

Consultation Paper 142  
Primary Markets and Wholesale Conduct Supervision Division  
Central Bank of Ireland  
New Wapping Street  
North Wall Quay  
Dublin 1  
D01 F7X3

16 July 2021

**Re: Central Bank of Ireland's Consultation on Prospectus Fees and Service Standards**

Dear Sir/Madam

I refer to the Central Bank of Ireland's (the 'Central Bank') consultation paper 142 on prospectus fees and service standards (the 'Consultation'). We welcome the opportunity to respond to the Consultation. The Central Bank's proposals, as detailed in the Consultation, have been considered by the Board of Euronext Dublin and the Managing Board of Euronext N.V. Given the significance of our concerns regarding the Central Bank's proposals, individually and collectively, we have also organised roundtable meetings of listing agents and debt capital markets law firms to ensure that relevant market participants are aware of, and respond to, the Consultation.

**General Comments**

**1. Ireland as the leading jurisdiction globally for debt listing**

Since 2005, the Irish Stock Exchange along with Dublin based listing agents and law firms have worked to develop Ireland as the leading jurisdiction globally for issuing and listing debt. Between 2005 and 2011, the Irish Stock Exchange reviewed prospectuses on a delegated basis from the Central Bank. From 2011, upon the delegation provisions of the Prospectus Directive ending, the review of prospectuses has been performed by the Central Bank. At that time, and ever since, the importance of adhering to market-valued prospectus review timelines of 3+2 days for debt securities was recognised and delivered, and was an important factor contributing to the development of Ireland as the leading jurisdiction globally for issuing and listing debt while at the same time ensuring market integrity and investor protection.

Competition for debt issuance and listing is intense across European and non-European jurisdictions. In a post-Brexit world, we are likely to see increased competition from the United Kingdom which will have the ability and agility to revise its regulatory requirements in a way that makes it more issuer-friendly. Other exchanges are also proactively pursuing debt business listing in Ireland with

aggressive marketing campaigns, targeting listing agents and lawyers in Dublin and key decision makers in London. In this environment, the Central Bank's proposals will put at risk Ireland's leading position globally as the number 1 jurisdiction for issuing and listing debt securities. Debt issuers are highly mobile and switching issuance and listing to other jurisdictions can occur relatively easily, particularly if they are perceived to be more issuer-friendly. The danger is that, once issuers move away from Ireland, the loss of issuer goodwill and the need for certainty around the stability of the prospectus review regime will make it very difficult to convince them to switch back, thereby resulting in a permanent loss of relevance, position and business for Ireland Inc.

## **2. Implications of CBI proposals, if implemented, for Ireland Inc**

If the Central Bank's proposals are implemented as detailed in the Consultation, we believe that they will damage Ireland irreparably as the leading jurisdiction globally for issuing and listing of debt securities. In particular, we believe that the proposals will:

- Permanently damage Ireland's reputation as an issuer friendly, expert and efficient location for debt issuance and listing.
- Immediately start to drive issuers and advisers towards other jurisdictions where the issuance and listing environment would be perceived as more favourable towards issuers.
- Have a significant detrimental impact on Euronext's position as the leading venue globally for listing debt securities, its prominence as the Centre of Excellence for debt listings within the Euronext group, as well as rapidly reduce the number of new bonds listing on our regulated market and the associated listing revenues. It should not be assumed that instead of a 'regulated market' listing issuers would simply pursue listing on a multilateral trading facility, such as the Global Exchange Market. Many investors require, and many issuers want, a regulated market listing.
- Have a significant impact on the Irish ecosystem in terms of business activities linked to listing and to advisory in respect of bond structuring and issuance.

Debt issuance and listing is a specialist area of financial services and in establishing Ireland as the leading jurisdiction globally, there has been significant investment over many years in developing resources with specialist skill sets by Euronext, law firms and listing agents. If lost, it could take years to build up this expertise again to former levels. Given the specialist nature of the debt issuance and listing business, lower business volumes would quickly translate into a reduction in specialist employment at Euronext, listing agents, law firms and corporate services firms.



