

ISE Policy
Change

Prime Broker
Credit Rating

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■ ISE Policy Change – Prime Broker Credit Rating

Change in specified credit rating requirement of Prime Brokers for Irish listed funds

In response to recent industry changes and regulatory reforms, the Irish Stock Exchange (“ISE”) has amended its requirements concerning suitability criteria for Prime Brokers appointed in respect of Irish listed funds. In particular the current definition of the Specified Credit Rating for such Prime Brokers has been amended as follows:

Firstly, the ISE has removed the requirement for a specified long term credit rating for Prime Brokers appointed to listed Irish funds and will retain only the requirement for a specific level of short term credit rating.

Secondly, the specified credit rating requirement for Prime Brokers appointed to listed Irish funds will be lowered in circumstances where the relevant fund’s exposure to the Prime Broker is less than 40% of new assets. The required credit rating will remain the same where the exposure to the Prime Broker is 40% or more.

Policy Note 2.11 – Listing Rule 7.7(a)

Policy Note 7.7(a) issued by the ISE on June 30, 2011 specifies as follows:

Listing Rule – 7.7

“7.7 The prime broker must satisfy:

- (a) The specified credit rating requirement;
- (b) The financial resources requirement; and
- (c) The regulatory requirement.”

The new Specified Credit Rating is as follows:

- a) a minimum short term credit rating of P-1, A-1 or F-1, respectively for short term debt from the credit agency of Moody's or Standard & Poor's or Fitch; or
- b) a minimum short term credit rating of A2 or P2 (or equivalent) for short term debt from the credit agency of Moody's or Standard & Poor's or Fitch provided that the maximum exposure of the applicant to the Prime Broker is limited to 40% of the Net Asset Value of the fund.

The specified credit rating means in relation to a legal person, a requirement either that such person or that a parent company of such person has the specified credit rating as set out above.

This change is effective immediately.

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