

30 October 2007

## MARKET NOTICE NO – 36/2007

### MIFID – CLARIFICATION OF CHANGES TO RULES

Market Notice 29/2007 dated 3 October confirmed the changes to virt-x's Rules and Directives to ensure compliance with the FSA's requirements stemming from the provisions of the Markets in Financial Instruments Directive ("MiFID") which is scheduled for implementation on 1 November 2007.

In this Market Notice, we would like to clarify Rule 3.24 and Rule 3.35.

#### **1. Rule 3.24 - Deferred publication**

Rule 3.24 states that:

"Only a **transaction** above a specified minimum size in terms of **ADT** (average daily turnover) as set out in Appendix 2 to Section 3 of these **rules** may qualify for **deferred publication**. **virt-x** automatically applies the permitted publication delay unless the **deferred publication** override has been flagged by the **member** making the **trade report**."

Deferred publication is permitted under MiFID where a firm is dealing on own account and a client of that firm.

Therefore, a transaction is not eligible for deferred publication where a member enters into a Trade Confirmation on virt-x and is not dealing on own account or is not dealing with a client of that firm. In such cases the deferred publication override must be flagged by the member making the trade report.

virt-x will keep the above arrangements under close review.

#### **2. Rule 3.35 - Members' reporting system failures**

Rule 3.35 states that:

"A **member** shall notify **virt-x** immediately of any system failure that prevents the **member** from meeting its trade reporting obligations.

*Practice note 3.35: A **member** is required to inform **virt-x** of the time at which the failure occurred and the time at which the system is available for reporting again. A **member** shall **trade report** all **off-order book transactions** effected on **virt-x** as soon as its reporting system is available again."*

Members are asked to note that this Rule does not waive the post-trade transparency requirements of MiFID. When a member informs virt-x of a systems failure, virt-x will discuss next steps with the member as appropriate in the circumstances.

The above points of clarification will become effective on 1 November 2007 and the relevant rules will be amended accordingly in the next update to the Rules and Directives.

Please direct your questions to Market Helpdesk:

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