

Consultation on Revision of IPSX Rules for Issuers

24 September 2021

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I. Introduction

IPsx UK Limited (IPsx) is conducting a consultation on proposed changes to the IPSX Rules for Issuers. The consultation focuses on changing the maximum Loan to Value (LTV) for Issuers to IPSX Prime. In addition, some other minor rule changes are outlined in this document.

This consultation is aimed at IPSX Issuers, potential Issuers and IPSX Lead Advisers, who are invited to provide feedback. We also welcome feedback from other IPSX Members and interested parties.

The proposed changes, which are subject to FCA approval, are described in this document. A marked-up version of the IPSX Rules for Issuers, with additions to existing wording underlined and deletions struck through, is published separately alongside this document.

The closing date for responses is 8 October 2021.

Responses should be sent to regulation@ipsx.com

Any queries should also be sent to this address.

IPsx will confirm the final rules promptly after the consultation period has ended.

2. Amendments to the maximum LTV for IPSOX Prime Issuers

IPSOX is unique among stock exchanges in that it applies a maximum Loan to Value (LTV) to Issuers to help protect investors against over-leveraged assets. The current maximum LTV for IPSOX Prime issuers is 40%, compared to 80% for IPSOX Wholesale Issuers. The experience gained by IPSOX since it was established is that many real estate assets are funded with an LTV higher than 40%. This means that a large number of potential issuers who would otherwise be suitable for admission to IPSOX Prime are excluded.

We therefore propose that the maximum LTV for Prime Issuers be increased to 80%. We believe that this figure does not represent a disproportionate increase in risk to investors. Further, it remains a control that is not applied by other venues who do not apply a maximum LTV to their Issuers at all.

3. Other Minor Changes

Development Plans (Rule 1.25)

This rule has been amended to specifically make clear that such Issuers are only admissible to IPSOX Wholesale.

Provision of Financial information (Rule 3.28)

Guidance has been added to this rule to make clear that, in the event that the Issuer is part of a group, only consolidated financial information is required.

Failure to meet financial reporting timetable (Rule 3.29)

This rule has been amended to broaden the possible courses of action that IPSOX may take in the event this occurs.

Failure to implement Asset Development Strategy (Rule 3.36)

This rule has been amended to broaden the possible courses of action that IPSOX may take in the event this occurs.

Schedule Three – Red Book Valuation Requirements

Guidance regarding the contents of a Red Book Valuation report has been expanded to specifically cover Multiple Asset Issuers.

Other Minor Changes

Other minor changes have been made to correct errors which do not change the substance of the Rule in question.



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