

N12/18

Response to consultation on International Order Book trading service and confirmation of changes

Introduction

1. Stock Exchange Notice N06/18 invited comments on the proposed changes to the market structure of the International Order Book (“IOB”) trading service, to align the IOB with the SETS trading day.
2. The details of the proposed changes are:
 - to extend the regular trading period of the IOB trading service by an hour to end at 16:30;
 - to shorten the closing auction call period from the current 10 minutes to 5 minutes to run from 16:30 to 16:35;
 - to replace the existing extended IOB Closing Price Crossing Session period with the SETS version; and
 - to introduce the level 1 intra-day auction at 12:00 Noon.

Consultation response and confirmation of changes

3. London Stock Exchange (“the Exchange”) would like to thank market participants for their responses to the consultation. The majority of respondents supported the changes as outlined above which were set out in the consultation document (Attachment 1 to N06/18). This is also available to download at:

www.lseg.com/iob/cash-equity
4. From the responses received it was noted that Europe already operates a much longer trading day than either Asia or the US and that there was a benefit in staggering the close of SETS and the IOB to allow the same physical traders to oversee both closes. It was also noted that the same volume of trading on the IOB may just be stretched over the longer trading day. However, the majority of respondents preferred to see a more aligned trading experience on the Exchange, suggesting that on balance the benefits of a homogenous approach and a longer overlap with US markets outweighed the downsides noted above.

Market Notice

25 June 2018

5. The changes outlined in the consultation document will, therefore, be adopted in full.
6. The Exchange is not proposing any rule amendments as a result of the IOB consultation, nor will there be any change to the existing IOB closing Price formation process (it will remain last order book executed price).

Effective date

7. The changes to the IOB trading day will become effective from **Monday 3 September 2018**.
8. In order to assist trading participants to incorporate this change, the new IOB trading cycle will be available on the Exchange's Customer Development Service (CDS) for testing from Wednesday 4 July 2018. Further details will be made available by Service Announcement in due course. To be added to our Service Announcement distribution list please email us at:

mktops_supervision@londonstockexchange.com

Queries

9. Queries on the content of this notice should be addressed to David Smith, telephone +44 (0)20 7797 1765 or by email dsmith@lseg.com.

Denzil Jenkins
Head of UK Compliance & Group Regulatory Policy

This Stock Exchange Notice will be available on the website at:
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