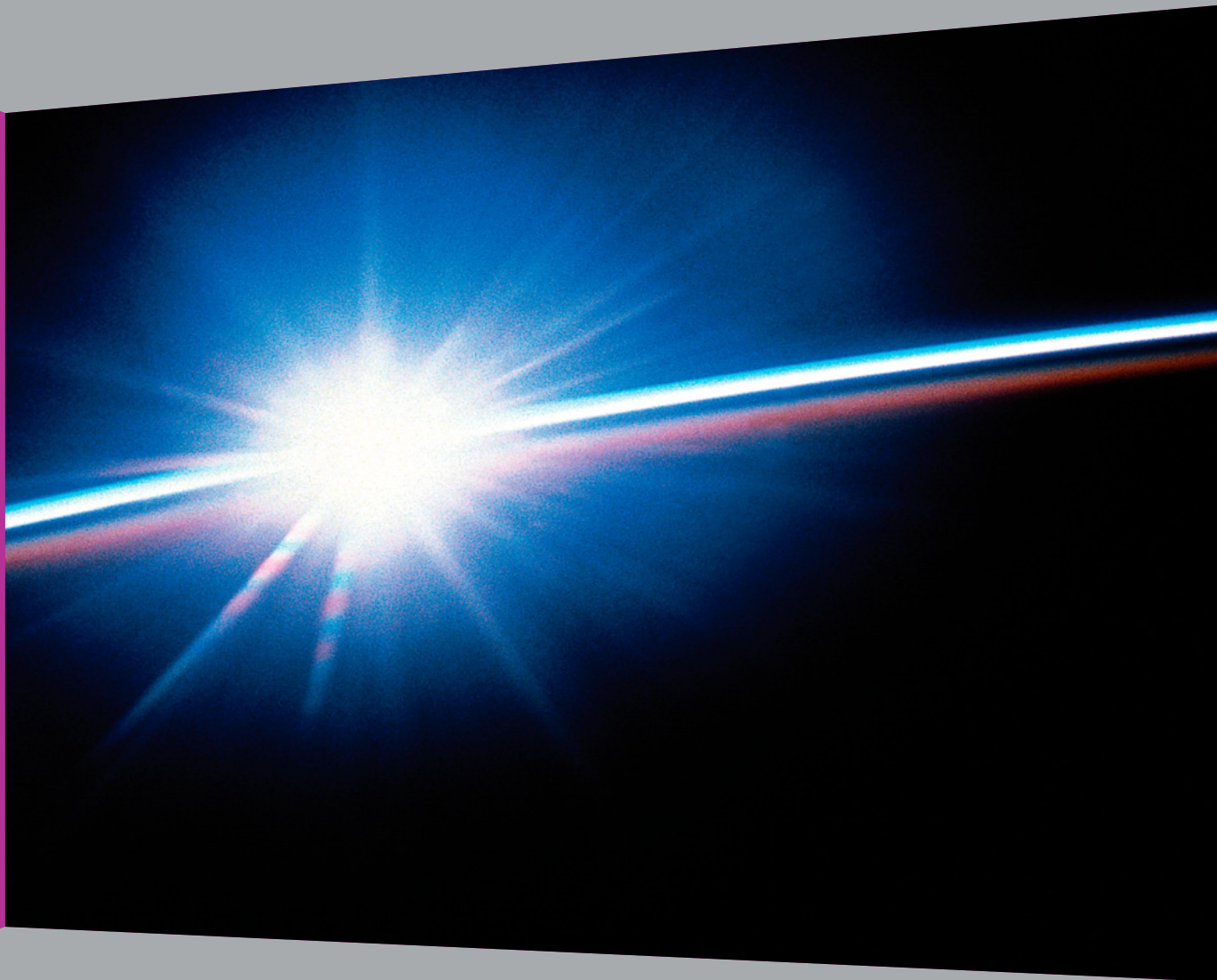




London
STOCK EXCHANGE

Pre-trade and execution services under MiFID

LEADING SOLUTIONS FOR A PAN-EUROPEAN MARKET



Working with the market, we have extended our range of trading services, enhancing them to meet your pre-trade obligations whilst positioning you to take advantage of the trading opportunities MiFID brings.

