



London
STOCK EXCHANGE

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13 September 2007

**For the attention of the
chairman/senior partner/compliance officer,
all member firms**

N63/07

STOCK EXCHANGE NOTICE

CONFIRMATION OF THE EFFECTIVE DATE FOR THE REVISED RULES FOR MIFID – MONDAY 22 OCTOBER 2007

Introduction

1. The consultation period for Notice N57/07, detailing the changes to the Rules of the London Stock Exchange in preparation for MiFID and general rulebook review, ended on Monday 10 September 2007. The Exchange is currently reviewing these comments and is due to issue a confirmation Notice by the end of September 2007, together with the re-numbered confirmed rules.
2. Whilst the Exchange does not anticipate any significant changes to the proposed rules it is clear that further guidance is required in some areas.
3. The technical implementation detailed in Service Announcement 69/07 issued today confirms that TradElectTM MiFID functionality will come into effect in live service from Monday 22 October 2007. Member firms will therefore only be able to use the new functionality from that date. For example, firms will only be able to submit trade reports with the new trade type indicators and will have to utilise the new MiFID deferred publication regime (based on average daily turnover) with effect from 22 October 2007.
4. Whilst the majority of the rules are not affected by the technical implementation or indeed by MiFID itself, **the Exchange proposes to implement its revised Rulebook with effect from 22 October 2007** to avoid any mismatch between technical functionality and the Exchange's new rules. **The only exception to this will be the existing on Exchange rules which will remain in place until the close of business on 31 October 2007.**
5. Between 22 October 2007 and 31 October 2007 the Exchange intends to take a pragmatic approach to compliance with and the enforcement of its rules. Member firms that anticipate compliance difficulties during the period should contact the Exchange at the point given at the end of this Notice.

On Exchange

6. The Exchange will retain its existing on Exchange transaction rules 3000 – 3002 and the exceptions to on Exchange transaction rule 3010 until the close of business on 31 October 2007. This is necessary as the pan European transparency regime introduced by MiFID will not be effective until 1 November 2007 and any premature cessation of the existing rule could result in a temporary loss of market transparency in the interim period.

Transaction reporting

7. The requirement to submit transaction reports to the Exchange will cease with effect 22 October 2007. Member firms may continue to submit reports up to the 2 November 2007, if they so wish, to align with commencement of the new UK transaction reporting regime on 5 November 2007.

Trade reporting

8. With effect from 22 October 2007, member firms will only be able to enter trade reports with the new trade type indicators and the MiFID transparency regime will be applicable. The following key points should be noted.

9. Trade type indicators and trade reporting conditions

TradElect™ will only accept the new trade types. Trade reports entered with a redundant trade type, such as “B” or “M”, will be automatically rejected. The ordinary trade type indicator (“O”) will continue to be applicable from 22 October and so member firms may use this as a back-stop if they are not able to implement the new trade types until 1 November 2007. Member firms are reminded that all “O” trades will be subject to immediate publication.

Similarly, the special price (“SP”) trade reporting condition will be the only one available to firms from 22 October 2007.

10. Trade reporting responsibility

Since the Exchange’s trade reporting responsibility rules are largely unchanged by MiFID, with market makers retaining lead responsibility, the Exchange proposes to implement its new rules on 22 October 2007.

11. Trade reporting deadlines

The requirement to report trades immediately will not be enforced until 1 November 2007, when MiFID is implemented.

Publication delay / protection

12. Other than for gilts and fixed interest securities, member firms will only be able to gain post trade publication delay via the new deferred publication mechanism utilising the appropriate trade type indicator. The length of delay will be based on the ADT thresholds as laid down by MiFID and will be automatically calculated

and applied by TradElect™.

13. A member firm will not be able to utilise the existing block trade regime, enter into a worked principal agreement or inform the Exchange that it is entering into a protected transaction.

Market making

14. Market makers will be required to comply with the revised rules with effect from 22 October 2007. In addition, order exposure rules will cease to apply from this date.

Transition details

15. Any further details as to the transition between the old and new rules will be included in the rules confirmation Notice to be issued at the end of September 2007.
16. Any comments or queries on this Notice should be addressed to John Newbury, telephone (0044) 20 7797 1615, STX 31615, email jnewbury@londonstockexchange.com.

Nick Bayley
Head of Trading Services

This Stock Exchange Notice will be available on the website at:
<http://www.londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/stockexnoticesnew/>

Calls to London Stock Exchange plc may be recorded to enable the Exchange to carry out its regulatory responsibilities.