

Chapter 19

Securitized derivatives: Standard listing

19.1 Application

- 19.1.1** **R** This chapter applies to an *issuer* of:
- (1) *retail securitised derivatives*;
 - (2) *specialist securitised derivatives*; and
 - (3) other derivative products if the *FCA* has specifically approved their *listing* under this chapter.

Other derivative products

- 19.1.2** **R** For the purposes of this chapter, an *issuer* of other derivative products that have received the specific approval of the *FCA* to be *listed* under this chapter must comply with the *rules* applicable to an *issuer* of *specialist securitised derivatives* unless otherwise stated.
- 19.1.3** **R** The *FCA* will not admit to *listing*, under this chapter, other derivative products that are likely to be bought and traded by investors who are not *specialist investors*, unless the derivative product falls within the scope of *specified investments* in Part III of the *Regulated Activities Order*.



19.2 Requirements for listing

19.2.1 **R** An *applicant* for the *admission* of *securitised derivatives* must comply with ■ LR 2 (Requirements for listing - all securities) and the following requirements.

Requirements for listing: the issuer

19.2.2 **R** An *applicant* for the *admission* of *securitised derivatives* must either:

- (1) have *permission* under the *Act* to carry on its activities relating to *securitised derivatives* and be either a *bank* or a *securities and futures firm*;
- (2) if the *applicant* is an *overseas company*:
 - (a) be regulated by an *overseas regulator* responsible for the regulation of banks, securities firms or futures firms and which has a lead regulation agreement for financial supervision with the *FCA*; and
 - (b) be carrying on its activities relating to *securitised derivatives* within the approved scope of its business; or
- (3) arrange for its obligations in relation to the *securitised derivatives*, to be unconditionally and irrevocably *guaranteed* by, or benefit from an arrangement which is equivalent in its effect to such a *guarantee* provided by, an entity which satisfies (1) or (2).

Requirements for listing

19.2.3 **R** For a *securitised derivative* to be *listed*, its *underlying instrument* must be traded on a regulated, regularly operating, recognised open market, unless it is:

- (1) a currency; or
- (2) an index; or
- (3) an interest rate; or
- (4) a basket of any of the above.

19.2.4 **R** The *FCA* may modify or dispense with the requirement in ■ LR 19.2.3 R for other derivative products.

Requirements for listing: retail products

19.2.5

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To be *listed*, a *retail securitised derivative* must:

- (1) satisfy the requirements set out in ■ LR 19.2.3 R; and
- (2) not be a *contingent liability investment*.

19.2.6

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To be *listed*, if a *retail securitised derivative* gives its holder a right of exercise, its terms and conditions must provide that:

- (1) for cash settled *securitised derivatives* that are *in the money* at the *exercise time* on the *expiration date*, the exercise of the *securitised derivative* is automatic; or
- (2) for physically settled *securitised derivatives* that are *in the money* at the *exercise time* on the *expiration date*, if the holder fails to deliver an *exercise notice* by the time stipulated in the terms and conditions, the *issuer* will, irrespective of the failure to exercise, pay to the holder an amount in cash in lieu of the holders failure to deliver the *exercise notice*, the amount and method of calculation of this amount to be determined by the *issuer*.



19.3 Listing applications

Listing application procedures

19.3.1 **R** An applicant for admission of securitised derivatives must comply with:

- (1) ■ LR 3.2 (Application for admission to listing); and
- (2) ■ LR 3.4.4 R to ■ LR 3.4.8 R.

19.3.2 **R** In addition to the documents referred to in ■ LR 3.4.6 R, an applicant for admission of securitised derivatives must keep a copy of the securitised derivative agreement or securitised derivative instrument or similar document for six years after the admission of the relevant securitised derivative.

19.4 Continuing obligations

Application

- 19.4.1 **R** An *issuer* that has only *securitised derivative listed* is subject to the continuing obligations set out in this chapter.
- 19.4.2 **R** An *issuer* that has both *securitised derivatives* and other *securities listed* is subject to the continuing obligations set out in this chapter and the continuing obligations that are applicable to the other *securities so listed*.

