

DEFINITIONS

Where the context is appropriate the plural form of a defined term is also deemed as being the defined term and as such appears in bold text within the rules.

admitted to trading	admission to trading on the Exchange's markets
agency cross	a trade by which a member firm acting as an agent matches the buy and sell orders of two or more non-members at the same price and on the same terms
agent	a member firm acting on behalf of a customer in an agency capacity <i>(Amended N37/09 – effective 19 August 2009)</i>
AIM	the market provided by the Exchange for transactions in AIM securities
AIM security	a security which the Exchange has admitted to trading on AIM
AIM primary market registered organisation	a trading venue that is included in the AIM primary market registered organisation list that the Exchange maintains and publishes on its corporate website. Trading venues will be considered for inclusion on this list upon request of a member firm
AIM secondary market registered organisation	a trading venue that does not have a primary market relationship with AIM companies that meets the criteria as set out by the Exchange from time to time <i>(Amended N38/09 – effective 19 August 2009)</i>
American form	a form of transfer endorsed on a stock certificate, execution of which enables the holder to pass title to another
associate	in relation to any person , means that person's wife, husband, parent, minor child or minor stepchild, child in full time education or step-child in full-time education, any body corporate of which that person is a director, a trustee of a trust of which the beneficiaries include that person , any person who is an employee or partner of that person and, if that person is a body corporate, any subsidiary of that body corporate and any employee of any such subsidiary
authorised person	a person who is authorised under section 31 of FSMA
back	a situation where an offer price is lower than all bid prices , or a bid price is higher than all offer prices , in the same security
best bid	the highest bid price displayed on the trading system <i>(Amended N26/10 – effective 14 February 2011)</i>
best offer	the lowest offer price displayed on the trading system <i>(Amended N26/10 – effective 14 February 2011)</i>

bid price	the price at which a member firm is prepared to buy shares
broker dealer	in relation to transactions in securities of any description, a member firm which is not a market maker , a gilt inter dealer broker , or a wholesale dealer broker in those securities
business day	any day on which the Exchange is open for dealing
buyer	<p>(a) a member firm purchasing securities from another member firm;</p> <p>(b) in the case of a central counterparty trade a matched buyer; or</p> <p>(c) in respect of a lending arrangement, on the outward leg the borrower and on the return leg the lender</p>
buying-in	an Exchange mechanism which facilitates the delivery of securities in unsettled, sold, on Exchange trades
buying-in notice	a notice issued by the Exchange at the instigation of the buyer to a seller who has failed to deliver a security in settlement of an on Exchange trade
call payment day	the last day fixed by the issuer for payment of call monies
Capital Adequacy Directive	Council Directive 93/6/EEC of 15 March 1993 on the capital adequacy of investment firms and credit institutions
CDI	CREST depository interest
central counterparty	a body that assumes the risk for central counterparty trades by acting as the selling party to a matched buyer and the buying party to a matched seller or their clearing member , as appropriate
central counterparty contract	any contract arising between Non Clearing Members , clearing members and a central counterparty , resulting from a central counterparty trade
central counterparty netting service	a service which allows a member firm to transfer a net amount of central counterparty securities and a net amount of cash to satisfy their settlement obligations with respect to a number of central counterparty contracts involving the same central counterparty securities and cash
central counterparty rules	the rules, general regulations, default rules and procedures of a central counterparty
central counterparty security	a security designated by the Exchange and a central counterparty as eligible for central counterparty processing

