



London
Stock Exchange

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

N30/09

STOCK EXCHANGE NOTICE

Consultation on Proposed Rule Amendments – GILT Inter Dealer Broker Service Provision

Introduction

- 1 The London Stock Exchange (“the Exchange”) has received a number of requests to clarify and provide further guidance in relation to its rules regarding Gilt Inter Dealer Broker (“Gilt IDB”) service provision. As a result of these queries the Exchange has consulted with the UK Debt Management Office (“DMO”) and, following initial industry discussions, now proposes a number of rule amendments and additional guidance in order to provide clarity.

Rule amendments

2. The proposed rule amendments are outlined below:
 - in order to reflect market practice the definition of a Gilt IDB has been expanded such that the DMO is recognised as a possible counterparty for trades in near maturity gilts. A new definition for a near maturity gilt has also been added. In addition, further guidance has been provided to rule 3012.1 regarding trade reporting responsibilities where a Gilt IDB trades with the DMO.
 - rule 1125 has been amended and guidance added in order to clarify which personnel are authorised within a gilt-edged market maker to have access to Gilt IDB services.
 - rule 1126 has been re-drafted in order to provide clarity as to whom a Gilt IDB should provide its service description with further guidance provided regarding the maintenance of services descriptions.

- additional guidance to rule 1126 has also been proposed in order to clarify the scope of Gilt IDB service provision. The proposed types of transaction are provided in Attachment 2 to this Notice. These transaction types have been included based on initial market feedback and on the basis that the transaction involves a cash gilt, the leg for which would be subject to the Exchange's rules. The list of transaction types will be kept under periodic review to ensure that it reflects developments in the market. A link will be provided within the guidance to this rule to a page on the Exchange's website which will list the permissible types of transaction which can be included in the service.
3. Attachment 1 to this Notice details the relevant rule changes. Member firms and other interested parties are invited to comment on the proposed rule amendments by close of business on Friday 10 July 2009. Comments or queries on this Notice should be addressed to Dagmar Banton, Trading Services, telephone +44 (0)20 7797 1210 (STX 31210) or email dbanton@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.