



15 September 2003

MARKET NOTICE NO – 465

CHANGES TO RULES AND DIRECTIVES

Proposed changes to the virt-x rules and directives were set out in Market Notice 457 dated 25 July 2003. Except as set out below, those changes are now confirmed as set out in Market Notice 457.

The changes are effective immediately.

Rule 2.10 – Market Integrity:

Wording in Market Notice 457:

2.10 A **member** shall not:

- a) ~~intentionally~~ give a false or misleading impression of the value or **price** of a **security** or its order flow or volume traded

Revised wording:

2.10 A **member** shall not:

- a) act in a way that gives or is likely to give a false or misleading impression of the value or **price** of a **security** or its order flow or volume traded.

Practice note 2.10: In determining whether a breach of this rule has occurred, virt-x will have regard to the facts and circumstances surrounding the transaction(s). A member is likely to be regarded as giving a false or misleading impression if, for example, it does one of the following:

[1- 6 unchanged]

Definition of Rule 3.3 securities

In response to a comment from a member, the definition of Rule 3.3 securities is amended as set out below, with new wording underlined:

- rule 3.3 securities** **securities** which are ordinary shares in a company admitted to listing by a **Competent Authority for Listing**, and such listing has not been suspended, but excluding any of the following securities:
- except for reporting the client sides of riskless principal transactions in accordance with Practice note 3.3(1), constituents of the indices in which virt-x offers trading, which are the SMI, FTSE Eurotop ~~300~~ 100, FTSE 100, Dow Jones STOXX 50, DJ EuroSTOXX 50, S&P Europe 350, MSCI Euro & Pan Euro, CAC 40, DAX 30, MIB 30 and AEX, or
 - **ETFs** traded on **virt-x**, or
 - primarily **listed** by the UK Listing Authority

Directive 8: Handling of Mistrades

Section 2 – Conditions

Wording in Market Notice 457:

virt-x may suspend the declaration of mistrades, either generally or in respect of one or more securities, where virt-x considers that this action is justified in the prevailing circumstances.

Revised wording:

Where virt-x considers such action justified in the prevailing circumstances, virt-x may suspend its ability to declare a mistrade as outlined in Practice note 2.15; such suspension may be general or in respect of one or more securities. This does not however affect reversal requests from members under Rule 2.15.

Directive 9 – Fees

In response to a comment from a member, the description of the Swiss equity tariff in Directive 9 has been clarified, as set out in the attachment to this Market Notice.

The updated rules and directives will be available shortly in the Regulation Section at www.virt-x.com

Please direct your questions to the Market Helpdesk on

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Directive 9

Section 2.2.2 – Tariff

Revised wording is as follows:

The Swiss equity tariff is as follows:

On and Off Order Book Transactions	
Description	Fee
Agency trade	1 basis point (0.01%)
Principal trade*	Various rates, typically between 0.34 and 0.24 basis points (0.0034% and 0.0024%), subject to a minimum fee of CHF 0.10 and a maximum fee per trade of CHF 24 ¹ .
Minimum activity charge	CHF 100,000 per annum
Rebate of up to 30 % based on the turnover in Agency trades per member ² .	

Notes:

1. Fee for principal trades

The table below shows the fee tariff applied to principal trades. The fee charged per trade comprises the flat fee and value based fee shown as applying to the Turnover Band into which the value of the trade falls. The minimum fee charged is CHF 0.10 and the maximum is CHF 24.

For example, the fee for a principal trade of CHF 325,000 is CHF 10.85, comprising a flat fee of CHF 10.10 for the relevant Band and the valued based fee of CHF 0.75 on the excess of the trade value over CHF 300,000 (being 0.30 basis points - or 0.00003 – multiplied by CHF 25,000). The fee for a principal trade of CHF 600,000 is CHF 18.50, comprising just the flat fee applicable to the Band between CHF 600,000 and CHF 700,000.

		Value based fee	
Turnover Bands (CHF)	Flat Fee	Fee rate:	On the amount in excess of:
0 to 200,000	0.10	.34bp	0
200,000 to 300,000	6.90	.32bp	200,000
300,000 to 400,000	10.10	.30bp	300,000
400,000 to 500,000	13.10	.28bp	400,000
500,000 to 600,000	15.90	.26bp	500,000
600,000 to 700,000	18.50	.22bp	600,000
700,000 to 800,000	20.70	.16bp	700,000
800,000 to 900,000	22.30	.10bp	800,000
900,000 to 1,000,000	23.30	.07bp	900,000
Over 1,000,000	24.00		

2. Rebate of fees for principal trades based on Agency turnover

The rebate of fees for principal trades is calculated on a monthly basis by applying the following formula:

$$(\text{Nostro fees payable in month} \times 30\%) \times \frac{(\text{agency turnover applicable to Swiss tariff})}{(\text{total turnover applicable to Swiss tariff})}$$

Directive 9

New section 6 as follows:

Description of billing currency and various monetary values within the tariff

Members will receive invoices for fees due to virt-x denominated in the currency of their country of residence, so long as this currency is one of UK Pounds Sterling, Swiss Francs and Euro. Otherwise, invoicing will be in Pounds Sterling.

The monetary values of the fee tariff in each of the three billing currencies are as follows:

	£	€	CHF
Annual membership fee			
Full membership	4,000	6,712	10,200
Clearing Members	2,000	3,356	5,100
Joining fee			
Full membership	15,000	25,171	38,252
Clearing Members	7,500	12,586	19,126
Pan-European Tariff			
Order Book Transactions			
Cap on valued based fee – except for Swiss equity trading	12.00	20.00	30.00
Transaction based fee	0.36	0.60	0.91
Minimum Activity Charge (per month)	2,682	4,500	6,839

	Off Order Book Transactions			
	Fee per trade in Pan European (excluding Swiss) equities	0.95	1.60	2.43
Swiss Tariff				
	Maximum fee for principal trade	9.40	15.80	24.00
	Minimum Activity Charge (per annum)	39,200	65,000	100,000