central counterparty trade	<p>an electronically matched order on the trading system in a central counterparty security</p> <p><i>(Amended N26/10 – effective 14 February 2011)</i></p>
choice	<p>a situation where the best bid and best offer for a security are the same</p>
clearing member	<p>a General Clearing Member or an Individual Clearing Member</p>
clearing membership agreement	<p>the agreement entered into between a central counterparty and a clearing member under which, amongst other things, a central counterparty agrees to make available clearing services in respect of central counterparty contracts</p>
compliance procedures	<p>the 'C' series of these rules which sets out the rules and procedures for disciplinary proceedings and disciplinary and non-disciplinary appeals</p>
connected person	<p>as defined in section 346 of the Companies Act 1985</p>
continuous trading	<p>the period during market hours when an order book security is not in an auction</p> <p><i>(Amended N21/10 – effective 1 June 2011)</i></p>
contra	<p>a trade undertaken on the trading system that is equal and opposite to a previous trade in the same security, undertaken by the same participants in order to negate the original trade. By its nature, a contra must be agreed upon by both parties to the original trade</p> <p><i>(Amended N26/10 – effective 14 February 2011)</i></p>
counterparty	<p>(a) for the purposes of the default rules, the person(s) contracting as principal with the defaulter in respect of an unsettled Stock Exchange market contract whether directly or through the agency of a member firm and/or a third party; or</p> <p>(b) for other purposes, a person who is not a customer with whom a member firm undertakes a trade on Exchange and including a central counterparty</p> <p><i>(Amended N08/10 – effective 15 April 2010)</i></p>
covered warrant	<p>a security that is a warrant issued by a party other than the issuer or originator of the underlying asset</p>
covered warrant market maker	<p>a market maker in a covered warrant</p>
covered warrant order book	<p>an order-driven trading service for trading covered warrants</p>
CREST	<p>the settlement system operated by Euroclear UK & Ireland Ltd</p>

CREST instruction deadline	the latest date and time specified under the relevant central counterparty rules for submitting an electronic instruction notice to CREST in respect of a corporate action in a central counterparty security . The instruction notice must be in respect of transactions executed at least the day before the CREST instruction deadline
customer	a person for whom a member firm undertakes a trade or otherwise performs services on Exchange
dealing agent	a member firm , other than an introducing firm , which has been appointed by another member firm to effect trades on its behalf, whether as principal or agent
default official	the individual appointed by the Exchange to administer the default in accordance with the default rules <i>(Amended N08/10 – effective 15 April 2010)</i>
default rules	the 'D' series of these rules which sets out rules and procedures in the event of default by a member firm <i>(Amended N08/10 – effective 15 April 2010)</i>
defaulter	a member firm declared to be in default by the Exchange in accordance with the default rules <i>(Amended N08/10 – effective 15 April 2010)</i>
deferred publication	a facility for member firms to delay the publication of a trade for a period of time dependent on its size and in accordance with the thresholds detailed in the parameters
direct input	the CREST service which creates transactions centrally on behalf of a settlement participant
direct market access	a service provided by a member firm through which a customer is able to submit orders to the trading system under the member firm's trading codes and via the member firm's order management systems, but without manual intervention by the member firm . <i>(Amended N16/11 – effective 26 September 2011)</i>
employee	in relation to a member firm a director, partner or principal or person employed in or about the firm's business as a member firm , whether under a contract of service or for services (including a training contract) and any person seconded to work in or about that business

EU regulated market	a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of the Markets in Financial Instruments Directive [Directive 2004/39/EC]
Exchange	London Stock Exchange plc which trades as the “London Stock Exchange” including, where the context so permits, any committee, sub-committee, employee or officer to whom any function of the London Stock Exchange plc may for the time being be delegated
Exchange enforced cancellation	<p>the cancellation by the Exchange of an automated trade executed on the trading system, either in response to a request from a party to the trade or undertaken unilaterally by the Exchange. Discretion as to whether or not to cancel a trade lies solely with the Exchange</p> <p><i>(Amended N26/10 – effective 14 February 2011)</i></p>
Exchange market size	<p>the minimum quantity, as specified by the Exchange, of securities for which a market maker is obliged to quote a firm two way price on the trading system</p> <p><i>(Amended N26/10 – effective 14 February 2011)</i></p>
Exchange price list	<p>the documents published by the Exchange, from time to time, setting out charges and fees for:</p> <ul style="list-style-type: none"> (a) membership of the Exchange; (b) use of the trading system; (c) trades reported to the Exchange; or (d) other services and products provided by the Exchange <p><i>(Amended N26/10 – effective 14 February 2011)</i></p>
exchange traded product	<p>a tradable unitised debt security that derives its price from one or more underlying assets</p> <p><i>(Amended N17/10 – effective 2 August 2010)</i></p>
exchange traded fund	<p>a security that derives its price from a diversified group of assets and is issued by a collective investment scheme</p> <p><i>(Amended N17/10 – effective 2 August 2010)</i></p>
executable quote	<p>an electronic quote that can be automatically executed against and used by market makers in order driven securities. The relevant spread and minimum size of the quotes is provided in parameters</p>

