



**NYSE Liffe
U.S.**

RECEIVED
CFTC

MAR 22 11 9:19

OFFICE OF THE
SECRETARIAT

Karl D. Cooper
Chief Regulatory Officer
NYSE Liffe U.S.
20 Broad Street, 10th Floor
New York, NY 10005
T +1 212 656 4300

By Electronic Mail

March 21, 2011

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

**Re: NYSE Liffe U.S. Submission 2011-111 – Regulatory Reporting – Interest
Rate Futures**

Dear Mr. Stawick:

I am the Chief Regulatory Officer of NYSE Liffe US LLC (“NYSE Liffe US” or the “Exchange”). Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and U.S. Commodity Futures Trading Commission Regulations (the “Regulations”) Section 40.6, I enclose a Cover Sheet for NYSE Liffe US Submission 2011-111 and NYSE Liffe US Notice 09/2011 which explains the process of reporting and adjusting open interest and filing Form 102 Large Trader Reports and reminds members of certain position transfer and netting considerations.

NYSE Liffe US hereby certifies that this notice complies with the Commodity Exchange Act and regulations thereunder.

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

Yours Truly,

Karl D. Cooper
Enclosures



NYSE LIFFE U.S. NOTICE No. 09/2011

ISSUE DATE:
EFFECTIVE DATE:

NYSE Liffe U.S.- Regulatory Reporting – Interest Rate Futures

Summary

This Notice explains the process of reporting and adjusting open interest and filing Form 102 Large Trader Reports and reminds members of certain position transfer and netting considerations.

1. Introduction

- 1.1 NYSE Liffe US Notice 05/2011 announced the launch of Interest Rate Futures products, beginning with the listing of Eurodollar Futures as of March 21, 2011 and including the listing of Treasury Futures on March 28, 2011. In addition, Notice 5/2011, NYSE Liffe US announced that it has chosen New York Portfolio Clearing LLC (“NYPC”) to be the Clearing Service Provider for Interest Rate Futures. By this Notice, the Exchange provides guidance to its members in connection with various regulatory reporting obligations for Interest Rate Futures.

2. Open Interest Reporting and Adjustment

- 2.1 NYSE Liffe US Rule 1102 requires Clearing Members and Members to assist the Clearing Service Provider in the clearing of transactions on NYSE Liffe US. In connection with this general duty to assist NYPC, NYSE Liffe US reminds members to ensure the accuracy of its open interest reporting.
- 2.2 NYPC’s Clearing Processing System (CPS) classifies open interest into five different position keeping account types: House, Market Maker, Non-Segregated (including non-House proprietary positions), Customer Segregated and Default.¹ CPS automatically holds positions on a net basis in the House account at a member firm. Additionally, CPS also automatically holds positions on a net basis in the Market Maker account, unless more than one market maker position is held in the Market Maker account, in which case such positions will be held on a gross basis. CPS holds positions on a gross basis for all Customer Segregated, Default and Non-Segregated accounts.

¹ At the end of a trading day, if any trades have not been assigned to a specific position keeping account, or an allocated trade has not been claimed by the clearing member, this business is automatically posted to the Default position keeping account.

Web site: www.nyx.com
NYSE Liffe US LLC is NYSE Euronext’s U.S. Futures Market, a Commodity Futures
Trading Commission designated contract market.

NYSE Liffe US LLC | 20 Broad Street, 10th Floor | New York | NY 10005 York | USA

- 2.3 Each clearing member is required to ensure that positions held in CPS accurately reflect its open interest prior to 10:00 a.m. New York time each morning. At 10:00 a.m. New York time, CPS should reflect the actual open interest position of the clearing member for the prior day's close of business. Adjustments entered after 10:00 a.m. New York time will be included in the next trading day's open interest process.
- 2.4 Clearing members may make adjustments to their open interest via the Settlement Instruction screen prior to 10:00 a.m. New York time. Please note, however, that if the amount of an adjustment exceeds the entire position, the system will provide an error message and will not process the transaction.
- 2.5 If a clearing member has netted a position in error and needs to re-create the position, a request must be faxed to NYSE Liffe US using the attached form (see exhibit). The attached form must be completed on the clearing member's letterhead and authorized by an appropriate officer. Requests must be faxed to NYSE Liffe US at 212-656-2025 with an email notification to the NYSE Liffe US Chief Operating Officer, Lynn Martin (lmartin@nyx.com), the NYSE Liffe US Chief Regulatory Officer, Karl Cooper (kdcooper@nyx.com), and the NYSE Liffe US Deputy Chief Regulatory Officer, Matt Lisle (mlisle@nyx.com). Requests will be reviewed by NYSE Liffe US in a timely manner and must be approved before a correction is made. Upon approval of a request, NYPC will be notified to make the necessary adjustments within CPS. After NYPC processes the re-creation request, the clearing member must adjust its Bought Position file (Oldest Long) to reflect the re-created position.
-
- 2.6 After 11:30 a.m. New York time, clearing members' open interest reports will be available in TRS/CPS.

