

## N14/15

### Intra-day auction for SETS equities including response on the timing of the EDSP auction

#### Introduction

1. Market Notice N06/15 issued on 16 April 2015, invited comments on the future timing of the Exchange Delivery Settlement Price ("EDSP") auction. This Notice sets out the response to that consultation, along with an update on the timing of the introduction of the new intra-day auction to occur daily at 12:00 noon in SETS equity securities, as previously detailed in Market Notice N10/14 issued on 5 November 2014.

#### Background

2. The EDSP (or expiry) auction takes place at 10:10 on the third Friday of each month for FTSE 100 index securities and the third Friday of March, June, September and December for FTSE 250 index securities ("relevant Friday").
3. The introduction of the new intra-day auction provides an opportunity to align the timing of the EDSP calculation. Both London Stock Exchange ("the Exchange") and ICE Futures Europe undertook market-wide consultations to understand whether trading participants would prefer:
  - a) a move to 12:00 noon to align with the new intra-day auction;
  - b) a move to 16:30 to align with the closing auction; or
  - c) to remain as a stand-alone auction at the current time of 10:10.

#### Consultation Response

4. The Exchange thanks its members for their responses to the consultation. The following is a summary of the responses received.
5. There was very little support for option b). Many participants were actively opposed to aligning with the closing auction at 16:30, on the basis there would be little opportunity to trade out of any remaining business, once the auction was completed.
6. A number of participants were supportive of option a) and were keen to see the alignment of the EDSP calculation with the new intra-day auction. On balance however, the mandate was not strong enough to support a change. Supporters of option c), to retain the current time at 10:10, tended to be especially active in the EDSP process. With many geographical markets running expiry processes on the same day, it was argued by many

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that retaining the UK's distinction of using a 10:10 slot would continue to support a strong EDSP process which would be undermined if participants had to divide their focus between multiple markets at 12:00.

7. Accordingly, the EDSP auction will continue in its current form as a full depth (Level Two data) auction at 10:10 on the relevant Friday.

## **Intra-day auction for SETS Equities**

8. When introduced, the intra-day auction for SETS equities will occur daily (including relevant Fridays) at 12:00. As previously advised, it will consist of a two minute call period followed by a random 30 second period. During the auction call phase, only Level One data (including indicative uncrossing price and trade size) will be published. The launch of the intra-day auction is part of the Exchange's technological roadmap and it is anticipated it will be available for testing later this year, ahead of introduction into production in February 2016. The Exchange will provide an update in due course.
9. Queries on this Notice should be addressed to either Brian Schwieger, telephone +44 (0)20 7797 3860 (STX 33860), email [bschwieger@lseg.com](mailto:bschwieger@lseg.com) or David Smith, telephone +44 (0)20 7797 1765 (STX 31765), email [dsmith@lseg.com](mailto:dsmith@lseg.com).

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