

CIRCULAR NO: 02/13

5 March 2002

To All Members



The London International Financial
Futures and Options Exchange

**UNIVERSAL STOCK FUTURES CONTRACT
(EXCHANGE CONTRACT NO. 56)**

**INVITATION TO MEMBERS TO APPLY FOR INCLUSION IN THE
DESIGNATED MARKET MAKER SCHEME**

Executive Summary

This Circular invites members to apply for Designated Market Maker status in the Universal Stock Futures DMM scheme.

1. Introduction

- 1.1 Circular No. 01/86, issued on 8 October 2001, provided details of the Designated Market Maker ("DMM") Scheme in respect of Universal Stock Futures Contracts and invited members to apply for DMM status.
- 1.2 This Circular invites members to apply for DMM status in the new Universal Stock Futures Contracts to be made available for trading on and from **Thursday 18 April 2002** (General Notice No. 1986, issued on 5 March 2002, refers). In addition, tenders will also be accepted for Group 21 of the Universal Stock Futures Contracts, for which members were invited to tender by Circular No. 01/86, issued on 8 October 2001.
- 1.3 Members are reminded that the appointment of each DMM will be subject to a binding contract (the "Agreement") between the successful applicants and the Exchange. A completed application form does **not** constitute such an Agreement. Furthermore, a successful applicant's DMM status, and therefore the period for which he may receive financial benefits, may not be deemed to have commenced until such Agreement is completed, signed and returned to the Exchange.

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LIFFE Administration and Management
A wholly-owned subsidiary of LIFFE (Holdings) plc
Registered office as above Registered in England no 1591809

2. Application

- 2.1 All members are eligible to apply for DMM status. Applications should be made on LIFFE Form 146, available from Gillian Walmsley (ext. 2443) at LIFFE.
- 2.2 Members are invited to apply for one or more specific groups of Universal Stock Futures Contracts (as detailed in Attachment 1 to this Circular) by specifying, for each Universal Stock Futures Contract in which the member is applying for DMM status: the maximum bid-offer spread the prospective DMM is willing to make, the minimum order size and the maximum bid-offer spread in the calendar spreads between the first and second calendar delivery months and between the first and second quarterly delivery months in response to Requests For Quote (“RFQs”). Members should refer to Circular No. 01/86 for further information on the application process.
- 2.3 **Applications must be submitted in confidence to Gillian Walmsley as sealed tenders no later than close of business on Tuesday 19 March 2002.**
- 2.4 Members should note that applications missing any of the required information specified on LIFFE Form 146 will not be accepted. Similarly, applications submitted after the application deadline will be rejected.
- 2.5 Details of the daily message allocations for DMMs in the new Universal Stock Futures Contracts are contained in Attachment 2 to this Circular. Further information on the use of Automated Price Injection Models and the daily message allocation for DMMs are available in Circular No. 01/86.

3. Further Information

- 3.1 Members seeking further information in relation to this Circular should contact Gillian Walmsley (ext. 2443) at LIFFE.

N E Carew Hunt
Market Secretary

**Universal Stock Futures tender “groups”
for which prospective DMMs may tender**

A prospective DMM may only tender for the Universal Stock Futures groups as listed below and not for individual Universal Stock Futures Contracts alone. The level of obligations tendered for may differ for each individual Universal Stock Futures Contract within the group but obligations must be established for all Universal Stock Futures Contracts in the group.

New Universal Stock Futures Contracts

USF Group Number	LIFFE TRS codes
1	GSU, MKS, PUR
2	BMW, CBK, RWE, SHC
3	AI, BN, OR
4	MC, PP
5	SU, OGE, GLE
6	ELA
7	AKZ, FOR, UNA
8	RUK, SCM, ZUR

Existing Universal Stock Futures Contracts

USF Group Number	LIFFE TRS codes
21	ETE, HTO

Daily Message Allocations for DMMs in Universal Stock Futures Contracts**New Universal Stock Futures Contracts**

Contract	LIFFE TRS code	DMM allocation
Air Liquide SA	AI	9,000
Akzo Nobel NV	AKZ	2,000
Bayerische Motoren Werke (BMW) AG	BMW	4,500
Commerzbank AG	CBK	2,000
Elan Corporation plc	ELA	6,500
Fortis	FOR	2,000
Groupe Danone SA	BN	6,500
GUS plc	GSU	2,000
L'Oréal SA	OR	9,000
LVMH Moët Hennessy Louis Vuitton SA	MC	6,500
Marks & Spencer plc	MKS	2,000
Orange SA	OGE	2,000
Pinault-Printemps-Redoute SA	PP	9,000
Prudential plc	PUR	2,000
RWE AG	RWE	2,000
Schering AG	SHC	6,500
Schneider Electric SA	SU	6,500
Société Générale SA	GLE	6,500
Swiss Reinsurance AG	RUK	2,000
Swisscom AG	SCM	2,000
Unilever NV	UNA	4,500
Zurich Financial Services AG	ZUR	6,500

Existing Universal Stock Futures Contracts

Contract	LIFFE TRS code	DMM allocation
Hellenic Telecommunications Organisation SA	HTO	2,000
National Bank of Greece SA	ETE	2,000