Operating in a post-MiFID environment

One of the Markets in Financial Instruments Directive's (MiFID) main objectives is to maximise trading efficiencies at a pan-European level by stimulating competition.

Our focus remains on developing and delivering competitive services which reduce the overall cost of trading, as this is core to growing liquidity, a need which unites the whole market. Our existing initiatives are already delivering on this commitment and MiFID provides further impetus to realise greater market efficiency.

Enhancing and innovating our trading services

Together with our customers we have undertaken a two-year review of our trading services. We are now well placed to provide customers with a suite of MiFID trading solutions which go beyond compliance to position you to take advantage of its opportunities.

Our new enhanced range combines the best of existing services with innovative new ones, powered by TradElect™, our new trading system.

Our range of trading services will be extended and enhanced to provide comprehensive pre-trade solutions for all 600+ Liquid¹ stocks ensuring market participants meet the specific requirements set out in the Directive.

Our clear focus is on ensuring London has the trading environment necessary to maintain its position as the world's capital market.

Essential London Stock Exchange trading services under MiFID

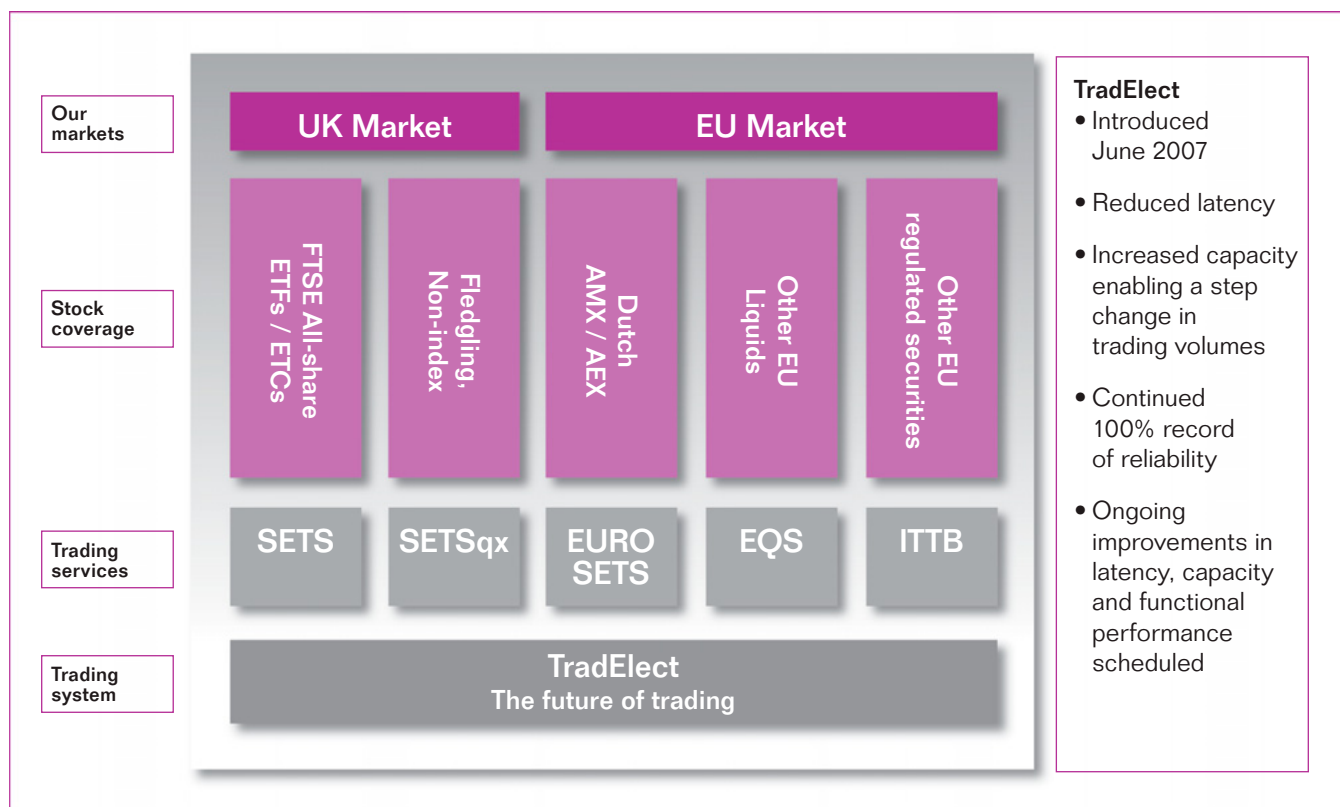
Service	Change	Market Model				Alternative to becoming an SI
		Continuous execution	Limit order display	Executable order book quotes	Market making	
SETS®	Enhanced	✓	✓	✓	✓	✓
SETSqx™	New	X	✓	X	✓	X
EUROSETS™	Enhanced	✓	✓	✓	✓	✓
EQS™	New	X	X	X	✓	✓
ITBB™	Existing	✓	✓	✓	✓	✓

