

Admission of
Irish ETFs to
Trading on the
London Stock
Exchange

DILLON  EUSTACE

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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 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 an alternative way to access the market of the LSE, which reduces costs and time significantly, by having securities “admitted to trading” rather than “listed” on the LSE. Securities which have been admitted to trading by the LSE may be traded on the main SETS market trading platform, meaning that it is possible to access the LSE market without an LSE listing. This eliminates the requirement to appoint UK listing advisors, reduces the approval timescale and involves significant cost efficiencies.

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 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 minimal.

Admission to Trading on the LSE

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

- Admission forms
- Certificate of UCITS compliance from the Irish Central Bank
- Evidence of FSC recognition status
- Prospectus
- Listing Particulars stamped by the ISE

The admission is contingent on the ETF obtaining recognition from the FSC in the UK for admission and marketing into the UK, which process is greatly streamlined by UCITS IV. It is the responsibility of the Irish Central Bank, as regulator, to notify the FSC and this process takes approximately 10 business days.

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*	€2,000
Administration Fee	€300
Formal Notice Fee	€666
Annual Fees	
Per subfund up to 5 subfunds	€2,000
Per subfund over 5 and up to 10	€1,210
Per subfund over 10 subfunds	€800

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

LSE Fees - Admission to Trading (summary)

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	£940
100,000,000	749,999,999	£3,000
750,000,000	1,499,999,999	£8,000
1,500,000,000		£15,000

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Author: Tara O'Callaghan

CONTACT US

Our Offices

Dublin

33 Sir John Rogerson's Quay
Dublin 2
Ireland
Tel: +353 1 667 0022
Fax: +353 1 667 0042

Cayman Islands

Landmark Square
West Bay Road, PO Box 775
Grand Cayman KY1-9006
Cayman Islands
Tel: +1 345 949 0022
Fax: +1 345 945 0042

Hong Kong

604, 6/F, Printing House
6 Duddell Street
Central
Hong Kong
Tel: +852 35210352

New York

245 Park Avenue
39th Floor
New York, NY 10167
United States
Tel: +1 212 792 4166
Fax: +1 212 792 4167

Tokyo

12th Floor,
Yurakucho Itocia Building
2-7-1 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan
Tel: +813 6860 4885
Fax: +813 6860 4501

e-mail: enquiries@dilloneustace.ie
website: www.dilloneustace.ie

Contact Points

For more details on how we can help you, to request copies of most recent newsletters, briefings or articles, or simply to be included on our mailing list going forward, please contact any of the team members below.

Tara O'Callaghan
e-mail: tara.ocallaghan@dilloneustace.ie
Tel: +353 1 673 1831
Fax: + 353 1 667 0042

Andrew Bates
e-mail: andrew.bates@dilloneustace.ie
Tel: +353 1 667 0022
Fax: + 353 1 667 0042

Brian Dillon
e-mail: brian.dillon@dilloneustace.ie
Tel: +353 1 673 1713
Fax: + 353 1 674 1022

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