fine	a monetary penalty levied by the Exchange other than a fixed penalty
firm quote	a non executable firm quote used by market makers in quote-driven securities . The relevant spread and minimum size of the quotes is provided in parameters
fixed interest market maker	a member firm which is registered as such with the Exchange and which is obliged to quote on an enquiry to trade fixed interest securities in a marketable quantity
fixed interest security	a security, other than a gilt-edged security , which carries a right to a stated rate of interest or dividend on an annual or other periodic basis and which is admitted to trading
fixed penalty	a penalty, set out in a notice , of a stated amount of money for each instance of a breach of a specific rule
FSMA	the Financial Services and Markets Act 2000
General Clearing Member	a member firm that is party to a valid and subsisting clearing membership agreement with a central counterparty and which may clear with the central counterparty , central counterparty contracts resulting from central counterparty trades dealt by the member firm itself or another member firm
gilt-edged market maker	a member firm which has been accepted as a gilt-edged market maker by the UK Debt Management Office and registered as such with the Exchange . A gilt-edged market maker can be registered either: <ul style="list-style-type: none"> (a) in all gilt-edged securities that are not index-linked gilt-edged securities; (b) in all index-linked gilt-edged securities only; or (c) in all gilt-edged securities.
gilt-edged security	a security admitted to trading , including a gilt strip, issued by the United Kingdom government and appearing on a list of gilt-edged securities maintained by the UK Debt Management Office
gilt inter dealer broker	a member firm , or part of a member firm , which has registered its service with the Exchange which service consists of the member firm intermediating as a riskless principal between gilt-edged market makers only, who subscribe to its service. The member firm may also intermediate as riskless principal between gilt-edged market makers and the UK Debt Management Office in transactions for near maturity gilts only.

(Amended N44/09 – effective 19 October 2009)

Guide to the trading system	the Exchange publication that describes how the Exchange’s trading system functions and referenced in these rules by the notation “GT”
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(Amended N26/10 – effective 14 February 2011)

hammer price	<p>the appropriate price determined by the Exchange in accordance with rule D131 in the case of a declaration of default with respect to a member firm.</p> <p><i>(Amended N08/10 – effective 15 April 2010)</i></p>
holding company	as defined in section 736 of the Companies Act 1985
index	an index whose components are securities traded on an Exchange market
index-linked gilt-edged security	an admitted to trading sterling denominated security issued by the United Kingdom government whose interest and redemption values are linked to the United Kingdom General Index of Retail Prices
Individual Clearing Member	a member firm that is party to a valid and subsisting central counterparty agreement with a central counterparty and which may clear with the central counterparty, central counterparty contracts resulting from its own central counterparty trades only
instruction notice	an instruction from a buyer in respect of a corporate event either submitted in writing to a seller or, where appropriate, electronically to CREST . The instruction must be given via CREST in respect of central counterparty trades and must be given on settlement instructions. It cannot be given on gross transactions which have been, or are to be, netted
introducing firm	a member firm that uses the services of a model B firm
ISIN	the international security identification number
lapsing instruction	an instruction notice by the buyer to the seller that the buyer does not wish to take up the offer in respect of the undelivered rights
large trade	<p>a trade conducted in an EU regulated market security that is not subject to pre-trade transparency on the trading system as the size of the corresponding order was equal to or larger than the minimum size of order as specified in Table 2 in Annex II of MiFID Level 2 legislation</p> <p><i>(Amended N26/10 – effective 14 February 2011)</i></p>
last time for claims	subject to these rules, shall be 16.00 hours two days before the call payment day or registration day
latest time for delivery	the specified time on the day before the call payment day or registration day
LCH rules	<p>LCH.Clearnet Ltd rules</p> <p><i>(Amended N17/10 – effective 2 August 2010)</i></p>