¹As defined under MiFID.

TradElect: powering our trading services

Our trading services are underpinned by TradElect, our new world-beating trading system. Live since June 2007, it is already delivering significant improvements in speed, capacity and functionality whilst maintaining our exemplary record of reliability.

Overview of our MiFID pre-trade execution services

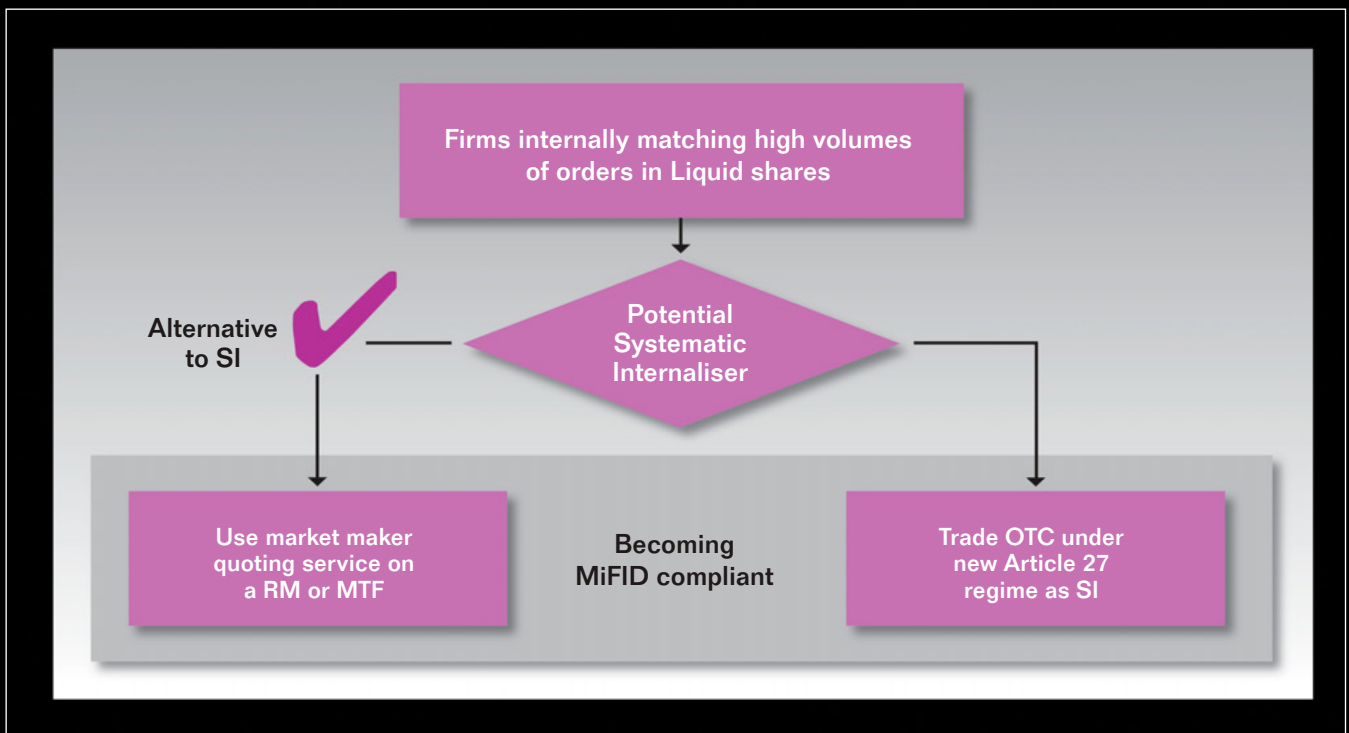


Trading on Exchange is an alternative to being a Systematic Internaliser (SI)

For the first time, MiFID introduces a pan-European pre-trade transparency requirement where a firm can be classified as a Systematic Internaliser (SI) if it regularly matches orders in Liquid² shares against its own book.

