

Guide to listing of debt on European stock exchanges





A number of European stock exchanges have become major centres for listing debt securities. The London, Irish and Luxembourg stock exchanges are among those with the most significant activity. This guide aims to provide a high-level summary of the admission requirements and continuing obligations for listing debt securities on each of these three exchanges.

A common trait of all three exchanges is the presence of two markets with different features and requirements:

- An EU-regulated market with an external regulator, in which issuers are subject to the relevant EU Directives, such as the Prospectus and Transparency Directives
- An exchange-regulated market that does not have an external regulator and that falls outside the scope of the relevant EU Directives

In choosing the most appropriate exchange and market, companies should consider the merits of each and how they meet their overall needs, such as funds to be raised, liquidity and so on.

Some factors to be taken into account include:

- Investor needs
- Listing requirements
- Ability/willingness to produce IFRS accounts

- Stock exchange fundamentals: regulation, strategic focus and investor relations, liquidity and depth of capital
- Corporate image

On regulated markets, issuers are subject to the EU Prospectus Directive. Accordingly, investors can also obtain a passport to other European markets and access to international investors.

Eligibility for listing

Regardless of the stock exchange to be used, there are certain eligibility criteria that are common to all three exchanges. These include:

- Free transferability of debt securities, no restrictions on selling securities once purchased
- Minimum initial debt offering of EUR 200,000
- All securities of the same class must be listed

Listing of debt securities on the EU-regulated markets

The regulated markets for listing debt securities on the three exchanges covered in this guide are:

- ***The Main Market (London Stock Exchange)***
- ***The Main Securities Market (Irish Stock Exchange)***
- ***The Bourse de Luxembourg (Luxembourg Stock Exchange)***

These markets are regulated by the corresponding regulatory authorities, namely the Financial Services Authority in the UK, the Irish Financial Services Authority/Central Bank of Ireland in Ireland and the Commission de Surveillance du Secteur Financier in Luxembourg. These organisations are also the competent authorities for approving the prospectus for debt securities listed on these regulated markets.

The financial reporting framework, contents of the prospectus and the continuing obligations of issuers are driven by the relevant EU Directives and Regulations, such as the Prospectus and Transparency Directives. This guide does not contain separate descriptions

for each of the above regulated markets, as similar considerations apply.

The EU Prospectus Directive makes a distinction between securities designed for professional or wholesale investors and those available to retail investors. The distinction is largely determined by reference to the nominal value (or face value) of a single security. There are some important differences between the financial reporting framework and other requirements for retail and wholesale securities on EU-regulated markets. Retail rules apply to all securities with a nominal value lower than the equivalent of EUR 100,000. Wholesale rules apply to higher denominations.

Content of the Prospectus

The Prospectus Directive and Regulations govern the content of the prospectus for debt securities listed on all regulated markets within the European Union. The key information to be included in a prospectus,

as summarised in the table below, applies therefore to the London, Irish and Luxembourg regulated markets. Presenting financial information can be complicated and is an issue that needs to be considered at an early stage.

	Retail Investors	Wholesale Investors
Historical financial information	Two years of audited financial information (or such shorter period that the issuer has been in operation) As a minimum, the most recent year's financial information must be presented in a form consistent with that which will be adopted in the issuer's next published annual financial statements, taking into account the relevant accounting standards and legislation	
Interim financial information	To be included if published since the last audited financial statements; if audited or reviewed, then the report is to be included	Not required
	Must be included if more than nine months have elapsed since year end	Not required
Trend information	Statement on whether or not there has been any material adverse change in prospects since the last audited accounts	
	Information on trends, uncertainties, demands, commitments or events likely to have a material effect in the current year	Not required
Significant change	Statement required for all debt securities listings	
Profit forecast information	If profit forecasts are included, a statement of assumptions is required	
	To be reported on by auditors if profit forecasts are included	No auditor's report required; statement by the issuer that forecasts have been properly prepared and the basis of accounting is consistent with its accounting policies
Expert's report	If a report is specifically prepared for the purposes of the prospectus, then the expert will need to consent to its inclusion	
Incorporation by reference	Information may be incorporated by reference if it has been filed with the relevant regulator or the competent authority of the issuer's EU home member state	
Pro forma information	Pro forma financial information is not required, but generally is presented if there has been a significant change. If presented voluntarily, must be reported on by an accountant	

Continuing obligations and financial reporting

The continuing obligations for debt issuers in EU-regulated markets are driven by the Transparency Directive and are generally the same across all EU-regulated markets. There are some

differences in terms of continuing obligations with respect to debt securities depending on whether the nominal value is less or more than EUR 100,000.

Insider information	Must be disclosed to the market as soon as possible
	Significant transactions must be disclosed to the market as soon as possible
Annual report and accounts	Must be approved and published within four months of the year end for retail debt issuers. As regards wholesale issuers, must be approved and published within six months of the year end for the London Stock Exchange and within the timeframe permitted under national legislation for the Irish Stock Exchange, whereas there is no such requirement for Luxembourg. Annual financial statements, where required, must be audited for both retail and wholesale issuers
Half-yearly reports	<ul style="list-style-type: none"> Half-yearly reports are only required for retail debt listed on the EU-regulated markets, and must be approved and published within two months of the period to which they relate; such interim financial statements do not need to be audited or reviewed, but if they have been, then the audit/review report must also be published Half-yearly reports are not required for wholesale debt issuers

Note 1: Issuers of debt securities listed on the Irish Stock Exchange's Main Securities Market with a denomination of more than EUR 100,000 (if listed after 31st December 2010) do not have to file annual and half-yearly financial statements.

