

BULLETIN DE PARIS No. 2009 – 035

DATE: 2 décembre 2009
DATE EFFECTIVE: 9 décembre 2009

OBJET: EXTENSION DE LA NÉGOCIATION DES “ EXCHANGES FOR SWAPS ” AUX CONTRATS À TERME FERMES DE MARCHANDISES DE PARIS.

Sommaire:

Ce bulletin informe les membres de l'extension de la possibilité de négocier des “Exchange for Swaps” aux contrats à terme fermes de Marchandises de Paris à partir du mercredi 9 décembre 2009 inclus.

Les nouvelles Procédures de Négociation de NYSE Liffe correspondantes sont jointes au présent Bulletin.

1 Introduction:

- 1.1 A la demande des membres et, suite à la consultation des Comités Expert, la possibilité de négocier des “ Exchanges for Swaps ” (“ EFS ”) sera étendue aux contrats à terme fermes de Marchandises de Paris à partir du mercredi 9 décembre 2009. Ces contrats sont négociables dans le même cadre réglementaire que les Echanges de Base, (Against Actuals) tel que décrit dans les Procédures de Négociation.
- 1.2 Dans un EFS, la partie Future est un contrat à terme ferme de Marchandise et l'autre partie consiste en une transaction de Swap OTC spécifique et, identifiable sur le même sous-jacent ou sur un produit directement issu de ce sous-jacent ainsi que décrit dans les nouvelles Procédures de Négociation.
- 1.3 Les rediffuseurs d'informations feront apparaître les EFS négociés par l'indicateur « Z ».

2 Procédures de Négociation:

- 2.1 La version modifiée des Procédures de Négociation de NYSE Liffe correspondante est jointe en annexe à ce Bulletin.
- 2.2 Ces modifications incluent des précisions portant sur:
 - (a) le type de transactions OTC que la Bourse acceptera comme partie d'un EFS;
 - (b) l'écart de prix dans lequel la partie Future de l'EFS doit se trouver;

Web site: www.nyx.com/liffe

Les marchés dérivés d'Euronext (“Liffe”) comprennent les marchés dérivés gérés par Euronext Amsterdam, Euronext Bruxelles, Euronext Lisbonne, Euronext Paris et LIFFE Administration & Management respectivement les marchés d'Amsterdam, Bruxelles, Lisbonne, Paris et Londres. Euronext fait partie du groupe NYSE Euronext.

- (c) les éléments de la transaction requis par la Bourse pour pouvoir valider un EFS; et
- (d) les pièces justificatives qui doivent être conservées par le membre exécutant la transaction.

Pour toute question concernant ce Bulletin, merci de bien vouloir contacter:

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PARIS NOTICE No. 2009 – 035

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EXTENSION OF THE EXCHANGE FOR SWAPS FACILITY TO PARIS COMMODITY FUTURES CONTRACTS

Executive Summary

This Notice informs Members of the extension of the Exchange for Swaps facility to the Paris Commodity Futures Contracts, on and from Wednesday 9 December 2009. The necessary revisions to the NYSE Liffe Trading Procedures are set out in the Attachment to this Notice.

1 Introduction

- 1.1 Following consultation with Members and the Expert Committees, the Exchange has determined to extend the Exchange for Swaps (“EFS”) facility to the Paris Commodity Futures Contracts, on and from Wednesday 9 December 2009. The EFS facility operates within the Trading Procedures in respect of Basis Trades.
- 1.2 In relation to EFSs, the futures leg shall be a Paris Commodity Futures Contract and the cash leg shall be a specific, identifiable OTC swap transaction in the same commodity or a direct product of such commodity, as set out in the revisions to the NYSE Liffe Trading Procedures.
- 1.3 Data Vendors will broadcast the EFS trades with the trade type indicator « Z ».

2 Trading Procedures

- 2.1 The necessary revisions to the NYSE Liffe Trading Procedures are set out in the Attachment to this Notice.
- 2.2 The revisions include details about:
 - (a) the type of OTC transactions which the Exchange will accept as part of an EFS;
 - (b) the price range within which the futures leg of the EFS can take place;
 - (c) the transaction details required by the Exchange in order to validate an EFS; and

(d) the documentation that should be retained by the executing Member.

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

Derivatives Commodity Products Peter Blogg 0207 379 2407 pblogg@nyx.com

NYSE Liffe Trading Procedures

(Additions are shown underlined and deletions ~~struck through~~)

4.2 Basis Trading

4.2.6 The following approaches to the construction of hedge ratios for basis trades are considered acceptable:

(a) Deliverable bonds against bond futures contracts:

A price factor or duration based method;

(b) Other bonds against bond futures contracts:

A duration based method;

(c) Deliverable and non-deliverable bonds against Swapnote® futures contracts or one or more delivery month(s) of a short term interest rate futures contract:

A method which is based upon the ratio of the basis point values of shifts in the yield curve of respectively the relevant cash and futures legs;

(d) Standard plain vanilla OTC swaps against bond futures contracts, Swapnote® futures contracts of one or more delivery month(s) of a short term interest rate futures contract:

A method which is based upon the ratio of the basis point values of shifts in the yield curve of respectively the relevant cash and futures legs;

