

London Stock Exchange Derivatives

MARKET NOTICE 2015/019

Consultation on Proposed Amendments to the Rules of the London Stock Exchange Derivatives Market

Introduction

1. In connection with the planned London Stock Exchange Derivatives Market trading system upgrade to SOLA version 7 announced in November 2014 (details [here](#)), London Stock Exchange (“the Exchange”) is proposing to introduce some rule amendments.
2. A brief summary of the proposed rule changes is provided below. In addition, Attachment 1 to this Notice contains a draft version of the rules with the proposed amendments in marked up form.
3. Furthermore, the Exchange has updated the London Stock Exchange Derivatives Market Trading Services Description, which will be effective from the upgrade of the trading system. The new version is provided as Attachment 2.

Rule amendments

4. A summary of the main proposals is set out below:

Membership

- As part of the planned SOLA 7 upgrade, a new Third Party Order Execution functionality is being introduced (for details, please refer to Section 3.3.3 of the Trading Services Description attached to this Notice, or the relevant Product Documentation available on the Exchange’s Document Library in the Next Release section [here](#)). In order to make use of this functionality, relevant third parties will need to have a technical connection to the Exchange. To cater for this, the Exchange is proposing the introduction of a new membership capacity, Reporting Broker, which is not subject to the Member Firm Clearing Arrangements section of the rules (rules 1.2.1 to 1.2.4).

Trade Reporting

- As described in the SOLA 7 Specification and Product Documentation ([here](#)), the planned upgrade of the SOLA system will include two new functionalities, Third Party Order Execution and Bundled Orders, designed to facilitate and automate the reporting of off book trades to the Exchange. To cater for the

appropriate use of these functionalities, the Exchange is proposing certain amendments to the Trade Reporting section of these rules (rules 5.1.1 to 5.2.3).

5. The Exchange has also made some general corrections and amendments.

Rule consultation

6. The Exchange will be consulting on the proposed rules for a period of two weeks. Interested parties are therefore asked to provide any comments or feedback on this consultation by 20 March 2015.
7. Any comments or queries on this notice should be addressed to Stefano Valente, UK Regulation, telephone +44 (0) 20 7797 1584 or email: svalente@lseg.com

Denzil Jenkins
Head of UK Compliance & Group Regulatory Policy

