

Attachment 1 to Stock Exchange Notice N44/09

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 .
------	--

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 gilt inter dealer broker must provide a service description to all gilt-edged market makers and provide a copy to the Exchange and to the UK Debt Management Office. 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.
--------	---

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.
- the types of transaction being offered (such transactions being limited to cash trades in gilt-edged securities and **United Kingdom** government guaranteed bonds, admitted to trading on the **Exchange**).

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 P	3012	The following trade reporting responsibility rules apply, unless otherwise agreed in accordance with rule 3013:
	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.