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| --- | --- | --- | --- |
| Reference Number  (to be filled out by Secretariat) | MCF\_02 | | |
| Change Title | *Trading Halt if Clearing House Requests* | | |
| Proposer | Date | Phone | Email |
| Nigel Thomson | 06/12/2017 |  |  |
| Document section to change | C.2 | | |
| Changes explained | | | |
| While performing a due diligence exercise on the interrelationships between SEMOpx Rules of the Exchange and the Clearing Conditions of the Clearing House, it was identified that an additional scenario requires coverage under the Trading Halt arrangements.  This is to ensure that SEMOpx are able to comply with the requirements of the Clearing House’s (ECC’s) Clearing Conditions to suspend or exclude an Exchange Member from trading – potentially for a short time duration and likely to be at short notice – as a result of a breach by the Exchange Member, or the Exchange Members Clearing Member, of the ECC Clearing Conditions.  By including this change in the SEMOpx Rules it ensures that SEMOpx is able to comply with actions that the Clearing House is able to take – as defined in the ECC Clearing Conditions and agreed between the Clearing House and Exchange Member.   |  | | --- | | The proposal is to add to the criteria under clause C 2.4.1 of the SEMOpx Rules. | | | | |
| Text changes (tracked) | | | |
| **C 2.4 Trading Halt**  C 2.4.1 SEMOpx may declare an Exchange Member to be subject to a Trading Halt if:  a) the Exchange Member breaches these SEMOpx Rules, the Procedures or the Exchange Membership Agreement and SEMOpx considers that the breach adversely affects the operation of any of the Trading Systems or another Exchange Member’s ability to interface with those systems;  b) SEMOpx is aware that paragraph G.12.3.2 of the Trading and Settlement Code applies and, in accordance with that paragraph, the Market Operator is prohibited from accepting Contracted Quantities submitted by any Scheduling Agent in respect of a Participant who has a Unit or Units registered under the Trading and Settlement Code for which the Exchange Member is authorised by SEMOpx to submit Orders (with a term in italics in this paragraph having the meaning given in the Trading and Settlement Code);  c) SEMOpx considers that it is necessary to do so to ensure the integrity of the Exchange in light of the SEMOpx Objective and SEMOpx Principles; or  d) SEMOpx considers that the Exchange Member may have breached one or more of the conduct provisions set out in Chapter D;  e) SEMOpx is requested to exclude an Exchange Member from trading by the Clearing House in accordance with the Clearing Conditions. | | | |
| Consultation Activities | | | |
| The rationale and the proposed legal wording were provided in the [NEMO BLG held on the 6th Dec 2017](http://www.sem-o.com/ISEM/General/NEMO_BLG%20Presentation%2006%20December%202017.pdf)  Subsequent amendments to the legal text were made after consideration of the comments received from Exchange Members. As provided [here](http://www.sem-o.com/ISEM/General/MCF_02%20Comments%20and%20Responses.xls).  A further update was provided in the [NEMO BLG held on the 26th Jan 2018.](http://www.sem-o.com/ISEM/General/NEMO_BLG%20Presentation%2026%20January%202018.pdf) | | | |
| Exchange Committee views | SEMOpx Views | | Final Decision  (Rules only RAs, Operating Procedures only SEMOpx) |
| Comments received from Exchange Members are provided [here](http://www.sem-o.com/ISEM/General/MCF_02%20Comments%20and%20Responses.xls). | Response to Exchange Member comments are provided [here](http://www.sem-o.com/ISEM/General/MCF_02%20Comments%20and%20Responses.xls).  SEMOpx believe the change is warranted to ensure SEMOpx can comply with requirements of the Clearing Conditions that have been agreed between the Clearing House and the Exchange Members. | |  |