

Primary Market Technical Note

Final Terms

The information in this note is designed to help issuers and practitioners interpret our UK Listing Rules (UKLR), Prospectus Rules: Admission to Trading on a Regulated Market (PRM), Disclosure Guidance and Transparency Rules (DTR), and related legislation. The guidance notes provide answers to the most common queries we receive and represent FCA guidance as defined in section 139A FSMA

Rules

PRM Appendix 1 Annex 3.3R(2) – (4)

PRM Appendix 2 Annexes 11 to 14 and 17;

PRM 2.3.4R, PRM 2.5.1R(2)

What information can I include in the final terms?

PRM Appendix 1 Annex 3.3R(2) to (4) states that final terms can only contain the following: (1) Category B information as set out in PRM Appendix 2 Annexes 11, 12 and 14 where the details of that information are not known at the time of approval of the base prospectus; (2) Category C information as set out in PRM Appendix 2 Annexes 11 and 12 to 14 unless it is known at the time of approval of the base prospectus (in which case it may be inserted in the base prospectus instead); and (3) information set out in PRM Appendix 2 Annex 17. Information that does not fall within these categories cannot be included in the final terms. As such, drafting notes to aid the

individual completing the final terms at the point of issuance should not be included in the final terms, nor should miscellaneous disclosure obligations be addressed in the final terms.

What information from the base prospectus can I include in the final terms?

Where a base prospectus contains options with regard to the information required by the relevant securities note, the final terms shall determine which of the options is applicable to the individual issue by referring to the relevant sections of the base prospectus or by replicating such information (PRM 2.3.4R). This means that if the base prospectus contains different options that could be applicable to a security, then the final terms can include the relevant information from the base prospectus. The final terms should only contain information that relates to the securities and should not be used to supplement the base prospectus, nor should the final terms contradict the information included in the base prospectus.

Do I have to include the formula for structured securities in the base prospectus?

Yes. The formulae can be presented algebraically in the base prospectus. The description contained within the base prospectus addressing how the return on a derivative security takes place and how the value of the investment is affected by the value of the underlying instrument must provide a clear and comprehensible explanation for an investor, and issuers should consider the end investor when providing the description for formula for structured securities.

The final terms may then contain the formula with the issuance specific details inserted. The pay out formulae for derivative and structured securities in the prospectus may be subject to review by the FCA and new payment formulae should not be included in final terms. Additional features should not be added to the formulae via the final terms as this would constitute a new formula and would therefore need to be in a base prospectus or prospectus.

What is the appropriate yield formula to include in a base prospectus?

The yield disclosure requirement for bonds is set out in PRM Appendix 2 Annex 11.4R, item 4.12. We believe this requirement can be satisfied by including a simple yield formula (i.e. current yield).

Can exempt notes from the PRMs (the PRM exempt notes) be issued from a base prospectus?

PRM exempt notes can be issued from a document that includes a prospectus so long as it is clear that the PRM exempt notes are not issued from the approved prospectus, as defined in the PRMs.

Accordingly, the base prospectus must include a clear statement that the PRM exempt notes do not form part of the base prospectus approved by the FCA. The base prospectus should also include a pricing supplement for use when issuing the PRM exempt notes. The pricing supplement should include language in prominent bold text to make it clear that it does not form part of the base prospectus approved by the FCA.

Do I include the issuance-specific summary in the base prospectus or the final terms?

Under PRM 2.5.1R(2), a summary is not required where the prospectus relates to the admission to trading of non-equity securities, and issuers should no longer attach an issuance specific summary to final terms.