



3 December 2001

## MARKET NOTICE NO – 290

### Stabilisation

Pursuant to the implementation of the FSA's Market Conduct Sourcebook, the FSA's Stabilising Rules ("the FSA Rules") came into effect on 1 December 2001. These Rules, found in Chapter 2 of the Market Conduct Sourcebook, set forth the scope, restrictions and requirements for conducting stabilisation activities for securities admitted to listing on a UK RIE.

virt-x Exchange Limited ("virt-x") proposes to supplement the FSA Rules by requiring stabilising managers to notify the exchange of relevant information concerning stabilisation activities to be conducted on virt-x. virt-x also proposes that stabilising managers be required to make a public disclosure of certain information one day prior to the commencement of the intended activity.

The proposed text for new Rule 7.1 (Price Stabilisation) is provided below. Members are invited to comment on the draft by 28 December 2001.

7.1 Price stabilisation activities conducted on **virt-x** by a **member** acting as or on behalf of a stabilising manager must be done in accordance with the Price Stabilising Rules set out in Chapter 2 of the Market Conduct Sourcebook of the Financial Services Authority ("FSA"). A **member** is also required to disclose information related to its price stabilisation activities as follows:

- a) to inform **virt-x** one **market day** before the commencement of stabilisation actions
- b) to inform the public one **market day** before the commencement of stabilisation actions through designated media.

*Practice note 7.1:*

- (a) *The information to be provided to **virt-x** and to the public should include:*
  - (i) *the securities and any associated securities to be stabilised*
  - (ii) *the stabilisation manager and contact*
  - (iii) *the stabilisation period*

- (iv) the time when the issue price will be determined and the actual price when it is determined, and*
  - (v) any over-allotment (or Green shoe) options related with the new issue.*
- (b) Information will be regarded as provided to the public if it has been provided through a public announcement, as defined in the FSA Handbook.*
- (c) **Members** should keep a record of any stabilising actions for inspection by **virt-x**. Details of the recording should be kept in accordance with the related stipulation of the FSA's Price Stabilisation Rules.*

If you have any comments on these rule changes, please contact Scott McCleskey (scott.mccleskey@virt-x.com) on or before 28 December 2001.