

New Sunshine Over Luxembourg – SOL

With the Securities Official List, the Luxembourg Stock Exchange is again at the forefront of innovation

On 12 January 2018 the Luxembourg Stock Exchange (**LuxSE**) launched the Securities Official List (**SOL**) which allows securities to be technically listed and displayed on its Official List (**Official List**) but without being admitted to trading. Such a listing will in particular be subject to light rules laid down in the Rulebook to the SOL which is available from 12 January 2018 on the LuxSE website (**Rulebook**)¹.

As of 12 January 2018, there are three different ways to list securities on the Official List of the LuxSE:

- a listing on the Official List with admission to trading on its regulated market;
- a listing on the Official List with admission to trading on the Euro MTF;
- a listing on SOL, the mere listing on the Official List without any admission to trading on any of the markets.

SOL provides those issuers which do not need or do not wish to have their securities admitted to trading on a market, or issuers which are restricted from admitting their securities to trading generally or in specific jurisdictions, to list their securities on an Official List within the European Union.

What could be the incentives and benefits of SOL?

Increased visibility of securities: An issuer would benefit from having its securities on public display on the Official List. SOL would therefore increase the visibility of the securities to a greater number of different types of investors. This may be of particular interest to an issuer that for various reasons is restricted from having its securities admitted to trading at all or outside its own jurisdiction. By listing on SOL, an issuer can create greater visibility of its securities and attract investors from other jurisdictions.

Possibility of providing indicative price: An issuer may provide an indicative price which will also be displayed on the Official List.

Limited ongoing disclosure obligations: There will be no on-going publication obligations under the Rulebook, and only very limited obligations to inform the LuxSE of certain events. The obligations deriving from transparency laws and the EU market abuse regulation (Regulation EU No 596/2014 of the European parliament and of the Council of 16 April 2014 on market abuse) are not applicable to a listing on SOL.

Outside of MiFID II requirements: Any reporting or other obligations, including under MIFID/MIFIR, which are triggered by an admission to trading on any regulated market or the Euro MTF, will not be applicable in relation to securities which are only listed on SOL.

Option to be displayed on the Luxembourg Green Exchange (if relevant): The listing on SOL opens up the opportunity to be displayed on the Luxembourg Green Exchange (**LGX**), provided the relevant securities comply with the LGX eligibility criteria. This will be of interest for issuers which have green bonds listed in their home jurisdiction, but may be restricted from admitting the green bonds to trading in another jurisdiction and hence, cannot access the LGX.

Lower listing costs: The costs for listing on SOL are lower than for a listing and admission to trading on the other markets operated by LuxSE. It will only consist of a one-off fee as set out below.

No clearing or settlement via clearing house required: No clearing or settlement via a clearinghouse is required. The Issuer must only provide an ISIN number for the securities to be listed on SOL.

¹ as well as subject to the Grand-Ducal Regulation dated 13 July 2007 relating to the establishment of the official list and implementing the EU Directive 2001/34/CE.

No LEI needed: No legal entity identifier (LEI) for financial markets participants is required.

Approval by LuxSE within 3 business days:

Applications for listing on SOL will be approved by the LuxSE and any such application will be dealt with within a maximum of three business days.

Increased visibility for fund sponsors: SOL bears a certain attractiveness for investment funds which typically refrain from a listing. A display on the Official List will increase visibility for fund sponsors and their products.

Other instruments may be permitted:

Depending on the stance that the LuxSE will take, financial instruments which are strictly speaking not securities may be permitted to SOL. This could cover for example German law certificates of indebtedness (*Schuldscheine*) and other instruments which would typically not be admitted to trading on a market.

What documents will need to be provided for listing on SOL?

- the issuer will need to provide a light information notice (the so-called Information Notice) which contains basic information on the securities and the issuer. The Information Notice will have to be approved by the LuxSE. The content requirement for the Information Notice is laid down in the Rulebook. The content of the Information Notice will be light. Not only the quantity of information to be provided in the Information Notice, but also the level of detail of information is less compared to what is required for any prospectus or offering document for an admission to trading on the regulated market or the Euro MTF. Financial information will need to be disclosed in the Information Notice, but with no on-going obligations to update such information or further disclose financial statements;



- where the securities have already been listed elsewhere and a prospectus has been approved by the relevant competent authority, no Information Notice is required. The LuxSE can rely on the approved prospectus and confirmation of approval by such competent authority, when provided to the LuxSE;
- the issuer will need to provide its constitutional documents and those of the guarantor (if any), as well as the annual reports of the last three financial years, where available. Where the issuer and/or the guarantor are companies which have just been set up the opening accounts should be sufficient;
- the issuer will have to provide a declaration and confirmation in respect of its compliance with the Rulebook, legislation and its articles, similar to the requirement for any admission to trading to any of the markets. Simple forms will be provided by the LuxSE on their website. This would also entail information on whether the securities are already listed and/or admitted to trading, that the securities comply with relevant legislation and that the administration of securities events and payments of dividends and coupons shall be ensured and be made correctly and in due time.

The LuxSE maintains a right to request any further information or document, it deems appropriate or necessary to protect investors and/or to ensure the proper operation of SOL.

What are the main obligations triggered by listing on SOL?

- the issuer will need to inform the LuxSE of any major changes, information and events likely to affect the securities listed on SOL or information deemed necessary to facilitate the due and proper operation of SOL. A non-exhaustive list is provided in the Rulebook which is very similar to the information requirements for any admission to trading on the

markets of the LuxSE, and includes, for example, any amendments of the rights of the securities, announcement of distributions, redemption of debt securities before the due date, a name change of the issuer etc;

- all information that the issuer is required to make public also needs to be communicated to the LuxSE. This would include for example any change in its activities, amendment of its articles and notices of noteholder or shareholder meetings;
- the general rule of equal treatment of investors will also apply to SOL. This means that issuers will have to ensure equal treatment between shareholders, noteholders or unitholders (as applicable), which are in an identical situation as regards the securities listed on SOL.

What will be publicly displayed on SOL and the LuxSE website?

On the LuxSE website, basic information on the securities will be included, such as the ISIN number, the currency and the type of security. If provided, the price and price history will be displayed as well.

Any notices published via the LuxSE will be made available and remain on display. The Information Notice will also be available on the website of the LuxSE.

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