3. Large Trader Reports

- 3.1 Part 17 of the CFTC's regulations, 17 CFR Part 17, requires Members to file a Form 102 with the CFTC to identify each new account that acquires a reportable position. As noted in NYSE Liffe Notice No. 1/2008, arrangements have been put in place with the National Futures Association ("NFA") to perform certain trade practice surveillance and market surveillance activities on behalf of NYSE Liffe US. These activities include the monitoring of reportable positions, position limits and position accountability levels. All CFTC Form 102s for accounts with reportable positions in NYSE Liffe US contracts, including Interest Rate Futures Contracts, should be submitted to the NFA in the format prescribed by the CFTC within 1 day of the position becoming reportable either by fax to (+1) 312 559 3548 or by email to mktsvl@nfa.futures.org.
- 3.2 Members are reminded that NYSE Liffe US Contracts clearing at NYPC should be reported with an Exchange code of 05. NYSE Liffe US Contracts clearing at the Options Clearing Corporation should continue to be reported with an Exchange code of 04.
- 3.3 Members should use their Commodity Futures Trading Commission assigned Firm IDs and not CME-assigned IDs in their Large Trader Reports for NYSE Liffe US Contracts.

4. Transfers of Positions and Netting of Concurrent Long and Short Positions - Reminder

- 4.1 NYSE Liffe US Rule 424 permits the transfer of positions on a clearing member's books under certain circumstances. In addition, NYPC rules and procedures will also govern position transfers, pursuant to Rule 1104, which provides that the Exchange's Clearing Service Provider's Rules will govern the rights and obligations of purchasers and sellers of cleared Contracts. (See the following NYPC Notice O 005-11 for information on clearing member obligations:

http://www.nypclear.com/sites/nypc/files/Notice_005-11_Position_Transfers.pdf).

- 4.2 Members are reminded that NYSE Liffe US Notice 2/2009 set forth an additional limitation to the transfer of positions allowed under Rule 424 and the application of the Clearing Service Provider's Rules to the extent that those rules govern the netting of concurrent long and short positions:
- 4.2.1 Commodity Futures Trading Commission Rule 1.46 generally requires Clearing Members carrying customer accounts, unless instructed otherwise, to apply offsetting trades to a customer's existing, open positions to offset such positions *on the same day* as the offsetting trade.
- 4.2.2 Concurrent long and short positions in the same Contract and Delivery Month held by the same beneficial owner may only be offset by:
- (a) Purchases and sales executed on the NYSE Liffe Trading Platform;
 - (b) Exchange for Related Position transactions permitted by Rule 422;
 - (c) Block Trades permitted by Rule 423;
 - (d) Deliveries through the normal delivery process; or
 - (e) Through the netting or adjustment of positions, if, and only if, (i) one of the positions is transferred, (ii) the transfer date of the position and the trade date of the transferred position are the same, and (iii) the netting or adjustment occurs on the same date as the transfer of the position.
- 4.2.3 The only exceptions allowed are in circumstances where (A) (i) the offsetting positions are the result of a bona fide error, (ii) the netting or adjustment is made on the same day that the error is discovered and (iii) the amount of the offset is less than one percent of the open interest of the Contract and Delivery Month involved, or (B) otherwise as the Market Regulation Department may allow, based on exceptional circumstances demonstrated by a Clearing Member. Requests should be sent to NIMktReg@nyx.com.

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

Market Regulation Department

+1 212 656 4300

nyseliffeus@nyx.com

Open Interest Re-Creation Request Form

[Clearing Member Letterhead]

Attention: NYSE Liffe US
FAX: (212) 656-2025

CC: Lynn Martin, Chief Operating Officer (lmartin@nyx.com)
Karl Cooper, Chief Regulatory Officer, (kdcooper@nyx.com)
Matt Lisle, Deputy Chief Regulatory Officer (mlisle@nyx.com)

From:
ITM:
Authorized Officer:
Contact Details:

Re-Creation Request

The following position was closed out in error on _____ (date).

Reason for error:

Erroneous closeout was discovered at the following date and time:

Details of re-creation trade(s):

Tdr*	Com	F/C/P	C/H	Exp	Exer Strike	Qty	Price	Trade Date	Acc Ref**

*NYSE Liffe US Member ID

**Optional

Note: For Treasury Futures contracts the original trade date of the long positions must be provided.

Authorized Officer:
Position:
Date:

Requests will be reviewed by NYSE Liffe US in a timely manner and must be approved before a correction is made. Upon approval of a request, NYPC will be notified to make the necessary adjustments within CPS. After NYPC processes the re-creation request, the clearing member must adjust its Bought Position file (Oldest Long) to reflect the re-created position.