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By Electronic Mail

October 24, 2012

Mr. David A. Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: NYSE Liffe U.S. Submission 2012-132 – Notice Announcing an Amendment to the Inter-Dealer Broker (IDB) Incentive Plan

Dear Mr. Stawick:

I am the Chief Operating Officer of NYSE Liffe US LLC (“**NYSE Liffe US**” or the “**Exchange**”). Pursuant to Section 5c(c) of the Commodity Exchange Act (the “**Act**”), as amended, and U.S. Commodity Futures Trading Commission (the “**Commission**”) Regulations (the “**Regulations**”) Section 40.6(a), I enclose a Cover Sheet for NYSE Liffe US Submission 2012-132 and NYSE Liffe US Notice 36/2012 which announces amendments to the NYSE Liffe U.S. Inter-Dealer Broker Incentive Plan (“**IDB Program**” or the “**Program**”) to include Exchange-for-Related Position Transactions in Futures on Three-Month Eurodollar Futures (“**Eurodollar Futures**”), in the IDB Program. In addition, the Program is amended to add as an eligible Program participant any Clearing Member facilitating an EFRP transaction with one of its own Eligible Contract Participant customers. The Amendment will become effective on November 8, 2012.

NYSE Liffe US hereby certifies that: (i) NYSE Liffe U.S. Notice 36/2012 and the amendment to the IDB Program announced therein comply with the Act and the regulations thereunder; and (ii) a notice and copy of this submission is being concurrently posted on the Exchange’s web site. Additionally, a concise explanation and analysis of the amendment to the IDB Program and compliance with applicable provisions of the Act, including core principles and the Commission's regulations thereunder, is attached.

If you have any questions, please call me at (212) 656-4307 or Karl Cooper at 212-656-4568.

Yours Truly,

Lynn Martin
Enclosures

**Designated Contract Market Core Principles Implicated by
NYSE Liffe US Submission 2012-132**

Core Principle	Analysis
<i>Core Principle 2: Compliance with Rules</i>	The Exchange carefully vets all members of the IDB Program. Participants in the Program are subject to all of the existing the rules and regulations of the Exchange contained in the Exchange rulebook, including Chapter 3, governing access to the Exchange’s trading platform, and Chapter 6, prohibiting, among other things, fraudulent or fictitious trades, pre-arranged trades, market manipulation and any acts which are inconsistent with just and equitable principles of trade. The Exchange has contracted with the National Futures Association to provide comprehensive market surveillance. This includes the real-time monitoring of trade practices for compliance with the Exchange Act, CFTC Rules, and the rules of the Exchange. Off-exchange transactions are reviewed by the Exchange prior to acceptance by the Exchange and submission of such transactions by the Exchange to the clearing service provider for clearing. Violations of Exchange rules are investigated and subject to the disciplinary procedures found in Chapter 7 of the Exchange rulebook. In addition, the Exchange has in place effective international information sharing arrangements and has entered into accords such as the Boca Declaration and the Intermarket Surveillance Group Agreement.
<i>Core Principle 3: Contracts not Readily Subject to Manipulation</i>	The IDB Program does not incentivize market manipulation nor promote abusive practices. The Exchange provides market surveillance and disciplinary procedures to monitor and prevent such practices.
<i>Core Principle 4: Prevention of Market Disruption</i>	Pursuant to the terms of the IDB Program, all participants are subject to all rules of the Exchange. The Exchange conducts market surveillance to detect rule violations and trades that do not comport with just and equitable trade practices. The Exchange, in conjunction with the National Futures Association, has the capacity to detect market manipulation and price disruption in the market as well as the ability to reconstruct trades.
<i>Core Principle 5: Position Limits or Accountability</i>	Participants in the IDB program are subject to all applicable position limits and accountability levels.
<i>Core Principle 9: Execution of Transactions</i>	The IDB Incentive Program promotes the price discovery process in the central market because as part of their routine activities, IDBs communicate Exchange central order book prices to their customers which are then used as to facilitate the pricing of EFRP

