



L2 Trading Manual

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An Introduction to Level 2 Trading on L2 Dealer

Please note that, while we have tried to make this manual as useful as possible, nothing in it in any way affects our customer agreement which governs all transactions with us. If there is any inconsistency between this trading manual and our customer agreement, the terms of the customer agreement will prevail.

In this document 'our', 'us' and 'we' refer to IG Markets Ltd, a company registered in England & Wales (cpy no. 04008957) and authorised and regulated by the UK Financial Services Authority (Reg No 195355).

The basics

L2 Dealer is primarily a Direct Market Access (DMA) platform, allowing more experienced traders to trade straight into the order book of equity and future exchanges worldwide.

Key features of Level 2 trading include:

[View the full order book](#)

- A 'Level 2 screen' shows the full depth of the market for a stock by listing all bids and offers that have been placed in the market (see Page 5 for more information).

[Compare buying vs selling interest](#)

- Knowing how many bids are queued on either side of the order book can give insights into the possible future direction of a stock.

[Submit your own bids and offers](#)

- You can place your own orders in the queue and effectively trade directly with other market participants by setting your own price. This may give you the chance to trade inside the usual spread.

[Get your timing right](#)

- If you are placing large orders you can take market liquidity into account when considering when to place the trade.

Wide range of order types available

- The platform supports an array of sophisticated order types, which vary according to which exchange you are trading on.

Be anonymous

- You can enter the market anonymously and slice large orders into tranches to hide your full size, which might otherwise affect other market makers' prices.

Enter auctions

- As a Level 2 participant you can enter stock auctions, where the best prices often become available.

Important: L2 Dealer carries a high level of risk and can result in losses that exceed your initial deposit. L2 Dealer is not suitable for everyone so please ensure that you fully understand the risks involved before commencing trading.

The nature of our 'DMA' contract

It is very important to note that while you are trading based on underlying market prices and depth, what you actually receive on placing a trade is a CFD from us. It works like this:

- You are given access to our L2 order book that shows the full depth of the market for a wide range of stocks and futures;
- You then place an order via L2 and we instantaneously conduct a margin check to ensure you have sufficient funds on account to cover margin on your proposed trade;
- If the margin check is satisfied, we will place an order in our name in the market and, simultaneous to this, we will create a 'mirror' CFD between you and us.

So while you are trading at market prices, you do not gain any ownership rights over the shares or futures which form the subject of your CFD.

It is important to remember that once an order has been executed we are unable to change or reverse your position. If you have incorrectly or erroneously submitted an order you are bound by the size and price at which the order has been executed.

Trading conduct & market abuse

Since as a Level 2 trader you are effectively participating directly in the market, it is your responsibility to acquaint yourself with all relevant rules and legislation for the exchange you are trading on.

In the UK, for example, you should be aware of the requirements of the Takeover Panel, and your obligation to report positions in certain circumstances (www.thetakeoverpanel.org.uk provides more information). You should be aware that even though you do not gain ownership rights to the actual underlying (but rather gain a CFD with us) there will be some instances where you are nonetheless required to disclose your interest to the UK Takeover Panel (or a similar body in your jurisdiction). You will also be bound by the rules of the exchange on which you are trading. For example, if you are trading on the London Stock Exchange you should be aware that we are bound by the LSE rules and that you must avoid taking any action that might put us in breach of those rules. The General Conduct section of the LSE rules is likely to be most relevant and can be found at: www.londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/ruleslse/.

You must also be aware of local market abuse requirements. The EU Market Abuse Directive specifies a number of types of behaviour that may constitute market abuse. These are summarised in Appendix A.

In addition there are a number of important guidelines relating to etiquette when dealing directly with market makers over a Retail Service Provider (RSP). These relate to multiple requests for quotes, dealing on moving stocks and order sizes. A full explanation can be found in Appendix A.

The Platform



Quick Search

Use the Quick Search toolbar to find a range of financial instruments including stocks, futures, currency, equity and OTC contracts.

Dictionary

Use the Dictionary to search for stocks to trade on – either browse or search.

TradeBook

See all your orders live as they are worked, plus completed orders as far back as you choose.

Positions

A list giving details of your Open Positions and OTC - Orders to Open.

Watchlists

Save look-up and trading time by creating custom lists of your favourite stocks and using Deal Ticket shortcuts.

Alerts

Set and manage alerts for when prices hit your chosen levels.

News

A professional news feed from Reuters plus Australian news – search by code or topic.

Charts

An expert real-time package from IT Finance – huge range of technical features.

Research

Information sources on equities covering prices, charts, news, fundamentals and investor tools from Investors Intelligence, Trading Central and Digital Look .

Level 2

Level 2 Screens give you a full view of the market depth of a stock – quick access to recently viewed screens via the menu bar.

Trigger

Trigger pages show you key data for all the component stocks of various indices – all on one screen.

Time & sales

Find the day's trade reports for any stock, showing trade quantity, price and type.

Ticker

View real-time trade activity with the handy ticker bar.

My account

Deposit and Withdraw funds and manage your preferences, passwords etc – all in one place.

Customise your toolbar

Your L2 ToolBar is fully customisable. Using the 'View' drop-down menu, you can select the buttons you wish to display and the size of the text. Clicking and dragging the ToolBar's component parts allows you to manipulate its layout.

If you wish to keep L2 Dealer open throughout the day with minimum intrusion into your other applications, simply drag the ToolBar to the top of the screen and it will minimise to a thin orange line when left alone for a few seconds. To recall the ToolBar, simply move your mouse pointer near it.

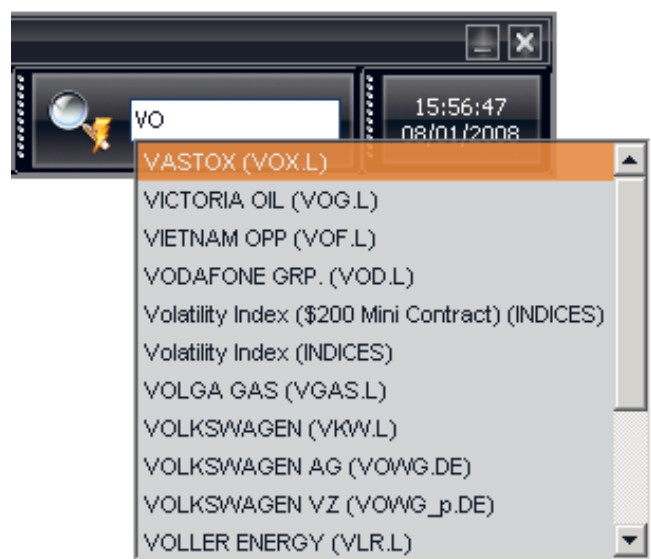
Finding a Stock

Quick Search

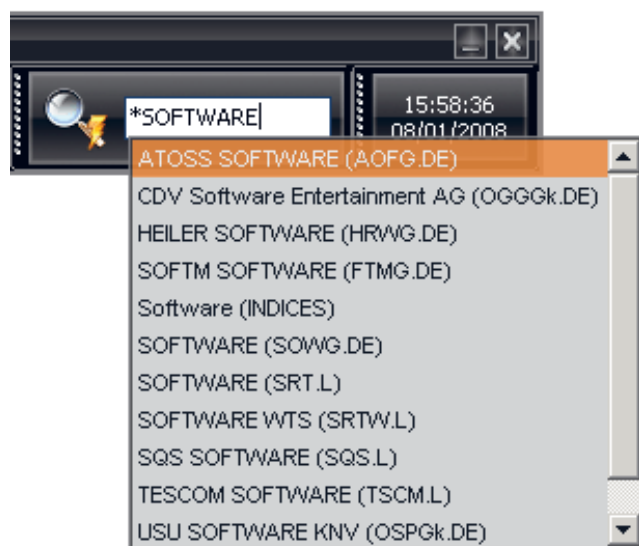
To locate any financial instrument quickly and simply, you can use the Quick Search Toolbar.



Just enter the description (eg Vodafone) or stock code (eg VOD.L) and the top 15 results for your search will instantly display as you type in a drop down window.



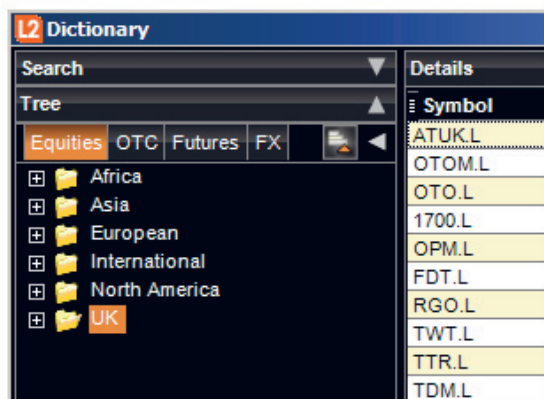
Or it is possible to search for a market by keyword. To do this, simply insert an asterisk into the Quick Search Toolbar, followed by your keyword.



