

## AMSTERDAM NOTICE NO. 12/030

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

### INTRODUCTION OF THE RENEWED (RENEWAL OF THE) LIQUIDITY PROVIDER PROGRAMME FOR THE AMSTERDAM DERIVATIVES MARKET (ELPS AMSTERDAM)

#### Executive Summary

Members are invited to participate in the ELPS Amsterdam programme that will be renewed as from 1 November 2012 up to and including 31 October 2013.

This Notice describes the Liquidity Provider Programme and applies to all classes for which the Liquidity Provider contracts end per 31 October 2012.

#### 1. Introduction

This Notice sets out the conditions for the ELPS Amsterdam programme, for which a selection process will be held. The selection procedure including the number of Liquidity Providers (LPs) e.g. 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 Amsterdam". 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 >> 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. This Notice replaces Amsterdam Notice 12/024, issued on 31 July 2012.

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

The contract period of the Liquidity Provider programme will be twelve months.

#### 2. Principal features of ELPS

##### 2.1 Liquidity Providers

- ELPS Amsterdam 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 class combinations (ECCs). However, subscriptions will be made at a class level basis. Under specific circumstances, PMM applicants for the most liquid class in an ECC 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 programme, 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 Amsterdam 2012".

## **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 Amsterdam programme 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 Amsterdam market, considering, without limitation, the following characteristics of the market which the ELPS Amsterdam programme 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.

## **2.6 Class Groups**

All Equity and Index Option classes are assigned to a class group. The following class groups are defined:

1. Equity Options Target Group (TG), the top10 selected standard Equity Option contracts;
2. Equity Options Non Target Group (NTG) , all remaining standard Equity option contracts (including "O"-classes);
3. Equity Option Short Term (EST), all equity options classes with an initial life time < 1 month (the "weekly" IEO's)
4. Index Option AEX, the standard AEX Index Option contract;
5. Index Option AMX, the standard AMX index Option Contract;
6. Index Option Short Term (IST), all index option classes with an initial life time < 1 month ( the AEX "weekly" and "daily" index option contracts)

These class groups will be used when determining the market maker monthly performance score and associated performance related fees (see attachments III and IV)

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

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

In order to apply for the role of PMM, CMX or CMM, a member should use software approved by NYSE Liffe.

##### **3.1.1 *PMM benefits***

PMMs benefit from the following:

- A PMM fee incentive programme which could result in lower trading fees for PMMs dependent of their performance results (see Attachment IV);
- The market maker mass quote functionality (MQ): each PMM can update multiple two-sided prices (quotes) using the MQ in each class in which it has quote obligations. The current MQ set up per option class can be downloaded from our website ([www.nyx.com/elps](http://www.nyx.com/elps) >> Stock Options >> Amsterdam >> “Current MQ set up 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 quote 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 twice the relevant contractually agreed maximum 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 quote 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 MQs. Other types of orders are not taken into account when evaluating compliance with obligations.

d) To benefit from the PMM fee programme a PMM is required to allocate business which is executed/transacted as part of this Agreement to the relevant Market Maker account. 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.

---

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

- e) A PMM 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 for high liquid classes.

### **3.1.3 CMX and CMM benefits**

CMXs and CMMs benefit from the following:

- A CMX/CMM fee incentive programme which could result in lower trading fees for CMXs/CMMs dependent of their performance results (see Attachment IV);
- The market maker mass quote functionality (MQ); each CMX/CMM can update multiple two-sided prices (quotes) using the MQ in each class in which it has quote obligations. The current MQ set up per option class can be downloaded from our website ([www.nyx.com/elps](http://www.nyx.com/elps) >> Stock Options >> Amsterdam >> "Current MQ set up for Liquidity Providers");
- 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 from 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.

### **CMX and CMM obligations**

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 twice the relevant contractually agreed maximum spread. Delta protection is not available during the opening and uncrossing;
  - 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 quote 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 MQs. Other types of orders are not taken into account when evaluating compliance with obligations.
- d) To benefit from the CMX/CMM fee programme a CMX/CMM is required to allocate business which is executed/transacted as part of this Agreement to the relevant Market Maker account. 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 and/or CMX 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/CMX 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 Amsterdam –2012' 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 programmes Amsterdam market**

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

During the lifetime of this ELPS programme NYSE Liffe intends to introduce a Premium Based Tick Size pilot in all AEX Index Option classes (AEX, AEX Weeklies and AEX Dailies).

