Update to Listing Rules on The International Stock Exchange

August 2021

The International Stock Exchange ("TISE") has announced a number of improvements to its Listing Rules and Fees to take effect today, designed to bring the exchange into alignment with international practice, add further flexibility to its offering, and to streamline processes from a client perspective.

Walkers' Channel Islands Listings Team welcomes these changes which will be of interest to existing listings clients, to those considering new listings and their professional advisers. Key changes to the Listing Rules include:

• The creation of separate rulebooks for Bonds and Equities to assist Members, issuers, and other market participants in easily identifying the relevant content;
• The establishment of a dedicated Qualified Investor Bond Market ("QIBM"), which is a familiar concept within European debt capital markets and whereby listing is only eligible for bonds being marketed to 'qualified investors' (as defined in the QIBM Listing Rules);

QIBM & Equity Market

• In tandem with the introduction of the new Listing Rules from today, TISE is introducing the TISE Guarantee. It guarantees '3+1' review timelines in order that issuers might plan their launch with certainty. This comprises a commitment to conducting an initial review of listing applications within 3 business days of first submission and within 1 business day of subsequent submission(s). In addition, they will continue to facilitate same day approval where an application for approval has been received by 12 noon (GMT). Under QIBM, they commit to same day listing of final terms issued under a programme when received by 12 noon (GMT);

QIBM

• The period for which historic financial information of an issuer needs to be provided is being reduced from 3 years to 2 years, where applicable, which is on a par with other bond markets;
• TISE has included rules in relation to the listing of derivative bonds and provided for a bespoke regime in respect of the listing of sovereign & other public bonds;
• Newly introduced is the concept of the TISE Passport programme, a pan-European fast track listing service available for those bond programmes already approved by a national competent authority within the EEA or UK. TISE will accept a pre-vetted bond programme where it has been 'wrapped' with a templated TISE Passport Letter. The completed TISE Passport Letter and corresponding bond programme together constitute a TISE Passport programme for the purposes of listing final terms on TISE. This initiative complements the existing TISE Approved programme service for bond programmes which are not submitted under the TISE Passport service, and which are therefore fully reviewed and approved for listing;
• The expected principal amount of bonds to be listed is being reduced from being at least £1 million (aggregate) to at least £200,000 (non-aggregate), which again will be both familiar and attractive to issuers who use other European bond markets;
• TISE has streamlined the application process through the introduction of a consolidated TISE 1 Form (a single listing application form required to be completed by the issuer) and revised the requirements of the initial & final application documents;

Equity Market

• To align with developing market trends in the US and the UK in relation to the listing of Special Purpose Acquisition Companies ("SPACs") and notably where there may be an institutional investor base, TISE has made specific amendments as follows:

- Dual share class structures (and founder shares) are permitted, subject to certain provisions and disclosure requirements;
- Issuers seeking to complete qualifying acquisitions must give shareholders the option to redeem, or otherwise acquire the shares from the shareholders for a pre-determined value or price per share;
- A SPAC issuer may not need to obtain prior shareholder approval for the completion of a qualifying acquisition, subject to certain exemption provisions;
- Any proposed qualifying acquisition must be announced to the market within three business days; and
- There is no requirement for a SPAC issuer to suspend dealings in its securities upon an announcement being made in relation to a proposed qualifying acquisition.

Listing Fees

Key aspects of the new Listing Fees include:

• The creation of separate listing fee schedules for bonds and equities to correlate with the relevant rulebooks;

QIBM and Equity Market

• From today, the provision of a Comments Letter will no longer be contingent on the payment of the Initial Application Fee and instead the Initial Application Fee, first Annual Fee and Formal Notice Fee or Lifetime Fee invoice (as applicable) must be settled by 12 noon (GMT) on the required application approval date, prior to listing;

QIBM

• The maintenance of the existing fee structure and rates for high yield corporate bonds, private equity debt securities and specialist debt securities to provide stability and continuity in these key core business streams;
• In order to provide a more attractive proposition, there is now the option of either a Lifetime Fee (encompassing all Initial Application, Annual and Formal Notice Fees, as well as any Early Delist Fee that may become applicable) OR fees charged in the traditional manner as set out under 'all other debt securities' in relation to:

- other corporate bonds (as defined in the QIBM fee schedule);
- derivative bonds;
- securitisation including but not limited to Collateralised Loan Obligations (CLOs); and
- sovereign & other public bonds

• Bonds issued under programmes will now be charged Lifetime Fees which will vary according to their specific circumstances;

Equity Market

• The fee structure and rates for equities remains unchanged – it is only the presentation which has altered.

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