Dictionary: List View

If you are looking for a DMA share, you can use List View as follows:

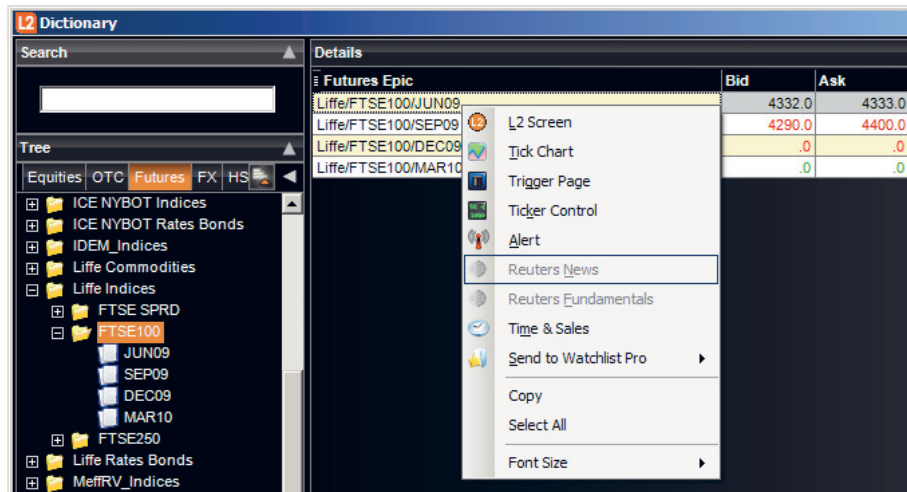
- Select a country from the drop-down list (or select 'All').
- Enter part or all of the Symbol, Name or ISIN code for the stock required. The more information you provide the fewer results will be displayed.
- Double-click on the relevant stock to view Level 2 prices. An L2 Screen for this stock will open, giving live access to the full order book.



NB By right-clicking on a stock you can choose from several other actions, including: opening a Deal Ticket for this stock; viewing Time and Sales for this stock; setting a price alert by adding to Alerts. You can also drag and drop this stock into a Watchlist.

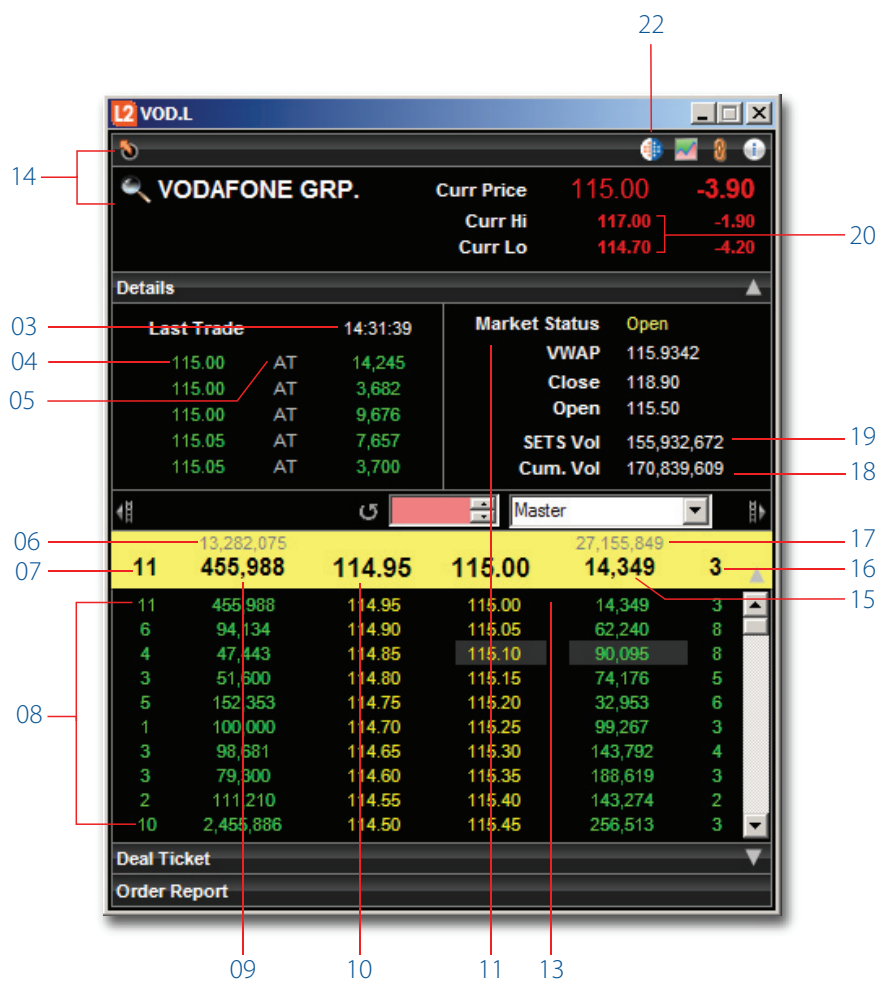
Dictionary: Tree View

Alternatively, the Tree View allows you to browse for all types of stock. Just drill down to the contract you want, right-click and select an action.

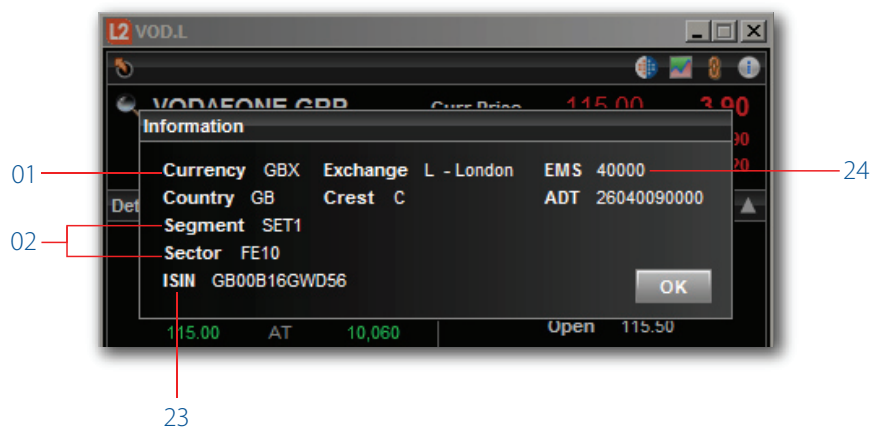


From the Dictionary you can quickly add stocks to your watchlists for quicker viewing in the future. Note that you can also search for stocks in the Find box of an L2 Screen.

Your L2 Screen



- 01 Trading currency
- 02 Segment and sector of the exchange
- 03 Time of last trade
- 04 Last trade price
- 05 Trade type
- 06 Total volume of bid orders
- 07 Aggregate number of orders at best price
- 08 Market depth information
- 09 Volume of shares at best bid price
- 10 Best bid price
- 11 Volume-Weighted Average Price (VWAP): average price traded today, weighted by size
- 12 The day's highest and lowest trade prices
- 13 Best offered price
- 14 Search for stock
- 15 Volume of shares at best offered price
- 16 Number of orders at best price
- 17 Total volume of ask orders
- 18 Total volume traded
- 19 Volume traded on the exchange
- 20 The day's high and low traded on the exchange
- 21 Indicates trading ex-dividend
- 22 Current trading price
- 23 ISIN: code used by brokers, market makers and the exchange to identify stock
- 24 Exchange market size
- 25 Publication threshold size



Placing a Deal

While a basic trade can be placed from a Watchlist, other deals are placed via Deal Tickets, which differ among exchanges and stocks. Deal tickets can be summoned by double-clicking on a market name (anywhere it appears in the platform) or by right-clicking and selecting 'Add to Deal ticket' from the menu.

Dealing on DMA Shares

The tabs at the top – for most users SETS/INTERNATIONAL and OTC – give you different ways to deal.

Sets/International

(SETS is the LSE's order-driven trading service for large-cap stocks.)

At the top of the Deal Ticket is the 'yellow strip', showing you the price and size of the current best bid and offer. This will update in real-time so as to keep you in touch with the current price; you can therefore keep a Deal Ticket open, ready for the price or size you are looking for to appear.

It is possible to leave Orders to work in the market, such as Limit Orders. Order Types available for the market the selected stock trades on can be chosen from the drop-down menu. For full details, see the Types of Order section.

The lower box confirms the details of the order you are placing, showing you which currency you are trading in, expiry time and the equity value of the trade. It also gives you the opportunity to tranche your order.

The tranche quantity, price and expiry time can all be changed before submitting the order. Price can be altered with the up and down arrows on the scroll bar to the right. As with other orders on other markets such as futures, the quantity can be changed using the grid in the bottom left hand corner.

The screenshot shows the 'Deal Ticket' window with tabs for DMA, RSP, and OTC. The DMA tab is active. The window contains the following fields and controls:

- Order Type:** A dropdown menu set to 'Limit'.
- Day:** A dropdown menu set to 'Day'.
- 21/05/2009:** A date field.
- Direction:** Radio buttons for 'Buy' and 'Sell'.
- Target Size:** A text input field.
- Size:** A text input field with a red background.
- Tranche Qty:** A text input field.
- Price (GBX):** A text input field with a red background.
- Stop Price:** A text input field.
- Consideration:** A dropdown menu set to '£'.
- Account:** A dropdown menu set to 'Master'.
- Buttons:** 'Cancel' and 'Proceed' buttons.
- Grid:** A numeric keypad with buttons for 1, 2.5, 5, 10, 25, 50, 75, 100, and 250.
- Reset:** A small icon in the top right corner.

