

CHAPTER 20

TAP ISSUES, FIXED INTEREST ISSUANCE PROGRAMS AND ASSET-BACKED SECURITIES

CHAPTER 20 - SCOPE OF CHAPTER
TAP ISSUES, FIXED INTEREST ISSUANCE PROGRAMS AND ASSET-BACKED
SECURITIES

This **Chapter** sets out the requirements in relation to tap issues, fixed interest issuance programs and asset-backed securities.

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TAP ISSUES.

- 20.1.1.** Where application is made by a *listee for *admission to *quotation of *securities issued under a *tap issue, *APX will normally apply the same requirements for each subsequent tranche as would apply to the initial tranche. The *listee should consult with *APX prior to making the application.
- 20.1.2.** The *listing particulars prepared in connection with a *tap issue must specify the maximum aggregate value of all *fixed interest securities which can be issued.

FIXED INTEREST ISSUANCE PROGRAMS.

APPLICATION PROCEDURE AND REQUIREMENTS.

- 20.2.1.** The application for admission to *quotation of *fixed interest securities must cover the maximum amount of *securities which may be in issue and *quoted at any one time under the program. If *APX approves the application, it will admit to *quotation all *securities which may be issued under the program within 12 months after the publication of the *listing particular, subject to *APX:
- (a) being advised of the final terms of each issue;
 - (b) receiving and approving for publication any supplementary *listing particulars that may be appropriate;
 - (c) receiving confirmation that the *securities in question have been issued; and
 - (d) receiving any listing fees payable.
- 20.2.2.** The final terms of the *securities which are intended to be *quoted ("the pricing supplement") must be submitted in writing to *APX as soon as possible after they have been agreed and in any event no later than 2.00 p.m. on the *business day before *quotation is required to become effective.
- 20.2.3.** The *pricing supplement relating to an issue, when read together with the *listing particulars and any *supplementary listing particulars in respect of the program, must provide an investor with the full terms and conditions of that issue.

LISTING PARTICULARS.

- 20.3.** The *listing particulars must contain the general terms and conditions applicable to all *securities that may be issued and listed under the program.

ASSET-BACKED SECURITIES.

QUALIFICATIONS FOR LISTING.

20.4. The following additions and exceptions to the conditions for * admission to the official list apply to a * listee which issues * asset-backed securities:

- (a) the * listee must normally be a single purpose undertaking. (The requirement to be a single purpose undertaking does not preclude the acquisition of further assets during the life of the * securities. Furthermore, further * classes of * fixed interest securities may be issued by the undertaking, backed by similar assets);
- (b) **Rule 4.10.1(a)** (audited accounts and latest financial period) does not apply;
- (c) where an issue of * asset-backed securities is backed by * equity securities, those * securities must be listed on a Financial market ; the * equity securities must represent minority interests in and must not confer legal or management control of the companies issuing the * equity securities; where options or conversion rights relating to * equity securities are used to back an issue, this **Rule** applies in respect of the * securities resulting from the exercise of those options or rights; and
- (d) there must be a trustee or other appropriate independent party representing the interests of the holders of the * asset-backed securities and with the right of access to appropriate information relating to the assets.

LISTING PARTICULARS.

20.5.1. The * listing particulars must include the following additional information:

- (a) a description of the assets used to back the * asset-backed securities, giving at least the following (where relevant):
 - (i) the geographical location or legal jurisdiction of the financial assets;
 - (ii) the value of the assets;
 - (iii) the types of loans;
 - (iv) the maturity of loans;
 - (v) the size of loans;
 - (vi) the loan to value ratio at origination where the loans are themselves secured or backed by other assets, if a valuation was available;
 - (vii) the principal lending criteria and the extent (if any) to which loans may be included which do not meet these criteria;
 - (viii) an indication of significant representations and warranties given to the * listee relating to the loans;
 - (ix) the method of origination;
 - (x) any loan substitution rights;