	<p>transactions. EFRPs help tie the central market directly to related markets through a pricing relationship (“basis”). In situations where a Clearing Member facilitates a customer EFRP transaction in either Treasury or Eurodollar Futures, it is acting like an IDB in that it is promoting the price discovery process in the central market by promoting the Exchange’s Treasury and Eurodollar Futures and increasing open interest positions that will likely be managed by trading in the central order book. In such a capacity, then, the Clearing Member will qualify as a “Program Participant” for purposes of this program. As with other incentive programs, the Exchange will monitor the impact, if any, that this program has on trading on the centralized market. Off-exchange transactions are reviewed by the Exchange prior to acceptance of the transactions by the Exchange and the Exchange’s submission of the transactions to the clearing service provider. In the event the Exchange identifies any deleterious effect to the centralized market, it will take appropriate action</p>
<i>Core Principle 10: Trade Information</i>	<p>The Exchange records and maintains an audit trail with all trade information regarding trading by all market participants, including incentive program participants, in order to detect customer and market abuse.</p>
<i>Core Principle 12: Protection of Markets and Market Participants</i>	<p>Both Member and Non-Member participants in the IDB program are subject to the rules of the Exchange. Chapter 6 of the Exchange rulebook prohibits such practices as fraudulent or fictitious trades, pre-arranged trades, market manipulation and any acts which are inconsistent with just and equitable principles of trade. The Exchange performs real time market surveillance of trades and investigates potential violations of the rules. Any participant found in violation of the Exchange Rules is subject to disciplinary procedures found in Chapter 7 of the Exchange rulebook. In addition, participants found in violation of the terms of the Program are disqualified from further participation.</p>
<i>Core Principle 13: Disciplinary Procedures</i>	<p>Chapter 7 of the Exchange rulebook details the Exchange’s process and procedures for disciplinary action against its members. All participants in the IDB Program are subject to disciplinary action for violating the rules and regulations of the Exchange.</p>
<i>Core Principle 19: Antitrust Considerations</i>	<p>The IDB Program does not result in any restraint of trade because it does not restrict trading on any competing exchange.</p>



NYSE LIFFE U.S. NOTICE No. 36/2012

ISSUE DATE: October 24, 2012
EFFECTIVE DATE: November 8, 2012

Summary

This Notice announces the addition of Exchange-for-Related Position transactions in the Exchange's Three Month Eurodollar Futures to the Inter-Dealer Broker Incentive Program, and broadens the definition of eligible Program Participants to include any Clearing Member facilitating EFRP transactions in Treasury and Eurodollar Futures with Eligible Contract Participant customers.

1. Background

- 1.1 [NYSE Liffe US Notice No. 13/2012](#), issued May 17, 2012, informed Members of the launch of the Inter-Dealer Broker Incentive Program (the "IDB Program" or the "Program") to facilitate basis trading in the Exchange's U.S. Treasury Futures ("Treasury Futures").
- 1.2 [NYSE Liffe US Notice No. 21/2012](#), issued June 28, 2012, informed Members of the amendment to add Exchange-for-Related Positions and Block transactions in the Exchange's Futures listed on the DTCC GCF Repo Index™ Products ("GCF Futures") to the IDB Program.

2. Amendments to the IDB Program

- 2.1 The Exchange hereby announces that the IDB program is amended to

- (i) include Exchange-for-Related Position ("EFRP") transactions in Three Month Eurodollar Futures ("Eurodollar Futures") facilitated by an IDB with its Eligible Contract Participant customers as Qualifying Business as that term is defined in Notice 13/2012; and
- (ii) add, as eligible Program Participants, Clearing Members who facilitate EFRP transactions in Treasury and Eurodollar Futures where the Clearing Member facilitates one or more Eligible Contract Participant customers as either the buyer or seller of the Futures leg and include such transactions as Qualifying Business as that term is defined in Notice 13/2012.

- 2.2** Program Participants enrolled in the IDB Program arranging EFRP transactions in Eurodollar Futures will be entitled to the same benefits as set forth in Notice 13/2012, assuming their compliance with all of the terms and conditions of the IDB Program, and any applicable laws, regulations and Exchange Rules.
- 2.3** As mentioned in Notice 13/2012, Members must enroll in the IDB Program by completing an application (attached to notice [No. 13/2012](#)) and sending it to the Exchange.
- 2.4** The Exchange reminds Members and Program Participants that:
- 2.4.1** Transactions will be monitored for compliance with Exchange Rules and Procedures;
- 2.4.2** The Exchange reserves the right to terminate or alter, limit or modify any or all of the terms, rules, benefits, or eligibility requirements available under the Program;
- 2.4.3** Volume resulting from transactions that receive a benefit under the IDB Program will not be counted towards a benefit available under any other Exchange incentive program; and
- 2.4.4** Program Participants will be expected to track all Qualifying Business and to invoice the Exchange at the end of each month. The Exchange will review each invoice for accuracy prior to paying out any incentives earned under the Program.

3. Compliance with Laws, Rules and Regulations

- 3.1** All Members and Program Participants are reminded that they remain subject to all applicable laws, rules and regulations otherwise applicable to their activities, including, but not limited to the Commodity Exchange Act and the rules and regulations promulgated thereunder and NYSE Liffe US Rules (Please see the following notices for more details: [Notice No. 4/2009](#) and [Notice No. 21/2009](#) [General Considerations]; [Notice No. 15/2010](#) [Reporting EFRPs via E-Mail]).

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Members who have questions or seek additional information in respect of this Notice should contact:

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