FINANCIAL CONDUCT AUTHORITY

Policy Statement

PS24/6

Primary Markets Effectiveness Review: Feedback to CP23/31 and final UK Listing Rules

July 2024

This relates to

Consultation Paper 23/31 which is available on our website at www.fca.org.uk/publications

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Foreword

The UK's capital markets are the engine room of our economy. They allow companies to raise capital, expand and innovate to grow. They provide investors, including pension funds, with investment opportunities that can benefit from that growth. The UK's capital markets need to operate efficiently and competitively to thrive on the global stage and contribute to the growth of the country.

That is why today we are setting out the final rules for a new, simplified, and more competitive UK listing regime. These rules and accompanying transitional provisions will take effect from 29 July 2024.

Our aim is to encourage a wider range of companies to choose to list, raise capital, and grow in the UK, while maintaining high standards of market integrity and consumer protection.

These reforms are the most significant changes to the UK's listing regime in over 3 decades, which is why we have consulted so extensively, with two consultations in May and December last year. We engaged widely and listened carefully to the wide range of views. While there was broad consensus on the need for change to our regime and the importance of vibrant UK listed markets, we recognise there were diverging views.

Having listened to all sides in this important debate, we do not believe the status quo is an option. The need for change is clear and widely acknowledged. The risk otherwise is that our regime falls increasingly out of step with those of other jurisdictions, making it less likely that companies eager to grow choose the UK as a place to list their shares.

Our final rules for the new listing regime confirm a shift to a more disclosure-based approach, putting information in the hands of investors so they can make informed decisions. They remove barriers for listed companies by no longer imposing shareholder votes on significant and related party transactions, provide more flexibility on enhanced voting structures, and create a single, simpler equity listing category for commercial companies. At the same time, important protections have been retained, for example shareholder votes for reverse takeovers and cancellations of listings.

We have kept in mind that investors already choose to put their money in companies listed outside the UK, where the costly obligations we are removing do not exist. We believe institutional investors have the ability and heft to steer the companies they co-own. What's more, evidence does not suggest that UK-listed companies are valued more highly by investors because of the current regime.

Our reforms emphasise the choices available to investors and companies, rather than the regulator making prescriptive, one-size-fits-all decisions. These reforms may mean investors change how they engage with companies, making more use of shareholder rights at law and other mechanisms to scrutinise boards and business strategies.

The new listing rules will continue to operate within broader regulatory checks and balances that maintain high, internationally regarded market standards. These include the market abuse regulation, disclosure and transparency, financial reporting and

prospectus rules. Company law and corporate governance standards also provide a wider framework that will continue to support good governance and conduct by issuers, and shareholder engagement.

Following implementation of these final rules, we will continue to maintain robust oversight of our listed markets, and will take action where we see poor disclosure or serious misconduct. Our sponsor regime, which we are retaining and expanding to cover equity listings of most commercial companies, will remain a critical check, especially for newer business models. We have also listened to feedback on how we can support the sponsor function continuing to be balanced and proportionate.

We will formally review our new listing regime in 5 years' time to assess the impacts on all parts of the market, but will not hesitate to intervene earlier and use our supervisory powers if necessary to ensure market integrity or our other statutory objectives.

Regulatory reform is only one of the changes required to reinvigorate the UK's public markets. We have played our part. Others will need to consider what they too can do. We look forward to building these collaborative efforts to achieve a common aim of a world-class UK market ecosystem.

From the outset of our work, we have acknowledged that greater flexibility for companies to access our markets, and a wider choice of companies to invest in, comes with accepting the possibility of failures. We believe that the changes we are setting out today will better reflect the risk appetite the wider economy needs to achieve growth and promote a more diversified listed market.

The reform of our listing rules is one element of our resolution to further strengthen the attractiveness of the UK capital markets, and we will continue to progress our work in support of that aim, including consulting shortly on the new public offers and admissions to trading regime.

We look forward to continuing the constructive dialogue we have had with all parts of the market as the new UK Listing Rules come into force. We hope that everyone can now get behind these reforms with our shared common goal of advancing the attractiveness, competitiveness, and strength of the UK's capital markets.

Our work carries on, but the rules published today mark an important milestone on the ongoing journey of promoting growth and sustainable returns for all.

Nikhil Rathi, Chief Executive, and Sarah Pritchard, Executive Director of Markets and International

Chapter 1

Summary

1.1 On 20 December 2023, we published detailed proposals to overhaul the FCA's Listing Rules (LR) in our consultation paper CP23/31. These proposals followed a prior consultation through CP23/10 in May 2023, and are part of our ongoing response to the UK Listing Review in 2021. Having conducted further extensive engagement and received feedback on our proposals and the wider impact they may have on the overall UK capital markets ecosystem, we are now confirming our final reforms.