(Corporate users of the system will see a drop-down list below this allowing them to select which accounts to trade on, 'Simple' or 'Profile'. For the private users this does not appear.)

For equity orders, the predefined quantities are displayed in thousands, so for example clicking on '5' will populate the 'Quantity' field with 5000 shares. (NB for futures, these volumes are in terms of 'lots', so clicking on '5' will populate the quantity field with '5 lots'.)

Every time you click on a quantity button, the Quantity field will increase. For example, if you wish to trade 15,000 shares you can click the '5' button three times.

By clicking on a different quantity button, the Quantity field will reset to this new quantity.

In addition, when manually entering a quantity, you can quickly enter multiples of 1000 by simply typing the letter 'k' at the end. So if you wanted to trade 17 000 shares, rather than type 17,000 you can simply enter 17k.

Quantity and Expiry Time can be changed by overtyping the existing entries.

Placing an Iceberg order is simple using the 'Tranche Qty' arrow. First you select the size of order you want using the grid on the left. Then using the 'Tranche Qty' spin button you decide how many tranches your order is split into. The figure displayed shows the quantity of shares in each tranche. For example, if 100,000 shares were entered into the Quantity field for an Iceberg order and the spin button in the trached field is clicked once, the Tranche Quantity field will automatically display 50,000 (i.e. $100,000 \times 0.50 = 50,000$) and the order type will change to Iceberg Day. A second click of the tranche spin button will reduce the quantity to 25,000 (i.e. $100,000 \times 0.25 = 25,000$) and so on.

RSP

RSP stands for Retail Service Provider. RSPs are market makers who will offer a price in a fixed size. This price may often represent an improvement on the SETS bid or offer (in size or price) or may enable you to trade SETSqx stock online.

To obtain a quote from an RSP, select 'buy' or 'sell', enter the size you need and press the 'Request Quote' button. You cannot get a two-way price.

Any RSPs who have an interest will respond with a price that will remain firm for up to 15 seconds. Press 'Accept' to the right of the quote you wish to accept, or 'Cancel Quote' if you don't want to deal.

Please make sure you are familiar with the etiquette of dealing with RSPs! More information in Appendix A.

OTC

If we offer an over-the-counter version of a share, there will be a tab labelled 'OTC Contract' at the top of the Deal Ticket. The prices displayed in this portion of the Deal Ticket are the same as those if you trade on the exchange, but you will not see market depth information. Note that with OTC contracts you have the option of placing a guaranteed stop on your order by checking the 'Controlled Risk' box.

Deal Ticket

DMA **RSP** OTC

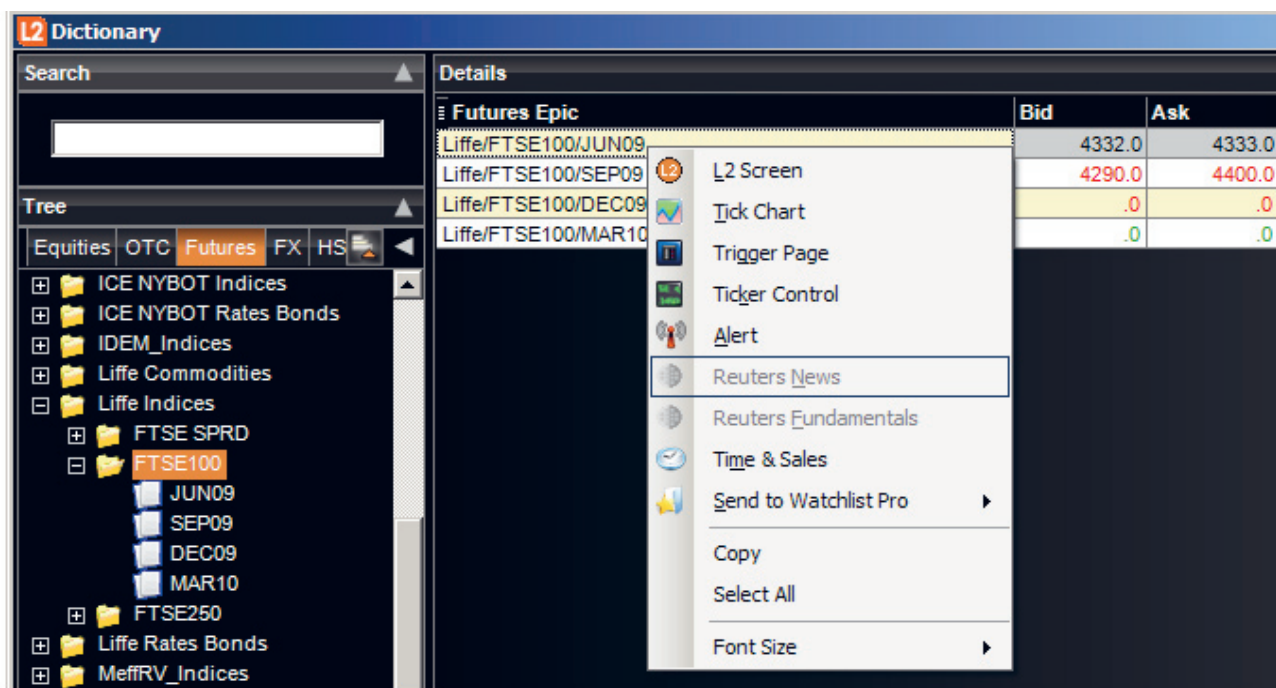
Shares

Direction:
Buy
Sell

RSP	Max Vol	Price	Time Left
WINS	500	115.00	13

Account

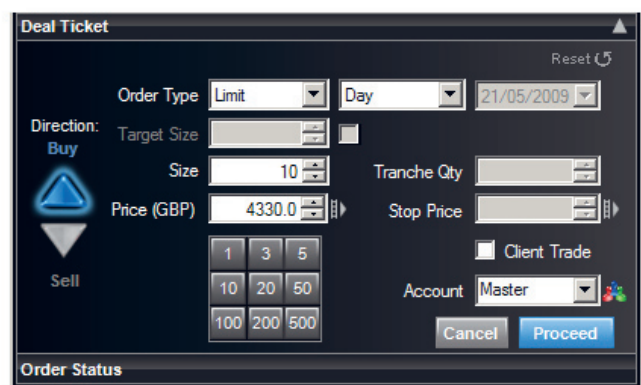
Order Report



Dealing Futures

To access Futures markets using the 'Tree View', simply drill down to the folder you are interested in, for example the FTSE100 on the Liffe Indices and right-click on a market to summon a deal ticket. Of course, you can add Futures to your Watchlists for quicker viewing later.

The Futures deal ticket is similar to the Shares version, with the current best bid and offer price and size shown in the yellow strip.



It is possible to trade using a variety of different Orders. The range available depends on the exchange you are looking to trade on and can be viewed by using the drop-down menu labelled 'Type'.

Please be aware that we do not support physical delivery of the underlying security upon expiry of a futures contract. Consequently, we strongly advise that you take note of the expiry and first notice dates of any futures contracts in which you enter and make sure you close your position before this date. If you do not close a futures position before its expiry or first notice date, we will close your position for you at the first available opportunity at the prevailing market rate. Any ensuing costs, gains or losses will be passed on to you. If you have any questions with regards to the expiry of futures contracts, please contact us.

Dealing OTC contracts

You can use L2 Dealer to trade a wide variety of off-exchange products (Referred to here and on the platform as 'Over The Counter' or 'OTC' Contracts).

These contracts are provided by us and when you are dealing OTC Contracts through L2 you will not see the full order book but rather you will deal with us as market maker and we will provide our buy or sell prices.

The procedures for dealing OTC Shares are different from those for other OTC products:

OTC shares

If an OTC contract is available on a share, there will be an OTC tab in the share's deal ticket. Clicking on this tab calls up the usual deal ticket options, as well as the option of placing 'Controlled Risk', 'Force Open' and 'Stops & Limits' conditions on the order, using the tick boxes. See the section above on Dealing on DMA Shares for more information on Deal Tickets.

Your available Order Types are 'At Quote', 'Stop' and 'Limit' – more information on these available below.

Non-share OTC contracts

Non-share OTC contracts (accessible from the Dictionary Tree) are dealt with special deal tickets that permit quick and simple trades.

The current Buy and Sell prices are shown in the yellow strip near the top of the Deal Ticket.

Initiating a Trade

It is possible to choose between three different order types: 'At Quote', 'Limit' and 'Stop'. Please note that OTC Limit Orders and Stop Orders work in slightly different ways from their DMA equivalents:

At Quote

'At Quote' which is selected in the Deal Ticket above, is the simplest type of order and means you are requesting to sell or buy at the prevailing bid/offer. If the 'Submit' button was clicked, you would buy two lots at the current offer price (please note this is not an 'At Best' Order). Although rare, it is possible for an 'At Quote' order to be rejected because the market has moved very quickly. Completion of the deal is confirmed by a green Order Report header which can also be expanded to show full details of the order you have placed.

