



Marco Bianchi  
Senior Vice President  
NYSE Liffe US  
20 Broad Street, 10th Floor  
New York, NY 10005  
T +1 212 656 4300

**By Electronic Mail**

December 14, 2012

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

**Re: NYSE Liffe US Submission 2012-142 – Notice Announcing the Extension  
of the Open Interest Incentive Program**

Dear Mr. Stawick:

I am a Senior Vice-President of NYSE Liffe US LLC (“NYSE Liffe US” or the “Exchange”). Pursuant to Section 5c(c) of the Commodity Exchange Act, as amended (the “Act”), 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 2012-142 and NYSE Liffe US Notice 46/2012 which announces that the Exchange is extending its Open Interest Incentive Program (the “OII Program”) for U.S. Treasury and Eurodollar Futures for an additional year, from January 2, 2013 through December 31, 2013.

NYSE Liffe US hereby certifies that: (i) the OII Program complies with the Act and the regulations thereunder and (ii) a notice and copy of this submission has been concurrently posted on the Exchange’s web site. Additionally, a concise explanation and analysis of the OII Program and its compliance with applicable provisions of the Act, including core principles and the Commission's regulations thereunder, is attached. No substantive opposing views were received from Members or others with respect to the OII Program.

If you have any questions, please call me at (212) 656-4312.

Yours Truly,

Marco Bianchi  
Enclosures

**Designated Contract Market Core Principles Implicated by  
NYSE Liffe US Submission 2012-142**

<b>CORE PRINCIPLE</b>	<b>ANALYSIS</b>
<i>Core Principle 2: Compliance with Rules</i>	As with all Exchange members and participants, all participants in the OII Program are subject to all existing rules of the Exchange including Chapter 3, governing access to the Exchange's Trading Platform, Chapter 6 governing the business conduct of Exchange members and prohibiting, among other things, fraudulent acts, fictitious and pre-arranged trades, market manipulation, disruptive trading practices, and acts inconsistent with just and equitable principles of trade. The Exchange monitors its markets on a constant basis in real-time. In addition, through the operation of a regulatory services agreement, the National Futures Association provides to the Exchange comprehensive trade practice and market surveillance services designed to detect activities that are not in compliance with the Act, CFTC Rules, or Exchange rules and policies. Additionally, the Exchange has the authority, through Chapter 7 of the Exchange's rulebook, and the capacity to investigate any possible rule violations and, where appropriate, bring disciplinary actions and impose sanctions for any violations. Finally, 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 OII Program does not incentivize manipulative or other abusive practices. In the Exchange's experience, programs of this type, including the current OII Program, have not promoted abusive practices by participants. Further, the Exchange has policies and procedures to monitor the participants and trading to detect and prevent manipulative or abusive trading and practices.
<i>Core Principle 4: Prevention of Market Disruption</i>	Trading by participants in the OII Program, like all trading on the Exchange, will continue to be subject to the existing trade practice and market surveillance policies and procedures of the Exchange. The Exchange has real-time surveillance capabilities involving both human interaction as well as technological tools. Furthermore, the Exchange staff, in coordination with National Futures Association, has the capacity to detect and respond to manipulation and price distortions in its market and the ability to provide accurate and complete trade reconstruction. Moreover, the Exchange has acknowledged that it will conduct periodic reviews of off-market trading activity and will take appropriate action, including the amendment or termination of the OII Program, if it ascertains a deleterious effect to the centralized market caused by the OII Program.
<i>Core Principle 5: Position Limits or Accountability</i>	Participants in the OII Program will continue to be subject to all applicable position limits.

