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Primary Market Technical Note

Zero-coupon notes

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 2.4.1R; PRM Appendix 2 Annex 12

How will zero-coupon notes be treated under PRMs?

Zero-coupon notes generally refer to notes that do not pay any interest (a coupon). When redeemed at maturity, these notes generally pay out the par value (face value of the note) and when redeemed early, pay out an amount marginally lower or marginally greater than the par value. A combination of PRM Annexes may be applicable to zero-coupon notes, for example, depending on whether the notes are issued using a single prospectus or a base prospectus and final terms. While we expect that a prospectus for securities which have redemption linked to an underlying will need to comply with the disclosure requirements in PRM Appendix 2 Annex 12 (Transferable securities giving rise to payment or delivery obligations linked to an underlying asset), our understanding is that zero-coupon notes are not linked to an underlying. As such, zero-coupon notes are not securities

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that fall within the disclosure requirements set out in PRM Appendix 2 Annex 12.