**ORB Market Making and Liquidity Provider Information**

**1.0 Maximum Spreads**

Market makers will be required to enter two-way electronically Executable Quotes (EQs) within the applicable maximum spread for that sector.

- For gilts in segment UKGT the trading system will reject orders that exceed the following maximum spreads:
  - Band 1: 1.5% (this applies to gilts in sector UKG1)
  - Band 2: 3% (this applies to gilts in sector UKG2)

- For corporate bonds in segment UKCT the trading system will reject orders that exceed the following maximum spreads:
  - Band 1: 3% (this applies to corporate bonds in sector UKC1)
  - Band 2: 5% (this applies to corporate bonds in sector UKC2)
  - Band 3: 10% (this applies to corporate bonds in sector UKC3)

- For corporate bonds in the segment INCP the trading system will reject orders that exceed the following maximum spreads:
  - Band 1: 3% (this applies to corporate bonds in sector INC1)
  - Band 2: 5% (this applies to corporate bonds in sector INC2)
  - Band 3: 10% (this applies to corporate bonds in sector INC3)

These bands are technical limits and have been set at relatively wide levels to allow greater flexibility. It is expected that market makers will commit to quoting at spread widths which are tighter than the maximum limits enforced by the system. Market makers should contact the Fixed Income team if they wish to request that a security move sector. Fixed Income can be reached at retailbonds@lseg.com.
2.0 Minimum volume

Market maker Executable Quotes (EQs) must originally be entered in at least the Exchange Market Size (EMS) for the instrument concerned. These quotes will be available for electronic execution by any other qualifying member firm.

- Suggested default EMS size for gilts is £40,000 nominal
- Suggested default EMS size for corporate bonds is £25,000 nominal

EMS sizes are set at security level and may be changed on a daily basis if required. Market makers may request a change to the EMS size for a particular security by contacting the Fixed Income team to discuss. We expect that some less liquid corporate bonds may require a lower EMS value than the default setting.

Liquidity provider bid prices must also be entered in at least the EMS for the particular instrument.

Market makers are not restricted to quoting in one EMS and may enter quotes in any multiple of the lot size for a particular security.

3.0 General information

The trading day for all segments traded on ORB (UKGT, UKCP and INCP) will run from 07:50-08:00. This will be followed by the continuous trading period and a closing auction call period scheduled from 16:30 to 16:35.

A Market maker or liquidity provider is required to submit quotes for at least 90% of continuous trading during a mandatory period. The 90% threshold is measured daily for each security in which a market maker is registered. Where an intra-day auction has been triggered in a security due to a price monitoring breach, the time in which the security will have been in continuous trading will be reduced. Therefore, market makers will be required to maintain an executable quote for 90% of the reduced period.

Market maker and liquidity provider quotes are to be maintained throughout the mandatory period, from the uncrossing of the opening auction until the end of the continuous trading phase at 16:30.

A market maker or liquidity provider has no obligation to maintain its executable quotes in a security during the closing action on the Order book for Retail Bonds.

4.0 Technical Issues and Exceptional Market Conditions

If a market maker or liquidity provider experiences technical problems preventing price updates, the Market Supervision team must be notified immediately on STX 33666 Option 2. Market Supervision may determine to temporarily suspend that market maker’s quoting obligation until the problem is resolved.

If the market maker or liquidity provider is unable to meet its market making commitments due to exceptional market conditions, the market maker or liquidity provider must also alert the Market Supervision team to inform them that they are unable to quote.

5.0 Registration

Market makers are required to complete a Registration Information Form (RIF) detailing the securities in which they wish to register. The form is available here.

Liquidity providers are required to complete a Liquidity Provider Form (LPF) detailing the securities in which they wish to register. The form is available here.

This should be submitted to Market Supervision by fax on 0207 920 4526 or by email to mktops_supervision@londonstockexchange.com.