Limit Orders

A Limit Order on an OTC market is a request to deal at a price that is more advantageous than the current price. For a Limit Order to be filled, the OTC price needs to trade through the Order level.

The 'Limit Level' and 'Good Until' fields become active when 'Limit' is selected from the 'Order Type' menu; the level basis which the Limit Order will be filled should be typed in the 'Limit Level' field. The Order is automatically worked GTC (Good Till Cancelled).

Note that the 'Opening Spread' field is populated with a number. If your Limit Order is filled, you will deal at the level you typed in 'Price' plus (if you're buying) or minus (if you're selling) the Opening Spread.

For example, let's say that you have opened a Deal Ticket for the FTSE 100 Cash and the current bid/offer is showing as 5898/5900. You select 'Limit' from the 'Order Type' menu, select 'Sell' and then enter '1' in the 'Lots' field and 5950 in the 'Limit Level' field. You select GTC from the 'Good Until' menu and then click 'Submit' to place the Order. The Order Report header at the bottom of the Deal Ticket will say 'Processing' and then turn green if the order has been accepted (this can be expanded to view the details). Once accepted, you would be working to sell one contract of FTSE 100 Cash basis 5950, meaning that if the offer-price of the quote went higher than your level of 5950 you would be filled. You would then sell one contract at 5950.

Stop Orders

A Stop Order on an OTC market is an instruction to deal at market should a certain level be touched that is less advantageous than the current price.

The mechanism for placing a Stop Order via the Deal ticket is much the same as that for placing a Limit Order: the 'Stop Level' and 'Good Until' fields become active when 'Stop' is selected from the 'Order Type' menu; the level basis which the Stop Order will be filled should be typed in the 'Stop Level' field. The order is automatically worked GTC (Good Till Cancelled).

If your Stop Order is filled, you will deal at the level you typed in 'Stop Level'. Since you are dealing at market if your Stop Order level is touched, the level you are filled at may be subject to 'slippage' (that is, the level you are filled at may be worse than your Order level).

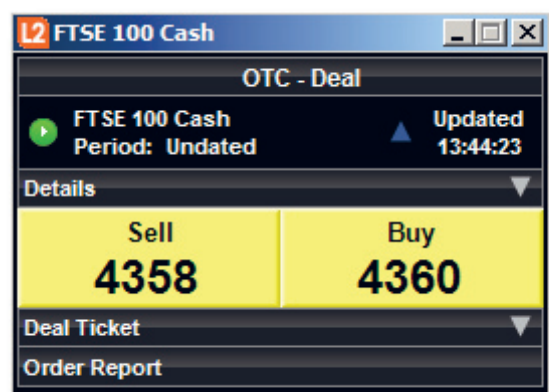
Open Positions

When you have opened a deal it will appear in the Positions screen of your L2 Dealer. From this screen you will be able to view a number of pieces of information including the level you dealt at, the size of the position, your profit/loss and any Stops or Limits that are attached to the position. Next to any open positions there will be a green close button, which if selected will launch a Deal Ticket to close the position in question (the correct direction and size required to net-off the position in question will be preselected).

One-click dealing

How it works

Unique to OTC Contracts is the option for one-click dealing on sectors and markets. There is no need for a Deal Ticket: see the price you want - click - and it's yours. You can either trade at the current price, for the number of contracts selected by clicking on the current Buy/Sell price, or place a Bid/Offer Order to Open as normal, by clicking on the 'Bid' or 'Offer' buttons.



Activating one-click dealing

This functionality can be enabled (and disabled) from the right-click menu on any L2 OTC screen. If you have sub accounts you will also be able to select the default account to which you would like your one-click trades to book.

Caution: when one-click dealing is enabled clicking on a buy or sell price will send the request directly to us for acceptance; you will not be presented with an intermediate screen nor will you have a chance to cancel your request to buy or sell. For these reasons, you should take extra care when one-click dealing is enabled.

Force Open

When executing a trade 'At Quote', trades will automatically net-off against opposing positions. If you have checked the 'Force Open' box, however, deals will be opened as new positions irrespective of your existing positions.

For example, if you had previously bought 1 contract of FTSE 100 Index and you selected to sell 1 contract of FTSE 100 Index 'At Quote', your positions would be netted off to realise a profit or loss. If you had checked 'Force Open' when you sold 1 contract, you would not realise any profit or loss at that point. Instead you would be left with opposing positions; long one contract and short one contract. Although overall you have no actual exposure to the market, you would have the flexibility to choose when any profits/losses are crystallised.

Orders to Close

If you would like to work a Stop or Limit to close an existing position, you should go to the 'Positions' screen and click the green edit button that appears next to the position.

Selecting a Stop or Limit via the 'Order Type' field will always initiate an opening trade if the order is filled. In other words, you cannot work orders to square-off existing positions using this functionality.

Instead there are other Stop and Limit fields on the Deal Tickets that are used to 'attach' Stop and Limit Orders to any trade you initiate.

Example

You open a Deal Ticket for Wall Street Index. The quotation is 12405/12408 and you select Limit from the 'Order Type' field, click buy 2 lots and enter your Order level as 12,350. You also enter 75 in the 'Limit Dist.' field. You then click 'Submit' and receive a confirming message that your order has been placed. Should the offer-price of Wall Street go lower than 12,350 you would open a new deal buying 2 lots at 12,350. Your position would have 'attached' to it a Limit Order to close the deal if the bid-price trades higher than 12,425 (75 points away from 12,350, the level the deal was opened at). If the bid-price did trade through 12,425, you would sell 2 lots to square off your position.

Controlled Risk

A Controlled Risk trade is one which has a special kind of Stop Order attached to it. Dealing costs for Controlled Risk are slightly higher, but for this extra cost you are given a guarantee that your Stop Order will always be filled at exactly your Stop level, should the quotation reach it, and won't be affected by 'slippage'. This applies at all times, even overnight or when the underlying market is closed, and even if the quotation gaps right through the Stop level.

For Controlled Risk trades any premium that is charged is paid on the opening of the deal (please note that for OTC shares deals, commission is charged instead of dealing spread, therefore an extra premium is charged for Controlled Risk). If you check the 'Guaranteed' box in the Dealing Ticket, the premium that will be charged on opening the deal is displayed next to the tick box.

The screenshot shows the 'L2 FTSE 100 Cash' window with the 'OTC - Deal' tab selected. The 'Details' section shows 'FTSE 100 Cash' with 'Period: Undated' and 'Updated 13:45:22'. The 'Deal Ticket' section is expanded, showing 'Direction: Buy' (indicated by a blue upward arrow) and 'Order Type: At Quote'. The 'Time' field is empty with a 'hh:mm' placeholder. The 'Contracts' field is set to '5'. The 'Level' field is set to '4362'. The 'Stop Dist.' field is empty, and the 'Stop Type' is set to 'Guaranteed' with a '3.0 Pt Prem' value. The 'Limit Dist.' field is empty. The 'Force Open' checkbox is unchecked, and the 'Account' is set to 'Master'. The 'Cancel' and 'Proceed' buttons are at the bottom. The 'Order Report' section is visible at the very bottom.

There are some markets on which Controlled Risk trades are not available, notably Options.

Details of Controlled Risk charges can be found in the Contract Details section at www.l2dealer.com.

Types of Order

The types of Order available on L2 differ between exchanges. Indeed the definition of similar sounding Orders may vary. It is important to understand what different types of Order mean before placing them. This section explains the wide range order types available on the London Stock Exchange (LSE).

LSE

The explanations refer to this Order Book, from Bradford and Bingley (BB..L)

	13,787,865			27,068,228	
14	187,601	115.05	115.10	60,627	7
14	187,601	115.05	115.10	60,627	7
6	243,878	115.00	115.15	66,445	9
1	10,000	115.00	115.20	70,745	11
12	244,206	115.00	115.25	4,300	1
12	178,767	114.95	115.30	93,564	7
6	170,662	114.90	115.35	220,443	5
3	13,215	114.85	115.40	76,525	4
5	74,144	114.80	115.45	338,578	3
4	194,946	114.75	115.50	139,819	4
5	215,316	114.70	115.55	55,528	1

There are essentially three different ways of constructing a trade:

- Limit
- Market
- Iceberg

Whichever you choose decides the manner in which the order is traded. The lifespan of these trades is prescribed by the type of order you modify it with. On the LSE, these are:

- Fill or Kill
- Execute & Eliminate
- Date
- Day
- Good For Auction
- Good Till Cancel
- At the Auction
- At the Open
- At the Close
- At Best

All these types of orders are available on the LSE, and are explained below:

Limit Orders

A Limit Order is an Order with a specified size and price which executes, either in part or in full, against eligible Orders with any remaining unexecuted portion being added to the Order Book. For example, a Limit Order to buy 70,000 shares at 115.10 would buy 60,627 only at 115.10. The balance of 9373 would show as the bid. The yellow strip would therefore show 9373 bid at 115.10 against 66,627 on offer at 115.15.