<b>CORE PRINCIPLE</b>	<b>ANALYSIS</b>
<i>Core Principle 9: Execution of Transactions</i>	Incentive programs are designed to enhance the market by providing liquidity. Furthermore, the Exchange will, as it does for all such programs, monitor the impact, if any, that these programs have on trading on the centralized market and, in the event the Exchange identifies any deleterious effect to the centralized market, will take appropriate action.
<i>Core Principle 10: Trade Information</i>	The Exchange records and maintains an audit trail with all trade information regarding trading by all market participants, including the participants in the OII Program, necessary to monitor for customer and market abuse.
<i>Core Principle 12: Protection of Markets and Market Participants</i>	Participants in the OII Program remain subject to all of the Exchange's rules. Chapter 6 of the Exchange's rulebook governs the business conduct of Exchange members and prohibits, among other things, fraudulent acts, fictitious and pre-arranged trades and other activities that could disadvantage their customers, as well as disruptive trading practices and acts detrimental to the Exchange and inconsistent with just and equitable principles of trade. The Exchange monitors for and investigates any possible rule violations and where appropriate brings disciplinary actions and imposes sanctions for any violations by any participants in the OII Program.
<i>Core Principle 13: Disciplinary Procedures</i>	Chapter 7 of the Exchange's rulebook provides for disciplinary procedures by which the Exchange may impose sanctions for any violations of the Exchange's rules, including any violations by participants in the OII Program.
<i>Core Principle 18: Recordkeeping</i>	Data with regard to the OII Program shall be retained by the Exchange in secured storage for a period of at least five years and be readily accessible and open to review by the CFTC. Additionally, the Exchange has in place business continuity and disaster recovery policies and procedures that provide for back-up and off-site storage of Exchange records.



## NYSE LIFFE U.S. NOTICE No. 46/2012

ISSUE DATE: December 14, 2012  
EFFECTIVE DATE: January 2, 2013

### Renewal of Open Interest Incentive Program – U.S. Treasury and Eurodollar Futures

#### Summary

This Notice announces the renewal of the Open Interest Incentive Program for U.S. Treasury and Eurodollar Futures, effective January 2, 2013 and extending through December 31, 2013.

#### 1. Introduction

1.1 NYSE Liffe US Notice [19/2011](#) announced the launch of the Exchange's Open Interest Incentive Program for U.S. Treasury and Eurodollar Futures (the "OII Program").<sup>1</sup> The initial term of the OII Program is set to expire on December 31, 2012.

1.2 The OII Program is a fee discount program open to non-Members of the Exchange who complete the registration form attached to NYSE Liffe US Notice [19/2011](#) (the "Participant"); provided, however, that market participants who participate in any one or more of the Exchange's other U.S. Treasury and Eurodollar Futures incentive programs may not participate in the OII Program. For the avoidance of doubt, the foregoing restriction shall not apply to any incentive program offered by any other exchange in which the Participant may participate.

#### 2. Extension of the Open Interest Incentive Program

2.1 The Exchange has decided to renew the OII Program for another term, effective January 2, 2013. The OII Program will extend through December 31, 2013, unless terminated earlier as set forth below.

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<sup>1</sup> Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term as set forth in the Exchange Rules.

### 3. Program Requirements

3.1 To qualify for the discounted fees available under the OII Program, the Participant must meet the following conditions:

3.1.1 *Stage One Qualification:* Within fifteen (15) Trading Sessions of being notified by the Exchange that the Participant has been accepted in the OII Program, the Participant must attain the minimum average end of day open interest for a three (3) Trading Session period in any one of the U.S. Treasury and Eurodollar Futures set forth in Column B of the table provided in Section 3.1.3 hereof.

3.1.2 *Stage Two Qualification:* Within twenty-five (25) Trading Sessions of satisfying the Stage One Qualification in Section 3.1.1 hereof, the Participant must attain the minimum average end of day open interest for a five (5) Trading Session period in any one of the U.S. Treasury and Eurodollar Futures set forth in Column C of the table provided in Section 3.1.3 hereof.