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

## **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:

NYSE Liffe, 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:

<b>ECCs</b>
<b>AEX</b> (AEX Weeklies - AEX Dailies)
<b>AMX</b>
DL- <b>ING</b> (ING weeklies, INO)-UBL-UNT-WKL
AAI-NUO-ORD- <b>RD</b> (RD weeklies)-RND
AMG-ARC- <b>KPN</b> (KPN weeklies)-PNL-TNE(TPO)
BI-CSM-IM- <b>MT</b> (MT weeklies)-WHV
<b>AGN</b> (AGN weeklies)-AP-ASM-FUR-ZGO
BCK-BOS-MDQ-TTM- <b>UN</b>
AFA-BAM-CIO- <b>PHI</b> (PHI weeklies)-TCT
AGA(FRO)- <b>ASL</b> -DSM-HEI-VPK
<b>AKZ</b> -HEY-REN-SBM-WES
<b>AH</b> -DE-SR-USG
<b>EDX</b>

(Classes in **bold** are the most liquid classes in the ECC)

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	0.25
	0.51 - 10.00	0.50
	10.01 - 20.00	1.00
	> 20.00	1.50
minimum order size		10
>12 months	Bid price:	
	0.00 - 0.50	0.50
	0.51 - 10.00	1.00
	10.01 - 20.00	2.00
	> 20.00	3.00
minimum order size		5

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 at least 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 at least a period up to and including the third full assessment period.

The MQ 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 section 3.1 of this Notice

**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 section 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 programme.

### NTM series

CMXs are required to quote two-sided prices continuously in 30% of the series of a given options class. CMMs are required to quote two-sided prices continuously in 10% 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 IEOs is 30% of the relevant traded price of the underlying, and is subject to a minimum of € 2 and a maximum of € 50. 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 AEX-index contract is 30% of the relevant traded price of the AEX-future (FTI), and is subject to a maximum of 100 index points. CMX and CMM obligations can be met in any series in the AEX-Index 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 AMX-index contract is 30% of the relevant traded price of the AMX-future (FMX), and is subject to a maximum of 100 index points. CMM obligations can be met in any series in the AMX-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.
- The FTI contract prices front month will be used as the traded price of the underlying for the AEX-index classes.
- The FED contract prices front month will be used as the traded price of the underlying for the EDX class.

If the NTM area does not include at least 30% 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% of all the series in a class, the CMMs obligations will only relate to those series that fall within the NTM area.

## 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 performance and closing 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.
- d) At the end of each calendar month the Exchange will determine a market maker's monthly performance score per class group (i.e. Target Group, Non Target Group, Equity Short Term, AEX, AMX, Index Short Term)

### 2. Monitoring procedure

#### a) *Opening measurement*

The opening measurement is taken at the initial ("the opening") 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%.

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 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% 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 in the series 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 and € 0.07 for Index Options per contract. Liquidity Providers who have a performance result below the 85% will have to pay higher trading fees (dependant 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		Equities			Index		
		TG	NTG	Short Term*	AEX	AMX	Short Term*
band 1	≥ 85%	0.05	0.05	0.05	0.07	0.07	0.07
band 2	> 70 - < 85%	%fee = 0.666	%fee = =0.466	%fee = 0.333	%fee = =0.533	%fee = 0.333	%fee = 0.200
band 3	≥ 50% - ≤ 70%	0.15	0.12	0.10	0.15	0.12	0.10
band 4	< 50%	0.17	0.17	0.17	0.17	0.17	0.17
Maximum Trading fee per order		€ 200 for Individual Equity Options Not applicable to Index Options					

\* Short term is defined as an initial lifetime less than 1 month

All option classes are grouped into one of the 6 groups above 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 per contract for Individual Equity Options and € 0.07 per contract for 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 will be charged additionally if applicable.

In case a Liquidity Provider underperforms for three consecutive months in the same class 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	Equities			Index		
	TG	NTG	Short Term	AEX	AMX	Short Term
Fine	€ 10,000	€ 5,000	€ 2,500	€ 10,000	€ 2,500	€ 5,000

If a member does not agree with the imposed surcharge 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.

<b>Minimum Activity Requirement (MAR)</b>			
<b>Class</b>	<b>PMM</b>	<b>CMX</b>	<b>CMM</b>
AEX	15,000	4,500	1,500
AEX weekly (AX1-5)*	1,000	n/a	n/a
AEX Daily (A1-A31)**	1,000	n/a	n/a
AGN	5,000	2,250	750
AH	3,000	n/a	500
AKZ	3,000	n/a	500
ASL	3,000	n/a	500
ING	10,000	3,000	1,000
KPN	10,000	n/a	1,000
MT	10,000	3,000	1,000
PHI	5,000	2,250	750
RD	10,000	3,000	1,000
UN	5,000	n/a	750

\* AX1-5 includes all AEX weekly options on a monthly basis instead of the separate contracts.

\*\* A1-A31 includes all AEX daily options on a monthly basis instead of the separate contracts.

A Liquidity Provider trading below the relevant MAR level will be warned to 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.