

Primary Market Bulletin

Newsletter from the FCA for primary market participants

April 2016 / No. 14

About this edition

Welcome to the 14th edition of Primary Market Bulletin (PMB). This is a short special edition focusing mainly on our report on the recommendations of the UK Debt Market Forum, which we are publishing simultaneously with this bulletin. As with other editions, PMB No. 14 also explains the latest changes we have made, or are proposing to make, to our Knowledge Base.

What's new?

Today we have also published our report *'The UK Debt Market Forum - Practical measures to improve the effectiveness of UK primary listed debt markets'*. The report is the result of an initiative announced by Tracey McDermott in her speech to the Associate of British Insurers in November 2015. She announced the creation of the UK Debt Market Forum, a specially convened group of stakeholders and experts in the UK-listed primary listed debt markets. Its aim was to make recommendations on practical measures which would have a tangible impact on the effectiveness of the UK's primary debt markets, without reducing the existing high standards for which UK primary markets are known.

The report outlines the measures we have taken or will be taking as a result of this dialogue, aimed at practical improvement to our processes. We are hugely grateful to all participants in the process for their time and energy.

The key measures we will be implementing following dialogue with the Debt Market Forum are:

- an extension of our existing 'wholesale debt approach' to reviewing a wider range of wholesale debt documents
- expanding the range of supplements to which we will apply our 'Same Day Service'
- new guidance on omission requests relating to guarantor financial information
- a new engagement strategy aimed at improving dialogue with practitioners
- a new team within the FCA's UKLA Department with a remit to inform prospective overseas issuers considering listing bonds in London about the process and the regime
- an annual survey of Debt Capital Markets (DCM) market participants
- a feasibility study into improvements in the technology supporting the comment process
- a review of our standard comments

This special edition of Primary Market Bulletin mainly addresses our commitment made in the report to consult on new guidance on guarantor financial information in bond prospectuses. As the report makes clear, following discussions among Debt Market Forum participants, we are now satisfied that other competent authorities do not take a generally more permissive stance towards derogations available in the Prospectus Directive than we do, save for in one specific instance the forum has helped us identify. This is in the area of guarantor financial information.

Consultation feedback and changes to the Knowledge Base

This section updates you on the latest consultations and changes to the Knowledge Base.

Ongoing guidance review

We are giving further consideration to the feedback we received on technical note UKLA/TN/541.2 - Scope and application of vote holder and issuer notification rules in response to our consultation in PMB No. 12 and we intend to respond to it in the next edition of PMB.

The consultation period for PMB No. 13 is open until 10 May 2016 and we intend to respond to it in the next edition of PMB.

Proposed guidance

We are consulting on the following further changes to the Knowledge Base:

- the addition of one new technical note – on omission requests in relation to guarantor financial information in bond prospectuses
- the amendment of one existing technical note – on smaller transactions under the related party rules

We would be interested to hear from stakeholders in relation to the proposed text and also on whether there are other areas of interest to debt market participants, where we could usefully provide clarity in future technical notes.

Category: Prospectus content

UKLA/TN/634.1 - Financial information on guarantors in debt prospectuses and requests for omission

As a result of discussions in the Debt Market Forum, it has been highlighted to us that it would be useful to have greater clarity on when a request to omit guarantor financial information from a debt prospectus may be granted. Therefore, we are consulting on a proposed technical note to clarify our approach and provide an indication of what circumstances we consider it may be appropriate to grant an omission request.

In determining the factors we will take into account, we have considered precedents we have encountered, and have also sought to test our assumptions against the guidelines published by other regulators, noting the international nature of debt markets.

The note clarifies what issuers and their advisors can expect from us when requesting an omission in line with the note. Our intention is to provide a streamlined and consistent approach to omission requests while continuing to take into account individual circumstances.

The note is intended to clarify what factors advisors need to cover in their application. Omission requests can be discussed either ahead of submission of the document or during the review process.

Category: Transactions

UKLA/TN/308.3 - Related party transactions - Modified requirements for smaller related party transactions

We are proposing to update our note in relation to related party transactions in light of previous rule changes.

We want to hear what you think

Please send your comments on our latest proposals to primarymarketbulletin@fca.org.uk. Alternatively, send them by post to:

Marta Alonso
UKLA Department
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

Please send us your comments by 8 June 2016.

Equality and diversity

We are confident that our proposals do not give rise to equality and diversity implications but we would welcome your comments should you have any concerns.

Useful links

To access the guidance referred to in this edition of PMB, see our website:

[PMB No. 14 guidance consultation](#)