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- (xi) any rights or obligations to make further advances;
- (xii) the principal insurance policies, including the names, and where appropriate, the addresses and a brief description of the providers. Any concentration with one insurer should be disclosed if it is material to the transaction;
- (xiii) where the assets consist of *fixed interest obligations of 10 or fewer borrowers or where a borrower accounts for 10% or more of the assets, the information required in respect of each borrower will be the same as that which would be required if it were itself the issuer of the *securities to be listed unless it is already listed on a financial market stock exchange or the *fixed interest obligations are guaranteed by an entity listed on a stock exchange, in which case only the name, address, country of incorporation, nature of business and name of the exchange on which its *securities are listed must be disclosed in respect of the *listee and the guarantor (if applicable). The relationship with the guarantor, if any, must be included. The terms and conditions of the loans or *fixed interest securities must be stated, except where the assets are *fixed interest securities listed on a stock exchange;
- (xiv) where the assets consist of *fixed interest obligations of more than 10 borrowers, or where a borrower accounts for less than 10% of the assets the general characteristics and descriptions of the borrowers must be given;
- (xv) such additional information as *APX may require;
- (b) a description of the material risks together with any methods whereby they are sought to be addressed;
- (c) a description of the method and a statement of the date of the sale, transfer or assignment of the assets or of any rights in the assets to the *listee;
- (d) a description of the structure of the transaction and explanation of the flow of funds including:
 - (i) how the cash flow from the assets is expected to meet the *listee's obligations to holders of the *securities, in particular, information on any credit enhancements, an indication of where material potential liquidity shortfalls are expected to occur and the availability of any liquidity supports and indication of provisions to cover interest shortfall risks;
 - (ii) an indication of any investment parameters for the investment of temporary liquidity surpluses;
 - (iii) how payments are collected from borrowers of the loans in the pool;
 - (iv) the order of priority of payments made by the *listee, where relevant to the holders of the *class of *fixed interest securities in question;
 - (v) the fees payable by the *listee out of cash flow received (for example, fees to the administrator);
 - (vi) details of any other arrangements on which payments of interest and principal to investors are dependent;

* See Chapter 1 for defined terms.

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- (vii) information on whether or not there is any intention to accumulate surpluses in the issuer; and
- (viii) details of any subordinated *fixed interest finance;
- (e) the name, address and brief description of the originator of the financial *assets backing the issue;
- (f) the name, address and information to demonstrate the suitability of the administrator together with a summary of the administrator's responsibilities and a summary of the provisions relating to termination of the appointment of the administrator and whether or not an alternative administrator has been appointed, and
- (g) the names and addresses and brief description of:
 - (i) any swap counterparties and any providers of other material forms of enhancement; and
 - (ii) the banks with which the main accounts relating to the transaction are held.

20.5.2. If an issue is guaranteed as to principal and interest by a *listee or a *entity that is suitable for listing, *APX may be prepared to accept a shorter form of disclosure as regards the additional information required under **Chapter 20** in the *listing particulars if it is satisfied that any information omitted is not material from the point of view of the investors.

20.5.3. In a case where the information required with respect to each borrower will be the same as that which would be required if it were itself the *listee of the *securities to be listed, and where the *listee of the underlying *securities or borrower of the underlying loans does not cooperate with the preparation of the *listing particulars, then, as an alternative to the declaration required under **Rule 6.11(c)**, a declaration in the following form is acceptable:

“The *directors of the [*listee], whose names appear on page [], accept responsibility for the information contained in this document. To the best of the knowledge and belief of the *directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to [the underlying *listee(s)/borrower(s)] has been accurately reproduced from the information published by that [*listee] [borrower]. So far as the *listee [and the *directors] is [are] aware and/or is [are] able to ascertain from information published by [the underlying *listee(s)/borrower(s)] no facts have been omitted which would render the reproduced information misleading”.