Admission to trading

- 19.4.3 **R**
- (1) An *issuer's listed securitised derivatives* must be admitted to trading on a *RIE's* market for *listed securities* at all times.
 - (2) An *issuer* must inform the *FCA* in writing as soon as possible if it has:
 - (a) requested a *RIE* to admit or re-admit any of its *listed securitised derivatives* to trading; or
 - (b) requested a *RIE* to cancel or suspend trading of any of its *listed securitised derivatives*; or
 - (c) been informed by a *RIE* that the trading of any of its *listed securitised derivatives* will be cancelled or suspended.
- 19.4.4 **R** [deleted]
- 19.4.5 **R** [deleted]
- 19.4.6 **R** [deleted]
- 19.4.7 **R** If an issue is *guaranteed* by an unlisted *company*, an *issuer* must submit the guarantor's accounts to the *FCA*.
- 19.4.8 **R** [deleted]

19.4.9 **R** [deleted]

Settlement arrangements

- 19.4.10 **R**
- (1) An *issuer* must ensure that appropriate settlement arrangements for its *listed securitised derivatives* are in place.
 - (2) *Listed securitised derivatives* must be eligible for electronic settlement, which includes settlement by a relevant system, as that term is defined in the Uncertificated Securities Regulations 1995 (SI 1995/3272).

Disclosure requirements and transparency rules

19.4.11 **R** An *issuer* must comply with the obligations referred to under articles 17 and 18 of the *Market Abuse Regulation* as if it were an *issuer* for the purposes of those obligations and the *transparency rules*, subject to article 22 of the *Market Abuse Regulation*.

19.4.11A **G** An *issuer*, whose securities are admitted to trading on a *regulated market*, should consider its obligations under **■ DTR 4** (Periodic financial reporting), **■ DTR 5** (Vote holder and issuer notification rules) and **■ DTR 6** (Access to information).

19.4.11B **R** For the purposes of compliance with the *transparency rules*, the FCA considers that an *issuer of securitised derivatives* should comply with **■ DTR 4**, **■ DTR 5** and **■ DTR 6** as if it were an issuer of debt securities as defined in the *transparency rules*.

19.4.11C **G** An *issuer* that is not already required to comply with the *transparency rules* must comply with **■ DTR 6.3** as if it were an issuer for the purposes of the *transparency rules*.

Disclosure of rights attached to securitised derivatives

- 19.4.11D **R**
- (1) An *issuer* must comply with the requirements of **■ LR 14.3.11AR** to **■ LR 14.3.11DR**.
 - (2) For the purposes of this rule:
 - (a) references to a *company* in **■ LR 14.3.11AR** to **■ LR 14.3.11DR** must be read as references to an *issuer*; and
 - (b) references to *listed shares* in **■ LR 14.3.11AR** to **■ LR 14.3.11DR** must be read as references to *listed securitised derivatives*.

Documents of title

19.4.12 **R** An *issuer* must comply with the requirements in **■ LR 9.5.15 R** (temporary documents of title) and **■ LR 9.5.16 R** (definitive documents of title) so far as relevant to *securitised derivatives*.



19.5 Disclosures

- 19.5.1 **R** An *issuer* must submit to the *FCA* two copies of any document required by **LR 19.5.2 R** to **LR 19.5.10 R** at the same time as the document is issued.
- 19.5.2 **R** [deleted]
- 19.5.3 **R** [deleted]
- 19.5.4 **R** [deleted]
- 19.5.5 **R** [deleted]
- 19.5.6 **R** [deleted]
- 19.5.7 **R** An *issuer* must notify a *RIS* of all notices to holders of *listed securitised derivatives* no later than the date of despatch or publication.
- 19.5.8 **R** [deleted]
- 19.5.9 **R** **Underlying instruments**
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An *issuer* must notify a *RIS* of any adjustment or modification it makes to the *securitised derivative* as a result of any change in or to the *underlying instrument* including details of the underlying event that necessitated the adjustment or modification.
- 19.5.10 **R** **Suspension of listing**
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An *issuer* must inform the *FCA* immediately if it becomes aware that an *underlying instrument* that is listed or traded outside the *United Kingdom* has been suspended.

Note: ■ LR 5.1.2G (7) and (8) and ■ LR 5.4.6 G are of relevance to an *issuer* of *securitised derivatives*.

