

Attachment 1 to Stock Exchange Notice N30/09

DEFINITIONS

gilt inter dealer broker

a **member firm**, or part of a **member firm**, which has registered its service with the **Exchange**, which service consists of the **member firm** intermediating as a riskless principal between **gilt-edged market makers** only, who subscribe to its service. The member firm may also intermediate as riskless principal between **gilt-edged market makers** and the UK Debt Management Office in transactions for **near maturity gilts** only.

near maturity gilt

a **gilt-edged security** that has passed its penultimate coupon date

Member firm services

Gilt inter dealer brokers and wholesale dealer brokers [1120-1128]

Access

1125	Any member firm using a service must ensure that access to that service is restricted to the principal traders authorised by the member firm . Where the member firm is a market maker, any trading staff employed by the market making part of the member firm may be permitted access.
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Guidance to Rule:

Authorised principal traders within **gilt-edged market makers** are deemed to be those traders authorised to bid in the gilt auctions. The UK Debt Management Office maintains a record of each **gilt-edged market maker's** authorised principal traders; **gilt-edged market makers** should notify the UK Debt Management Office of any changes in this information.

Service descriptions

G 1126	A <u>gilt inter dealer broker</u> The member firm operating a service must provide a service description to all <u>gilt-edged market makers</u> users of its service and provide a copy to the Exchange and, in the case of gilt inter dealer broker and wholesale dealer broker services, to the UK Debt Management Office. <u>A wholesale dealer broker must provide a service description to all users of its service and provide a copy to the Exchange and to the UK Debt Management Office.</u>
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Guidance to Rule:

The service description must provide at least the following information:

- whether the service will be screen based, voice broked, or both;
- for voice broking only services, whether or not details of trades entered into through the service will be published by the **member firm** operating the service and, if so, how;
- the types of orders that may be accepted by the service (including discretionary, indicative or contingent);
- the minimum size of order that will be accepted;
- the procedures for displaying, queuing and handling new orders;
- a statement that users of the service must be prepared to accept partial deliveries in

relation to a trade in order to avoid the provider of the service taking a **principal position**

- in the case of a **wholesale dealer broker** which offers its services to principal traders that are not **member firms**, a statement as to which parts of the principal trading entity may have access to the services provided; and.
- in the case of a **gilt inter dealer broker**, the types of transaction being offered; for eligible types of transaction please follow the link below (link to be inserted).

The service description should be reviewed at least on an annual basis, and prior to any change in practice being implemented by a **gilt inter dealer broker** or a **wholesale dealer broker**.

OFF ORDER BOOK TRADING RULES

Responsibility for submission of a trade report

G	3012	The following trade reporting responsibility rules apply, unless otherwise agreed in accordance with rule 3013:
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	3012.1	a trade between a member firm and a non-member, the member firm reports;
	3012.2	a trade between a market maker and a broker dealer , the market maker reports;
	3012.3	a trade between two market makers , the selling market maker reports; and
	3012.4	a trade between two broker dealers , the selling broker dealer reports.

Guidance to Rule:

Rule 3012.1

This would include:

- an **agency cross** where the orders are matched by the **member firm**
- a trade between a **gilt inter dealer broker** and the UK Debt Management Office.

Guidance to Rules 3012.2 – 3012.3 unchanged.