lending arrangement	an arrangement entered into between a member firm , whether acting as agent or principal , and another party under which one party is to transfer securities to the other party and securities of the same kind and amount are to be transferred by that other party to the first party
liable party	a member firm against whom a buying-in notice is issued by the Exchange , or the member firm to whom a buying-in notice is passed. For buying-in notices in respect of settlement instructions resulting from central counterparty trades , the liable party will be determined by the Exchange <i>(Amended N19/09 – effective 30 March 2009)</i>
Listing Rules	the listing rules of the UK Listing Authority
<u>London Stock Exchange Derivatives Market</u>	<u>the market operated by London Stock Exchange plc for derivatives</u> <i>(Amended N12/13 – effective 30 September 2013)</i>
mandatory period	the daily period during which market makers have obligations under these rules (and as described in the parameters)
market close	(a) in relation to an order book security , the later of: <ul style="list-style-type: none"> (i) the end of continuous trading; or (ii) the end of the closing auction (b) in relation to a quote-driven security , the end of the mandatory period
market hours	the period between market open and market close
market maker	in relation to securities designated by the Exchange , a member firm which is registered as a market maker and is obliged to quote prices in at least the Exchange market size
market open	(a) in relation to an order book security , the start of continuous trading; or <ul style="list-style-type: none"> (b) in relation to a quote-driven security, the start of the mandatory period <i>(Amended N17/10 – effective 2 August 2010)</i>
market situation	a general term used to describe one or more issues that may impact the orderliness of trading multiple securities
marketable quantity	the quantity of any fixed interest security for which a fixed interest market maker is obliged to quote a price in response to an enquiry
matched buyer	a member firm on the buy side of an electronically matched order on the trading system <i>(Amended N26/10 – effective 14 February 2011)</i>

matched seller	a member firm on the sell side of an electronically matched order on the trading system <i>(Amended N26/10 – effective 14 February 2011)</i>
member firm	a partnership, corporation, legal entity or sole practitioner admitted to Exchange membership and whose membership has not been terminated. For the purposes of the compliance procedures , member firm shall include a former member firm where appropriate
member ID	the highest level of identification of a member firm in the trading system
membership profile	the trading and non trading profile of a member firm as held by the Exchange and communicated to the market via Member Firm Information Sheets
MiFID	Markets in Financial Instruments Directive [Directive 2004/39/EC]
MiFID transparent security	a share admitted to trading on an EU regulated market
model B firm	a member firm that takes on all immediate liabilities for trades dealt by an introducing firm
near maturity gilt	a gilt-edged security that has passed its penultimate coupon date <i>(Amended N44/09 – effective 19 October 2009)</i>
negotiated trade	a trade conducted in an EU regulated market security that is not subject to pre-trade transparency on the trading system and which is on terms that are no worse than those that could be achieved on the relevant Exchange order or quote book (or where the share is not traded continuously, is on terms that are no worse than those that could be achieved on a relevant venue with continuous trading), after taking into account any relevant trading, settlement and clearing costs <i>(Amended N26/10 – effective 14 February 2011)</i>
Non Clearing Member	a member firm that is not a clearing member in respect of a particular trade
notice	any notice issued by the Exchange from time to time to member firms generally or to any class of member firms
offer price	the price at which a member firm is prepared to sell shares
on Exchange	a trade executed under the Rules of the Exchange as defined by rules 2000 & 3000
ORB liquidity provider	in relation to securities designated by the Exchange and trading on the Order Book for Retail Bonds, a member firm which is registered as an ORB liquidity provider and is obliged to quote bid prices in at least the Exchange market size <i>(Amended N01/12 – effective 01 February 2012)</i>