Note 2: Issuers whose home member state is Luxembourg and that have only issued debt securities with a denomination per unit of at least EUR 100,000 are exempt from the requirement to publish financial information.

Listing of debt securities on the Exchange-regulated markets

As mentioned above, stock exchanges have also set up exchange-regulated markets in addition to those regulated by the EU. These markets are characterised by a less stringent regulatory regime than that of the EU-regulated markets. They do not fall within the scope of an EU-regulated market under the Markets in Financial Instruments Directive (“MiFID”), and therefore the requirements of the Prospectus and Transparency Directives do not apply.

Such markets are designed to meet the financing needs of issuers who are looking for a sound regulatory framework but do not require a European passport as envisaged in the Prospectus Directive. Another important feature of these markets is that financial information does not have to be prepared under IFRS, although IFRS financial statements may still be preferred.

London Stock Exchange

The exchange-regulated market in London for listing debt securities is the **Professional Securities Market (“PSM”)**. It is suitable for professional investors and is outside the scope of the EU Prospectus Directive, though certain provisions of the Directive apply through the relevant Listing Rules. The distinction between wholesale and retail markets does not apply to the PSM, which allows securities with a denomination under EUR 100,000 to be offered to the wholesale market.

PSM therefore provides an alternative for issuers who do not wish to prepare their financial information under IFRS or equivalent accounting standards (such as US GAAP, Canadian GAAP and Japanese GAAP), or who wish to offer lower denomination securities to wholesale investors.

Irish Stock Exchange

The exchange-regulated market of the Irish Stock Exchange (“ISE”) is the **Global Exchange Market (“GEM”)** and is the successor market to the ISE’s Alternative Securities Market. GEM is a Multilateral Trading Facility as defined in the MiFID. This market’s regulatory regime is set out in the ISE’s Global Exchange Market Listing and Admission to Trading Rules. The ISE, as the competent authority for listing in Ireland, is responsible for approving securities to be listed on GEM.

Luxembourg Stock Exchange

The exchange-regulated market of the Luxembourg Stock Exchange is the **Euro MTF Market**. The Luxembourg Stock Exchange itself is in charge of approving prospectuses in accordance with its Rules and Regulations. The Euro MTF Market is a Multilateral Trading Facility as defined in the MiFID.

Content of the Listing Particulars/Prospectus

Issuers of debt securities on the exchange-regulated markets of the London and Irish Stock Exchanges do not prepare a prospectus, as per the Prospectus Directive, but prepare listing particulars instead. The rules of the stock exchanges govern the content of the listing particulars.

In the case of Luxembourg's Euro MTF Market, the document to be prepared is still labelled a prospectus. Although the Euro MTF Market, being an exchange-regulated market, falls outside the scope

of the Prospectus Directive, issuers can choose to follow the requirements as set out in the Prospectus Directive or the requirements as set out in the Rules and Regulations of the Luxembourg Stock Exchange. Issuers in the Euro MTF Market do not have to prepare financial information under IFRS and national GAAP is acceptable.

The table below summarises the key requirements for listing particulars/prospectuses for the three exchange-regulated markets under review.

	London PSM	Irish GEM	Luxembourg Euro MTF
Historical financial information	Two years of audited financial information (or such shorter period that the issuer has been in operation)		
	As a minimum, the most recent year's financial information must be presented in a form consistent with that which will be adopted in the issuer's next published annual financial statements, taking into account the relevant accounting standards and legislation		
Interim financial information	Not required		Must be included if more than nine months have elapsed since year end
Trend information	Statement on whether there has been any material adverse change in prospects since the last audited accounts		
	Information on trends, uncertainties, demands, commitments or events likely to have material effect in current year is not required		Information on trends, uncertainties, demands, commitments or events likely to have material effect in current year
Significant change	Statement required for all debt securities listings		
Profit forecast information	If profit forecasts are included, a statement of assumptions is required		If profit forecasts are included, a statement of assumptions is required; exemption possible under the exchange's Rules and Regulations
	No auditors' report required; statement by the issuer that forecasts have been properly prepared and the basis of accounting is consistent with its accounting policies		
Expert's report	If a report is specifically prepared for the purposes of the listing particulars, then the expert will need to consent to its inclusion		Even if a report is specifically prepared for the purposes of the prospectus, there is no requirement for the expert to consent to its inclusion

Continuing obligations and financial reporting

The continuing obligations for debt issuers in exchange-regulated markets are broadly the same as those of issuers in EU-regulated markets, for example, in terms of significant transactions, insider information and so on.

In terms of financial information, the table below summarises the key requirements for issuers.

	London PSM	Irish GEM	Luxembourg Euro MTF
Annual report and accounts	Must be approved and published no more than six months after year end	Must be approved and published within the timeframe permitted under national legislation	Must be approved and published within the timeframe permitted under national legislation
	Annual financial statements must be audited	Annual financial statements must be audited	Annual financial statements must be audited
Half-yearly reports	Not required	Not required	Not required

Note: Issuers of debt securities on Luxembourg's Euro MTF Market with a denomination per unit of at least EUR 100,000 are exempt from the requirement to publish financial information

