

London Stock Exchange Derivatives Market (LSEDM) Principal Trading Scheme

This document is a statement of the Terms and Conditions related to Members either subscribing as or on behalf of a Principal Trader under the Principal Trading Scheme (“PT Scheme”). This document contains an application form and self declaration that must be attested to for a Member to be considered for acceptance under the PT Scheme. If you have any queries regarding the policies please contact membership@lseg.com.

Terms & Conditions

Definitions

A **“Principal Trader”** is defined as either:

- (1) a firm that trades against its own proprietary capital; or
- (2) a firm that facilitates trading for an individual that trades on a discretionary basis for his own account.

For the purposes of (2), a Principal Trader may qualify for the scheme on behalf of multiple individuals.

“Proprietary Trading Flow” is defined as a subset of a Principal Trader’s business where trading flow is solely generated from the firm’s own capital with no related client order activity including the hedging of client business.

A **“Qualifying Product”** is defined as:

- Three month Euribor® Futures
- Three month Sterling Futures
- Schatz Futures
- Bobl Futures
- Bund Futures
- Long Gilt Futures
- CurveGlobal® Three month SONIA Futures

Participation

1. A Principal Trader will receive discounted rates for Proprietary Trading Flow transacted on the Order Book in Qualifying Products, subject to continual adherence to the terms and conditions laid down herein.
2. Participation in the PT Scheme is subject to meeting three criteria (“Participation Criteria”):
 - (a) A Principal Trader must be a Member or a client of a Member with Direct Market Access (DMA) that is subscribing to the PT Scheme through a Member;
 - (b) Members and where relevant their DMA clients accepted into the PT Scheme must meet the definition of Principal Trader at all times;
and

(c) A Principal Trader must support and enhance liquidity on the Order Book in one or more Qualifying Product by, for example, submitting bids and offers into the Order Book to attract liquidity or to meet the order flow of other participants.

3. Where a firm either:

(a) acts as a Designated Market Maker (“DMM”) and has not delegated its obligations to a nominated client; or

(b) has been delegated to meet the obligations of a DMM as a nominated client detailed in a Designated Market Maker Agreement;

then that firm may not simultaneously qualify as a Principal Trader in the **same** Qualifying Product.

Member responsibilities

4. Where a Member is applying for participation in the PT Scheme, whether on its own behalf or on behalf of a DMA client, a Member must ensure that each firm which is the subject of the application meets the definition of Principal Trader.

5. Where a Member becomes aware of any material change to its business or the business of a DMA client participating in the PT Scheme such that the definition of Principal Trader is no longer being met, the Member must inform LSEDM immediately.

6. A Member must ensure that any Orders sent under the Trader ID(s) configured for the purposes of receiving reduced fees will solely relate to the Proprietary Trading Flow of a Principal Trader on the Order Book.

LSEDM rights over the PT Scheme

7. LSEDM reserves the right to verify:

(a) a Principal Trader’s compliance with the Participation Criteria; and

(b) the Orders being sent under a Principal Trader’s Trader ID(s) relates solely to Proprietary Trading Flow on the Order Book.

8. Upon request Members shall furnish LSEDM with all reasonable documentation and information as may be necessary to evidence compliance with 7(a) and 7(b) above to the full satisfaction of the Exchange.

9. If LSEDM concludes in its sole discretion that a Principal Trader has breached 7(a) or 7(b) above then LSEDM reserves the right to remove such firm from the PT Scheme with immediate effect.

10. LSEDM reserves the right to amend or withdraw the PT Scheme at its sole discretion.

11. Should a Principal Trader wish to cease participation in the PT Scheme or it becomes aware that it may no longer qualify for the PT Scheme, a Principal Trader (or where relevant the

Member acting on its behalf) must inform the Membership Team via email on membership@lseg.com as soon as is practicable.

Configuration

12. A Member must notify the Exchange of the Trader ID(s) that will be for the exclusive use of Proprietary Trading Flow of a Principal Trader in Qualifying Products. Subject to meeting the terms and conditions laid down in this document, the trading activity under these Trader ID(s) will qualify for the reduced rates set out in the LSEDM Tariff Schedule.

Applications

13. Where a Member is simultaneously applying on behalf of multiple Principal Traders, only one application is required.
14. However, if a Member subsequently wishes to apply on behalf of another Principal Trader or multiple other Principal Traders to be configured under a new Trader ID(s), an updated application will be required to reflect the additional ID(s) and upon each similar occurrence thereafter.
15. Following submission of a Principal Trading Scheme Application Form, Members will be advised whether they have been accepted into the scheme.

Any requests for additional Trader ID(s) or questions about the PT Scheme should be directed to the Membership Team at membership@lseg.com in the first instance. Completed Application Forms can be returned via email but an original signed copy of this form should follow by mail to:

Membership Team
London Stock Exchange
10 Paternoster Square
London
EC4M 7LS
United Kingdom