

# Listing on The International Stock Exchange – A summary

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## Introduction

The International Stock Exchange (**TISE**) provides a platform for the listing and electronic trading of a wide range of products including trading companies, specialist debt instruments, investment vehicles, special purpose acquisition companies (**SPACs**) and sustainable investments.

TISE is the exchange operated by The International Stock Exchange Authority Limited (the **Authority**). The Authority is licensed by the Guernsey Financial Services Commission to operate an investment exchange under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (the **POI Law**).

## International recognition

TISE has attracted the following international recognition:

- TISE is an Affiliate Member of the International Organisation of Securities Commissions (IOSCO) and the World Federation of Exchanges (WFE);
- Her Majesty's Revenue & Customs (HMRC) has designated TISE as a Recognised Stock Exchange under section 1005 of the Income Tax Act 2007;
- TISE is officially recognised by the Australian Securities Exchange and the German Federal Financial Supervisory Authority, BaFin; and
- TISE has been approved as a Designated Offshore Securities Market by the US Securities and Exchange Commission.

## Why use TISE?

The key strengths of the TISE are:

- speedy turnaround time and consistency of response;
- competitive pricing and cost effectiveness (see [www.tisegroup.com](http://www.tisegroup.com) for current fee schedule);
- the cost of appointing a sponsor is significantly less than other major exchanges;
- no requirement to appoint a nominated adviser ('Nomad');
- the Listing Rules meet international standards and are easy to understand;
- TISE is receptive to innovative product structures;
- responsive and approachable Listing and Membership Committee which meets daily to consider listing applications;
- pragmatic approach to disclosure requirements;
- enhanced marketability and added value service;
- based in a renowned premier offshore location (within an OECD jurisdiction);
- it is not bound by European Listing Directives and can therefore be more flexible in its approach; and
- market makers can be appointed.

## General principles for listing

The Listing Rules are designed to ensure that investors have and maintain confidence in the market and in particular that:

- the securities for which application for listing has been made are suitable for listing;
- the issue and marketing of securities is conducted in a fair and orderly manner;
- potential investors and the public are given sufficient information to enable them to make a properly informed assessment of an issuer and of the securities for which listing is sought;
- once listing has been granted, there is sufficient disclosure of information to investors and the public to ensure that they are kept fully informed by listed issuers of all factors which might affect their interests and in particular that immediate disclosure is made of any information which might reasonably be expected to have a material effect on market activity in, and the prices of, listed securities;
- all holders of listed securities are treated fairly and equally;
- directors of an issuer act in the interest of its shareholders as a whole; and
- holders of equity securities are given adequate opportunity to consider in advance and vote upon major changes in the issuer's business operations and matters of importance concerning the issuer's management and constitution.

Chapters 1 to 4 concern equity listings and chapters 5 to 7 concern debt listings. Chapter 8 deals with the process for obtaining a secondary listing on TISE.

## Investment vehicles and specialist securities

The Channel Islands have a reputation for being innovative in their commercial legislation and have the ideal infrastructure for the listing of investment vehicles and specialist securities.

The Listing Rules applicable to investment vehicles have recently been revised and expanded to include all types of investment vehicles, such as Real Estate Investment Trusts ('REITs') and unregulated investment companies, and have been made more relevant and applicable to those types of vehicles, along with the legal structures used.

The Authority is increasingly listing specialist debt securities including Eurobonds, bonds and loan notes. According to the TISE, recent trends have been towards convertibles, predominantly issued by companies with equity already listed on other exchanges and high yield products. Listings of debt securities issued by special purpose vehicles have increased dramatically over the last few years.

In total there are over 2,000 different securities listed on the Authority with a total market capitalisation of more than £300 billion. While entities incorporated in Guernsey, Jersey and the Isle of Man comprise a significant proportion of listed investment securities, many other jurisdictions are represented.

## The listing process

The listing process is relatively straightforward and is normally carried out in two stages. The first stage is an initial submission of documents in draft (which the Authority comments upon) together with the requisite initial listing fee. The application is reviewed and a recommendation is made on the issuer's suitability for listing, which is considered by the Listing and Membership Committee. A comments letter is then issued. The second stage is the submission of final, signed documents together with the prescribed first annual listing fee, having satisfactorily addressed the comments letter. Application documents may be submitted electronically albeit original or certified copies must also be submitted where required under the Listing Rules or where requested.

A listing member of TISE must be appointed as sponsor or listing agent to the listing. A sponsor acts as an intermediary between the issuer and the Authority and is responsible for preparing and lodging the application documents for listing and ensures ongoing compliance with the Listing Rules. In addition, two authorised representatives must be nominated by an issuer as the principal channel of communication with the Authority on an ongoing basis. The authorised representatives must be either directors of the issuer, the secretary of the issuer, or other person acceptable to the Authority, which in practice include representatives of a duly appointed sponsor.

If the issuer is a non-Channel Islands vehicle, the Authority will need to approve the jurisdiction of its incorporation.

The Listing Document and other principal agreements must be submitted, along with various standard application documents, including a listing application, a sponsor or listing agent declaration, directors' declarations, formal notice and a listing undertaking. There are Listing Document disclosure requirements in respect of each of the different types of security that may be listed and, in addition, the Authority may require further information or explanations for the purpose of deciding whether or not to grant a listing. Derogations from compliance with certain Listing Rules may be applied for. If any amendment is made to the documents submitted, a marked-up revised version must be re-submitted to the Authority for approval prior to the final submission.

A final submission of executed documents must be made to the Authority and a written confirmation or grant of listing will be given once the final documents have been approved and the application has been considered by the Listing and Membership Committee. The Listing Rules recognise that a variety of circumstances may exist where documents are not available at the date of listing or information cannot be disclosed in the Listing Document and they allow the Authority to act flexibly on a case by case basis.

An application may be refused if the prospective issuer has failed to comply with the Listing Rules or the Authority considers that the listing is unsuitable. Generally, any objection to the listing or the listing documentation will be raised by the Authority at the initial application stage.

If a listed issuer contravenes the Listing Rules after listing, the Authority may censure an issuer publicly, require rectification of the breach and suspend or delist all or any of the issuer's securities.

### **Continuing obligations**

In the case of a primary listing on TISE, chapters 4 and 7 and schedule 6 of the Listing Rules provide for continuing obligations which the relevant issuer is required to observe, including a Model Code for Securities Transactions by Persons Discharging Managerial Responsibility. Such obligations include clearance from the Authority prior to taking certain actions, eg *material* changes to prospectuses, circulars or memorandum and articles; directors' dealings; intention to suspend; and intention to delist. There are also requirements to notify the Authority of certain information, including market data; routine changes to prospectuses; AGM/EGM notices and resolutions; intended corporate actions; annual and interim accounts; changes related to directors and changes related to auditors and advisers. If an issuer fails to comply with such obligations, the Authority may take the enforcement actions mentioned above and frequent breaches may result in financial sanctions.

If an issuer has a secondary listing on TISE, the issuer must ensure that equivalent information is made available at the same time to the Authority and such other exchange.

### **Admission to the Official List and dealing**

Securities are admitted to the Official List after written confirmation of a grant of listing is given in respect of the listing by the Authority to the issuer. Public announcement of a listing is made at 8:00am for securities issued by trading companies and closed-ended funds. Debt issues and open-ended funds can elect to list either at 6:00pm the same day or 8:00am the following morning.

## Contacts

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