

Admission of
Irish ETFs to
Trading on the
London Stock
Exchange

DILLON  EUSTACE

DUBLIN CORK BOSTON NEW YORK TOKYO

■ ADMISSION OF IRISH ETFS TO TRADING ON THE LONDON STOCK EXCHANGE

One of the main objectives in structuring Exchange Traded Funds (ETF) is accessing large capital markets. Many ETFs consider a main market listing on the London Stock Exchange (LSE) as the best means of accessing liquidity and increasing their profile. However an LSE listing involves significant time and financial considerations.

There is now an alternative way to access the Main Market of the LSE, reducing costs and time significantly.

The introduction of EU Directives has resulted in a distinction between the concepts of being “listed” and “admitted to trading”. A security that is “listed” on an exchange has been vetted by the relevant exchange and is compliant with the suitability standards and conditions for listing laid down by that exchange. A security that is “admitted to trading” has been approved by a competent authority in another EU jurisdiction and must be recognised by the “host” exchange, with the relevant securities being allowed to trade on the host exchange.

In a recent change, securities which have been “admitted to trading” by the LSE may be traded on their Main Market trading platform. Therefore it is now possible to access the LSE Main Market without an LSE listing. This eliminates the requirement to appoint UK listing advisors, reduces the approval timescale and involves significant cost efficiencies.

In order to have an ETF admitted to trading on the Main Market of the LSE the fund must be approved for listing on the Irish Stock Exchange (ISE). An ISE listing is a straightforward process for any Irish regulated fund, which can be undertaken by Dillon Eustace during the regulatory approval process, with no timing implications. The cost of an ISE listing is small. A further requirement of admission to trading is that the ETF complies with the provisions of UCITS III.

Admission to Trading on the LSE

Admission to trading enables an ETF to have its securities traded on the Main Market of the LSE, without the additional requirements and costs associated with seeking a full LSE listing. The application for admission to trading may be made by the ETF itself or by Dillon Eustace, without the need to appoint a separate UK listing sponsor.

The admission is contingent on the ETF registering for and obtaining recognition from the FSA for admission and marketing into the UK.

The approval process is straightforward, involving the filing of the following with the LSE:

- ▣ Admission forms
- ▣ Certificate of UCITS compliance from the Irish Financial Regulator
- ▣ Evidence of FSA recognition status
- ▣ Prospectus, and
- ▣ Listing Particulars stamped by the ISE

Timing

The ISE approval listing is obtained within the regulatory approval timeframe.

Following approval of the listing document, the admission documentation is filed with the LSE 11 business days prior to the proposed admission date.

For most funds the ISE listing and LSE admission can be finalised within the initial offer period.

Trading and Use of Market Makers

An ETF listed on the ISE and admitted to trading on the LSE may trade on both exchanges. The market for ETFs is an order driven environment facilitated through a market maker(s) appointed by the ETF. Trades are settled through CREST.

Cost

ISE Fees - Listing

Application Fee*	€1,900
Administration Fee	€250
Formal Notice Fee	€520
Annual Fees	
Per subfund up to 5 subfunds	€1,900
Per subfund over 5 and up to 10	€1,150
Per subfund over 10 subfunds	€760

*Fee includes cost of generating ISIN codes, normally €121 per security where fund is not listed.

LSE Fees - Admission to Trading

Admission Fees	
Individual Security	£5,000
Daily Cap where up to 20 securities are admitted on the same day	£20,000
Each additional security in excess of 20 on the same day	£1,000

Annual Fees		
Market cap lower band (£)	Market cap upper band (£)	Fee
0	99,999,999	£840
100,000,000	749,999,999	£2,700
750,000,000	1,499,999,999	£10,000
1,500,000,000		£20,000

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