Market Orders

A Market Order is only used in an auction period, normally pre-opening or on the close.

Tranche Quantity (Iceberg orders)

A tranche is literally a slice; this function can be used to split an order up into smaller slices which may have a smaller impact on the order book than if the entire order was visible. For example, an order to buy 100,000 shares on a thin order book may cause sellers to remove their offers. This order could therefore be split into five tranches of 20,000, disguising the true volume of the full order.

Fill or Kill

An Order is either filled completely or rejected; a Fill or Kill Order to buy 70,000 at 115.10 on the above Order Book would therefore result in nothing being done and the Order closed. An Order to buy 60,000 at 115.10 however would be filled and then closed.

Execute & Eliminate

This trades whatever is possible at the user-specified level before cancelling the balance; on the above Order Book, if you entered an order to buy 70,000 shares at 115.10, you would buy 60,627 shares at 115.10, and the remainder of the order would be cancelled.

Date

If a Date Market, Limit or Iceberg order is placed, that type of order will remain active until the date specified by you when opening the trade. For example you place a Buy Order for 70,000 shares at 114.50 and set a date for two weeks' time. If by this date the market has not met your requirements, your Order is cancelled. If the Order is filled during those two weeks, it is taken off the market the moment it is filled.

Day

If a Day Market, Limit or Iceberg order is placed, that type of order will remain active until the end of the day's trading, when it will be cancelled. If your Order is filled before the close of trade, it is taken off the market the moment it is filled.

Good for Auction

Good For Auction is a Limit Order that can be traded during auction periods only.

Good at the Auction

Orders placed at market best during auction periods only.

Good Till Cancel

A Good Till Cancel order is given to buy or sell a stock at a set price, which remains active until you decide to cancel it or the trade is filled, these normally have a maximum life of 90 days.

At the Open order

An order to be executed at the opening auction of the market, either at the opening price or as near to the opening price as possible.

At the Close order

An order to be executed at the closing auction of the market, either at the closing price or as near to the closing price as possible.

Tools & Features

Reuters news

To access Reuters News, click the 'News' button in L2 dealer's navbar.



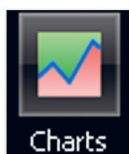
If you would like news on a particular market or subject, and know the code (eg BARC.L for London-listed Barclays), just type it in to the Reuters screen and click 'Go'.



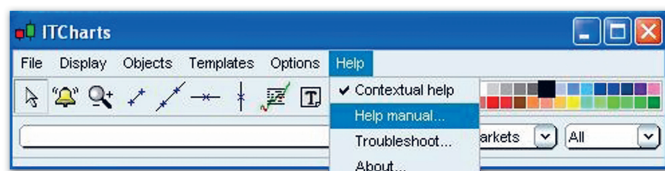
If you do not know a market's code, click the 'For a News Code' tab and enter your search term eg typing in Vodafone would bring back VOD.L. Click on articles of interest to open them in a new window.

Real-time charts

To access the charts facility, click on the 'Charts' button in the main L2 dealer navbar.

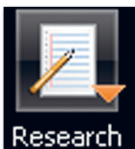


Once loaded, you have access to a huge range of features and utilities with which to visualise the markets. Click on the 'Help' drop-down menu in the 'ITCharts' toolbar and select 'Help Manual'.



Market commentaries

Access analysis from the experts by clicking the 'Research' button on the L2 ToolBar to take you to the Investor's Intelligence and Trading Central pages.



Investors Intelligence

Investors Intelligence is a bank of constantly updated information for the trader. This includes research, technical analysis on price movements, trends and timing changes of stocks, currencies, commodities and financial futures.

Trading Central

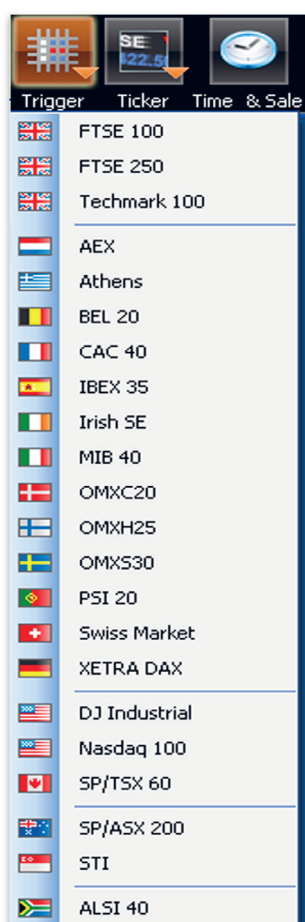
Trading Central is a leading investment research provider. Through L2 Dealer you can access their technical strategies which cover equity, index, fixed-income, forex and commodities markets.

Trading Central's daily technical studies outline their analysts' knowledge and price-movement predictions combined with the methodology they used to reach their conclusions.

Trigger pages

The Trigger Pages provide the best means to survey large blocks of live market data, from which you can quickly select specific stocks to view in greater depth. Each Trigger Page displays a comprehensive list of individual share prices and price changes for a major stock index. This allows you to monitor fluctuations in real-time across an entire index, ready to trade on any of the prices you see.

You can access Trigger Pages from the main menu bar, clicking on the 'Trigger' button and selecting an exchange from the list.



Once your Trigger Page is open you need only double-click on any stock listed to open an L2 Screen for that stock.

L2 Trigger Page: FTSE 100

FTSE 100

Symbol	Last	Chg	Symbol	Last	Chg	Symbol	Last	Chg	Symbol	Last	Chg
AALL	1573.00	-51.00	COB.L	184.70	-6.20	KGF.L	182.60	-3.40	SBRY.L	318.00	-11.25
ABF.L	754.50	-4.00	CPG.L	365.25	-4.75	LAND.L	488.75	-29.25	SDR.L	857.50	-15.50
ADM.L	895.50	-7.00	CPIL	706.00	-4.00	LGEL	62.80	-1.80	SDRC.L	757.50	-8.50
AMEC.L	631.50	-8.50	CW.L	142.20	-14.80	LILL	366.25	-17.50	SGE.L	186.90	-7.20
AML.L	344.75	-18.50	DGE.L	857.50	-9.50	LLOY.L	66.60	-3.90	SHP.L	887.50	-31.50
ANTO.L	583.50	-36.50	DRX.L	491.50	-5.50	LMIL	1277.00	10.00	SL.L	197.30	-3.20
ATST.L	285.75	-3.75	EMG.L	223.00	-9.00	MKS.L	286.50	-7.50	SMIN.L	750.00	-16.00
AU.L	1486.00	-14.00	ENRC.L	571.00	-44.00	MRW.L	240.25	-6.25	SN.L	450.00	-4.00
AV.L	326.25	-14.00	EXP.NL	480.50	-12.50	NG.L	591.50	-13.00	SRP.L	389.50	-12.75
AZN.L	2639.00	4.00	FP.L	72.90	-0.20	NXT.L	1455.00	-57.00	SSEL	1150.00	-5.00
BA.L	361.00	-15.25	FRCL.L	239.50	-8.25	OML.L	67.60	-3.40	STAN.L	1194.00	-65.00
BARC.L	281.50	-12.00	FRES.L	639.50	-11.00	PFC.L	634.50	-12.50	SVT.L	1120.00	-3.00
BATS.L	1668.00	-3.00	GFS.L	220.00	0.00	PNN.L	480.00	-11.25	TCG.L	235.00	-4.00
BAY.L	160.10	-8.70	GSK.L	1060.50	2.00	PRU.L	439.75	-15.75	TLW.L	983.00	37.00
BBY.L	356.75	-9.75	HMSO.L	289.25	-15.25	PSON.L	675.00	-30.00	TRIL.L	1713.00	-51.00
BG.L	1087.00	-15.00	HOMEL	236.50	-4.50	RB.L	2747.00	-39.00	TSCOL	348.30	-7.80
BLND.L	385.00	-29.00	HSBA.L	541.00	-20.50	RBS.L	40.30	-2.10	TT.L	258.50	0.50
BLTL	1411.00	-80.00	IAP.L	369.75	-34.25	RDSA.L	1632.00	-28.00	ULVR.L	1484.00	-9.00
BNZL.L	525.00	-11.50	IHG.L	649.50	-12.00	RDSB.L	1634.00	-22.00	UU.L	536.50	-9.50
BP.L	499.25	-13.75	IMTL	1611.00	-8.00	REL.L	507.50	-17.50	VED.L	1495.00	-44.00
BSY.L	454.75	-11.00	IPR.L	278.50	-5.25	REX.L	300.50	-3.75	VOD.L	115.00	-3.90
BT.A.L	87.20	-0.80	ISAT.L	506.00	-8.00	RIO.L	2714.00	-150.0	WPP.L	456.00	-14.00
CBRY.L	552.00	-2.50	ISYS.L	239.50	-1.25	RR.L	330.75	-14.25	WTB.L	857.00	-26.50
CCLL	1643.00	-105.0	ITRK.L	1071.00	-23.00	RRS.L	4161.00	-57.00	XTAL	642.50	-29.00
CNA.L	245.00	-3.50	JMAT.L	1220.00	7.00	RSAL	129.80	-3.10			
CNEL	2383.00	-49.00	KAZ.L	651.50	-60.00	SAB.L	1258.00	-22.00			

This will give you live access to the full order book and allow you to deal on the stock. You can keep any number of Trigger Pages open in the background while trading on a specific stock, to keep an eye on other movements.