3.1.3 If the figure in either Column B or Column C of the table set forth below for the applicable U.S. Treasury and Eurodollar Future is greater than the percentage of the total open interest in the market set forth in Column D for the most recent Trading Session, then the threshold required by either Column B or Column C will be reduced to the number of lots of average end of day open interest in such U.S. Treasury and Eurodollar Future that represent the percentage of total end of day open interest set forth in Column D for the most recent Trading Session. For purposes of maintaining the Participant's Stage Two Benefit provided in Section 4.2 hereof, the Participant's minimum average end of day open interest must remain equal to, or greater than, the number of lots representing the percentage of total end of day open interest set forth in Column D up to the amount set forth in Column C.

A	B	C	D
Future	Average End of Day Open Interest Stage One	Average End of Day Open Interest Stage Two	Maximum Percentage of Market End of Day Open Interest
Eurodollar Futures	5,000	50,000	45%
Two Year Treasury Note Futures	500	2,500	35%
Five Year Treasury Note Futures	500	2,500	35%
Ten Year Treasury Note Futures	500	2,500	35%
U.S. Treasury Bond Futures	500	2,500	30%
Ultra Long U.S. Treasury Bond Futures	500	2,500	20%

3.2 The Exchange will aggregate the end of day open interest held in all accounts controlled by the Participant for purposes of calculating whether the Participant has

satisfied the requirements for the Stage One Qualification or the Stage Two Qualification.

- 3.3 Positions resulting from cross-trades executed by the Participant (provided that Participant is an advisor with authority over both the buying and selling accounts) are eligible to count towards average end of day open interest as long as such trades are executed in compliance with Exchange Rules 409 and 609 and otherwise consistent with the advisor's fiduciary obligations to the owners of the accounts involved.

#### **4. Program Benefits**

- 4.1 *Stage One Benefit:* Upon satisfying the Stage One Qualification, the Participant will be entitled to a reduction in Exchange fees for the following twenty-five (25) Trading Sessions (the "Stage One Period") to the rates applicable to a Member for each U.S. Treasury and Eurodollar Future in which the Participant has qualified. If the Participant does not meet the requirements for a Stage Two Qualification by the end of the Stage One Period in any one or more U.S. Treasury or Eurodollar Futures, the Stage One Benefit shall expire, as set forth in Section 7.2 below.
- 4.2 *Stage Two Benefit:* Upon satisfying the Stage Two Qualification, the Participant will be entitled to a continued reduction in Exchange fees to the rates applicable to a Member of the Exchange for each U.S. Treasury and Eurodollar Future in which the Participant has qualified for the remainder of the OII Program; provided that the Stage Two Qualification minimum average end of day open interest is maintained over a trailing five (5) Trading Session period immediately following the date on which the Participant satisfied the Stage Two Qualification. If the Participant's trailing five (5) Trading Session period average end of day open interest drops below the level set forth in Column C in any one or more U.S. Treasury or Eurodollar Futures, the Stage Two Benefit shall expire solely with respect to such affected U.S. Treasury or Eurodollar Future; provided, however, that the Participant will be entitled to one ten (10) Trading Session grace period ("Grace Period") such that if the Participant's average end of day open interest over a trailing five (5) Trading Session falls below the level set forth in Column C, the Participant will be entitled to continue receiving the Stage Two Benefit in the applicable Contract so long as the Participant's average end of day open interest over a trailing five (5) Trading Session period equals or exceeds the level set forth in Column C no later than by the end of the tenth Trading Session following the first Trading Session its average end of day open interest over a trailing five (5) Trading Session period fell below the level set forth in Column C. If the Participant's average end of day open interest over a trailing five (5) Trading Session period does not equal or exceed the level set forth in Column C by the end of the Grace Period, the Participant's Stage Two Benefit will expire as set forth in Section 7.2 below.
- 4.3 Fees for clearing and non-trade activities associated with transacting in U.S. Treasury and Eurodollar Futures will continue to be subject to the fee schedules as posted on the NYSE Liffe U.S. website, <http://www.nyseliffeus.com/nyse-liffe-us-fees>, and the NYPC website <http://www.nypclear.com/nypc-fees>. For the avoidance of doubt, the OII Program shall neither impact nor alter the customary National Futures Association assessment fees with respect to futures contracts, including, without limitation U.S. Treasury and Eurodollar Futures.

