

ICMA and ICMSA guidance notes on "50k+1k" denominations: Joint statement on the application of the new requirements

ICMSA (International Capital Market Services Association) and ICMA (International Capital Market Association) are publishing their guidance notes on the use of "50k+1k" denominations. Under the new ICMSA requirements, issuers using such denominations will in particular be expected to (i) provide for only a limited range of events triggering delivery of definitive notes and (ii) properly describe the denominations in the terms and conditions of the issue.

The two associations are aware of the fact that there are a number of outstanding issues already admitted to the ICSDs which do not provide for 50k+1k denominations in accordance with these new ICMSA requirements. Similarly, documentation of existing debt programmes will usually not fully reflect these requirements.

In order to minimise any disruptions caused by the application of the ICMSA requirements, they will be implemented as follows:

1. Issuers will be expected to comply with the new requirements with respect to issues (both stand-alone and under a programme) launched from **1 January 2007**.
2. The terms and conditions of issues (both stand-alone and under a programme) launched up to 31 December 2006 will not need to be amended to comply with the new requirements.
3. Issuers will not be required to amend the terms and conditions of their existing debt programmes to meet the new requirements so long as, from 1 January 2007, any notes issued under such programmes have a single denomination of €50,000. Should an issuer wish to issue under such a programme in denominations of 50k+1k, it will need to comply with the new requirements and its programme documentation may require an amendment. Such issuers should seek legal advice as to how best this is achieved with respect to particular documentation.
4. The terms and conditions of issues launched from 1 January 2007 will not, however, need to comply with the new requirements if the issue is intended to be fungible with an issue launched prior to that date. Issuers are advised to raise any concerns they may have regarding the application of the new ICMSA requirements with the ICSDs at an early stage.

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