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The new process for the admission to trading of wholesale notes or bonds on the AIAF market

On 18 September, Article 63 of Law 6/2023, of 17 March, on Securities Markets and Investment Services (the "LSMIS") will enter into force. From that date, the verification of the requirements for admission to trading on AIAF Fixed Income Market ("AIAF") will be the responsibility of its governing body¹.

The following is a summary of the procedures that issuers must carry out with the CNMV and AIAF for the admission to trading of wholesale notes or bonds (i.e., with denominations equal to or greater than EUR 100,000) issued on a stand-alone basis or under a programme, following the disbursement of the issuance².

1. Stand-alone issuance

CNMV Approval of the listing prospectus where required under Regulation (EU) 2017/1129 of 14 June 2017 (the "Prospectus Regulation")³.

AIAF *Verification of compliance with the admission requirements.*

Admission is subject to the issuer's evidence of compliance with the suitability requirements relating to the issuer and the securities and information requirements set out in the applicable legislation⁴. Depending on the structure of the issuance and the legislation involved, AIAF may request additional documentation from the issuer, including independent legal opinions on relevant aspects of the issuance or the issuer.

- Suitability requirements relating to the issuer: the issuer must provide a certification (the "**Suitability Certification**") signed by a duly authorised person attesting to the following:
 - That the issuer is validly incorporated under the laws of the country in which it is domiciled;
 - That the issuer is operating in accordance with its public deed of incorporation and articles of association or equivalent documents; and
 - That the holders of the admitted securities, which are fungible among themselves, are treated equally in respect of all rights attaching to those securities.
- Eligibility requirements relating to the securities: the issuer shall file the so-called "issuance document" governed by Article 7 of the LSMIS (i.e., the document used for the creation of the book-entries and for this purpose already filed with Iberclear) (the "**Issuance Document**"). The Issuance Document will certify the following regarding the securities:
 - that they comply with the legal regime to which they are subject;

1. The procedures are set out in [Circular 1/2023, on rules for admission and exclusion of securities on the Fixed Income Market, AIAF](#).

2. Prior to disbursement of the issuance, the book entries representing the securities must be created by Iberclear.

3. An admission prospectus is not required in the case of: (i) issuances of securities outside the scope of application of the Prospectus Regulation: (a) non-equity securities issued by a Member State or by one of the regional or local authorities of a Member State, by public international bodies of which one or more Member States are members, by the European Central Bank or by the central banks of the Member States; (b) securities unconditionally and irrevocably guaranteed by a Member State or by one of the regional or local authorities of a Member State; and (c) securities issued by associations with legal personality or non-profit organisations, recognised by the Member State, with a view to obtaining the means necessary to achieve their non-profit objectives; and (ii) admissions to trading of securities exempt from the prospectus requirement (the most relevant exception for this purpose being "taps", i.e., issuances of fungible securities provided that they represent, over a 12-month period, less than 20% of the volume of securities already admitted to trading on AIAF).

4. Issuers of securities outside the scope of application of the Prospectus Regulation are not required to obtain this accreditation (see section (i) of footnote 3 above).

- that the total amount of the securities is at least EUR 200,000 (calculated as the nominal value of the issuance)⁵;
 - that they are represented by book entries; and
 - that they are freely negotiable.
- **Reporting requirements:** where the approval of a prospectus by the CNMV (or by another competent authority of an EU Member State) is not required, the issuer must provide its audited financial statements, including audit and management reports, under the legislation applicable to that issuer.

The annual individual and consolidated financial statements, where applicable, shall cover, at least, the last 2 financial years, but may cover a shorter period where the issuer is a special purpose vehicle (i.e., an issuer whose objects and purpose are primarily the issuance of securities), and the securities to which the admission relates are asset-backed securities or are guaranteed, provided that the guarantor has published audited annual financial statements covering the last 2 financial years.

In the case of issuers subject to the periodic reporting obligations of Articles 99 et seq. of the LSMIS⁶, this obligation will be deemed to be fulfilled through the provision of a certificate from the issuer certifying that it has made public and disseminated its financial reports, within the legally established deadlines, and that they are included in the corresponding official register of the CNMV (the "**Certificate of compliance**").

Verification of compliance with the requirements for admission to trading shall be carried out, at the latest, within five working days following the date on which the complete documentation was filed. AIAF may request additional information, which must be submitted within three working days from the day following the receipt of the request by the interested party, which may be extended when the nature or complexity of the information requested so requires.

Admission to trading

The admission of securities to trading on AIAF shall be requested by the issuer, in writing, by using the relevant standard form addressed to AIAF, signed by a duly authorised person, referring to all the securities of the same issuance and accompanied by the following documentation:

- (i) Suitability Certification;
- (ii) Issuance Document and, where applicable, the prospectus approved by the CNMV (or by another competent authority of an EU Member State);
- (iii) Audited financial statements of the issuer where the approval of a prospectus by the CNMV (or by another competent authority of an EU Member State) is not required; or a Certificate of compliance;
- (iv) Certificate of disbursement; and
- (v) Proof of the identity and the authorisation of the person signing the documentation that is being submitted.

5. This amount shall not apply when securities of the same class are already admitted to trading.

6. Essentially, listed companies and issuers of debt securities admitted to trading on AIAF with a denomination of less than EUR 100,000.

2. Issuance as part of a programme

CNMV⁷ The CNMV will register and publish the Final Terms in compliance with Article 8.5 of the Prospectus Regulation without carrying out any verification.

The submission of the Final Terms to the CNMV must be carried out prior to the verification of compliance with the requirements for admission to trading by AIAF⁸.

AIAF Verification of compliance with the admission and admission to trading requirements, taking into account the existence of a base prospectus already approved by the CNMV, by submitting the following documentation:

- (vi) Suitability Certification;
- (vii) Issuance Document and, where applicable, the prospectus approved by the CNMV (or by another competent authority of an EU Member State);
- (viii) Certificate of disbursement; and
- (ix) Proof of the identity and the authorisation of the person signing the documentation that is being submitted.

AIAF's intention is to make the verification and admission process as streamlined as possible for issuances made under a programme, without losing legal certainty, thereby making it an alternative to be considered by issuers. Regarding stand-alone issuances, it will depend on the agility of the CNMV in reviewing and approving the corresponding listing prospectus.

7. The approval of the corresponding base prospectus that serves to document the bond issuance programme shall be carried out prior to the launch of the issuance.

8. In relation to the submission of the Final Terms to the CNMV, an automatic presentation and filing procedure has been implemented through the "CFP procedure" on the CNMV website by means of which an XML file will be sent which must be prepared by issuers and which will contain the information relating to the Final Terms (PDF+metadata).

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