Under this new regime firms classified as SIs will be obliged to publish prices for trading with their customers and will not be allowed to price improve when dealing in retail size or with retail clients. Furthermore, MiFID requires that the client provides express consent to its trades being executed OTC.

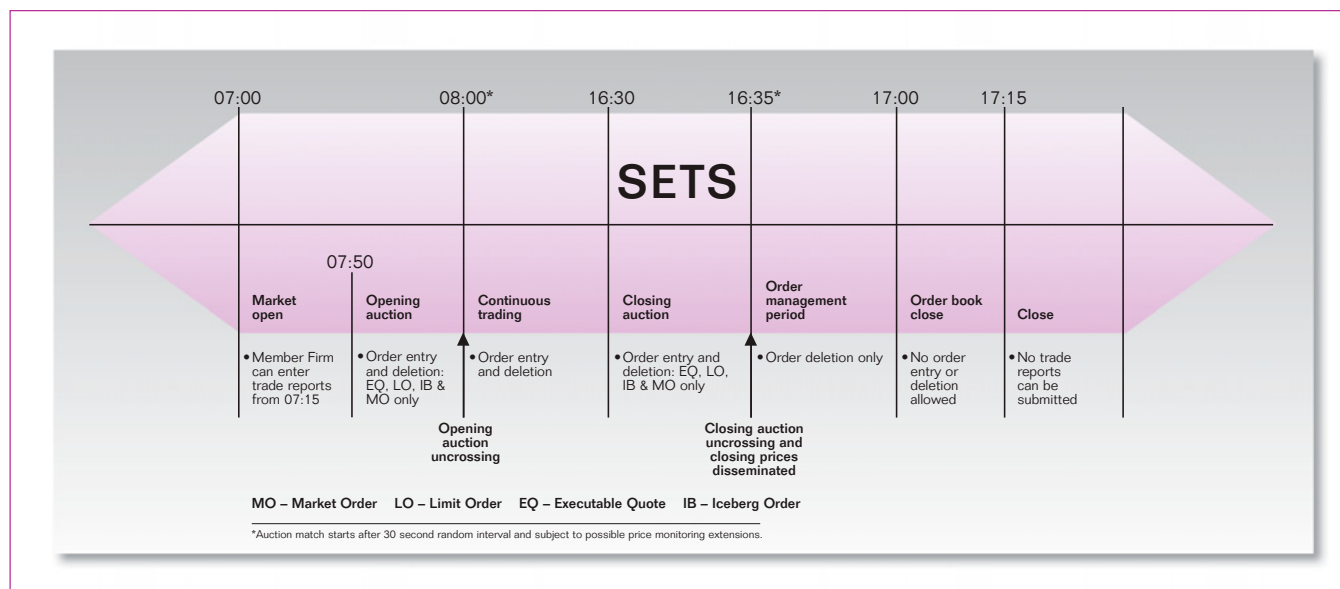
In response we have enhanced SETS and are launching the European Quoting Service (EQS) to offer market making in all stocks on a regulated market (RM) or multilateral trading facility (MTF) deemed to be Liquid under MiFID; thereby offering an alternative to OTC trading under the new Article 27 regime as a SI.



