



Channel Islands - TISE – Listing PIK Notes

Introduction

Walkers Capital Markets Limited ("**WCML**") is a Category 1 and 2 Listing Member of the International Stock Exchange Authority Limited (the "**Authority**") which means that we are able to act as a sponsor for all listing purposes, enabling all clients to achieve their goals. We are experienced in the provision of high quality and cost effective professional legal and listing services.

PIK Notes

The purpose of this memorandum is to provide information on the process and procedures of (the "**Authority**") for the listing of payment in kind notes ("**PIK Notes**") in lieu of payment of interest, also known as funding bonds.

This memorandum is also relevant to the listing of further bonds which are fully fungible with the existing listed bonds (ie they form a single series/the same class as the original bonds in issue) if the issue of such securities was pre-empted during the initial listing application stage.

Subject to a number of exceptions, a UK tax paying company is obliged to withhold tax from payments of interest. As The International Stock Exchange ("**TISE**") is a recognised stock exchange by Her Majesty's Revenue and Customs pursuant to section 1005 of the Income Tax Act (2007), qualifying bonds listed on TISE are eligible for the Quoted Eurobond Exemption which allows an issuer liable to pay UK tax to make payments of interest on the listed securities gross, without deduction of withholding tax.

Procedure for Listing PIK Notes

PIK notes are generally listed post-completion under their abridged procedure which is straightforward. Please note that for such procedure to apply, the initial listing application for listing the bonds should also include sufficient headroom for further PIK Notes to be issued from time to time. Therefore, the application should be made to list "**an unlimited number of PIK Notes**" or alternatively an "**up to**" amount of PIK Notes, so as to ensure that this is the case.

Each time PIK Notes are to be issued by way of satisfaction of an interest payment, notification should be provided to WCML. We would suggest providing notification within 10 business days following the date of issue.

In order for the first and any subsequent tranches to be listed, the Authority must receive notification and the relevant supporting documents by 12:00 noon (UK Time), for the listing to take place at 18:00 on the same day. We would recommend listing the further issues in chronological issue date order.

An issuer seeking a PIK listing would be required to provide WCML with a copy of the board resolutions of the issuer authorising the issuance and listing of the PIK Notes (if available), together with the effective date of issue, the number of PIK notes to be listed and evidence of the PIK Note issuance, such as a PIK Note certificate or register. Once the required information is approved by the Authority, they will arrange to publish an announcement on their website to confirm the new total quantum of PIK Notes in issue.

Listing PIK Notes that form a separate class of securities

If the instrument creating the bond permits the issue of PIK Notes, the PIK Notes will be listed as a separate class of securities, unless they are fully fungible in every respect with the original bond in issue. The listing process of a separate class of PIK Notes that has been pre-empted as part of the preliminary TISE listing application for the issuer would follow the same procedure as outlined above. The only exception would be in relation to an additional TISE fee, the first annual fee and is required to be settled by TISE, prior to the date of listing.

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For further information please refer to your usual contact or:

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