

CIRCULAR NO: 02/55



18 October 2002

The London International Financial
Futures and Options Exchange

To All Members

**“FAST TRACK” MEMBERSHIP PROCESS FOR EXISTING MEMBERS OF
THE EURONEXT.LIFFE MARKETS**

Executive Summary

This Circular informs members of a new fast track membership process being introduced to facilitate a member of one Euronext.liffe market becoming a member of other such markets.

1. Introduction

- 1.1 Euronext.liffe, the combined derivatives markets of Euronext and LIFFE, wishes to provide members of its derivatives markets in Amsterdam, Brussels, Lisbon, London and Paris with the potential to trade all Euronext.liffe products subject to any regulatory constraints which may limit a member's access in particular jurisdictions.
- 1.2 This Circular informs members of the introduction of a single “fast track” membership application procedure for use by existing derivatives members of Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE to gain membership of the other derivatives markets.
- 1.3 Ultimately, it is intended to create a more unified membership structure and process (notwithstanding the fact that each market will retain its national identity), to reinforce the benefits of bringing all Euronext.liffe products on to a common trading platform, LIFFE CONNECT™. Members will be notified of measures being implemented to achieve this goal in due course.

2. Fast Track Process

- 2.1 At present, a firm applying for membership of one of the Euronext.liffe markets would have to complete the relevant membership application process in full even if he is already a member of another Euronext.liffe derivatives market. This would mean that, amongst other things, he would have to submit information about the company that has already been submitted to a membership department within Euronext.liffe. Such duplication of effort is clearly not desirable.

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- 2.2 Accordingly, with effect from Monday 28 October 2002, a streamlined process will be introduced for all Euronext.liffe markets whereby a member of one Euronext.liffe market may apply for membership of any other Euronext.liffe market by submitting a simple application form which details the additional markets for which membership is being applied and contains, amongst other things, a statement of the member's consent to abide by the rules of that market.
- 2.3 Membership approval will continue to be subject to an applicant satisfying the relevant market's membership criteria, including a requirement for regulatory authorisation, where appropriate. In particular, those firms who do not benefit from "ISD passport" rights conferred pursuant to the Investment Services Directive (that is, the right to do business in any EU country on the basis of regulatory approval in the jurisdiction in which the firm is incorporated or established) will need to ensure that they have the appropriate regulatory approval to take up market membership and engage in cross border business. The relevant regulatory bodies are currently examining whether it would be possible to grant a "proxy passport" to those who do not presently qualify for an ISD passport, and members will be informed of the outcome of these deliberations in due course.
- 2.4 In order to trade on the additional market(s), an applicant will need to make the necessary arrangements for trading, including taking new network access connections if applicable and, in the case of non-clearing members, appointing a clearing member if their existing clearing member does not clear that market (for example, if the clearing member is a member of Clearnet but not The London Clearing House, or vice versa). Any application for membership as a clearing member would – as at present - additionally require membership of the relevant clearing house.

3. Further information

- 3.1 The fast track application form is available on www.liffe.com and www.euronext.com. Members may also wish to refer to General Notice No. 2093, issued on 30 August 2002, which sets out the new charging structure for network access to the Euronext.liffe markets.
- 3.2 LIFFE members seeking further information in relation to this Circular should contact Penny Wade (+44 (0)20 7379 2043), Charlotte Blair (+44 (0)20 7379 2283) or membership@liffe.com.

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