

10 October 2016

N06/16

Feedback on N05/16 and confirmation of amended rule guidance

Introduction

1. On 8 August 2016, London Stock Exchange (“the Exchange”) published Stock Exchange Notice N05/16, which consulted on proposals to amend the guidance to Rule 3040 (Required content of trade reports) of the Rules of the London Stock Exchange (“the Rules”). The amendments were proposed in order to clarify and reinforce the use of the reporting condition (“SP”) by member firms on trade reports submitted to the Exchange in respect of their off order book on Exchange trades.
2. This Notice provides feedback on N05/16 and confirms the resulting amendments to the rule guidance.

Additional amendment

3. Further to feedback received during the consultation, the following additional amendment will be made to the guidance to Rule 3040:
 - The examples of transactions where the reporting condition should be used have been consolidated into a single, comprehensive list.

A marked-up version of all of the amendments to the guidance to Rule 3040 is set out in Attachment 1 to this Notice and a clean version is provided as Attachment 2.

Negotiated trade waiver data collection

4. Until the Exchange introduces new Rules on the implementation of MiFID II to include new trade flags in order to identify specific types of trades in accordance with the directive and regulation, the Exchange will use the SP reporting condition to help it identify those negotiated trades that may be excluded from contributing to the calculation of the DVC.
5. Accordingly, during this transitional period, member firms should use the SP reporting condition to identify both negotiated trades and other trades that are subject to conditions other than the current market price of the share.

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Effective date

6. The changes to the guidance to Rule 3040 will become effective from 3 January 2017. An updated version of the Rules will be available from the effective date on the Exchange's website at:

<http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/rules-regulations.htm>

7. Any queries on this Notice should be addressed to:
RulesAndCompliance@lseg.com or telephone +44 (0)20 7797 2190 (STX 32190).

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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 London Stock Exchange to carry out its regulatory responsibilities