- 4.4 The Exchange invoices Participants' clearing firms to collect Exchange fees on a monthly basis. Those Participants that achieve the applicable minimum end of day open interest in Column C during a given calendar month shall be entitled to the Stage Two Benefit commencing with the Trading Session during which the Column C open interest threshold is first attained. Participants must maintain the minimum applicable end of day open interest for the following four Trading Sessions to continue to be eligible for Stage Two Benefits.

## **5. Termination and Amendment for Regulatory Reasons**

- 5.1 The Exchange will monitor the impact, if any, that the OII Program has on trading on the centralized market. In the event that the Exchange reasonably identifies in good faith a deleterious effect to the centralized market, the Exchange will take appropriate action, including the amendment or termination of the OII Program, and will notify each affected Participant as promptly as practicable, but in no event later than 24 hours following such amendment or termination.

## **6. Compliance with Laws, Rules and Regulations**

- 6.1 All members and participants in the NYSE Liffe US marketplace, including the 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 NYSE Liffe US Rules, the Commodity Exchange Act and the rules and regulations promulgated thereunder.
- 6.2 In particular, the Participants are reminded that they are subject to all applicable position accountability processes and position limits set forth in Rule 420. Notwithstanding any term of the OII Program, the Participants are responsible for taking reasonable and diligent actions to effect the timely compliance with any order issued by the Chief Regulatory Officer pursuant to Rule 420 upon notification of such order by the Market Regulation Department.
- 6.3 Following the discovery that one or more transactions effected by a Participant were executed in violation of applicable law, regulation, or Exchange rule, the Exchange reserves the right to adjust any discounts previously recognized and to invoice such Participant for any discounts granted in prior months where the Participant has already been billed on a discounted basis.

## **7. Operational Considerations**

- 7.1 In the event that the Clearing Member or Clearing Members of a Participant that has satisfied either the Stage One or Stage Two Qualifications is or are unable to charge the appropriately reduced Exchange fees called for under the Stage One or Stage Two Benefits, the Participant may request that the Exchange rebate the Participant (or the applicable accounts controlled by the Participant) monthly in arrears for the difference between the Exchange fees charged by the Clearing Member or Members and the reduced Exchange fees called for under the Stage One and Stage Two Benefits, upon the provision of appropriate documentation by the Clearing Member or Members as set forth in Section 7.3 below. For the avoidance of doubt, the foregoing rebate

arrangement with respect to the Exchange fees shall only apply at the election of the Participant; neither the Exchange nor the Clearing Member shall initiate or enact such rebate, unless the Participant has requested application of the same in advance.

- 7.2 In the event that, after satisfying the Stage Two Qualification, a Participant's average end of day open interest over a trailing five (5) Trading Sessions drops below the level set forth in Column C and then does not equal or exceed the level set forth in Column C by the end of the Grace Period, such Participant's Stage Two benefits will terminate on the first business day of the following calendar month. In the event that, after satisfying the Stage One Qualification, a Participant's average end of day open interest over a trailing five (5) Trading Sessions does not equal or exceed the level set forth in Column C prior to the end of the Stage One Period, such Participant's Stage One benefits will terminate on the first business day of the following calendar month.
- 7.3 To satisfy either the Stage One or Stage Two Qualifications and maintain either Stage One or Stage Two Benefits, a Participant must authorize its Clearing Member or Members to share such account information of its own accounts, or the accounts which the Participant controls, with the Exchange to enable the Exchange to determine whether the Participant has satisfied and continues to satisfy either the Stage One or Stage Two Qualifications. If the Participant requests rebates pursuant to Section 7.1, the information provided by the Clearing Member or Members under this Section must also establish what Exchange fees have been charged by the Clearing Member or Members.

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

New York Office  
Chicago Office

+1 212 656 4300  
+1 312 442 7730

[nyseliffeus@nyx.com](mailto:nyseliffeus@nyx.com)