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## NYSE LIFFE NOTICE No. 15/2008

ISSUE DATE: December 19, 2008  
EFFECTIVE DATE: December 22, 2008

NYSE Liffe – Registration Requirement For Automated Price Injection Models

### Summary

This Notice announces the registration requirement for automated price injection models ("APIMs") on NYSE Liffe

#### 1. Introduction

- 1.1 NYSE Liffe strongly encourages efficient use of bandwidth by all market participants and recognizes the increased use of automated price injection models ("APIMs") by Members and their clients. To ensure responsible use of APIMs in the market place the Exchange has established certain requirements, detailed below in Section 2, to which all APIM users must comply with. Inappropriate usage of APIMs in the market may lead to system delays and an overall degradation in service for all market users.
- 1.2 All Members who wish to make use of an APIM, as defined in Section 2.1 below, are required to register each APIM with the Exchange using the form attached to this Notice. Completed forms should be returned to Lynn Martin via email ([lmartin@nyx.com](mailto:lmartin@nyx.com)) or fax (+1 212 656 2025).
- 1.3 Members are required to ensure that all APIMs pass conformance testing with NYSE Liffe's Customer Technical Support Group. It should be noted that even those applications who have already passed conformance testing may be asked to re-enter the NYSE Liffe test environment if their model exhibits unacceptable behavior in the NYSE Liffe production environment.
- 1.4 Members are reminded that CBOT also had a similar requirement for registration of APIMs. It should be noted that these registrations were not transferred over to NYSE Liffe upon launch, and hence any Member who had registered an APIM with the CBOT will be required to re-register the APIM with the Exchange.

**2. Registration of Automated Price Injection Models**

2.1 An APIM is defined as an electronic system or computer software which:

- (a) interfaces directly with the LIFFE CONNECT® API;
- (b) both determines the requirement for sending, and sends, order handling messages to the LIFFE CONNECT® Trading Host without necessarily requiring the intervention of an individual; and
- (c) may automatically create and trade inter- market and intra-market spreads simultaneously.

Accordingly, included within this definition are tools which automatically create and execute spreads between markets. Any member who is unclear about the application of this definition to a particular model or system should contact NYSE Liffe, who will confirm whether the particular model or system needs to be registered.

2.2 All APIMs must conform with the LIFFE CONNECT® Developer Guidelines for Automated Price Injection Models, which are available at:

<http://liffedeveloperdiary.if5.com/Documents.aspx?type=1>

2.3 Only those members who have registered the use of an APIM for a specific contract, using conformed software, and have been approved by the Exchange, will be allowed to operate a model in that contract.

**3. Appropriate usage of APIMs**

3.1 Users of APIMs will be monitored closely in order to ensure that their activity is not damaging overall market quality or causing a degradation of service. For example, traders using APIMs continuously to update prices which are away from market value may likewise have their trading access suspended and their orders pulled from the market.

3.2 All users of APIMs must undertake the relevant training from their chosen software supplier, prior to using the software in the “live” market. Testing and training can take place in the LIFFE CONNECT® test environments, which are available 22 hours a day.

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

|                         |                   |  |
|-------------------------|-------------------|--|
| Front-line surveillance | (+1) 866 933 5032 | NYLOperations@nyx.com                                    |
| Administration          | (+1) 866 592 2693 | NLmarketservices@nyx.com                                 |
| New York Office         | 1 212 656 4300    | nyseliffe@nyx.com  |
| Chicago Office          | 1 312 442 7730    | <a href="mailto:nyseliffe@nyx.com">nyseliffe@nyx.com</a> |

## AUTOMATED PRICE INJECTION MODEL REGISTRATION FORM

NYSE Liffe requires that members register all APIMs prior to use on LIFFE CONNECT®, as described in **NYSE LIFFE NOTICE No. 15/2008**. Only those models which are registered by members and approved for use in a specific NYSE Liffe contract may be operated in that contract. Members' models must also have passed NYSE Liffe conformance requirements prior to use in the live market.

Completed forms should be returned to Lynn Martin ([lmartin@nyx.com](mailto:lmartin@nyx.com)) or +1 212 656 2025.

- Name of Member \_\_\_\_\_
  
- Member Mnemonic \_\_\_\_\_
  
- ITM(s) through which the APIM will be operated \_\_\_\_\_
  
- NYSE Liffe User ID \_\_\_\_\_
  
- NYSE Account Number \_\_\_\_\_
  
- Contract(s) in which the APIM will be operated \_\_\_\_\_
  
- Model Provider and Model Type (or own development if applicable) \_\_\_\_\_
  
- Anticipated model parameters:**
- Number of active contract months \_\_\_\_\_
  
- Number of active strike prices (options only) \_\_\_\_\_
  
- Underlying market(s) to which the APIM will be linked (if any) \_\_\_\_\_
  
- APIM sensitivity to the underlying market(s)(i.e. underlying price movement per model price update) \_\_\_\_\_
  
- Will the model be used to make two-way markets \_\_\_\_\_ YES / NO
  
- Name of Person submitting Registration Form on behalf of the member** \_\_\_\_\_
  
- Signed \_\_\_\_\_
  
- Contact Number \_\_\_\_\_
  
- Date \_\_\_\_\_