

**21 November 2007**

## **MARKET NOTICE NO – 42/2007**

### **CHANGES TO RULES AND DIRECTIVES**

virt-x proposes a number of changes to the Rules and Directives, as set out in the attachment to this Market notice.

Members are invited to comment on the changes by contacting Emma Vick at [emma.vick@virt-x.com](mailto:emma.vick@virt-x.com) or on +44 (0) 20 7074 4412, on or before 10 December 2007.

Please direct your questions to Member Services:

London: Tel: +44 (0)20 7074 4555

Zürich: Tel: +41 (0) 58 854 24 73

[member.services@virt-x.com](mailto:member.services@virt-x.com)

## ATTACHMENT TO MARKET NOTICE

### CHANGES TO THE RULES AND DIRECTIVES

Proposed new wording is underlined and proposed deletions are shown struck through. Explanatory text is in blue.

#### RULES

Further to Market Notice 36/2007 dated 30 October 2007:

##### Rule 3.24 - Deferred publication

“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**. The **member** making the **trade report** must flag the deferred publication override where the **transaction** is not between the **member** dealing on own account and a **client** of the **member**.”

##### Rule 3.35 - Members' reporting system failures

“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.”*

#### DIRECTIVES

##### Directive 4: Orders, Off-order Book Trades and their Attributes - Section 3 (Attributes for Orders)

Further to Market Notice 16/2007 dated 20 July 2007 and further consultation with members, we are again proposing to reduce the thresholds to approximate to the upper limit of the MiFID pre trade transparency waiver applicable to orders held in an order management facility maintained by a Regulated Market (Level 2 Article 18.2) relating to orders large in scale compared with normal market size:

Attribute	Normal order	Hidden size order	Accept order	Fill-or-kill order
[...]				
<b>Size</b>	required	required  Equities: a minimum original order value of at least:  EUR <u>500,000</u> <del>2 million</del> or CHF <u>750,000</u> <del>3 million</del> or GBP <u>375,000</u> <del>1.5 million</del> or DKK <u>4,000,000</u> <del>15 million</del> or SEK <u>4,000,000</u> <del>18 million</del> or NOK <u>4,000,000</u> <del>16 million</del>  must be present  Exchange Traded Funds: a minimum original value of at least: EUR <u>500,000</u> <del>4 million</del> or CHF <u>750,000</u> <del>4 million</del> or  USD <u>600,000</u> <del>900,000</del> or JPY <u>75 million</u> <del>150 million</del>  must be present	required	required

## Directive 9: Fees

The Transaction Reporting Service ceased on 31 October 2007 and accordingly its tariff is deleted:

### ~~8. Transaction Reporting Tariff~~

The virt-x Transaction Reporting service is a web based off-order book service that offers member a means of meeting their regulatory obligations with the FSA for the following:

- ~~• transactions effected in Equity Securities which are currently not admitted for trading by virt-x; and~~
- ~~• in the case of Securities which are currently admitted for trading on virt-x, the client sides of riskless principal transactions, where the market side of the transaction has already been reported to virt-x or another market recognised under the Investment Service Directive (ISD).~~

Members using this Service are required to send a daily file which contains transaction details using either automatic or manual delivery. The following fees are payable for the service:

Description	Fee (GBP)
Transaction based fee per report	0.25
Secure Web Service	0.25
CRESTCo*	0.15
ISMA*	0.15
Maximum Activity Charge (invoiced every 6 months)	50,000 per annum

\* The remaining GBP 0.10 is charged by the Transaction Reporting Provider.

## 10.2 Equivalent values

	GBP	EUR	USD	CHF
<b>High Volume Trade Reporting</b>				
Off-Order Book Transactions				
Fee per trade in Other Securities	0.09	0.13	0.16	0.20
Minimum Number of Reports per month	21,000	21,000	21,000	21,000
<b>Transaction Reporting</b>				
Fee per transaction	-	-	-	-
- Secure Web Service	0.25	0.37	0.48	0.59
- CRESTCo	0.15	0.22	0.29	0.35
ISMA	0.15	0.22	0.29	0.35
Maximum Activity Charge (per annum) invoiced every 6 months (with rebate for un-utilised fee)	50,000	74,294	95,111	117,261
<b>Market Share Service</b>				
[...]				
<b>ETFs</b>				
[...]				

Sections 9 to 12 of Directive 9 are renumbered 8 to 11 respectively.

**Directive 10: Use of Market Information disseminated via the Trading System – Section 2. Market Information**

Included in “market information” within the context of this Directive are also all bid and asked prices visible in the order books with the corresponding quantities limited to the ten best cumulative bid and asked prices (hereinafter, “market depth”) as well as the aggregate orders and the number of shares at each price level.

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