

8 July 2022

N14/22 – Extension of consultation on changes to the Admission and Disclosure Standards (N12/22), to include expansion of the proposed Voluntary Carbon Market designation and Stock Connect

Introduction

1. London Stock Exchange plc (the “**Exchange**”) is currently consulting on amendments to the Admission and Disclosure Standards (the “**Standards**”) as published in Stock Exchange Notice N12/22. The consultation period is scheduled to close on 11 July 2022 and will now be extended to 1 August 2022. This enables the Exchange to pose further questions and make further changes on the proposed launch of the Voluntary Carbon Market designation and to accommodate changes to the Standards in respect of Stock Connect (as set out below), following rule changes by the China Securities Regulatory Commission and consideration of this in relation to the listing of global depository receipts from issuers in China.
2. The Exchange would like to thank all respondents who have already taken the time to respond to the consultation and welcomes further responses by the extended deadline. The proposed Stock Connect changes will be in addition to, and will not impact, the proposed changes to the Standards as currently set out in the current consultation.

Voluntary Carbon Market Designation

3. In Stock Exchange Notice N12/22, the Exchange noted that it would be considering extending the proposed Voluntary Carbon Market designation beyond fund structures. Further to this, the Exchange has received interest to extend the designation at launch to permit companies operating in the voluntary carbon sector. Such an extension will require amendments to the proposed new Schedule 8 of the Standards. We welcome views generally as to the proposal that, in addition to funds, such operating companies that are admitted to either Main Market or AIM are also eligible for the designation, and specifically what protections would be appropriate in the absence of a fund structure and an authorised fund manager. We also invite views on what proportion of such a company's business should be operating in the voluntary carbon sector.

The expansion of Stock Connect

4. Following the launch of Shanghai-London Stock Connect in June 2019, the Exchange now proposes to extend the markets eligible for Shanghai-London Stock Connect. In addition to Shanghai Stock Exchange Main Board issuers, qualifying issuers admitted to the Science and Technology Board of the Shanghai Stock Exchange will also be able to apply for admission to trading via Shanghai-London Stock Connect.

Market Notice

8 July 2022

5. Following collaboration between the Exchange and the Shenzhen Stock Exchange, qualifying issuers admitted to either Shenzhen Stock Exchange's Main Board Market or its ChiNext Market will now also be able to apply for admission to trading via Shenzhen-London Stock Connect.
6. In addition, the Exchange proposes to remove the minimum market capitalisation criteria given that Shanghai-London Stock Connect and Shenzhen-London Stock Connect issuers are required to admit the global depositary receipts to the Main Market, which does not have market capitalisation restrictions based on the country of jurisdiction.
7. The Exchange may, in the future, add other stock exchanges within China to Stock Connect, as it deems appropriate. Any determination to include other stock exchanges will be set out in a Stock Exchange Notice.
8. In order to reflect the above Stock Connect proposals, if taken forward, the changes will mostly affect the definitions and Schedule 7 of the Standards, which relates to Stock Connect.
9. The Exchange welcomes comments on the above proposals and engagement from market participants to help shape the expansion of Stock Connect.

Consultation responses

10. a) Comments are invited by close of business on **1 August 2022**. Responses should be sent by email to: primarymarketregulation@lseg.com.
- b) As set out in Stock Exchange Notice N12/22, the Exchange expects to confirm the final rules at or around the end of September 2022.

Nilam Statham
Co-Head of Market Regulation

This Stock Exchange Notice will be available on the website at:
<https://www.londonstockexchange.com/resources/london-stock-exchange-notices>

Calls to London Stock Exchange plc may be recorded to enable London Stock Exchange to carry out its regulatory responsibilities