

N16/18

Consultation on amendments to the International Securities Market Rulebook

Introduction

1. London Stock Exchange (“Exchange”) is consulting on amendments to the International Securities Market Rulebook (“ISM Rulebook”) to enable Insurance Linked Securities (“ILS”) to be admitted to International Securities Market (“ISM”). The consultation additionally includes some other changes as discussed below.
2. The consultation is relevant to issuers already admitted to trading and to issuers proposing to seek admission to trading on ISM, together with their corporate advisers and investors.
3. The Exchange’s proposed amendments (shown in track changes) to the ISM Rulebook are set out in Attachment 1 to this Notice.

Insurance Linked Securities

4. On 8 December 2017, the Government approved the Risk Transformation Regulations 2017, which established a regulatory framework for ILS issuers to be domiciled in the UK. Following this, the ISM Rulebook is being amended to enable UK authorised ILS issuers to be admitted to ISM.

Proposed ILS related changes to the ISM Rulebook

5. The proposed ILS changes are related to admission to trading as follows:
 - a. new eligibility requirements for an ILS issuer at Section 1;
 - b. amendment to the mechanism for the publication of admission particulars for ILS issuers only;
 - c. a new Schedule 6A (Additional Securities Disclosures for Insurance Linked Securities), setting out specific disclosure requirements for ILS issuers; and
 - d. amendments to Schedule 2 (Additional Issuer Disclosure for Asset Backed Securities).

Other changes to the ISM Rulebook

6. As well as some administrative changes, further changes are proposed as follows:
 - a. Paragraph 2.1 of Section 2 (future incorporation by reference).

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It is proposed that this section be amended to allow an issuer to incorporate information that has been published in accordance with Article 17 of the Market Abuse Regulation¹ by reference into its admission particulars.

- b. Paragraph 7.2 of Section 2 (omission of information from an issuer's admission particulars)

It is proposed to:

- i. clarify the Schedule 1 disclosure requirements which apply to certain guarantors; and
 - ii. provide for the omission of financial information and certain disclosure where the guarantor group represents more than 25% but less than 75% of the consolidated profits and consolidated assets of the group's audited consolidated financial information and provided that the guarantee prevents structural subordination.
7. The FCA is currently consulting on "Proposed changes to the Handbook and Binding Technical Standards"², in which it made reference to the HM Treasury proposal to allow for a wider group of public sector issuers to issue securities without producing a prospectus. If this proposal is implemented, the Exchange proposes to align the ISM Rulebook accordingly.

Consultation responses

8. Comments are invited to this consultation by close of business on 18 January 2019. Responses should be sent, by email, to: primarymarketregulation@lseg.com.
9. The Exchange will confirm the final rules soon after the consultation has closed.

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This Stock Exchange Notice will be available on the website at:
www.londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/stockexnoticesnew/

Calls to London Stock Exchange plc may be recorded to enable London Stock Exchange to carry out its regulatory responsibilities

¹ <https://www.fca.org.uk/markets/market-abuse/regulation>

² <https://www.fca.org.uk/publications/consultation-papers/cp18-36-brex-it-proposed-changes-handbook-and-binding-technical-standards-second-consultation>