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# Market Notice

24 July 2013



**London**  
Stock Exchange

**N09/13**

## **Consultation on the Rules of the London Stock Exchange Derivatives Market**

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### **Introduction**

1. On 3 July 2013, Turquoise Global Holdings Limited (“Turquoise”) and London Stock Exchange plc (“LSE plc”) announced the intention to transfer the Turquoise Derivatives business to LSE plc. The platform will be moving from operating on a multilateral trading facility (“MTF”) to LSE plc’s regulated market and will be renamed London Stock Exchange Derivatives Market.
2. Whilst the technical operation of the market will remain largely the same, LSE plc has undertaken a review of the Turquoise Derivatives rules in order to ensure that the rules remain fit for purpose and reflect the obligations on LSE plc as a Recognised Investment Exchange (“RIE”). The rules will be renamed the Rules of the London Stock Exchange Derivatives Market.

### **Rulebooks**

3. On completion of the transfer, the Rules of the London Stock Exchange relating to member firms will comprise the existing [rulebook](#) and the Rules of the London Stock Exchange Derivatives Market. The Rules of the London Stock Exchange Derivatives Market will be applicable to the operation of the derivatives market only; and the existing rule book will continue to govern trading on all other markets.
4. The Turquoise Derivatives rulebook will remain in force until the transfer of the derivatives business to LSE plc is complete. After completion, the Turquoise Derivatives rulebook will no longer exist.

### **Rule amendments**

5. The proposed Rules of the London Stock Exchange Derivatives Market are broadly similar to the current Turquoise Derivatives rules, however, there have been some amendments following LSE plc’s review. LSE plc has sought to harmonise rules concerning membership and disciplinary procedures to ensure that the same standards are applied across all LSE plc markets. In this respect, the Rules of the London Stock Exchange Derivatives Market will mirror LSE plc’s existing rules.

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6. Market conduct and erroneous order rules have also been introduced to the Rules of the London Stock Exchange Derivatives Market and provide guidance on the requirements for LSE plc's members' trading in these areas.
7. The rules relating to the cancellation of incorrect trades contained within the Turquoise Derivatives rulebook have been updated so that all non-Norwegian contracts follow one set of procedures. All Norwegian contracts will continue to follow the incorrect trade cancellation rules set out in the Oslo Børs rulebook.
8. Whilst the clearing rules have been amended in order to remove extraneous details there are no material changes. There are instances throughout the rulebook where rules have been moved to other more appropriate documents such as the London Stock Exchange Derivatives Market Trading Services Description. The contract specifications have been removed from the rulebook and will form a new document entitled the London Stock Exchange Derivatives Market Contract Specifications. LSE plc is not intending to make any changes to the existing contract specifications themselves. These documents will be made available in due course.

## Rules consultation

9. Attachment 1 to this notice sets out the proposed Rules of the London Stock Exchange Derivatives Market. Attachment 2 contains the current Turquoise Derivatives rulebook and Attachment 3 is a cross reference spread sheet detailing the difference between the current and proposed rules for the derivatives market. All amendments have been detailed in this spread sheet.
10. LSE plc will be consulting on the proposed rules for a period of four weeks. Interested parties are therefore asked to provide any comments or feedback on this consultation by 20 August 2013.
11. Any comments or queries on this notice should be addressed to Nisha Patel, UK Regulation, telephone +44 (0)20 7797 3130 (STX 33130) or email: [npatel@lseg.com](mailto:npatel@lseg.com)

Denzil Jenkins  
Head of Compliance & Regulation

This Stock Exchange Notice will be available on the website at  
<http://www.londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/stockexnoticesnew/>

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