

Chapter 19

Securitised 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.
- 19.2.2

R

Requirements for listing: the issuer

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).

19.2.3

R

Requirements for listing

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.
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Requirements for listing: retail products

19.2.5

R

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

R

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	<p>(1) An <i>issuer</i> must ensure that appropriate settlement arrangements for its <i>listed securitised derivatives</i> are in place.</p> <p>(2) <i>Listed securitised derivatives</i> 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).</p>
Disclosure requirements and transparency rules		
19.4.11	R	An <i>issuer</i> must comply with the obligations referred to under articles 17 and 18 of the <i>Market Abuse Regulation</i> as if it were an <i>issuer</i> for the purposes of those obligations and the <i>transparency rules</i> , subject to article 22 of the <i>Market Abuse Regulation</i> .
19.4.11A	G	An <i>issuer</i> , whose securities are admitted to trading on a <i>regulated market</i> , 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 <i>transparency rules</i> , the FCA considers that an <i>issuer of securitised derivatives</i> should comply with ■ DTR 4, ■ DTR 5 and ■ DTR 6 as if it were an issuer of debt securities as defined in the <i>transparency rules</i> .
19.4.11C	G	An <i>issuer</i> that is not already required to comply with the <i>transparency rules</i> must comply with ■ DTR 6.3 as if it were an issuer for the purposes of the <i>transparency rules</i> .
Disclosure of rights attached to securitised derivatives		
19.4.11D	R	<p>(1) An <i>issuer</i> must comply with the requirements of ■ LR 14.3.11AR to ■ LR 14.3.11DR.</p> <p>(2) For the purposes of this rule:</p> <p>(a) references to a <i>company</i> in ■ LR 14.3.11AR to ■ LR 14.3.11DR must be read as references to an <i>issuer</i>; and</p> <p>(b) references to <i>listed shares</i> in ■ LR 14.3.11AR to ■ LR 14.3.11DR must be read as references to <i>listed securitised derivatives</i>.</p>
Documents of title		
19.4.12	R	An <i>issuer</i> 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 <i>securitised derivatives</i> .

		<div></div> <div>19.5</div> <div>Disclosures</div>
19.5.1	R	An issuer must submit to the FCA a copy 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, by uploading it to the <i>national storage mechanism</i> .
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 <i>listed securitised derivatives</i> no later than the date of despatch or publication.
19.5.8	R	[deleted]
19.5.9	R	<div>Underlying instruments</div> <div>An issuer must notify a RIS of any adjustment or modification it makes to the <i>securitised derivative</i> as a result of any change in or to the <i>underlying instrument</i> including details of the underlying event that necessitated the adjustment or modification.</div>
19.5.10	R	<div>Suspension of listing</div> <div>An issuer must inform the FCA immediately if it becomes aware that an <i>underlying instrument</i> that is listed or traded outside the <i>United Kingdom</i> has been suspended.</div>

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

