



London
Stock Exchange

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21 September 2011

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

N16/11

STOCK EXCHANGE NOTICE

Notification of Rule Amendments – Periodic Update

Introduction

1. This Notice outlines a number of amendments and additions to existing rules and guidance as part of a periodic review of the Rules of the London Stock Exchange (“the rules”). Member firms should note that the amendments outlined in the attachments to this Notice are points of clarification or updates to reflect changes which do not require consultation.
2. For ease of reference, Attachment 1 to this Notice summarises and explains each amendment to the rules. Attachment 2 sets out the text of amendments in tracked form. The most significant changes are summarised below.

Notable changes

Definitions

3. The definitions of “direct market access” and “sponsored access” have been amended in order to reflect market practice.

Voice recording

4. Rule 1090 has been amended to reflect changes in the voice recording requirements. Under Rule 1090.2 member firms meeting certain specified criteria are currently obliged to install, maintain and use voice recording equipment with respect to their trading activities. The London Stock Exchange (“the Exchange”) has reviewed this rule following enquiries from the market and in light of the Financial Services Authority’s voice recording requirements. As a result of this review the Exchange is removing its general voice recording requirement.

However, market makers will continue to be required to have voice recording equipment in place in relation to their market making activities.

When Issued dealing

5. Rule 1531 has been amended to clarify when a member firm may undertake When Issued dealing.
6. Guidance to Rule 1532 has been added to advise member firms that transactions conducted during a When Issued dealing period should not settle until listing or admission to trading has taken place.

Market makers in order driven securities

7. Rule 4110 has been amended to clarify that market makers on the Order book for Retail Bonds are not required to maintain executable quotes during the closing auction.

Gilt-edged market makers

8. In response to the UK Debt Management Office removing the obligation for gilt-edged market makers ("GEMMs") to make markets in gilt strips, the Exchange is amending rule 4411 (Exceptions to obligations of gilt-edged market makers) to also exclude gilt strips from a GEMM's obligations, as specified in rule 4400.

Effective date of rule changes

9. The rule changes detailed in the attachments will become effective from Monday 26 September 2011. An updated version of the rules will be available from this date on the Exchange's website at:
<http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/rules-regulations.htm>
10. Any comments or queries on this Notice should be addressed to Nisha Patel, telephone +44 (0)20 7797 3130 (STX 33130) or email
npatel@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