order book	a facility operated by the Exchange for the electronic submission and automatic execution of orders in order book securities
order book security	a security which the Exchange has admitted to trading on an order book
overseas	outside the United Kingdom
parameters	the Exchange's system and control parameters referenced in these rules by the notation "P"
person	an individual, corporation, partnership, association, trust or other entity as the context admits or requires
portfolio trade	a transaction in more than one security where those securities are grouped and traded as a single lot against a specific reference price.
principal	a member firm or other person acting as principal
principal listing	the listing where the main regulator of the issuer in respect of its listed securities is located
PTM levy	the levy set by and payable to the Panel on Takeovers and Mergers
quote	either an executable quote or a firm quote
quote-driven trading service	a trading service subject to the quote-driven trading service rules
quote-driven security	a security traded on a quote-driven trading service
registrar	the keeper of a register of securities
registration day	the last day fixed for the receipt of an application for registration of securities issued under the offer
regulated activity	carrying on business related to specified investments in the United Kingdom as in section 22 of FSMA
Regulated Activities Order	the Financial Services and Markets Act (Regulated Activities) Order 2001
Reg S traded security	securities of US issuers (as defined under US securities law) issued pursuant to the offshore safe harbour from registration requirements available under Category 3 of Regulation S under the US Securities Act of 1933, as amended, and identified as such on the trading system with the letters "REG S" <i>(Amended N26/10 – effective 14 February 2011)</i>
relevant agency contract	a Stock Exchange market contract to which a defaulter is party as an agent
relevant principal contract	a Stock Exchange market contract to which a defaulter is party as a principal

relevant contracts	any contracts arising between the Exchange and a member firm , including but not limited to the Membership Application Form
RepoClear	the netting and clearing service operated by LCH.Clearnet Ltd <i>(Amended N17/10 – effective 2 August 2010)</i>
requesting party	a member firm that requests the Exchange to buy-in undelivered securities
rights	renounceable documents or, if the context permits, the equivalent uncertificated securities
RNS	the regulatory and financial communications channel operated by the Exchange that is used by companies and the Exchange to communicate with investors and market participants <i>(Amended N05/09 – effective 26 January 2009)</i>
<u>Rules of the London Stock Exchange</u>	<u>the rules set out in this document and the Rules of the London Stock Exchange Derivatives Market</u> <i>(Amended N12/13) – effective 30 September 2013)</i>
<u>Rules of the London Stock Exchange Derivatives Market</u>	<u>the rules for any activity conducted on the London Stock Exchange Derivatives Market only</u> <i>(Amended N12/13) – effective 30 September 2013)</i>
seller	(a) a member firm selling securities to another member firm ; (b) in the case of a central counterparty trade a matched seller ; or (c) in respect of a lending arrangement , on the outward leg the lender and on the return leg the borrower
settlement agent	a person providing settlement services
settlement rules	the '5000' series of these rules which sets out detailed rules and procedures for settlement of on Exchange trades <i>(Amended N17/10 – effective 2 August 2010)</i>
specified time	(a) for inter office delivery: (i) 11.45 hours in the case of delivery to any member firm by a member firm acting as agent ; (ii) 12.15 hours in the case of delivery by a member firm acting as principal to a member firm acting as principal ; (iii) 13.00 hours in the case of delivery by a member firm acting as principal to a member firm acting as agent ; or

- (b) in the case of a delivery to any **member firm** in **CREST**, by the final time for that type of delivery specified in **CREST's** daily processing timetable

(Amended N09/09 – effective 23 February 2009)

sponsored access

a direct technical connection that enables a non **member firm** to access the **trading system** directly under a **member firm's** trading codes. Orders submitted in this manner do not pass through the order management systems of the **member firm** but will pass through the Exchange's controls.

