



London Stock Exchange plc Hard Brexit guidance and contingency planning for qualification of bonds as ECB eligible collateral

01 April 2019 – London Stock Exchange plc (the “Exchange”, “London Stock Exchange”) is a Recognised Investment Exchange under Part XVIII of the United Kingdom’s (UK’s) Financial Services & Market Act 2000 (FSMA 2000). The Exchange operates the world’s most international capital market, with companies from over 100 countries quoted across our markets. London Stock Exchange plc is a wholly owned subsidiary of London Stock Exchange Group (“LSEG”).

As a systemically important financial markets infrastructure business, London Stock Exchange plc is fully committed to maintaining orderly markets and providing continuity of service to its customers and market participants across the UK and internationally. We continue to work with our customers and market participants as they prepare contingency plans in the event of a no-deal Brexit scenario in line with published statements from the UK and EU authorities.

The European Central Bank’s (“ECB”) eligibility [criteria](#) allow, under certain conditions, bonds to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. This note provides information for issuers of fixed income securities and advisors on the latest planning assumptions we are working to in the event that no transitional or other agreement is reached before the UK’s withdrawal from the European Union (EU) on 12 April 2019 (“Hard Brexit”). Specifically, this relates **to the qualification of bonds admitted to London Stock Exchange’s Main Market as eligible collateral under the ECB criteria.**

In line with the European Commission’s withdrawal notices for stakeholders, for the purposes of contingency planning for a Hard Brexit, we are assuming in this scenario that London Stock Exchange plc has no MiFID authorisation and that the UK and the Exchange are not granted any form of third country equivalence.

In this case, after 12 April 2019, London Stock Exchange’s Main Market would no longer meet the ECB “acceptable markets” criterion which forms part of the general framework under Articles 60 to 71 of Guideline (EU) 2015/510 of the European Central Bank and the temporary framework criteria under Article 7 of Guideline (EU) 2014/31 of the European Central Bank. Whilst we feel this extreme outcome is unlikely, we need to be prepared for all possible scenarios, including a Hard Brexit.

London Stock Exchange plc has therefore explored an alternative solution to allow those assets that are currently listed on London Stock Exchange’s Main Market (as well as future bond listings) to continue to satisfy the ECB “acceptable markets” criterion. Assuming the ECB criteria do not change¹, issuers of existing and new bonds listed on London Stock Exchange’s Main Market will be able to maintain ECB collateral eligibility via admission to MTS BondVision Europe (“BondVision”), subject to the securities meeting the MTS [admission criteria](#)² and satisfying all the other ECB eligibility criteria.

BondVision is a Multilateral Trading Facility (MTF) included in the list of “acceptable markets” recognised by the ECB. BondVision is organised by MTS S.p.A³, majority-owned by LSEG, and operates as an MTF under the supervision of the Italian regulator, Consob.

¹ The ECB has the right to change its [criteria](#) from time to time.

² BondVision Europe Market Rules can be found [here](#). MTS can apply additional criteria if deemed useful.

³ Note, BondVision SSO is the previous name for BondVision Europe MTF, which still appears in the list of ECB’s acceptable non regulated markets. As bonds currently admitted to trading on BondVision Europe MTF and not



Up to and until 12 April 2019, London Stock Exchange's Main Market will continue to be an EU regulated market. All listed bonds included in the ECB's list of eligible marketable assets will be automatically processed for admission to BondVision.

BondVision has already onboarded existing listed ECB Eligible Bonds that meet its Admission Criteria, as of 01 April 2019. MTS will continue to do this for bonds admitted to London Stock Exchange on or before 12 April on a regular basis. Securities will remain on BondVision after 12 April 2019, provided they continue to comply with the parameters indicated in the BondVision market rules. Admission of securities to BondVision is free of charge.

After 12 April 2019, Bonds listed on the London Stock Exchange's Main Market after 12 April 2019 will be automatically admitted to trading on BondVision at the same time that they are London listed, provided that they satisfy MTS' admission criteria (and regardless of whether they meet any of the other ECB eligibility criteria). MTS S.p.A. has confirmed it has received the relevant approvals from its Board to amend its rule book to admit financial instruments on London Stock Exchange to BondVision Europe MTF, an acceptable non-regulated market. Note, in order to qualify for ECB eligibility, bonds must meet all the ECB eligibility [criteria](#). Admission to trading on a regulated market or an acceptable non-regulated market, such as BondVision Europe MTF, is only one of the general criteria that need to be satisfied.

The process of admission of bonds is automatic and without recourse to the issuer. We therefore do not expect that issuers will become subject to continuing obligations from the perspective of the EU Market Abuse Regulation. Issuers with securities admitted to trading on a UK regulated market after 12 April 2019 will only be subject to the UK transparency regime, which will ensure the level of information as for today in accordance with the EU transparency regime. As the securities are also listed on London Stock Exchange's Main Market, and so in any event subject to rigorous disclosure requirements which mirror EU requirements, this means that there is already "sufficiently publicly available information" for market operators to enable users to form an investment decision (Article 18(2) MiFiD II). This ensures that issuers will not be subject to any additional disclosures on BondVision.

The full list of bonds available for trading on BondVision can be found [here](#).

If you have any questions, or need any additional information, please contact the fixed income team at London Stock Exchange plc - bonds@lse.com

listed on any EU-regulated market appear in the ECB list of eligible marketable assets (download the list [here](#)), we expect future bonds admitted to Bondvision to satisfy the ECB eligibility criteria.



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