London Stock Exchange – Market Making Scheme

In accordance with Article 48(2)(b) of Directive 2014/65/EU (MiFID II) London Stock Exchange operates a market making scheme. This document sets out the terms of the scheme, including the classes of applicable financial instruments and the requirements that must be met by participating member firms in terms of presence, size and spread.

This document will be kept up to date as required and published on the website of London Stock Exchange. In accordance with the Directive, the names of member firms that have signed market making agreements pursuant to this market making scheme will also be published.

In relation to market making schemes and market making agreements, member firms should also refer to the Rules of the London Stock Exchange (the “Rules”) (in particular Rules 4400 to 4412) and the MiFID II Millennium Exchange & TRADEcho Business Parameters.

Financial instruments

This market making scheme relates to shares and exchange traded funds for which there is a liquid market as defined in accordance with Article 2(1)(17) of Regulation (EU) No 600/2014 (MiFIR) and as specified in Commission Delegated Regulation (EU) 2017/567.

Terms of the scheme

A participating member firm shall each trading day post firm, simultaneous two-way orders of comparable size and competitive prices for at least 50% of regular trading during the mandatory period, where:

a) for orders to be of comparable size, there must be no more than 50% difference between the bid and ask sizes; and

b) for prices to be competitive they must be within the maximum bid-offer spread made public by London Stock Exchange within the MiFID II Millennium Exchange & TRADEcho Business Parameters.

The participating member firm’s obligation to post simultaneous two-way orders of comparable size and competitive prices may be adjusted during the period that stressed market conditions are in force, as further communicated by London Stock Exchange from time to time. As set out in Rule 4412 of the Rules, London Stock Exchange considers the 60 second period following the end of a price monitoring interruption to regular trading to be stressed market conditions.

Incentives

Registered market makers benefit from the incentive of having a higher order-to-trade ratio (OTR) than non-market makers. In stressed market conditions, the stated maximum spread parameters will be doubled, whilst the minimum size will remain the same.

The maximum spread parameters and OTR limits are available within the MiFID II Millennium Exchange & TRADEcho Business Parameters through the following link:

**Member firm registration**

Members firms that wish to participate in a market making scheme are required to enter into a market making agreement. This can be done through the Member Portal. Member firms can also use the Member Portal to register in the financial instruments in which they intend to act as a market maker.

The Member Portal is available through the following link:


The Rules of the London Stock Exchange set out the obligations on a member firm pursuant to a market making agreement (Rule 4400 to 4403) and the requirements in relation to this market making scheme (Rule 4410 to 4412).

The Rules of the London Stock Exchange are available through the following link: