

Debt Capital Markets Update Q1 2024

16 April 2024

Welcome to the latest edition of the Ashurst Quarterly Debt Capital Markets Update. In this edition, we summarise the key developments in debt capital markets in the first quarter of 2024.

We have a number of different developments to report on in this edition:

- First European Sustainability Reporting Standards (ESRS) apply from 1 January 2024
- New UK prospectus regime - Public Offers and Admissions to Trading Regulations 2024
- New ESMA Q&A tool
- UK Listing Rules reform
- ICMA proposal for climate transition plans
- Updated Q&As on EU PRIIPs KIDs
- ICSDs' initiative concerning Electronic Global Notes and Electronic Signatures

First European Sustainability Reporting Standards (ESRS) apply from 1 January 2024

The first set of European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD) have been established by [Commission Delegated Regulation \(EU\) 2023/2772](#). This Regulation was published on 20 December 2023 and applies from 1 January 2024 for financial years beginning on or after 1 January 2024.

It is important to note that this expanded scope of the sustainability reporting requirements will include issuers (whether established in the EU or not) that have transferable securities admitted to trading on EU regulated markets. For more information see this [Ashurst briefing](#).

New UK prospectus regime - Public Offers and Admissions to Trading Regulations 2024

The Financial Services and Markets Act 2023 establishes the legislative framework for the revocation of all the UK's retained EU law (assimilated law) relating to financial services, including the UK Prospectus Regulation, and its replacement using the architecture of the Financial Services and Markets Act 2000. On 29 January 2024 the UK government took the next major step in creating a new UK prospectus regime by making the Public Offers and Admissions to Trading Regulations 2024 ([SI 2024 No. 105](#)) (the "POAT Regulations").

However no changes to the UK Prospectus Regulation regime are imminent. Before the current regime can be revoked and replaced the FCA must carry out an extensive consultation exercise on the new prospectus rules it is now empowered to make under the POAT Regulations. The FCA does not envisage the new UK prospectus regime coming into effect until mid-2025.

New ESMA Q&A tool

On 9 February 2024, ESMA announced a new Q&A tool, which is available on ESMA's new [Questions and Answers page](#). It contains an overview of all the various Q&As developed by ESMA over the years and in particular makes it easier to search for Q&As. It is important to note that each Q&A now has a new designation and that it appears ESMA will no longer be publishing updated versions of the various Q&A documents which it has historically published (such as the Q&A on the Prospectus Regulation ESMA31-62-1258) - instead the new Q&A page will be the source of up-to-date Q&As.

ICMA proposal for climate transition plans

On 14 February 2024 ICMA published a 40-page paper entitled "[Transition Finance in the Debt Capital Market](#)". This paper builds on ICMA's Climate Transition Finance Handbook, most recently updated in June 2023, and reviews the latest guidance and recommendations on transition finance from both the market and the official sector. ICMA sees the new sustainability corporate reporting standards of the International Sustainability Standards Board (ISSB) and the European Sustainability Reporting Standards (ESRS) as an opportunity for the mainstreaming of transition plans with the potential to unlock transition finance in the sustainable bond market. The paper concludes by proposing the voluntary adoption of transition plans by the market in anticipation of regulation and makes available a model structure for integrated transition plans.

UK Listing Rules reform

As part of the UK government's post-Brexit review of the functioning of the UK capital market the FCA is currently consulting on detailed proposals for listing rules reforms. The key proposed reform is to create a single category for UK listings of equity shares in commercial companies which is described in the first tranche of proposed new listing rules published by the FCA in Consultation Paper [CP 23/31](#) on 20 December 2023.

On 7 March 2024, the FCA published the second tranche of proposed new listing rules in the form of the entire new proposed [UK Listing Rules sourcebook](#) which contains both the proposed rules published in December 2023 for UK listings of equity shares in commercial companies and the proposed rules for all other categories of listings.

The FCA stipulated a closing date for submissions in relation to the second tranche material of 2 April 2024. It expects to consult on related technical and procedural notes during this summer with a view to implementing these listing rule changes in the second half of 2024.

Updated Q&As on EU PRIIPs KIDs

On 15 March 2024, the Joint Committee of the European Supervisory Authorities (ESAs) published an updated version of its Q&As ([JC 2023 22](#)) on the requirements for PRIIPs key information documents (KIDs). There are seven new or amended Q&As all related to the requirements for the contents of KIDs, which are intended to clarify such things as: the term "PRIIPs open to subscription", summary risk indicators and performance scenarios.

ICSDs' initiative concerning Electronic Global Notes and Electronic Signatures

On 26 March 2024, Euroclear and Clearstream Luxembourg (the ICSDs) announced details of an initiative which they will formally launch on 15 April 2024 and which will "Go Live" on 3 June 2024. The initiative covers Electronic Global Notes (e-GNs) and Electronic Signatures (e-Signatures). The initiative has been encouraged by a number of market participants, notably the European Central Bank (ECB), to seek to make new issuance

procedures in the international market more secure and efficient. The initiative involves some movement towards paperless issuance, use of electronic signatures, and electronic authentication and electronic safekeeping of Global Notes and the associated documentation.

While we await more details of the initiative on 15 April 2024, it appears that initially its scope will be limited to issuance documentation for issuers incorporated in England (and supranational issuers) which uses the New Safekeeping Structure (NSS) and is expressed to be governed by English law. Also, while e-GN issuance will be available as an option from 3 June 2024, no issuer will be required to adopt this new model (although the ICSDs say they strongly encourage in-scope issuers to adopt it).

Visit our [Finance Hub](#) for analysis and commentary on developments affecting global financial markets, including the EU Prospectus Regulation, the EU Benchmarks Regulation, PRIIPs/KID and EU EMIR.

The information provided is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects of those referred to.

Readers should take legal advice before applying it to specific issues or transactions.