

Covered Warrants Listing and Admission Guidelines

Step 1. Listing covered warrants with the UKLA

The listing approval for covered warrants is to be obtained from the UK Listing Authority (UKLA). Although part of the FSA, the listing procedure is separate from the process of regulatory approval for the warrant market participants.

(i) Framework of rules for covered warrants

The listing rules applicable to covered warrants are those of a "securitised derivative", and are addressed accordingly in the Listing Rules ("Purple Book"). The "Purple Book" sets out all the rules for securities on the Official List, covering both listing approval and continuing obligations.

(ii) The listing procedure

A primary listing in London is required in order for the covered warrants to be traded on the covered warrant market. The steps taken to acquire a listing are as follows:

- A listing agent may need to be appointed by the issuer in order to manage the listing, and act as the contact with the UKLA. (A list of agents is available from the UKLA or on their website: www.fsa.gov.uk/ukla/). However, this function can be handled by the issuer directly.
- The listing agent will advise on the contents of the "Purple Book" and assist in the production of the listing documents to be submitted to the UKLA for approval.
- The listing agent submits the prospectus and associated documentation to the UKLA.
- The prospectus review by the UKLA typically takes a day but this depends on whether a pricing supplement or programme is being registered. It is advisable to submit the prospectus as soon as possible, and not just prior to the desired date for the start of trading.
- Once UKLA approval has been granted, the Exchange can process the application for admission to the warrant market and initiate trading readiness.

(iii) Allocation of ISINs

For the submission of documentation to the UKLA, it is likely that ISINs will have to be obtained for each pricing supplement. The appropriate authority to which ISIN requests should be made is the country in which the issuer is located.

Step 2 Admitting covered warrants onto the London Stock Exchange

Admittance to the Exchange can be run in parallel with the request for listing from the UKLA, and the Exchange encourages potential issuers to provide the Exchange with early notice of their programmes and submission of pricing supplements.

(i) Conditions for admittance

The Exchange specifies the following criteria before covered warrants will be admitted to the covered warrant market:

- the issue must be listed by the UKLA
- the issue must be accessible to retail investors
- an issuer must ensure that there is liquidity provision for the lifetime of the warrant and that at least one member firm of the Exchange provides liquidity for the warrant
- the covered warrant must be eligible for electronic settlement in CREST.

Covered warrants not matching the above criteria may be admitted to the Exchange but they will not trade on the warrant platform.

(ii) Procedure for admittance to trade on the London Stock Exchange

- If the issuer is new to the Exchange, they must contact the Issuer Services Corporate Adviser and Admissions Team. An initial meeting may be required with the Corporate Adviser and Admissions Team that would be held in parallel with the listing application at the UKLA. Applications may be handled by the issuer's designated listing agent.
- Most covered warrants will be issued in a securitised derivative issuance programme – i.e. a main prospectus which is valid for 12 months to cover one series of covered warrants; for each tranche a separate pricing supplement is produced.
- For each programme, issuers need to supply a written submission to Corporate Adviser and Admission Services confirming:
 - eligibility for electronic settlement
 - details of member firm(s) registered to trade the securities; and
 - confirmation that the security will be listed as a securitised derivative by the UKLA.
- In addition to the above, the issuer will send the Exchange
 - an application for Admission form
 - the programme document,
 - 2 copies of the stamped-off UKLA submission (in hard copy format)
 - documentation relating to any specific warrant lines under the programme.
 - a completed "Covered Warrant Trading Form" to the Exchange in electronic format.
- When all the above documentation for that issue (pricing supplement) has been received, the application for admission will be processed, and examined for compliance with Exchange admission criteria and the tranche numbered.
- The documentation for the warrant issues must be received by 2pm in order to meet the Exchange's "hearing" and for it to be admitted on the next trading day. The "hearing" has to be at least one day in advance of the start of trading, and will only take place once UKLA approval has been granted. Contact with the Exchange is desirable before submission of the documents so that any issues can be discussed.

(iii) Notifying CREST of admission to trade

Issuers should notify CREST of the lines of warrants intended to list.