

Listing Eurobonds on The International Stock Exchange

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Introduction

The 'Qualified Investor Bond Market' (QIBM) of The International Stock Exchange (TISE) provides a platform for listing debt securities (**Debt Securities**) that are issued in connection with a very wide range of transaction structures. Debt Securities listed on TISE include bonds (investment grade and high yield), loan notes, payment in kind notes ('PIK notes'), CLOs, Sukuks, commercial paper, variable funding notes and convertible bonds.

Why use TISE?

As a venue for listing Debt Securities, TISE is responsive, consistent and cost-effective. The conditions for listing Debt Securities are straightforward and TISE has introduced a '3+1' service delivery framework for the review of listing applications which guarantees an initial review of a listing application within three business days of first submission and within one business day of any subsequent submission. TISE also has a wide range of international recognitions and memberships and is a 'recognised stock exchange' for the purpose of section 1005 of the Income Tax Act 2007. TISE is not bound by European Listing Directives and therefore can offer a flexible approach to listing applications and innovative product structures.

Requirements for listing Debt Securities on TISE

The QIBM Listing Rules set out certain requirements for the issuer of Debt Securities and the Debt Securities themselves. Key points include:

1. Debt Securities must be issued exclusively to 'Qualified Investors' being 'institutional investors, professional investors, and other investors experienced and knowledgeable investing in bonds'.
2. Save where an issuer has been incorporated within 12 months of the date of the listing application and has not commenced any activities, an issuer must submit financial information covering (i) the previous two years if the issuer has been established for two years or more; or (ii) the previous year if the issuer has been established for more than 12 months but less than two years. TISE takes a pragmatic approach as to the format and extent of financial information required.
3. The issuer must maintain the appointment of a TISE listing member to act as the Issuer's agent (responsible for all communications and dealings with TISE) in connection with the listing process and its continuing obligations under the Listing Rules. Mourant Securities Limited is a duly authorised TISE listing member.

Typical structures where a listing of Debt Securities might arise

There are a wide variety of structures where an issuer of Debt Securities may seek to list Debt Securities on TISE. In addition to structures involving market counterparties (such as an issue of high yield or investment grade bonds), many listings hosted by TISE involve 'closed' structures, in particular, Debt Securities issued in connection with intra-group corporate lending arrangements and private equity transactions.

Quoted Eurobond Exemption

The primary reason for listing Debt Securities on TISE is the desire for an issuer to gain the benefits of the 'Quoted Eurobond Exemption'. In general, where a debt is owed by a UK entity to any entity or person who is not resident in the UK and interest is payable on that debt, the UK entity is obliged to deduct UK withholding tax in respect of the interest amount payable. There are certain reliefs from this rule, for example, where a double tax treaty applies, however, this requirement can still prove to be a burden from an administrative/cost perspective and can sometimes be a disincentive to investing in the UK. The UK Government recognises the need to strike a balance between raising tax and promoting inbound investment and has therefore taken steps to provide for certain withholding tax exemptions.

One such exemption is the 'Quoted Eurobond Exemption'. If a debt meets certain requirements to be classified as a 'Quoted Eurobond' UK tax does not need to be withheld on interest payments in respect of that debt.

To qualify for the Quoted Eurobond Exemption the debt must be in the form of a security and must: (i) be issued by a company; (ii) carry the right to interest; and (iii) be listed on a recognised stock exchange. If these requirements are met the 'Eurobond' should be exempt from the obligation to pay UK withholding tax in respect of the interest payable on the debt.

As a recognised stock exchange, TISE is a popular choice for listing Debt Securities which are intended to benefit from the Quoted Eurobond Exemption.

In these types of transactions, the Debt Securities are usually listed post-completion but before the first interest payment date in order that the first payment of interest qualifies for the Quoted Eurobond Exemption. If the instrument creating the Debt Securities permits the issue of 'PIK notes' in lieu of payments of interest, the 'PIK notes' will be listed as a separate class of securities unless they are fully fungible in every respect with the original Debt Securities.

Multiple Pre-Empted Listings Facility / Variable funding notes

Under the Listing Rules, each further issue or redemption requires an application to be made to the Authority to adjust the principal amount of Debt Securities listed on TISE. There is an associated fee of around £650 per adjustment.

TISE recognises that some structures require flexibility for the issuer to issue and/or redeem Debt Securities on a very frequent basis and that its standard fee structure would otherwise make this prohibitive. TISE therefore permits issuers to structure and list Debt Securities as a 'Multiple Pre-Empted Listings Facility'. A fixed annual fee (currently £2,500) is charged by TISE in relation to a 'Multiple Pre-Empted Listings Facility' rather than fees being levied on an ad hoc basis following each adjustment.

