

## Attachment 1 to Stock Exchange Notice N08/11

### WHEN ISSUED DEALING

This guide outlines the process and timetable for the submission of documentation to support an application for When Issued dealing and should be read in accordance with the London Stock Exchange's Admission and Disclosure Standards together with rules 1530 - 1532 of the Rules of the London Stock Exchange.

1. Overview of When Issued Dealing
2. Application Documentation and Timetable
3. Approval and Commencement of Trading on a When Issued Basis
4. Postponement or Cancellation of When Issued Dealing
5. Settlement of When Issued Trades

#### 1. Overview of When Issued Dealing

Often called 'conditional' dealing, When Issued dealing is a period of dealing with deferred settlement, which typically takes place in securities that are due to be listed or admitted to trading on one of the markets of the London Stock Exchange ("the Exchange").

Trades during the When Issued period, are conditional on the security being listed or admitted to trading and can only settle once this has taken place. In the event the security is not listed or admitted to trading, all transactions effected during the period of When Issued dealing are declared void by the Exchange. This information is disseminated to the market via a Stock Exchange Notice.

The When Issued period allows market participants the ability to trade a new issue ahead of its full listing and/or admission to trading on an organised and regulated basis. As well as facilitating price formation ahead of unconditional admission to trading it allows participants the earliest opportunity to agree an entry or exit price of a new issue according to their investment or regulatory requirements.

If you would like to discuss the application process further please contact the Market Operations team on 020 7797 4310 or email [admissions@londonstockexchange.com](mailto:admissions@londonstockexchange.com)

#### 2. Application Documentation and Timetable

An application for When Issued dealing will ordinarily have the support of the issuer and will usually be submitted by the sponsoring broker to the issue.

However, the Exchange will consider applications for When Issued dealing from member firms not associated with the issue on a case by case basis. An application for When Issued dealing must include the name of an individual who can deal with all aspects of the application.

At least **ten business days prior** to the day on which the applicant wishes When Issued dealing to commence, the Exchange must receive:

- A draft When Issued dealing application form;  
<http://www.londonstockexchange.com/companies-and-advisors/main-market/documents/application/form.htm>
- A draft Form 1; or  
an AIM application Form, as appropriate;
- A copy of a draft prospectus, listing particulars or AIM admission document; <http://www.londonstockexchange.com/companies-and-advisors/aim/publications/forms/forms.htm>
- Details of the likely offer price, if applicable; and
- A draft stabilisation notice, if applicable.

At least **two business days prior** to the day on which the applicant wishes When Issued dealing to commence, the Exchange must receive:

- The final When Issued dealing application form.

On the **business day prior** to the start of When Issued dealing the Exchange must receive:

- Confirmation that the listing or admission documents have been approved by the relevant competent authority;
- Confirmation of when share allocation is due to take place and an indicative trading price, if applicable; and
- The draft stabilisation notice, if applicable.

On this day, the Exchange will notify market participants of the proposed timetable for both When Issued dealing and the commencement of unconditional dealing via the Exchange's email subscription service Datasync. Further details can be found here:

<http://www.londonstockexchange.com/products-and-services/reference-data/datasync/datasync.htm>

### **3. Approval and Commencement of Trading on a When Issued Basis**

When Issued dealing will be considered for initial public offers (including GDRs or ADRs), de-mergers and for securities created via a corporate action, but only where there is no other suitable Exchange market for the securities created by the corporate action. Permission for When Issued dealing is granted entirely at the discretion of the Exchange. The Exchange must be satisfied that:

- there will be a fair and orderly market in the trading of the securities;
- the security will be sufficiently liquid, taking into account the size of the issue;
- the security can be settled in electronic form; and
- there is sufficient demand for When Issued dealing in the security.

In determining if the security is sufficiently liquid, the Exchange will normally only permit When Issued dealing in securities which are due to be traded on an order book (e.g. SETS, the Order Book for Retail Bonds (“ORB”) or the International Order Book (“IOB”)).

When Issued trading will only commence once:

- the offer price (where applicable) and allocation details have been publicly announced;
- the listing and/or admission documents have been approved by the relevant competent authority; and
- the Exchange has obtained all relevant regulatory and operational approvals. This includes acceptance of the security by the venue in which it is due to settle and, if applicable, the relevant central counterparty.

The When Issued dealing period typically lasts for three business days. The Exchange will consider other trading periods, either shorter or longer, on a case by case basis. However, longer periods will only be permitted where the Exchange is satisfied that no settlement of When Issued dealing trades will take place prior to the listing or admission to trading.

When Issued dealing will not be considered for those securities which are “Admitted to Trading Only”. For details see:

<http://www.londonstockexchange.com/companies-and-advisors/listing/admission-to-trading/admission-to-trading.htm>

In addition, under Exchange rule 1530, When Issued dealing in Gilt-Edged securities will only take place once the UK Debt Management Office has

announced that such trades are permitted together with the relevant timetable.

#### **4. Postponement or Cancellation of When Issued Dealing**

It is essential that the Exchange is immediately informed of any potential problems that may cause When Issued dealing to be postponed or cancelled. In particular, if an applicant becomes aware that When Issued dealing is to be postponed or cancelled prior to the start of trading, it must contact Market Operations on 020 7797 4310 and email [admissions@londonstockexchange.com](mailto:admissions@londonstockexchange.com) no later than 07:00 on the morning trading is due to start.

#### **5. Settlement of When Issued Dealing Trades**

The earliest settlement date for When Issued trades is the day of listing or admission to unconditional trading.

##### CREST settlement (operated by Euroclear UK & Ireland)

For the purpose of matching settlement instructions in CREST, the intended settlement date (“ISD”) for transactions executed on SETS or transactions in corporate bond trades executed on ORB, the ISD should be calculated on the standard T+3 basis.

Member firms that enter into an “on Exchange” off book transaction during the When Issued dealing period can enter an ISD which is earlier than the day of listing or admission to trading, however, CREST will prevent settlement of such trades until listing or admission has taken place.

Where the Exchange has permitted an extended period of When Issued dealing (i.e. the period is more than three days), member firms should still calculate the ISD on the standard T+3 basis as CREST will not release the security for settlement until listing or admission to trading has taken place.

##### Euroclear settlement

For central counterparty transactions executed on the IOB (which settle in Euroclear) the ISD is calculated on the standard T+3 basis.

The earliest ISD that a member firm should enter for an “on Exchange” off book transaction during the When Issued period is the day of listing or admission to trading. Member firms should ensure that settlement does not take place until listing or admission to trading has taken place.

Where the Exchange has agreed an extended When Issued period for a central counterparty security which trades on the IOB, unlike SETS, it is necessary to enter the required ISD which will be the **later** of commencement of unconditional dealings or T+3.