

CRYPTO ETN ADMISSION FACTSHEET



Introduction

The document outlines the process for admitting crypto Exchange Traded Notes to trading on London Stock Exchange plc (the “Exchange”).

Exchange Traded Notes (“ETNs”) are debt securities which provide exposure to an underlying asset. Crypto ETNs that track the performance of an underlying cryptoasset (“**Crypto ETNs**”) are traded on their own dedicated trading segments as referred to below and are settled through EUI (Euroclear UK & Ireland) or Euroclear Bank & Clear Stream Bank (ICSD). Crypto ETNs enable investors to trade securities which track cryptoassets, on-exchange, during London trading hours.

Admission Guidance

Given the guidance and views published by the FCA in respect of cryptoassets, the Exchange considers that the admission of certain securities representing cryptoassets may be detrimental to the reputation and integrity of the Exchange’s markets and/or the Exchange. Accordingly, the Exchange will only consider applications for admission in respect of Crypto ETNs where the issuer can demonstrate to the satisfaction of the Exchange how it can meet (and will continue to meet after admission) the following:

- (1) The proposed Crypto ETN:
 - (a) is physically backed, i.e. non-leveraged;
 - (b) has a market price or other value measure of the underlying that is reliable and publicly available¹; and
 - (c) has Bitcoin or Ethereum underlying cryptoassets².
- (2) The underlying cryptoassets must be:
 - (a) (i) wholly or principally held in ‘cold storage’³ (i.e. in an offline depositary wallet), which includes cold staking; or
 - (ii) subject to arrangements that achieve an equivalent outcome to cold storage. In cases where the issuer is

¹ The reference price benchmark must be sourced from a sufficiently diverse range of pricing sources; a single source is not sufficient unless the single source is an index which itself is comprised of multiple pricing sources.

² The Exchange reserves the right in its sole discretion to restrict or expand the list of suitable underlying cryptoassets.

³ ‘Wholly or principally held in cold storage’ shall be taken to mean at least 90% of the underlying cryptoassets will be held in cold storage at any given time.

- intending to employ arrangements other than cold storage, the Exchange will require the issuer to obtain an audit report from a suitably qualified 3rd party⁴; and
- (b) held by a custodian or custodians that are subject to AML regulation in the United Kingdom, European Union (or European Economic Area, where equivalent laws apply), Jersey, Switzerland or United States⁵.

Notwithstanding that an issuer might be able to demonstrate all of the factors referred to above, pursuant to Section 2, Part 1, Paragraph 2.5 of the Admission and Disclosure Standards, the Exchange reserves the right and has full discretion to refuse an application for admission of any Crypto ETNs.

Trading Segment

On 6 January 2021, the Financial Conduct Authority (“FCA”) introduced a ban on the sale of derivatives and ETNs that reference unregulated transferable cryptoassets to retail consumers⁶. Accordingly, Crypto ETNs admitted to trading on LSE are **only appropriate for professionals** and are **only available under trading segments specifically designated as “Professional investors only”**, as listed below:

- **ETPR** - ETN - EUI - PROFESSIONAL INVESTORS ONLY – SETS
- **ECPR** - ETN - ICSD - PROFESSIONAL INVESTORS ONLY

Please refer to the Exchange’s [Business Parameters](#) for more information.

Admission Process

In order to mitigate the risk of delay in the admission timetable, the Exchange encourages early engagement from prospective issuers interested in admitting Crypto ETNs to trading on the Exchange. Given the nature of the product, and the admission guidance set out in this Factsheet, standard admission timelines do not apply to Crypto ETNs. Issuers and their advisers should

⁴ The issuer will be required to satisfy the Exchange that the proposed 3rd party is suitably qualified, credible and experienced, and that the report properly demonstrates that the alternative arrangements achieve an outcome that is at least equivalent to cold storage.

⁵ The Exchange reserves the right in its sole discretion to restrict or expand the list of acceptable jurisdictions for custodians.

⁶ [FCA bans the sale of crypto-derivatives to retail consumers | FCA](#)



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therefore liaise with the Exchange at the earliest opportunity to discuss their proposed admission. Separate to an issuer's application to the Exchange for admission an issuer should discuss its application for listing with the FCA on +44 (0)20 7066 1000.

For further general information in relation to the admission of Exchange Traded Products, please refer to our website.

Multi-Currency Lines⁷

Issuers can admit up to three different currency lines for each Crypto ETN. These can be applied for simultaneously with the main currency line or at a later date. If applying for multi-currency lines at a later date, we require the same documentation within the same extended timetables as above, with the exception of the prospectus/pricing supplements.

Additionally, these lines will require unique tradable instrument display mnemonics ("TIDMs") and London SEDOL codes while the ISIN of the multi-currency line will be identical to that of the standard line. Please forward all documentation to admissions@lseg.com.

LCH Requirements

When a large number of securities are due to admit to the Exchange's market on the same day, LCH requires that the Exchange provide additional lead time for security setups. Please therefore ensure that a draft Static Data Form is submitted to the Exchange within the below time frames, to avoid any potential delays to admission.

Volume of additions	Notice required
Batches of less than 10	24 hours from LCH confirmation
Batches of 10-29	Five business days
Batches of 30-49	10 business days
Batches of 50 and above	Three weeks

Contact

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Market Operations – Admissions: +44 (0)20 7797 4310

Market Operations – Market Control: +44 (0)20 7797 3666
(option one)

SEDOL Masterfile: +44 (0)20 7797 3009

⁷ To admit CNY trading lines, we will require up to one month's notice.

