

London Stock Exchange Derivatives

MARKET NOTICE 2018/012

Launch of CurveGlobal[®] Three month SONIA[®] Futures and accompanying Inter-Commodity Spreads between CurveGlobal[®] Three month SONIA[®] Futures and Three month Sterling Futures in Q2 2018

London Stock Exchange Derivatives Market (LSEDM) announces that CurveGlobal[®] Three month SONIA^{®1} Futures contract will be admitted to trading in the second quarter of 2018 (subject to regulatory approval).

The CurveGlobal[®] Three month SONIA[®] Futures will be based on a geometrically compounded SONIA[®] rate calculated over the relevant accrual period².

The EDSP³ for the contract will be priced as 100 minus this rate, following STIR⁴ Futures' fixed tick market convention.

Further information can be found in the [Contract Specification](#) attached to this notice.

In addition, Inter-Commodity Spreads (ICS) between the CurveGlobal[®] Three month SONIA[®] Futures and Three month Sterling Futures, which permit contingent and simultaneous execution in both contracts with no legging risk, will also be made available. This functionality includes the ability to imply tradable prices in the ICS from orders in the outright markets and also imply from orders in the ICS out to the constituent legs.

The launch of CurveGlobal[®] Three month SONIA[®] Futures will be supported by the following initiatives:

- LSEDM will be changing the tick size on Three month Sterling Futures contract to 0.005 from 0.01 (Market Notice 2018/011). This will align the contract tick size with CurveGlobal[®] Three month SONIA[®] Futures to support the ICS and further enhance best execution.
- Prospective market makers interested in making markets in the CurveGlobal[®] Three month SONIA[®] Futures will be invited to tender for acceptance to LSEDM's Designated Market Maker Programme. Further details will be announced shortly.
- A fee-free period will be offered on Execution and Clearing fees in the CurveGlobal[®] Three month SONIA[®] Futures until the end of 2018. Additional information on fees can be found in the [Tariff Schedule](#) also attached to this notice.

CurveGlobal[®] Three month SONIA[®] Futures will be cleared by LCH Limited.

¹ Sterling Over Night Index Average (SONIA[®]), benchmark administered by the Bank of England

² Relevant accrual period is IMM date aligned with contract maturity to the next IMM date minus 1 day

³ EDSP, Exchange Delivery Settlement Price

⁴ STIR, short term interest rate

If you have any questions, please contact the LSEDM Sales Team on +44 (0) 20 7797 3833 or by email lse dm.sales@lseg.com

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Disclaimers:

1. Subject to Contract.
2. The "SONIA" mark is used under licence from the Bank of England (the benchmark administrator of SONIA), and the use of such mark does not imply or express any approval or endorsement by the Bank of England. "Bank of England" and "SONIA" are registered trade marks of the Bank of England.



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