A common example of a 'Multiple Pre-Empted Listings Facility' is a 'Variable Funding Note' (VFN). These are typically structured by an issuer issuing one note certificate with a specified face value of principal amount. The outstanding principal balance represented by the VFN increases or decreases (to reflect drawdowns and/or repayments), without a corresponding issue or redemption of notes being required. The increases and decreases in the outstanding principal balance represented by the VFN are recorded by making entries in the register of noteholders. TISE reporting requirements for VFNs involve the regular submission (typically quarterly) of the register of noteholders showing movements in the principal balance represented by the VFN for the previous quarter.

The Listing Document

An issuer seeking a listing on TISE must prepare a Listing Document that complies with the content requirements of the Listing Rules. Where particular content requirements are not applicable, or where the issuer wishes to seek derogation from certain Listing Rules, TISE is usually amenable to an omission, provided a reasonable explanation is provided.

There is no specific form required for the Listing Document, however, it typically comprises the instrument creating the Debt Securities (e.g. a note instrument) and a 'wrapper document' prepared by the listing agent which contains specific disclosures required under the Listing Rules.

The Listing Document is not made available on the TISE website (or otherwise published) but, the Listing Rulers require that the Listing Document be made available for inspection at a specified location (typically our offices in the Channel Islands) for 14 days following the date of listing.

Procedure for listing

The following is a brief overview of how a listing of Debt Securities on TISE typically proceeds.

1. **Drafting/collating documents for initial submission:** Certain ancillary documents must be prepared in connection with the listing application. These include a formal application document, a formal notice, a listing agent declaration and (if required) a letter seeking derogation from the need to otherwise satisfy the requirements of any Listing Rule. The listing agent to the Issuer must also collate relevant KYC/AML documentation and copies of any document (other than the instrument creating the Debt Securities) which contains terms affecting or relating to the Debt Securities.
2. **Initial submission:** Once the ancillary documents have been drafted and/or collated, the listing agent will make an initial submission to TISE using its online portal. TISE will issue invoices for the application fee and the first year's annual fee which need to be settled by the issuer prior to completion of the listing.
3. **Comments:** In line with the '3+1' service delivery framework, comments from TISE should be provided within three business days of the initial submission.
4. **Addressing comments:** Once comments from TISE are received, there will be a process by which the listing agent will liaise with the issuer/their advisers and TISE to address comments, update listing application documents and respond to any additional information requests. We generally expect limited comments (subject to any particular features of the Debt Securities which may give rise to specific comments or questions).
5. **Final application:** The listing application documents will be signed and submitted to TISE.
6. **Listing:** If the signed application documents are submitted to TISE prior to 12pm (and assuming that all listing fees have been settled), the Debt Securities will be admitted to the Official List at 6pm the same day. If the signed application documents are submitted after 12pm, the listing will take effect at 6pm on the next working day.

Costs of listing

At the time of this guide, the typical costs for listing a single class of Debt Securities are as follows:

1. **Initial listing costs:** TISE charges an initial application fee of between £6,500 and £8,500 (depending on its classification of the Debt Securities) plus a formal notice fee of £250.
2. **Ongoing costs:** TISE charges an annual fee of £1,600 for each class of Debt Securities, plus an annual fee of £2,500 for any Multiple Pre-empted Listings Facility.

TISE fees are subject to revision at the discretion of TISE.

In addition, fees would be payable to Mourant to prepare the listing application documents, manage the listing process and to act as listing agent on a continuing basis. We can provide a detailed fee proposal on request.

Continuing obligations

The general notification requirements can be summarised as follows and are satisfied by publishing an announcement on the TISE website as soon as reasonably practicable following the event:

- any takeover of, merger by, or purchase of the issuer;
- a change to the issuer's name;
- a failure to repay principal or settle coupon in accordance with the terms and conditions of the Debt Securities;
- a change to the final maturity date of the Debt Securities; and
- any further issue, redemption (full or partial) or cancellation of the Debt Securities.

Contacts

To find out more, please get in touch with your usual Mourant contact, or alternatively, a full list of contacts specialising in corporate law can be found [here](#).

This guide is only intended to give a summary and general overview of the subject matter. It is not intended to be comprehensive and does not constitute, and should not be taken to be, legal advice. If you would like legal advice or further information on any issue raised by this guide, please get in touch with one of your usual contacts. You can find out more about us and access our legal and regulatory notices at [mourant.com](https://www.mourant.com). © 2025 MOURANT ALL RIGHTS RESERVED