Market Notice

15 March 2019

N06/19 – Confirmation of rule amendments

Introduction

1. Stock Exchange Notice N01/19 consulted on proposed amendments to the Rules of the London Stock Exchange (“the Rules” and “the Exchange”) to remove the restriction on the self-clearing of agency business for trades executed on the Exchange’s order books and to clarify the requirements for off order book on Exchange trades.

Feedback on the consultation

2. The Exchange would like to thank market participants for their responses to the consultation. The feedback received was generally supportive of the amendments however, following consideration of the comments received, the Exchange will not now implement the proposed new guidance to Rule 5100. Instead, the Exchange will leave it for member firms to consider their own obligations in respect of any notification requirements to their clients.

3. Further time was requested in respect of the implementation of the technical changes to support the rule amendments regarding market maker quote obligations when executing off order book on Exchange trades. In response to this request the implementation date has been extended to 1 July 2019.

Additional minor rule guidance amendments

4. Two minor amendments to rule guidance will be implemented when the agency self-clearing rule amendments become effective which, by their nature, do not require consultation:

   • a typographical error will be corrected in the guidance to Rule 1010 which currently incorrectly cross refers to Rule 1015 rather than Rule 1014 (as it should); and

   • the guidance to Rule 2120 (Exchange enforced cancellation of erroneous trades) in respect of the handling of trades executed before 16:30 hours will also be updated to remove reference to International Order Book closing auctions (as their execution now takes place after 16:30).

5. The confirmed rule and guidance amendments are set out in Attachment 1 to this Notice.
Effective dates

6. As stated in the consultation Notice the confirmed rule amendments will be implemented separately:

- the amendments relating to the removal of the restriction on agency self-clearing will become effective from **Monday 18 March 2019**; and

- the amendments regarding market maker quote obligations when executing off order book on Exchange trades will become effective from **Monday 1 July 2019**.

Updated versions of the rulebook will be available on the Exchange’s website on both of the above dates.

**Stock Exchange Notice N05/19**

7. Please note that Notice N05/19 issued on 7 March 2019 regarding the proposed rule changes that would be applied in the event that no transitional or other agreement is reached before the United Kingdom’s withdrawal from the European Union on 29 March 2019 (“Hard Brexit”) did not include the amendments confirmed in this Notice. In the event of a Hard Brexit the Rules will additionally be updated as set out in N05/19.

Denzil Jenkins
Head of UK Compliance & Group Regulatory Policy

This Stock Exchange Notice will be available on the website at:

Calls to London Stock Exchange plc may be recorded to enable London Stock Exchange to carry out its regulatory responsibilities