



London
Stock Exchange

10 Paternoster Square
London EC4M 7LS

Telephone +44 (0)20 7797 1000
www.londonstockexchange.com

23 December 2008

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

N46/08

STOCK EXCHANGE NOTICE

TEATHERS LIMITED – IN DEFAULT – AGENCY TRADES

Introduction

1. Further to London Stock Exchange Notice N38/08, this Notice provides information on how the Default Procedures of the London Stock Exchange (“the Exchange”) will be applied to the small number of unsettled, non-central counterparty trades that Teathers Limited (“the defaulter”) undertook in an agency capacity on Exchange.

Settlement of non-central counterparty on Exchange agency trades

2. Under Rules D150 to D155 of the Rules of the London Stock Exchange, those persons who are parties as principal to an unsettled on Exchange trade undertaken by the defaulter in an agency capacity remain obliged to complete settlement of the trade on the terms on which it was originally dealt.
3. To facilitate this, the Exchange will contact the clients for whom the defaulter undertook unsettled on Exchange agency trades, detailing the trade(s) in question and the party or parties with which the clients are directed to settle in accordance with the “Default Settlement Directions” (the schedules setting out the details of the unsettled trades and counterparties). The Exchange will also contact the market counterparties to each of these trades, providing the same information. The Exchange’s letters to clients and market counterparties are sometimes known within the market as “read letters”.
4. It will be for the market counterparty, as opposed to the agency client, to establish contact between the two parties for the purposes of arranging settlement. The Exchange will provide a template letter for the market counterparty to use when contacting the agency client.

5. The Exchange expects the parties to an unsettled agency trade to settle the trade or agree a process as to how it will be settled within one month. It may be necessary for agency clients to retain the services of a broker to assist with this.

Commissions and other charges due to Teathers

6. Agency clients should be aware that any commission or other charges they owe to Teathers for undertaking the original trade should be settled with the defaulter's administrators, KPMG. Settlement of the trade with the market counterparty, as per the process above, does not in any way affect this obligation.

7. Any queries on this Notice should be addressed to either:

John Newbury, Trading Services, telephone +44 (0)20 7797 1615 (STX 31615) or email: jnewbury@londonstockexchange.com; or

Tim Rowe, Trading Services, telephone +44 (0)20 7797 3468 (STX 33468) or email: trowe@londonstockexchange.com.

Nick Bayley
Head of Trading Services

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.