You can also view the full order book by right-clicking on a stock and selecting Add To L2 Screen. Other options include opening a Deal Ticket or Tick Chart for this stock, and you can also drag and drop any stock to your Watchlist.

Ticker

Tickers provide you with scrolling real-time prices in a compact window that can sit tucked away on your platform layout. Up to three Ticker screens can be created using L2 dealer's list of default exchanges or use Watchlist Pro to create your own unique Ticker. To access the Ticker click the 'Ticker' button in the L2 dealer toolbar.



Ticker

VODL	VODL	VODL	VODL	VODL	VODL	WBL	WBL	VODL	VODL
168	-0%	168	-0%	168	-0%	168	-0%	168	-0%

Positions Window

Clicking on the 'Positions' button calls up the 'Positions' window, where you can:

- View detailed information of your open orders and orders to open
- Amend stops and limits
- Close positions.

Among the information on display is the level you dealt at, the size of the position, your daily and overall profit/loss and any stops or limits that are attached. Using the 'Aggregate' button you can aggregate any of your positions to give you an overall view of your exposure to an individual instrument. You can toggle your profit or loss in each position between the local currency of the instrument and your local base currency, using the 'Currency Converter' icon in the bottom left of the window.



Exporting Positions Window Data

To export your positions into an application outside of L2 Dealer you have two choices:

- Multi-select rows you want to copy and using the right-click menu, copy the information and paste it to any other application.
- Choose 'Export', which will create a file on your computer with all the positions in your window, using the same formatting.

This feature provides you with an easy-to-read audit trail for individual orders displayed in L2 dealer TradeBook.

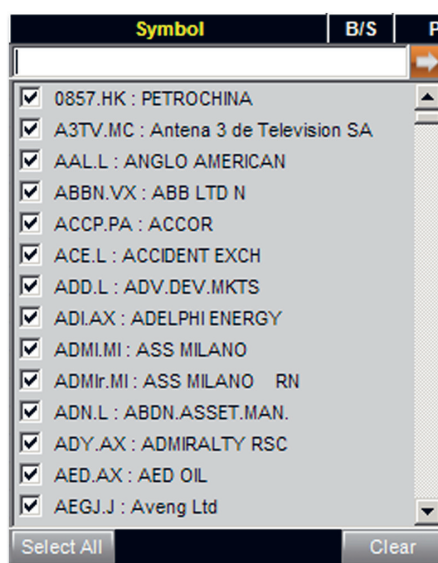
TradeBook

The TradeBook details your trading history, displaying your live orders in the top panel and those that have been completed (filled, rejected or deleted), in the bottom panel. It is ideal for gaining a panoramic view of the performance of your current trades, including trade sizes, prices and expiry times.

Customising your TradeBook

It is possible to customise your TradeBook by filtering the columns by field, making it easy to find trades. To do this, simply click any yellow column header and use the quick-search box to find your filter.

For example, if you wanted to search by the Symbol of your trades, click the 'Symbol' header and choose the one you want.



To remove all filters, click the 'Clear Filter' button.

You can create multiple TradeBooks, each with their own set of customisable filters, giving you maximum flexibility. These are saved whenever you shutdown L2 Dealer for when you start your next session.

Comments and reminders

In order to keep important notes or reminders on trades, you can attach a comment to any trade. To access this, use the right-click menu on any trade and launch the 'Comment' window.

Exporting your TradeBook

There are two methods for exporting your trades into an application outside L2 Dealer. You can multi-select rows you want to copy and using the right-click menu, copy the information and then paste it to any other application. Alternatively you can choose 'Export', which will create a file on your PC with all the visible trades in your TradeBook, using the same formatting.

Trade audit

Tracks each step of your order and allows details to be easily transferred to Excel or any other similar Microsoft Windows applications.

Watchlist Pro

Watchlist Pro allows you to build a number of dynamic portfolios. You can drag and drop stocks from Deal Tickets or Trigger Pages onto the Watchlist: simply drag the stock's name onto the Watchlist you want it to appear on, and all the information will be transferred.

Symbol	Quantity	Price Level	Type	Valid	Side	Send	Stock Name	Bid Vol	Bid
SHP.L			Limit	Day		Send	SHIRE	7384	
SL.L			Limit	Day		Send	STD LIFE	8050	19
SMIN.L			Limit	Day		Send	SMITHS GROUP	1545	
SN.L			Limit	Day		Send	SMITH&NEPHEW	1949	44
SSE.L			Limit	Day		Send	SCOT.&STH.E...	15222	1
STAN.L			Limit	Day		Send	STAND.CHART.	7748	1
SVT.L			Limit	Day		Send	SEVERN TRENT	260	1
TCG.L			Limit	Day		Send	THOMAS COOK	12703	
TLW.L			Limit	Day		Send	TULLOW OIL	5400	
TRILL			Limit	Day		Send	THOMSON...	877	1
TSCO.L			Limit	Day		Send	TESCO	7100	34
TT.L			Limit	Day		Send	TUI TRAVEL	2214	
ULVR.L			Limit	Day		Send	UNILEVER	2479	1
UU.L			Limit	Day		Send	UTD. UTILITIES	16018	53
VED.L			Limit	Day		Send	VEDANTA	449	1
VOD.L			Limit	Day		Send	VODAFONE...	80511	
WG.L			Limit	Day		Send	WOOD GRP(J)	634	26
WOS.L			Limit	Day		Send	WOLSELEY	840	1
WPP.L			Limit	Day		Send	WPP	1854	44
WTB.L			Limit	Day		Send	WHITBREAD	900	
XTAL			Limit	Day		Send	XSTRATA	5525	63

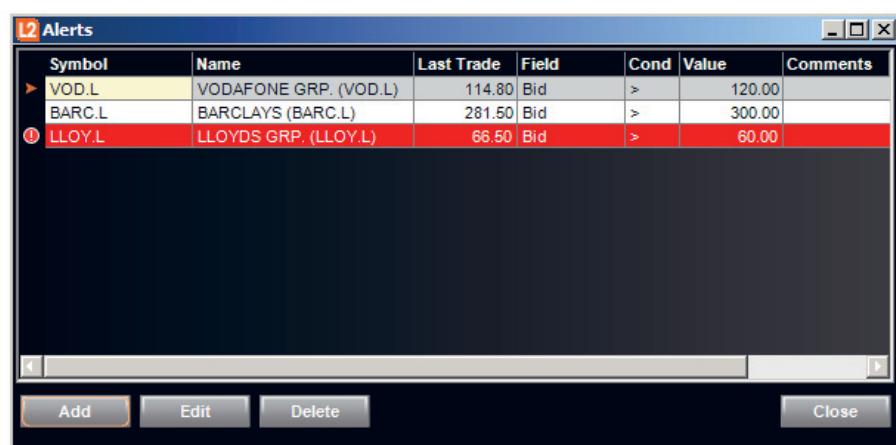
To make managing your portfolios easier, you can import and export data between Watchlist Pro and programs such as Word and Excel. Simply cut and paste from one application to the other. This means that if you have a list of stocks and their codes you are interested in, in a spreadsheet or document, you can just cut and paste it into a Watchlist and all those stocks will be looked up and instantly accessible.

In Watchlist Pro you can view the range of stocks you are interested in and trade on them without having to open a Deal Ticket. Click the 'Show Trading' button, then using the left hand column, you can select order type, buy or sell, the price you want and the quantity. To edit these values, click on each column and enter your information. Once you are happy, click the 'Send' button at the end of your instrument's row. If you want to deal with multiple stocks at once, enter the information and then click the 'Send All' button at the bottom of the screen.

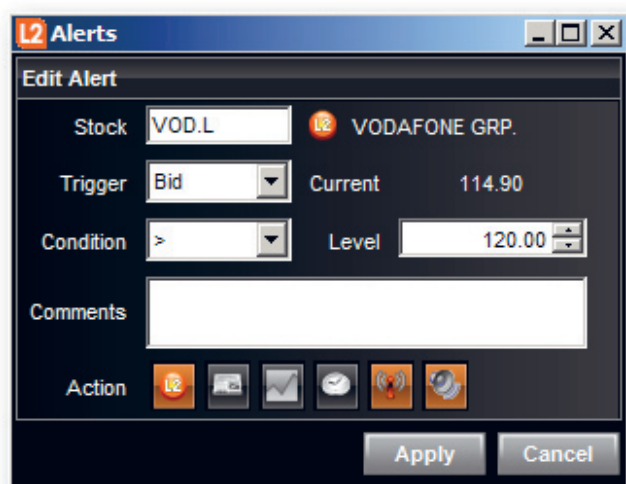
If you would like to store the data in your Watchlist in a document or spreadsheet, click on the top stock in the right hand column, press 'Shift' and scroll down until all the stocks you want are selected. Then right-click and select 'Copy', before pasting it into your Word or Excel document.