²Liquid share – a share which is traded daily, with a free float not less than €500m and has either more than 500 transactions a day or a daily turnover in excess of €2m.

SETS trading day

Our solution combines the best of order-driven trading with market making using executable two-way market maker quotes to provide a MiFID compliant solution.



Key benefits of SETS enhancements

- Opportunity to advertise name in all securities
- A single, consistent and familiar model for the trading of all UK Liquid stocks – one service, one approach, one set of rules
- Continuous, buy and sell prices displayed by market makers
- Provides pre-trade transparency compliant with MiFID
- Market makers can improve on their displayed prices, in line with best execution rules, regardless of size or client classification, if the trade is executed on Exchange
- Market makers may continue to deal OTC (ie off Exchange), though they will not benefit from the protection of the Exchange's rules and may find that they are classified as a Systematic Internaliser
- Minimal, if any, development effort required by you

SETS market maker registration and charges

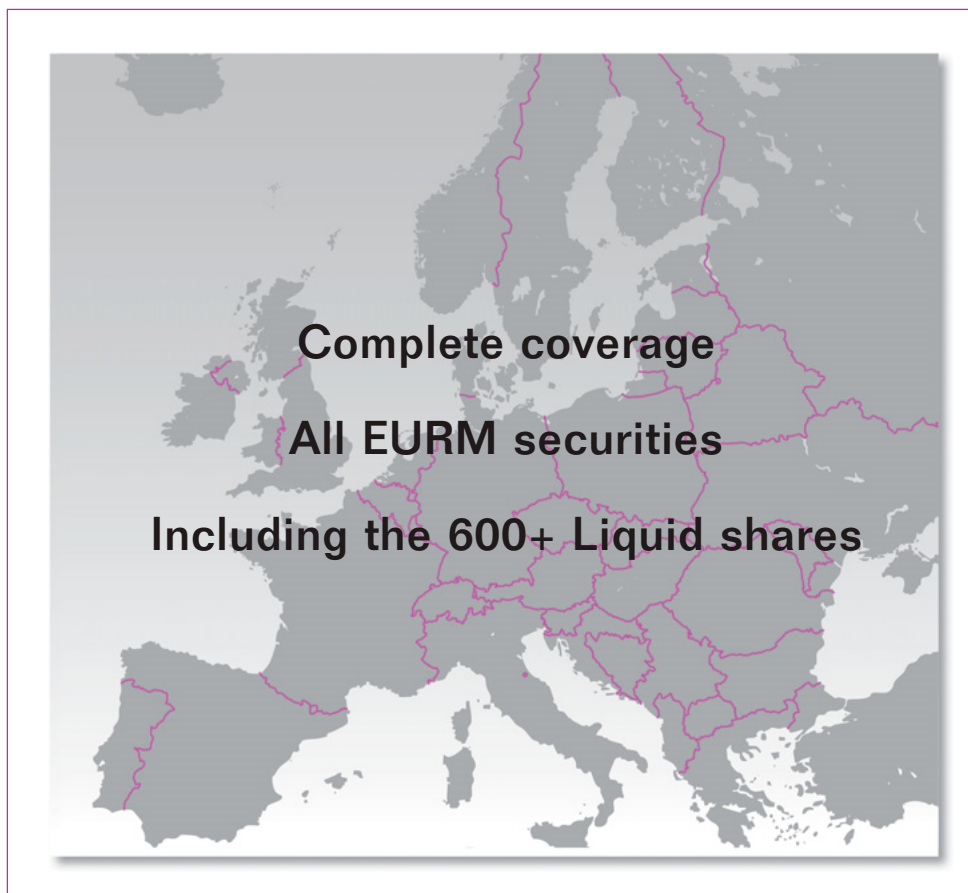
- As part of a wider Exchange review we will be implementing a new flexible tariff to support market making in Liquid UK and other EU securities. Firms will be able to register in Liquid UK securities for £20 per month per security, capped at 62. A quote update fee will also apply to Liquid UK securities of 2p
- Market maker registration in non-UK Liquid securities (ie EUROSETS and EQS) will be £10 per month per security, capped at 42. A quote update fee will also apply to Liquid EU securities of 1p
- Registration must be made before 28 September for inclusion from 1 November 2007

