision in the interest of the ELPS program.

### Attachment II to Brussels Notice No. BRU12-02

#### NTM series

CMXs are required to quote two-sided prices continuously in 30%<sup>1</sup> of the series of a given options class. These series must be in the near-the-money (“NTM”) area;

CMMs are required to quote two-sided prices continuously in 10%<sup>1</sup> of the series of a given options class. These series must be in the near-the-money (“NTM”) area, which is defined as follows:

- The NTM area is defined daily.
- The upper boundary of the NTM area is the highest traded price of the underlying on a given trading day, plus an additional offset.
- The lower boundary of the NTM area is the lowest traded price of the underlying on a given trading day, minus an offset.
- The offset for “Individual Equity Options” (IEOs) is 30%<sup>2</sup> of the relevant traded price of the underlying, and is subject to a minimum of € 2<sup>1</sup> and a maximum of € 50<sup>1</sup>. CMX and CMM obligations can be met in any series in a given options class, regardless of the expiry month, that has a strike price at or within the boundaries of the NTM area.
- The offset for the BEL20@-index contract is 30%<sup>1</sup> of the relevant traded price of the BEL20@-future (BXF), and is subject to a minimum of 2<sup>1</sup> and a maximum of 300<sup>1</sup> index points. CMX and CMM obligations can be met in any series in the BEL20@-Index options class, regardless of the expiry month, that has a strike price at or within the boundaries of the NTM area.

#### Example

Underlying share:

- Highest traded price: € 20.50
- Lowest traded price: € 19.25
- Upper boundary offset: € 6.15 (i.e. 30% of € 20.50)
- Lower boundary offset: € 5.78 (i.e. 30% of € 19.25)
- Upper boundary: € 20.50 + € 6.15 = € 26.65
- Lower boundary: € 19.25 - € 5.78 = € 13.47

#### Notes

- The offset percentage and minimum and maximum offset values may be changed from time to time at the discretion of the exchange.
- CMXs and CMMs may fulfil their obligations in series introduced on an intra-day basis, provided the series fall within the NTM area.
- CMXs and CMMs may not fulfil their obligations in suspended series.
- The BXF contract price will be used as the traded price of the underlying for the BEL20@-index classes.

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<sup>2</sup> NYSE Liffe may decide to amend this parameter in cases market circumstances require so.

If the NTM area does not include at least 30%<sup>1</sup> of all the series in a Class, the CMXs obligations will only relate to those series that fall within the NTM area.

If the NTM area does not include at least 10%<sup>1</sup> of all the series in a Class, the CMMs obligations will only relate to those series that fall within the NTM area.

## Attachment III to Brussels Notice No. BRU12-02

### Performance monitoring

#### 1) Monitoring of performance

- a) Daily checks are performed to establish whether Liquidity Providers have met their obligations. These result in a daily performance per Class which is a weighted average of the different performance assessments (i.e. opening performance, continuous quoting performance, closing performance and expiration performance). The following weights will be used to determine the daily performance result.

	Opening	Continuous	Closing	Total
Daily measurement	5%	80%	15%	100%

- b) If a Liquidity Provider is unable to comply with its obligations in an event of force majeure, NYSE Liffe must be notified in writing. The final decision as to whether or not an event constitutes force majeure rests with NYSE Liffe.
- c) At the end of each calendar month the Exchange will determine the monthly performance per Class by calculating the average of the daily performance results over the relevant calendar month.

#### 2) Monitoring procedure

##### a) *Opening measurement*

The opening measurement is taken at each uncrossing during the trading day. The monitoring system checks whether there is a valid quote in the relevant series at the beginning of the uncrossing. If a Liquidity Provider has a valid quote in a series at the moment when the series uncrosses, the corresponding performance measurement is 100%. If the Liquidity Provider has not, the performance measurement in that series is 0%. If a Liquidity Provider cancels a quote in a particular series before the start of the uncrossing of that series, the performance measurement in that series is 0%.

In the case of PMMs, all series in the relevant Class are taken into account when taking the opening measurement. This means that if a valid quote is available in 90% of the series, the opening performance measurement is 90%. In the case of CMXs or CMMs, only NTM series in the relevant class are considered when taking opening measurements. As a result, if a CMX is required to quote prices in 30 NTM series and it has valid quotes available in 27 NTM series, its opening performance measurement is 90%. Also, if a CMM is required to quote prices in 10 NTM series and it has valid quotes available in 9 NTM series, its opening performance measurement is 90%.