(e) Forward Rate Agreements (FRAs) against one or more delivery month(s) of a short term interest rate futures contract:

A method which is based upon the ratio of the basis point values of shifts in the yield curve of respectively the relevant cash and futures legs;

(f) Sale and Repurchase Agreements (Repos) against one or more delivery month(s) of a short term interest rate futures contract:

A method which is based upon the ratio of the basis point values of shifts in the yield curve of respectively the relevant cash and futures legs;

(g) European or American style OTC interest rate options (bond options, swaptions) against bond futures contracts, Swapnote® futures contracts or one or more delivery month(s) of a short term interest rate futures contract:

A method based on the relative deltas of the OTC option and futures contracts in order to achieve a delta neutral position;

(h) Equity securities against Universal Stock Futures Contracts or Single Stock Futures Contracts:

A method based on the relative value of the equity security and the nominal underlying value of the Universal Stock Futures Contracts or Single Stock Futures Contracts;

(i) Baskets of equity securities against equity index futures contracts:

A method based on the relative value of the basket of equity securities and the nominal underlying value of the equity index futures contracts;

(j) European or American style OTC equity options (stock and equity index options) against equity index futures contracts:

A method based on the relative deltas of the OTC option and futures contracts in order to achieve a delta neutral position;

(k) European or American style OTC or non-NYSE Liffe exchange traded equity options against Universal Stock Futures Contracts or Single Stock Futures Contracts:

A method based on the relative deltas of the OTC or exchange traded option and Universal Stock Futures Contracts or Single Stock Futures Contracts in order to achieve a delta neutral position;

(l) Non-NYSE Liffe exchange traded German government bond futures against Euro Swapnote® Futures or Three Month Euro (EURIBOR) Interest Rate Futures Contracts:

A method which is based upon the ratio of the basis point values of shifts in the yield curve of the two futures contracts.

(m) Non-NYSE Liffe exchange traded Eurodollar futures against NYSE Liffe short term interest rate futures contracts:

A method which is based upon the ratio of the basis point values of shifts in the yield curve of the two futures contracts;

(n) OTC swaps in relation to cocoa, robusta coffee, raw sugar, white sugar, ~~and wheat, milling wheat, rapeseed and corn,~~ or in relation to a direct product of such commodity, against the relevant ~~Cocoa, Robusta Coffee, Raw Sugar, White Sugar or Wheat Commodity~~ Futures Contract, herein defined as an Exchange for Swap (“EFS”):

A price factor or a duration based method.

Where a hedge ratio differs from such methods, the Member who is submitting the trade for authorisation (see Trading Procedure 4.2.7) is required to justify the method employed in advance of such submission.

4.2.14C Where a basis trade is an EFS involving a ~~Robusta Coffee, Cocoa, White Sugar, Raw Sugar or Wheat~~ Commodity Futures Contract against an OTC swap, the following details must be submitted via LIFFE CONNECT® by the basis trade executing Member:

- (a) Futures Contract in which the EFS is being transacted;
- (b) delivery month;
- (c) agreed futures price;
- (d) number of lots of each Futures Contract;

In addition, the basis trade executing Member must retain, in an easily accessible form that can be audited by the Relevant NYSE Euronext Market Undertaking, documentary evidence in the form of a copy of the OTC contract itself.

The following information should be contained in the documentary evidence:

- (a) the fixed price or fixed price formulae of the swap, and who pays;
- (b) the floating price or floating price formulae of the swap, and who pays;
- (c) the termination/maturity date;
- (d) the effective (start) date of the swap;
- (e) the quantity of the swap position relating to the underlying commodity or the direct product of such commodity;
- (f) the referenced futures delivery month.

All information required to be retained by the basis trade executing Member, pursuant to this Trading Procedure 4.2.15, must be retained by the Member for five years. If the basis trade executing Member is not directly responsible for the execution of the cash leg of the basis trade, he must have appropriate arrangements in place with the party organising/executing that leg such that the information above in (a) to (f) can be provided promptly to the Relevant NYSE Euronext Market Undertaking.

4.2.19B [unchanged]

Where the basis trade is an EFS in accordance with Trading Procedure 4.2.6(n), the following information with respect to the futures leg of an EFS will be broadcast on LIFFE CONNECT®:

- Futures Contract(s) and delivery month(s); and
- volume of futures traded.

In addition, these details will be distributed to Quote Vendors, marked with the trade type indicator “Z”.

For each Exchange Contract, the cumulative volume of futures traded as the futures leg of EFSs posted during the day will also be published.

P.13 Basis Trading Facility

P.13.1 Notwithstanding the relevant restriction contained in the Trading Procedure 4.2.4, the Basis Trading Facility can be used in respect of a delivery month for a Futures Contract on any Trading Day including the Last Trading Day of that delivery month

P.13.2 Pursuant to Trading Procedure 4.2.5, for a Basis Trade to be authorised, the price of the future leg(s) must be within the high/low range of traded prices on LIFFE CONNECT® that Trading Day or at or within the best bid and offer, for the Derivative concerned, at the time the basis trade is organised.

Where the basis trade is an EFS in accordance with Trading Procedure 4.2.6(n), for the futures leg(s) to be authorised the price(s) assigned must be within the price range established to date in respect of the delivery month in the relevant Exchange Contract.