EQS: a new service to meet your pre-trade pan-European transparency obligations

The European Quote Service (EQS) has been developed to meet your pan-European pre-trade transparency obligations by enabling you to publish pre-trade information in all Liquid EU Regulated Market (EURM) securities (excluding those traded on the SETS, SETSqx, EUROSETS and ITBB services).

EQS key features

- Continuous buy and sell prices by market makers
- Non-electronically executable quotes
- Agreed bilateral settlement with default based on the Home Market
- Open each weekday, with the exception of public holidays in all the EU
- Market data for EQS included within existing European Dutch Trading Service (DTS) and international data charge packages

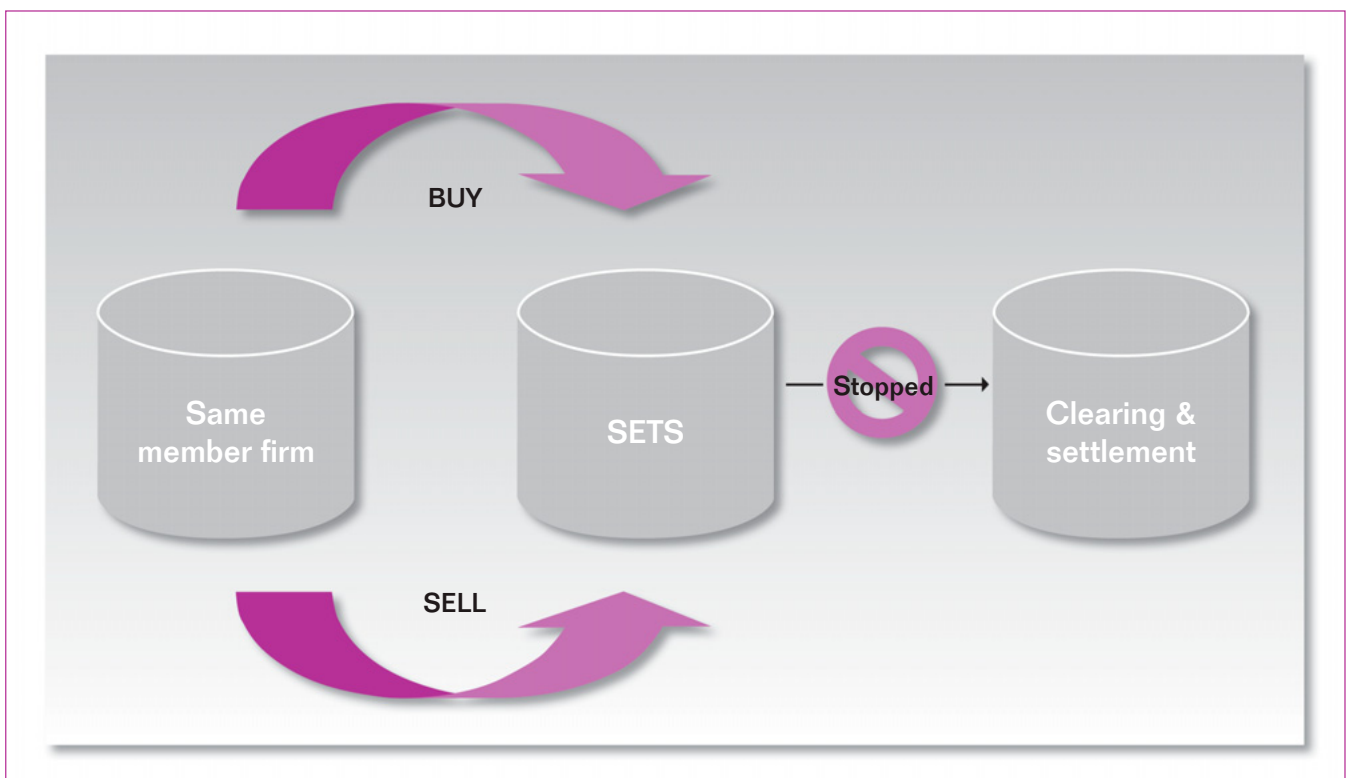


SETS Internaliser: more efficient on book self-execution

SETS Internaliser is an optional product that prevents on book self-executions from passing through to clearing and settlement, avoiding post-trade costs. This new product works together with the self-execution tariff introduced in April 2007 which reduces the

'ad valorem' rate to 0.1bp, a discount of 87.5% to the headline rate. The tariff applies to all order book executions where both sides of the trade originate from the same member firm and are included in our volume discount scheme.

SETS Internaliser



Enhancing our trading services to meet your limit order display obligations

MiFID requires unexecuted client limit orders in all ERM securities to be displayed unless a client expressly instructs otherwise. This is likely to impact investment firms providing limit order handling services to a retail client base, as they will be required to make public limit orders held within their systems. The specific requirement is to display unexecuted limit orders so that they are available for the earliest possible execution.

MiFID allows continuous order driven and periodic auction market models to be utilised to ensure compliance.