(Amended N16/11 – effective 26 September 2011)

standard settlement

the normal settlement arrangement applicable to a security

Stock Exchange market contract

any **on Exchange** trade including **lending arrangements** and **central counterparty contracts**. All **Stock Exchange market contracts** are market contracts pursuant to section 155 of the Companies Act 1989

stock situation

an event whereby a holder of securities may be entitled to other securities pursuant to a takeover offer, scheme of arrangement, conversion, redemption or other event affecting those securities

subsidiary

as defined in section 1159 of the Companies Act 2006

tradeable instrument code

the official code, issued by the **Exchange**, identifying each security

trade report

a report of the details of a trade effected **on Exchange** which is made to the **trading system** and which the **Exchange** may publish subject to certain criteria

(Amended N26/10 – effective 14 February 2011)

trade reporting period

- (a) the period each day between 07.15 hours and 17.15 hours; or
- (b) the period each day between 08:15 hours and 18:15 hours Central European Time

when the **trading system** will accept **trade reports**

(Amended N26/10 – effective 14 February 2011)

trader group

the level at which authorisation and / or role enablement for trading actions in a particular Market is performed in the trading system

trading system

the trading system operated by the **Exchange**

(Amended N26/10 – effective 14 February 2011)

uncertificated securities

a security admitted to **CREST** pursuant to the UK Regulations (or pursuant to the Irish Regulations, the Isle of Man Regulations, or the Jersey Regulations) as defined in the CREST Manual

United Kingdom

England, Scotland, Wales and Northern Ireland

unsettled claim	<p>any outstanding obligation to pay or right to receive a sum of money or shares resulting from a dividend payment or a corporate action event that arises from an on Exchange trade and that remains unsettled at the time of a declaration of default with respect to a member firm that has such an obligation to pay or a right to receive and that is notified to the Exchange within such time as specified in accordance with rule D021.</p> <p><i>(Amended N08/10 – effective 15 April 2010)</i></p>
warning notice	a letter issued by the Exchange to a member firm outlining any relevant rule breach
warrant	an instrument which gives the holder the right to acquire or dispose of securities at a stipulated price
when issued dealing	trades effected in accordance with these rules in securities which are the subject of an application to be admitted to trading , entered into before, and conditional upon, trading becoming effective
wholesale dealer broker	a member firm , or part of a member firm , which has registered its service as such with the Exchange and where such service consists of the member firm intermediating between gilt-edged market makers and/or any other persons acting as principal traders in gilt-edged securities , who subscribe to its service

CORE RULES

Member firms

Categories of Membership [1000]

G	1000	The Exchange may permit membership under one of the following categories:
	1000.1	a full member firm ;
	1000.2	a General Clearing Member ;
	1000.3	a gilt-edged market maker ; or
	1000.4	a fixed interest market maker .
	1000.5	<u>a derivatives only member</u>

Guidance to Rule:

*For the purposes of these rules, references to **member firm** includes all categories of membership as defined above, save that:*

- *A **member firm** whose scope of **on Exchange** business is solely to act as a **General Clearing Member** on behalf of other **member firms** shall be bound by the applicable Core Rules, Settlement and Clearing Rules, **compliance procedures** and **default rules**.*
- *A **member firm** whose scope of **on Exchange** business is solely to act as a **gilt-edged market maker** shall be bound by the applicable Core Rules, Off Order Book Trading Rules, Market Maker Rules, Settlement and Clearing Rules, **compliance procedures** and **default rules**.*
- *A **member firm** whose scope of **on Exchange** business is solely to act as a **fixed interest market maker** shall be bound by the applicable Core Rules, Off Order Book Trading Rules, Market Maker Rules, Settlement and Clearing Rules, **compliance procedures** and **default rules**.*
- *A **member firm** whose scope of business is solely to trade in derivatives on the **London Stock Exchange Derivatives Market** shall be bound by the **Rules of the London Stock Exchange Derivatives Market**.*
- *A **member firm** whose scope of business includes trading in derivatives on the **London Stock Exchange Derivatives Market** shall be bound by the **Rules of the London Stock Exchange**.*

(Amended N12/13 – effective 30 September 2013)