

Press release

News from the International Capital Market Association (ICMA)

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Please see foot of release for contact details

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For immediate release

Pan-European Private Placement Working Group supports exemption from withholding tax on interest on private placements contained in HM Treasury's Autumn Statement

The Pan-European Private Placement Working Group (PEPP WG) welcomes the new exemption from withholding tax for interest on private placements contained in HM Treasury's Autumn Statement, which was released on 3 December 2014. We believe that this exemption will help unlock new financing opportunities for UK businesses.

This new exemption removes a significant barrier to the development of the private placement market in the UK, with the commercial expectation being that issuers would otherwise have had to compensate investors for withholding tax imposed on UK private placement transactions.

The PEPP WG, which aims to promote the development of a pan-European Private Placement market, is hopeful that the UK exemption, as well as existing dispositions in jurisdictions like France or as recently introduced in Italy, will encourage other European countries where withholding taxes would create barriers for private placements to consider comparable adjustments.

The PEPP is an umbrella industry initiative led by the International Capital Market Association (ICMA) and further comprising the Association for Financial Markets in Europe (AFME), the European Private Placement Association (EU PPA), the French Euro Private Placement (Euro PP) Working Group, the Investment Management Association (IMA), the Loan Market Association (LMA), TheCityUK; representatives from major institutional investors (including Delta Lloyd, Fédéris Gestion d'Actifs, KBC Group, LGIM, M&G Investments, Natixis Asset Management); observers from the official sector (including the Banque de France, the French Trésor and HM Treasury); and the participation of major law firms including Allen & Overy LLP, Ashurst, CMS BFL, Herbert Smith Freehills, Kramer Levin, Linklaters, Slaughter and May, Simmons & Simmons and White & Case.

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Notes

Private placements

Private placements are defined here as financing for companies in the form of medium to long term senior debt obligations (either in the form of a note or a loan), generally at fixed rate, negotiated with and issued privately to a small group of professional investors. Private placements are normally an unlisted and illiquid instrument designed for institutional investors with a buy-to-hold strategy.

International Capital Market Association (ICMA)

ICMA represents institutions active in the international capital market worldwide and has around 460 members located in 54 countries. ICMA's market conventions and standards have been the pillars of the international debt market for over 40 years, providing the framework of rules governing market practice which facilitate the orderly functioning of the market.

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