If there is more than one uncrossing on a particular trading day, the opening measurement is the average of all the uncrossings on that trading day.

During the opening, Liquidity Providers may quote prices with twice the contractually agreed maximum spread.

b) *Continuous measurement*

The continuous measurement relates to when the market is open for trading. In the case of PMMs, measurements start to be taken in an individual series as soon as that series is open for trading. In the case of CMXs and CMMs, measurements start to be taken as soon as the Class is open for trading after receiving an underlying price. This difference exists because CMXs and CMMs are only obliged to quote prices in a limited number of NTM series, which they are free to choose.

The monitoring system checks whether a Liquidity Provider has valid quotes in each series. In the case of PMMs it calculates the performance in each series. The average of the performance in all series is the daily PMM performance. In the case of CMXs and CMMs the monitoring tool determines the amount of time since the Class opened for trading during which the CMX quoted prices in 30% of the total number of series and the CMM quoted prices in 10% of the total number of series (see above). The series in which quotes are provided must be NTM series. The number of series a CMX or CMM must quote prices is calculated each morning on basis of the total number of series available in the relevant Class. This number of series remains the same for the duration of that day, regardless of whether any new series are introduced (for instance on request) or any existing series are delisted (for instance on expiry) or suspended.

Generally speaking, a CMX or CMM that quotes prices in fewer than the required number of series will have a performance measurement of 0%. However, this is subject to the application of the recalculation rule (the “70% rule”), which is as follows.

- I Recalculation takes account of performance measurements for series in which there are valid quotes, provided the number of series in which there are valid quotes is at least equal to 70% of the number of series in which the CMX or CMM is obliged to quote prices.
- II If recalculation results in a performance measurement of more than 85% the performance measurement is set at 85%.

Example for CMX

A CMX is obliged to quote prices in 33 series. On a particular trading day, the CMXs presence in the market is as follows.

- 12.5% of the day in 22 series
- 5% of the day in 31 series
- 40% of the day in 32 series
- 5% of the day in 33 series

Under the 70% rule, the CMXs performance measurements are recalculated on the following basis.

- 70% of 33 = 23.1
- The result is rounded up to the nearest whole number, i.e. to 24 (series)

The CMXs performance rating in the Class in which it is present in the market in fewer than 24 series is ignored. The other performance measurements are added together, as follows.

31 series	5.0% x 31/33	4.7%
32 series	40.0% x 32/33	38.8%
33 series	5.0%	5.0%
Total		48.5%

The CMXs performance measurement is therefore 48.5%.

#### Example for CMM

A CMM is obliged to quote prices in 11 series. On a particular trading day, the CMMs presence in the market is as follows.

- 12.5% of the day in 7 series
- 5% of the day in 8 series
- 40% of the day in 10 series
- 5% of the day in 11 series

Under the 70% rule, the CMMs performance measurements are recalculated on the following basis.

- $70\% \text{ of } 11 = 7.7$
- The result is rounded up to the nearest whole number, i.e. to 8 (series).

The CMMs performance rating in the Class in which it is present in the market in fewer than 8 series is ignored. The other performance measurements are added together, as follows.

8 series	$5.0\% \times 8/11$	3.6%
10 series	$40.0\% \times 10/11$	36.4%
11 series	5.0%	5.0%
Total		45.0%

The CMMs performance measurement is therefore 45%.

III If a CMX or CMM repeatedly fails to quote prices for the required number of series, NYSE Liffe may decide not to recalculate the CMMs performance that day.

c) *Closing measurement*

The closing measurement is taken during the last few minutes (currently five minutes) that the market is open for trading on a trading day. The measurement is similar to the continuous measurement, but does not include the 70% rule.

d) *Miscellaneous*

Under fast market conditions, Liquidity Providers may quote prices with twice the relevant contractually agreed spread. This does **not** mean that Liquidity Providers may quote prices with four times the relevant contractually agreed spread during the opening or on either of the last two days before an expiry.

### 3) **Early termination of role by Liquidity Provider**

If a PMM wishes to cease its activities in a certain Class during the term of the agreement, NYSE Liffe will first determine if the minimum required number of PMMs will remain active. If not NYSE Liffe may, at its sole discretion, decide not to allow the PMM to cease its activities.

