

GENERAL NOTICE NO: 2347



The London International Financial
Futures and Options Exchange

ISSUE DATE: 15 January 2004

EFFECTIVE: 2 February 2004

**EXTENSION OF THE CHARGING STRUCTURE FOR LIFFE CONNECT[®]
BANDWIDTH USAGE**

Executive Summary

This General Notice informs members of the extension of the charging structure for LIFFE CONNECT[®] bandwidth usage for those members who have registered an Automated Price Injection Model with the Exchange.

1. Introduction

- 1.1 One of the unique strengths of LIFFE CONNECT[®] continues to be its open architecture and the ease with which software vendors and those using proprietary software can write to the API. The Exchange has permitted ever more sophisticated software to be deployed by users onto the system, including a wide variety of Automated Price Injection Models (“APIMs”).
- 1.2 The Exchange recognises the need to control the usage of APIMs in the interests of the market as a whole in order to ensure that members are not materially disadvantaged when executing business on LIFFE CONNECT[®], whether they are using APIMs or not. Accordingly, General Notice No. 2260, issued on 5 August 2003, requires members to register with the Exchange all APIMs used when trading on LIFFE CONNECT[®]. Once registered, members are given a daily message allocation and are advised to ensure that they are able to calibrate their APIMs such that they do not breach this allocation. The daily message allocation is calculated by taking into account expected usage of the APIM and can be revised at any time, with order activity being monitored on a daily basis.
- 1.3 Members will be aware that, in certain circumstances, the use of APIMs may lead to a degradation of service for market users generally. In order to prevent this from occurring, the Exchange has decided to extend the charging structure for bandwidth allocation breaches to all contracts traded on LIFFE CONNECT[®]. Currently the charging structure applies to the European-Style FTSE 100 Index Option (ESX) Contract, Universal Stock Futures Contracts and Individual Equity Option Contracts.

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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

- 1.4 The charging scheme detailed in section 2 below replaces that outlined in General Notices No. 1911 and No. 2124, issued on 31 October 2001 and 13 November 2002 respectively, with effect from **2 February 2004**.
- 1.5 Members are reminded that APIMs **must** be registered with the Exchange, be used in conjunction with conformed software, and have been allotted a daily message allocation for each product in which the APIM is to be deployed **prior** to being used.

2. Bandwidth Charging Scheme

- 2.1 The daily message allocation given to members consists of the number of order submissions, revisions and withdrawals which may be used by the member each day. **There will be no charge for use of order messages up to the daily allocation.**
- 2.2 Separate notices will be issued by Euronext.liffe Brussels and Paris with regard to APIM usage in those markets, and the charging structure will be common to Euronext.liffe London, Brussels and Paris. The table contained in paragraph 2.3 below details the charges applicable. For Euronext.liffe London the charges will be calculated and payable in sterling and for all other markets in euros. The charges may be subject to change from time to time as advised by the Exchange.
- 2.3 Should the daily message allocation be exceeded by a member, charges will apply according to the schedule below. The charges shall be calculated on each day that the allocation is exceeded.

Message Usage	Incremental Charge Per Message
Up to Allocation	No Charge
Between 100% and up to 110% of Message Allocation	£0.07 (€0.10)
Above 110% and up to 120% of Message Allocation	£0.14 (€0.20)
Above 120% of Message Allocation	£0.175 (€0.25)

- 2.4 As an example, a member who uses 6,000 messages in the Euribor Futures Contract on a single day (where the daily message allocation is 5,000) would be charged:
- $$(500 \times £0.07) + (500 \times £0.14) = £105.00 \text{ per day.}$$
- 2.5 Whilst the charges will be calculated during the first three months of the scheme (i.e. February 2004, March 2004 and April 2004), payment will not be required to be made by any members who exceed their allotment during this period. This is to provide members with sufficient time to ensure that their APIMs are appropriately configured and for adjustments to be made to the daily message allocation by the Exchange, in consultation with members.

- 2.6 The grandfathering period described in paragraph 2.5 above will **not** apply to the European-Style FTSE 100 Index Option (ESX) Contract, Universal Stock Futures Contracts and Individual Equity Option Contracts, for which a charging scheme is already in place. For these contracts the revised charges, as set out in paragraph 2.3 above, will apply from 2 February 2004 onwards.

3. Further Information

- 3.1 Members seeking further information in relation to this General Notice should contact their Account Manager at LIFFE.

BY ORDER OF THE BOARD

N E Carew Hunt
Market Secretary