### **3. Alignment with Irish Government's 'Ireland for Finance' Strategy**

In line with the Irish Government's 'Ireland for Finance strategy', Ireland is becoming a significant player for green and ESG bond issuance. The growing prominence of Ireland as a jurisdiction of choice for green and ESG bonds, coupled with Euronext's new ESG bond offerings, is fully aligned with the Irish Government's Financial Services strategy.

*"The World Bank Group has used Dublin as a centre for the issuance of sustainable and development bonds. The designation of the Irish Stock Exchange as Euronext's hub for green bonds and bonds related to environmental, social and governance objectives, including social and sustainability-linked bonds, has been a key factor in the growth of this area."*<sup>1</sup>

For ESG bonds listing on the regulated market of Euronext Dublin, the Central Bank has an important role to play in terms of an efficient and timely prospectus review and approval. The Central Bank's proposals seem to be misaligned with the 'Ireland for Finance' strategy and its vision for Ireland to be a global leader in sustainable finance by 2025, and would be likely to hamper the further successful development of Ireland as an attractive jurisdiction for issuing and listing sustainable bonds.

#### **Question on Funding the Cost of the Central Bank's Prospectus Approval Activities**

We understand that the Central Bank has an objective to move to a fully industry funded model. However, we believe that the magnitude and one-off nature of the prospectus fee proposals set out in the Consultation Paper will quickly and permanently damage Ireland as the leading jurisdiction globally for issuing and listing debt. Therefore, we believe that a more nuanced approach is necessary and appropriate, and we suggest that the following approach be considered by the Central Bank:

1. There should be no fees for filing final terms. Any such fee, irrespective of its level, will irreparably harm this business outright and we will see issuers quickly move programmes to other jurisdictions. The introduction of such a fee would, in our view, be totally unpalatable for market participants and not viewed as reasonable or proportionate given that it would arise from a filing obligation under the Prospectus Regulation, where there is no mandated competent authority review or approval.
2. Increased fees for prospectus review should be implemented over a longer time frame, rather than a single increase that essentially doubles fees. This would enable the Central Bank to achieve its overarching objective, albeit at a slower pace, and in a manner that reduces the risks associated with fee increases.

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<sup>1</sup> Extract from the recently published Ireland for Finance Action Plan 2021 – The Minister of State's Priorities (p7).

## **Question on Prospectus Approval Service Standards**

The existing 3+2 day service standard is central to Ireland's value proposition, particularly for international issuers for wholesale debt securities, and any move away from this will inevitably lead to an erosion of Ireland's position as the leading jurisdiction globally for issuing and listing debt.

We believe that a more nuanced approach is necessary and appropriate, and we suggest that the following approach be considered by the Central Bank:

1. There should be no change to the 3+2-day service for wholesale debt (i.e. a minimum denomination above €100,000). Any extension of review times will immediately lead issuers and their advisers to choose other jurisdictions from which to issue and list their debt, with certain EU and non-EU exchanges being the most likely beneficiaries.
2. From an investor protection perspective, the risks associated with retail debt are greater and therefore a longer review period for prospectuses relating to debt securities targeted at retail investors would seem more appropriate.

## **Conclusion**

We strongly believe that the Central Bank's proposals, individually and collectively, would be detrimental to Ireland's competitive position within the international financial services sector. Our engagement with market participants indicates that there is huge concern in the market about the potential irreparable damage that the Central Bank's proposals would be likely to cause to the debt issuance and listing business in Ireland, ultimately resulting in Ireland's position as the leading jurisdiction for issuing and listing debt being eroded, a significant loss of business for Irish financial entities, including Euronext Dublin, and a reduction in employment in this specialist area of financial services.

At a time when uncertainty exists post Brexit, as we emerge from Covid restrictions, and the Irish Government's 'Ireland for Finance' Strategy seeks to establish Ireland as a leading player in niche international financial services, we believe that a more nuanced approach is needed. This would allow the Central Bank to achieve its objectives, while reducing the risk of damage to Ireland's position as the leading jurisdiction globally for issuing and listing debt securities.

We urge the Central Bank to consider our response carefully and take a more nuanced approach in seeking to achieve its objectives. We are happy to discuss our response with the Central Bank at any point.

Your sincerely



Daryl Byrne  
CEO Euronext Dublin