

“When Issued Dealing” on the Order book for Retail Bonds



When Issued Dealing on ORB

This guide outlines the process and timetable for the submission of documentation to support an application for When Issued Dealing (WID) on the Order book for Retail Bonds (ORB) or on the Order book for Fixed Income Securities (OFIS) 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.

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1. Overview of WID

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

Trades during the When Issued period, are conditional on the bond being listed and admitted to trading and can only settle once this has taken place. In the event the bond 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 to trade a new issue ahead of its full listing and 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@lseg.com.



2. Overview of WID

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 issuer. 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 the following:

- A draft When Issued dealing application form (www.londonstockexchange.com/whenissued)
- A draft ORB Form 1 (www.londonstockexchange.com/orbform1)
- A copy of a draft prospectus, offering circular or final terms;
- Details of the likely issue reference 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 following:

- The final When Issued dealing application form.

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

- Confirmation that the listing or admission documents have been approved by the relevant competent authority;
- Confirmation of when bond 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 issues of bonds. 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 bond;
- the bond will be sufficiently liquid, taking into account the size of the issue;
- the bond can be settled in electronic form; and
- there is sufficient demand for When Issued dealing in the bond.

In determining if the bond is sufficiently liquid, the Exchange will normally only permit WID in bonds which are due to be traded on the Order book for Retail Bonds or the Order book for Fixed Income Securities

When Issued trading will only commence once:

- the issue 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 bond by the venue in which it is due to settle.

The WID period typically lasts from the day following the close of the primary market offer till the day when the bond is admitted to unconditional dealing. The Exchange will consider WID periods longer than the standard secondary market settlement periods on a case by case basis and these 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.

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 or at admissions@lseg.com no later than 07:00 on the morning trading is due to start.



5. Settlement of WID trades

All When Issued Dealing trades will be for deferred settlement: the earliest settlement date for When Issued trades is the day when the securities are listed and admitted to unconditional trading. If the resulting securities are not admitted to unconditional trading, every When Issued Dealing trade executed will be declared void.

Settlement in CREST (Operated by Euroclear UK&Ireland)

Member firms that enter into an “on Exchange” off-book trade during the When Issued Dealing period should ensure that settlement does not take place until listing or admission trading 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 must ensure that settlement instructions include the correct settlement due date when entered into the settlement system.