

# Market Notice

2 December 2013



**London**  
Stock Exchange

**N14/13**

## Introduction of T+2 standard settlement period

### Introduction

1. Further to the press release issued by Euroclear UK & Ireland earlier today, which announced the shortening of the standard settlement cycle for the Irish and UK capital markets from T+3 (trade date plus three business days) to T+2 (trade date plus two business days) from 6 October 2014, this Notice provides information regarding the impact on the Exchange's markets/trading services.

### Background

2. The standard settlement period is being shortened in accordance with the Central Securities Depository Regulation ("CSDR") which aims to harmonise EU securities settlement cycles. The Exchange is implementing this change in conjunction with other UK trading venues to facilitate a smooth transition. Other European markets will also be announcing their plans on implementing the T+2 settlement cycle.

### Rules of the London Stock Exchange ("the Rules")

3. No rule amendments are required for the implementation of T+2 settlement, however, the Millennium Exchange Business Parameters document (which can be accessed from [www.lseg.com/tradingservices](http://www.lseg.com/tradingservices)) will be updated to reflect the change to standard settlement (as defined in the Rules (Rule 5010)). Standard settlement from 6 October 2014 will be as follows for trading on the Exchange's markets/trading services.

Where standard settlement is currently T+3 it will become T+2 for:

- SETS
- SETSxq (with or without market makers)
- SEAQ (including fixed interest)
- Trade Reporting Only (including fixed interest)
- International Order Book
- Order book for Retail Bonds (ORB) (Corporates)

Standard settlement will remain T+1 for:

- Gilts (including Gilts trading on ORB)
- Rights Issue executions both on and off order book for securities that would otherwise settle on T+2 above

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## Standard settlement will remain T+3 for:

- International Board (reflecting standard settlement for the securities' home market)
4. Rule 5011 continues to allow member firms to agree an alternative settlement due date of no more than 20 business days after trade date for on Exchange trades. Settlement of trades in European Quoting Service and European Trade Reporting service securities should be agreed by counterparties under this Rule. Rule 5011 will be reviewed in light of the final CSDR text.

## **Ex Dividend Regime**

5. As a result of the move to T+2 settlement market participants are also reminded that Ex Dividend dates will move to Thursdays with Record dates remaining as Fridays. These changes will not apply to the Ex Dividend arrangements in place for Gilts. An updated Dividend Procedure Timetable for 2014 will be issued shortly.

## **Transitional arrangements where standard settlement is moving from T+3 to T+2**

6. Standard Settlement dates for trades subject to the transition to T+2 during the period Thursday 2 October and Tuesday 7 October are outlined below. Member firms will note that an implementation date of 6 October 2014 will lead to increased settlement on Wednesday 8 October 2014.

### Trade Date

Thursday 2 October  
Friday 3 October  
Monday 6 October  
Tuesday 7 October

### Settlement Date

Tuesday 7 October  
Wednesday 8 October  
Wednesday 8 October  
Thursday 9 October

7. Any comments or queries on this notice should be addressed to Tim Beckwith, telephone +44 (0)20 7797 1402 (STX 31402) or email: [tbeckwith@lseg.com](mailto:tbeckwith@lseg.com)

Denzil Jenkins  
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<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