- a) If a PMM wishes to cease its activities in a certain Class during the term of the agreement and the minimum required number of PMMs in the relevant Class remains active, NYSE Liffe will publish the vacancy. If the vacancy is not filled within two weeks, NYSE Liffe may, at its sole discretion, impose a fine of € 10,000 for each month remaining of the term of the agreement (this fine may be imposed pro rata for part of a month). In the case of a less liquid Class, the fine imposed is € 5,000 for each month remaining of the term of the agreement (this fine may be imposed pro rata for part of a month).

- b) If a CMX or CMM wishes to cease its activities in a certain Class during the term of the agreement, NYSE Liffe will publish the vacancy. Furthermore, NYSE Liffe may, at its sole discretion, impose a onetime penalty of € 5,000. In case of a less liquid Class, the fine imposed is € 2,000.
- c) If a Member does not agree with the imposed fine, it may send written notice of objection to NYSE Liffe ([ELPS@nyx.com](mailto:ELPS@nyx.com)). An internal performance committee will handle this objection and decide whether or not there are grounds to cancel the fine.

**Performance Related Fee model**

The Performance Related Fee model (PRF) rewards Liquidity Providers that comply with their quoting requirements on a monthly basis. Liquidity Providers in general who show a final monthly performance of at least 85% will be charged the lowest trading fee i.e. € 0.05 for “Individual Equity Options” (IEOs) and € 0.07 for BEL20®-index per contract. Liquidity Providers who have a performance result below the 85% might have to pay higher trading fees (will depend on the group to which the option class belongs). The basic PRF model results in the following trading fee per Class. Please note trading fees do not include clearing fees and are only applicable on Central Order Book transactions executed/transacted by the Liquidity Provider and booked on their market maker account.

Monthly performance	Trading fee per contract			
	IEOs			BEL20-index
	Group A	Group B	Group C	
≥ 85.0%	0.05	0.05	0.05	0.07
≥ 70.0% - < 85.0%	0.12			
≥ 50.0% - < 70.0%	0.15	0.12		
< 50.0%	0.17	0.17	0.17	0.17
Maximum trading fee per order:	€ 200 applicable to Individual Equity Options			N.A. to Index Options

The grouping of all option classes in three groups based upon the volume traded during the last 12 calendar months as displayed in Trading fee per contract table above, is available on the NYSE Euronext website: [www.nyx.com/elps](http://www.nyx.com/elps) (under the Brussels heading) and is entitled “2011-2012 Grouping of Brussels Option Classes”.

NYSE Liffe will review the grouping of option classes if it deems necessary.

According to the PRF model Liquidity Providers will be charged daily a trading fee of € 0.05 for “Individual Equity Options” (IEOs) and € 0.07 for BEL20®-index options where applicable (with a maximum of € 200 per order for Individual Equity Options) as a basic fee. After determining the final performance score by the Exchange, Liquidity Providers might be charged additionally if applicable.

In case a Liquidity Provider underperforms for three consecutive months the Exchange may impose a fine according to the following table. In case of a next consecutive month of underperformance within the contract period this fine can be imposed again. For this purpose a performance below 50 % is being considered as under performing.

Class Group	Fine
A	€ 10,000
B	€ 5,000
C	€ 1,000

If a Member does not agree with the imposed surcharge and or fine, it may send written notice of objection to NYSE Liffe ([ELPS@nyx.com](mailto:ELPS@nyx.com)). An internal performance committee will handle this objection and decide whether or not there are grounds to cancel the fine.

**Minimum Activity Requirement**

Each assessment period Liquidity Providers are deemed to trade at least a certain number of option contracts in the classes in which they have an obligation to maintain a double sided market. The table below shows the “Minimum Activity Requirement” (MAR) per assessment period for each Class where the MAR is applicable. Classes that are not included in this table have no MAR. The MAR includes all volume booked at the Liquidity Provider’s market maker account at LCH.Clearnet S.A.

Minimum Activity Requirement (MAR)			
Class	PMM	CMX	CMM
No classes are subject to the Minimum Activity Requirement.			

In case a Liquidity Provider trades below the relevant MAR level he will be warned he should become more active to justify his role as Liquidity Provider. In case the same Liquidity Provider repeatedly acts below the relevant threshold NYSE Liffe may decide to demote this Member. Other entities not being an entity from the same group of entities may then fulfil the vacancy.

NYSE Liffe retains the right to amend the different MAR levels in case these do not reflect general market activity.