Alerts

L2 Dealer's fully customisable alerts do the time-consuming job of market-watching for you, informing you as soon as your specified market conditions are met.



Simply choose the market you wish to monitor in the 'Stock' field by typing in the code – a quick-search box will be called up displaying matching stocks – and then decide on your triggers. These include Bid and Ask levels, Net Change and Percentage Change, for which you can set the trigger level in the 'Level' and 'Condition' fields.



Finally, you can select the action you wish the Alert to perform when triggered, including bringing up a relevant L2 Screen, Deal Ticket, News story, Tick Chart, Time & Sales table, Alert flash or simply instruct L2 Dealer to notify you with a sound.

You can also set up alerts from many of the existing L2 screens using the right-click menu.

Things to Remember

L2 Dealer is only suitable for experienced traders

L2 Dealer is our platform for more experienced traders. L2 Dealer is more complicated and involves some more risks than a standard OTC CFD platform* and is therefore not appropriate for everyone. Before signing up to L2 Dealer you should ensure you have a good knowledge and understanding of the platform and the additional risks involved.

L2 Dealer involves additional risk to our standard CFD platform

As explained in Section 1, the ultimate product you receive from the L2 Dealer platform is the same as the product you receive from our standard OTC CFD platform (i.e. a CFD with us). The product risks associated with both platforms are therefore largely the same. However because the manner in which you obtain a CFD via L2 Dealer is different and more complicated than the manner in which you obtain a CFD via our standard OTC CFD platform, L2 Dealer involves extra risk:

L2 Dealer is complicated

L2 Dealer allows you to view the full order book and therefore is more complex than the price display in a standard OTC CFD platform.

You are required to know exchange rules and law

As a condition of us granting you access to L2 Dealer and allowing you to trade in the underlying market in our name, you agree that you will be responsible for knowing all of the rules and law relevant to the exchange on which you are dealing. This includes exchange rules (eg. the LSE Rules), rules on disclosure of interests (eg. Takeover Panel Rules),

and market conduct rules (eg. insider trading and market abuse rules). Under the terms of our customer agreement, you indemnify us for any loss that we incur or any claims made against us as a result of your failure to comply with exchange rules and law.

You need to know RSP etiquette

If you choose to deal with RSPs via L2 Dealer, you need to understand and follow RSP etiquette.

Mistakes cannot be overturned

Since we take our own position in the underlying market in order to provide you with a mirror contract, you cannot change or cancel your order once executed. You must therefore take extra care when placing orders that you enter the correct size and price. If you have incorrectly or erroneously submitted an order you are bound by the size and price at which the order has been executed.

L2 Dealer may involve some charges

Before you begin trading via L2 Dealer, you should fully understand the costs involved. Depending on the exchange on which you wish to trade, you may be liable to pay some data usage fees. You should also be aware that, under the terms of our customer agreement, you agree to indemnify us for any transaction costs, such as stock borrowing fees, which we incur as a result of your transaction. Contact us for more information on these costs plus commission and funding charges.

*i.e. a platform that does not display market depth and where the Buy and Sell prices are the CFD provider's own.

L2 Forex Direct

Introduction

L2 Forex Direct is a professional-level dealing service exclusively for IG's Institutional and high volume professional FX clients. L2 Forex Direct is available on the L2 platform, but is not suitable for, nor available to, all L2 clients.

L2 Forex Direct facilitates CFD forex trading based on prices derived from IG's Currenex liquidity pool. The L2 platform offers our clients the full benefits of our multi-bank portal together with Currenex's own liquidity allowing you to execute directly into the order book in our name, and at the same time automatically create a CFD position with IG Markets.

How it works: once you submit an order via L2 against our order book our system performs an instantaneous margin check to ensure the trade can be done. If authorised, a mirror order is sent to the Currenex market by IG Markets and you will simultaneously enter into a CFD transaction with us. Our system will exactly mirror all orders and deals and give an exact corresponding OTC CFD position (please ask for details or visit our site for OTC CFD contract details).

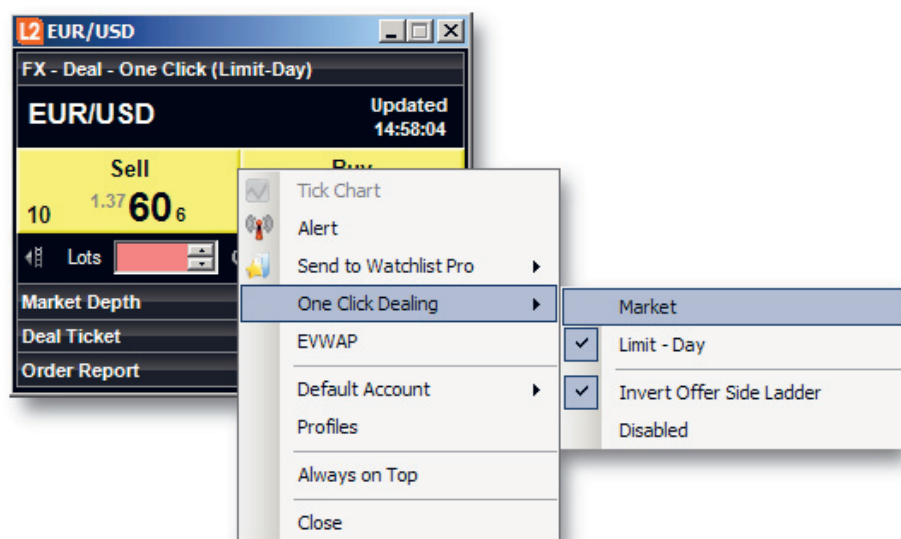
Functionality and Features

Contracts and Lot sizes

L2 Forex Direct deals transacted via the L2 platform are submitted in terms of Standard Lots. One standard lot is the equivalent of 100,000 of the first named currency. For more details please see our contract details on our website or call our customer services desk for details.

One-click dealing

For quick dealing each deal ticket can be set to one click dealing by right clicking on the Deal Ticket and choosing either the Limit-Day or MKT mode under the One Click Dealing option or the Global Options.



One click dealing in Limit – Day mode sends your order to the exchange as a Good For Day Limit order at the rate you click on. Therefore if the price you click on is available in the amount you are requesting, your order will be executed. If however the full size you have requested is not available in the price you have clicked on or the market moves, your order will be executed up to the amount available and the remainder will continue to work as an order at the rate you clicked on until the end of the day (22:00 UK time). You may of course amend or cancel any order or remainder of an order at any time.

One click dealing in MKT mode sends an instruction to deal at market i.e. at the prevailing market rate for the size you have requested. Therefore in some cases it may be that your order is executed at a rate different to the one you clicked on as the market may move.

Please note that all Limit-Day and MKT one click orders will be booked as one position at the average rate you receive for the transaction i.e. partial fills will not be booked as separate deals.

Limit-Day orders which have been partially filled will not be booked to your account until the whole order has been filled or the remainder of the order (if you have received a partial fill) has been cancelled.

Order functionality

The L2 platform facilitates a wide range of orders including Market, Stop, Limits, OCO and At Best orders all of which can be left either GTC or Good for Day which can be left via the Deal Ticket drop down.

Further, the L2 platform enables you to elect whether your Stop orders are triggered basis the Bid or Ask price.

For example the current bid/ask for GBPUSD is showing 2.0345 – 2.0346. You leave a Stop to buy 50 lots of GBPUSD at a price of 2.0360 and chose that the stop be triggered basis the Bid price. Therefore your order will be triggered when the market Bid price reaches 2.0360 at which point we will execute a buy 50 lots of GBPUSD at Market order on your behalf.

If however you had chosen to trigger the Stop order basis the Ask price your order would have been triggered when the market Ask price reached 2.0360 at which point 50 lots of GBPUSD would be bought at the prevailing market Ask price.

Please note that all Good for Day orders will last until 22:00 UK time at which point they will be cancelled.

All orders with the exception of GTC orders will be booked to your account at the average price executed for the order. No part of an order will be filled until the whole order has been executed or the order (if it has been partially filled) has been cancelled.

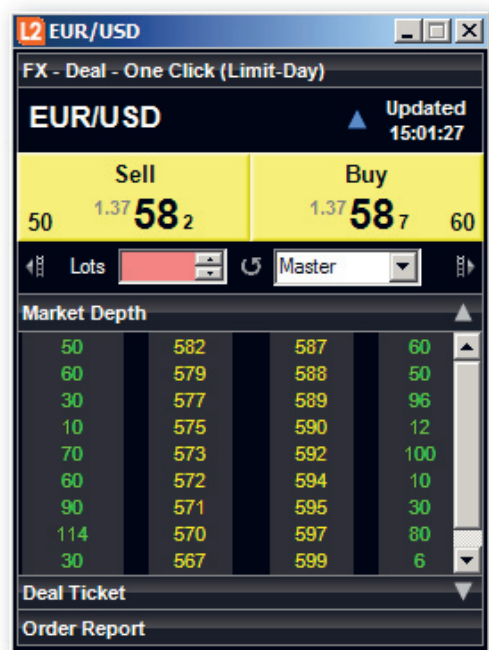
GTC orders will be booked to your account immediately as each partial fill is executed.

