



London
Stock Exchange

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2 December 2010

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

N25/10

STOCK EXCHANGE NOTICE

Confirmation of Proposed Rule Amendments - Sponsored Access

Introduction

1. Stock Exchange Notice N19/10 invited comments on proposed amendments to the Rules of the London Stock Exchange (“the rules”) regarding the withdrawal of member authorised connection (“MAC”) upon migration from TradElect to Millennium Exchange and subsequent introduction of a new sponsored access service.

Consultation comments

2. The London Stock Exchange (“the Exchange”) would like to thank those parties who responded to the consultation.
3. The majority of consultation comments received focussed largely on requests for clarification on the operational aspects of the sponsored access product offering rather than the proposed rule changes themselves. The Exchange will continue to meet interested parties to provide further information and guidance on the sponsored access product offering as required.

4. During the consultation period, the Exchange also received some comments in relation to member firms' responsibility for sponsored order flow. In particular, members sought further information on implementation of their own pre-trade systems and controls to monitor sponsored access activity. For clarity, whilst the Exchange is not prescriptive in relation to systems and controls requirements, it advises that in addition to the Exchange Level Controls ("ELCs") present for sponsored access order flow, member firms should also consider, based on the scope and nature of their customer's business, whether any additional controls are required. These controls may be placed at the customer site or, if applicable, within the Exchange's data centre.

Rule amendments

5. The Exchange acknowledges all of the comments received and has made some minor amendments to the proposed rules for clarification purposes.
6. Attachment 1 of this Notice sets out the new amendments to the proposed rules. Attachment 2 contains the confirmed rule amendments which will be incorporated into the Exchange's Rulebook at the same time as the rule amendments for migration to Millennium Exchange i.e. on the day of migration to the new trading system. Member firms are reminded that, although the rules will be available from this date, the sponsored access service will not be operationally available until Release 1.1 of Millennium Exchange.
7. A revised version of the Exchange's rules reflecting these changes will be available on the Exchange's website at:

<http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/rules-regulations.htm>
8. Any comments or queries on this Notice should be addressed to Nisha Patel, UK Regulation, telephone +44 (0)20 7797 3130 (STX 33130) or email: npatel@londonstockexchange.com. Any comments or queries regarding the new sponsored access service should be addressed to Jamie Crank, telephone +44 (0)207 797 3208 (STX 33208) or email jcrank@londonstockexchange.com

Nick Bayley
Head of UK Regulation

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.