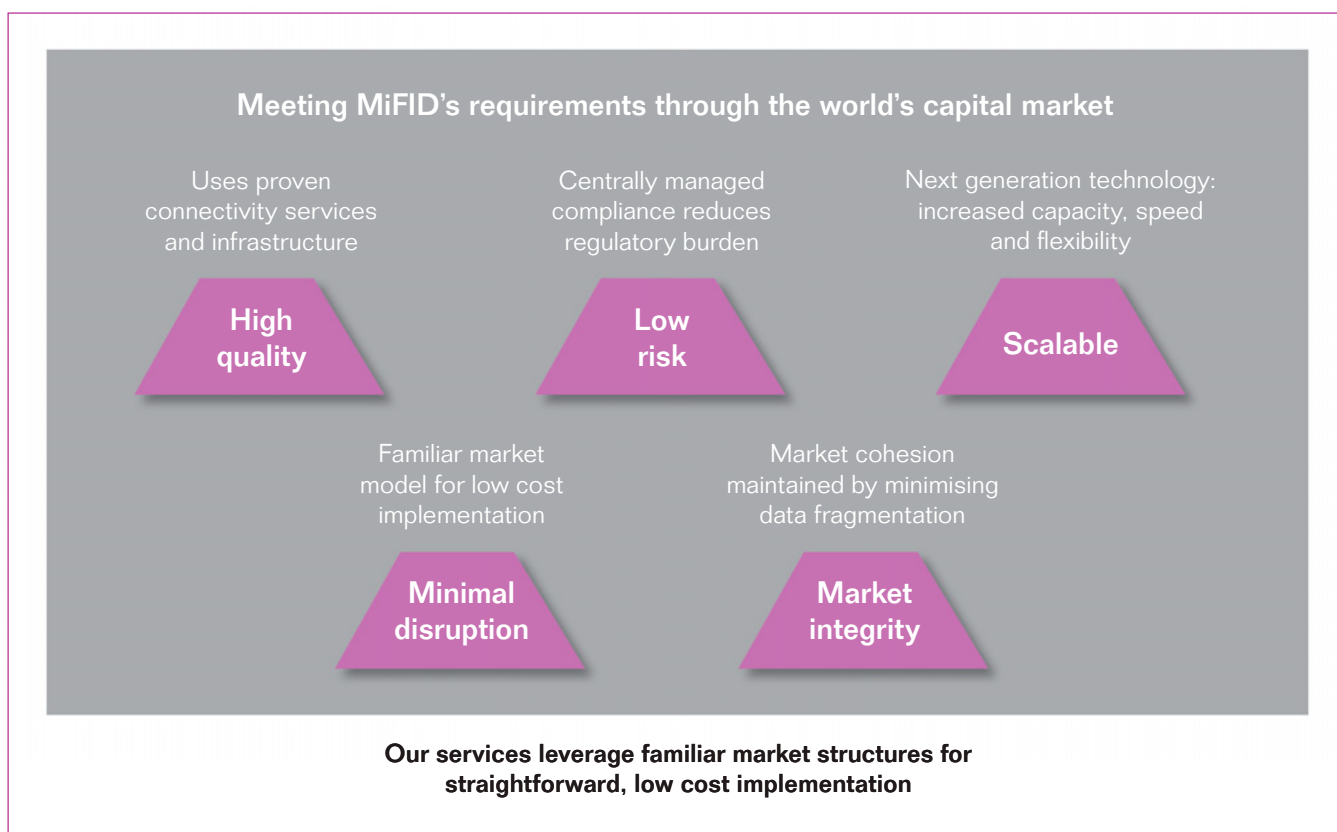
Our solutions are simple, straightforward and delivered by enhancing existing trading services.

Limit order display service	Key aspects
SETS and EUROSETS	<ul style="list-style-type: none">• Display limit orders with continuous execution• Cover constituents of the FTSE All Share, some Fledgling and the leading Dutch securities
SETSqx	<ul style="list-style-type: none">• Enhanced to offer limit order display for less Liquid UK shares• Scheduled auctions at 08:00, 11:00, 15:00, 16:35• Supports named and anonymous order entry• Option to execute named orders off book prior to next uncrossing

Summary of our trading services

Pre-MiFID			Post-MiFID			
Trading service	Market model	Stock coverage	Trading service	Market model	Stock coverage	
SETS	Order book	FTSE 100, reserves and some FTSE 250	SETS	Order book and integrated electronic market making	FTSE All Share and some Fledgling	Enhanced service
SETSm ^{mm}	Order book and integrated electronic market making	FTSE 250, Small Caps and some Fledgling				
SETSqx	Periodic auctions and stand alone quote driven market making	Some non-indexed equities	SETSqx	Periodic auctions and stand alone quote driven market making	Remaining Fledgling and non-indexed equities	Enhanced service
SEAQ [®]	Quote driven market making	Fledgling and non-indexed equities	SEAQ [®]	Will continue for non-EURM securities, eg AIM outside of SETS and SETSqx		Continued service
EUROSETS	Order book with provision of named orders	Dutch equities in AMX and AEX indices	EUROSETS	Order book with provision of named orders	Dutch Liquid equities and all equities in AMX and AEX indices	Enhanced service
			EQS	Quote driven market making	EURM Liquid equities (non-UK and Dutch)	New service

Our range of MiFID compliant pre-trade and execution services are built on the Exchange's unique strengths and leverage familiar market structures for straightforward and low cost implementation.



Please contact your primary account manager to find out more and sign up for any of these MiFID solutions.

Email: mifid@londonstockexchange.com
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Or visit our website at www.londonstockexchange.com/mifid



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STOCK EXCHANGE

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