Market depth

Each Deal Ticket allows you to see the order book for each currency pair to 10 levels thus allowing you to monitor the progress of your orders.

The market depth shows the quantity in terms of Lots for every price available.

You can also set the order book to show in EVWAP view which fixes the quantities each price is good in allowing you to make trading decisions much more clearly.



Liquidity and OTC contracts

The Currenex order book contains not only Currenex's own pool of liquidity but also liquidity from up to 15 top tier banks at any time.

However should you have any concerns regarding liquidity, the L2 dealer also allows our customers the opportunity to deal exactly the same contracts against the dealing desk via our OTC fixed spread offering.

This means you can for example open a position via the L2 Forex Direct service and close it by dealing our OTC fixed spread offering with the dealing desk or vice versa open a contract against our OTC fixed spread offering and close it via the L2 dealer.

You can even leave orders against specific positions for our order server to watch rather than place it in the Currenex Forex Direct order book.

Our OTC fixed spread offering can be found in the Currencies sub folder within the OTC Contracts folder in the Dictionary Tree.

The screenshot shows the L2 Dictionary window. The 'Tree' pane on the left shows the hierarchy: Equities > OTC > Futures > FX. The 'Details' pane on the right shows a list of OTC contracts with columns for Market, Period, Bid, and Ask.

Market	Period	Bid	Ask
Spot FX GBP/EUR	-	11419.3	-
Spot FX EUR/JPY	-	13016.6	-
Spot FX EUR/GBP	-	8755.2	-
Spot Gold can now be found...	-	936.9	-
Spot Gold	-	936.9	-
Spot FX USD/CHF	-	11043.5	-
Spot FX EUR/CHF	-	15191.8	-
Spot FX EUR/USD	-	13754.9	-
Spot FX AUD/USD	-	7695.8	-
Spot FX USD/JPY	-	9462.4	-
Spot FX GBP/USD	-	15709.8	-
Spot FX USD/CAD	-	11447.4	-

Example

You buy 50 lots of USDCAD via L2. You wish to place a stop on the position overnight but are concerned that a possible lack of liquidity in the overnight session may mean that the price at which your order may be executed will not be favourable to you. You may therefore decide to leave a stop with our order server to monitor and execute for you. In this case you would attach a stop to your position from our Open Positions monitor or leave an order via our OTC deal tickets.

Our charges

Please note that trading with us via L2 Forex Direct attracts a different range of charges than our other forex products including our OTC fixed spread offering.

A standard commission of \$30/million USD dealt will be charged to your account with each trade placed through the L2 Forex Direct order book.

The below are two examples of how the commission will be calculated:

Example 1

Client buys 10 lots of EURUSD (1 contract = EUR100,000) at a rate of 1.3800.

The notional amount of EUR being dealt is therefore EUR1,000,000 (10 lots at EUR100,000 per lot).

The notional amount of USD dealt is therefore 1,379,900 (EUR1000,000 * 1.3799 (being the mid rate of our EURUSD quote at the time the deal was booked to your account)).

Therefore after we apply the \$30/million USD charge, the commission charged for the deal will be \$41.40 ($(USD1,379,900 / 1,000,000) * 30$)

Example 2

Client buys 20 lots of GBPJPY (1 contract = GBP100,000) at a rate of 2.3700. The notional amount of USD being dealt is therefore calculated as follows:

The notional amount of GBP dealt is 2,000,000 (20 lots at GBP100,000 per lot).

The notional amount of USD is therefore 4,040,000 (GBP 2,000,000 * 2.0200 (being the mid rate of our GBPUSD quote at the time the deal was booked to your account)).

Therefore after we apply the \$30/million USD charge the commission charged for the deal will be \$121.20 ($(USD4,040,000 / 1,000,000) * 30$).

All commission will be booked to the account in USD unless otherwise agreed.

There will be a minimum charge of \$30.

No Commission will be charged for dealing our OTC fixed spread offering. The charges for these transactions are contained within our spread (details of which can be found in our contract details).

Conditions of Use / Rules of Engagement

The L2 Forex Direct service is intended for use by Institutional and high volume professional forex traders. This product is a sophisticated offering and is therefore not suitable for, nor available to, everyone.

Please note that IG has established relationships in good faith with liquidity-providing banks to allow our clients access to their dealing rates within the L2 Forex Direct order book. Complaints arising from our liquidity-providing banks regarding the dealing or dealing patterns of a particular L2 Forex Direct customer may lead to any or all the dealing rates provided by our liquidity-providing banks being removed from their Forex Direct order book.

Persistent misuse of the platform or failure to transact sufficient volume each month may also lead to dealing privileges being restricted or access to the L2 Forex Direct platform being removed.

Getting started

If you would like access to L2 Forex Direct please call in to our Institutional Support desk who will be happy to discuss your requirements and assist you in the set up process.

Once you have spoken to our Institutional Support desk and have been granted access to the L2 Forex and received a username and password for the L2 dealer you can follow our system requirements and installation process for the L2 dealer via our website.

Appendix A

Market abuse

Under the EU Market Abuse Directive there are seven types of behaviour which may constitute market abuse. These are set out in summary below.

Abuse 1: Insider dealing

This is where an insider i.e. a person in possession of unpublished price sensitive information deals or attempts to deal in a qualifying investment on the basis of that information.

Abuse 2: Improper disclosure

This is where an insider discloses inside information to another person otherwise than in the proper course of the exercise of his employment, profession or duties.

Abuse 3: Misuse of information

This is where the behaviour does not amount to insider dealing or improper disclosure but:

- a) is based on information not generally available to those using the market but which, if available to a regular user of the market, would be, or would be likely to be, regarded by him as relevant when deciding the terms on which transactions in qualifying investments should be effected; and
- b) is likely to be regarded by a regular user of the market as a failure on the part of the person concerned to observe the standard of behaviour reasonably expected of a person in his position in relation to the market.

Abuse 4: Manipulating transactions

This consists of effecting transactions or orders to trade (otherwise than for legitimate reasons) which:

- a) give, or are likely to give a false or misleading impression as to the supply of, or demand for, or as to the price of a qualifying investment, or
- b) secure the price of an investment at an abnormal or artificial level.

Abuse 5: Manipulating devices

The fifth type of behaviour consists of effecting transactions or orders to trade which employ fictitious devices or any other form of deception.

Abuse 6: Dissemination

The sixth type of behaviour consists of the dissemination of information which gives, or is likely to give, a false or misleading impression as to an investment by a person who knew or could reasonably be expected to have known that the information was false or misleading.

Abuse 7: Misleading behaviour and distortion

The seventh type of behaviour (where the abuse does not amount to any of the behaviours in respect of manipulation or dissemination described above) is where it:

- a) is likely to give a regular user of the market a false or misleading impression as to the supply of, demand for or price or value of an investment; or
- b) would be, or would likely be, regarded by a regular user of the market as behaviour that would distort or be likely to distort the market in such an investment.

Market Etiquette when dealing with RSPs

Trading directly with a market maker over a Retail Service Provider (RSP) is not normally available to non-members of the LSE. As the provider of L2 and as a member of LSE, the order is being placed in our name. It is important, therefore, to observe the correct etiquette of dealing over this system.

We, as the provider of L2, have to consider the needs of all our clients dealing with an RSP, and so will be forced to quickly remove any single client's access to the RSP if any market maker complains. Market etiquette is broadly common sense, however, so this should not discourage a trader from using the RSPs.

Some of the actions which may breach accepted etiquette include:

- Asking for multiple quotes without dealing. Because the price is held for 15 seconds, the stock price may move in your favour within that time. While it is fine to deal if the price has moved, it is not acceptable to repeatedly ask for prices and only deal if the price moves. An RSP may refuse to honour such a trade. If you are looking for a particular level, you should place a Limit Order.
- Dealing on Moving Stocks. Particularly in the case of SETSqx stocks, the RSPs are concerned about being 'picked off' if they have not managed to move their price on a momentum driven stock. With fast moving SETSqx stocks, it is better to phone an Order through. While the definition of a moving stock may be subjective, the RSP will exercise his right as to who he deals with. Using the RSP for momentum trading will result in this facility immediately being withdrawn.
- Dealing with an RSP and the Order Book. If you have an order for 20 000 shares and the RSPs are making prices in 10 000, you cannot buy 10 000 then immediately buy another 10 000. Similarly, you should not buy 10 000 through the RSP and then buy another 10 000 on SETS. Naturally enough, the RSP needs to be given a chance to unwind a part of the position he has taken on if need be. If you need to buy 20 000 you can either leave this as a limit order, or phone the order through to the dealing desk.

