



London
Stock Exchange

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6 October 2010

**For the attention of the
chairman/senior partner/compliance officer,
all member firms**

N22/10

STOCK EXCHANGE NOTICE

Confirmation of Proposed Rule Amendments and Response to the Consultation on the International Order Book Trading Service

Introduction

1. Stock Exchange Notice N05/10 invited comments on proposed amendments to the Rules of the London Stock Exchange ("the rules") to enable the central counterparty ("CCP") for the International Order Book ("IOB") to introduce a buyer protection service for the handling of optional benefit distributions and stock situations in those IOB securities cleared by the CCP. Also attached to this Notice was a market wide consultation paper requesting feedback from market participants regarding the overall IOB service.

Response to consultation and buyer protection

2. A full response to the market consultation paper is now set out in Attachment 1 of this Notice. The majority of respondents supported the consultation's core proposal which was to introduce a form of buyer protection service for optional benefit distributions and stock situations (currently only the default option on such an event is available).
3. Since the consultation closed the Exchange has worked with LCH.Clearnet Ltd (CCP for the IOB) and interested parties to establish the structure, processes and deadlines necessary to implement this service. The CCP will manually process buyer protection requests from entitled members on a "reasonable endeavours" basis and, in the absence of such an instruction, the CCP will assume that the buying member has elected for the default option.

Service implementation

4. The Exchange is now in a position to confirm that the implementation of the buyer protection service for the IOB will take place on Monday 18 October 2010.

Confirmation of rule amendments

5. N05/10 also proposed a number of minor changes within the Settlement, Clearing, and Benefit rules which were required in order to allow a CCP buyer protection service to be introduced. Following the consultation period the proposed rule amendments are adopted unchanged. The confirmed rule amendments are set out in Attachment 2 of this Notice and will come into effect on 18 October 2010. A revised version of the Exchange's rules reflecting these changes will be available on this date on the London Stock Exchange's website at

<http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/rules-regulations.htm>

Central counterparty rules

6. For further information or queries regarding the buyer protection service, including the relevant deadlines, please refer to Attachment 1 to this Notice or, alternatively contact Diane Krivda telephone +44 (0)20 7426 7638/7601 or alternatively email Diane.Krivda@lchclearnet.com or equityclearbusinessops@lchclearnet.com at LCH.Clearnet Ltd.
7. The confirmed rules of LCH.Clearnet Ltd which relate to the buyer protection service for the IOB will be available on their website in advance of Monday 18 October 2010 at http://www.lchclearnet.com/rules_and_regulations/ltd/default.asp

Exchange queries

8. Any queries regarding the response to the market consultation paper itself should be addressed to David Smith, telephone +44 (0)20 7797 1765 (STX 31765) or email dsmith@londonstockexchange.com Any queries regarding this Notice should be addressed to Dagmar Banton, UK Regulation, telephone +44 (0)20 7797 1210 (STX 31210) or email dbanton@londonstockexchange.com

Nick Bayley
Head of UK 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 the Exchange to carry out its regulatory responsibilities.