1.2 This policy statement summarises the main feedback from the responses to CP23/31 and our further stakeholder engagement. It highlights where we propose to maintain or change our final approach and our rationale, and confirms the final policy position and rules for the new UK Listing regime (see Appendix 1 and Appendix 2). The new UK Listing Rules (UKLR) sourcebook will come into force on Monday 29 July 2024, when the current Listing Rules (LR) sourcebook will cease to have effect and will be replaced in its entirety by the new UKLR sourcebook. Transitional provisions are provided to avoid a cliff edge in requirements for certain issuers and clarify how 'in-flight' transactions should be considered in moving to the new UKLRs.

1.3 The feedback to and engagement on CP23/10 and CP23/31 established broad support for a more streamlined and effective listing regime. There was support for a single and simpler category and for the extension of the role of sponsors to a wider variety of commercial companies. However, there remained a significant split in views on some of the key rules for commercial companies with listed equity shares, with a divergence in views on the overall strategic approach of moving away from ex ante controls, set by regulators, to a disclosure-based philosophy and system which puts information in the hands of investors so they can decide whether to invest.

1.4 We are guided by our statutory objectives and recognise the importance of the listing regime in setting high standards that maintain market integrity and consumer protection. While our final rules maintain our overall strategic approach of moving to a disclosure-based philosophy, we have sought to ensure that investor protections remain in key areas such as reverse takeovers where prior shareholder votes will continue to be required. In our final rules we have also sought to specify clearly the types of disclosures that are required to support investor decision making, and have taken feedback from buy-side groups and other market participants on this. Our reforms seek, where possible, to remove disincentives for prospective issuers to choose a UK listing, as well as removing frictions to growth once listed, while continuing to place emphasis on disclosure and putting information in the hands of investors to inform their investment decisions. This final rule set is calibrated to UK markets and the feedback we have received from UK market participants, but also places the UK market on a more consistent and competitive footing with other international comparators.

1.5 Our final position is broadly as consulted on in CP23/31, with certain amendments as set out in this policy statement. At the core of our final rules is the approach proposed in CP23/10 and CP23/31 to remove our current 'premium' and 'standard' listing segments

in favour of a new 'commercial companies' category for equity share listings. For this category, we have maintained the approach of not requiring votes on significant and related party transactions and being more permissive in relation to companies listing with dual class share structures (DCSS) or weighted voting rights, subject to amendments discussed below.

1.6 We will, however, continue to carry over other significant aspects of the continuing obligations from our premium listing rules to the commercial companies equity shares category, including votes on reverse takeover transactions and cancellations of listing. We will also apply the UK Corporate Governance Code (UK CGC) to the new commercial companies category.

1.7 For commercial companies, a few areas where the final rules diverge from the proposals in CP23/31, in response to the feedback received, include:

- Adjustments to the timing and content of disclosures proposed in relation to significant transactions – giving more flexibility on the timing and content of the disclosures that will be required for acquisitions that are significant transactions so as to ensure shareholders are notified and informed of certain information as soon as possible after terms are agreed, and certain further information as soon as possible and in any event by no later than the completion of the transaction. After completion, companies will also have to make a notification to indicate that the transaction has taken place.
- Allowing institutional investors (ie legal persons) to hold enhanced voting rights to ensure that they are not disincentivised from supporting pre-initial public offering (IPO) funding rounds or bringing companies to listing in the UK. But introducing appropriate protections to ensure these enhanced voting rights do not last in perpetuity with a new 10-year sunset for the exercisability of the enhanced voting rights held by these investors to ensure a degree of visibility and predictability to other shareholders and prospective shareholders.
- Retaining a requirement that companies must be independent from any controlling shareholder but seeking to support this through disclosures and requirements for directors to formally give opinions on any resolutions proposed by a controlling shareholder when a director considers the resolution is intended or appears to be intended to circumvent the proper application of the listing rules. We believe that these changes more appropriately enable independence rather than the proposal set out in CP23/31, which relied on issuers entering into a binding agreement with controlling shareholders instead.

1.8 In response to further feedback, we have aligned the closed-ended investment funds category more closely with the commercial companies category, while focusing on protections for transactions relating to investment manager fees. For shell companies and special purpose acquisition companies (SPACs), we have broadly reverted to the rules that currently apply to these issuers (in standard listing), but have still set time-limits within which we expect an initial transaction to be undertaken and will require sponsors for all in this category.

1.9 We have carefully listened to the feedback and recognise that not all parts of the market will agree with certain features of the final rules for commercial companies – principally our

decisions to have fewer restrictions on DCSS and to not impose requirements on issuers to seek shareholder approval for significant and related party transactions. However, we think the rules strike the right balance to seek to encourage more issuers to list or stay listed on our markets, while still ensuring market integrity and appropriate consumer protections are in place, when considering the wider regulatory and legal framework in the UK.

1.10 UK listed markets will remain the most transparent and regulated environment in which a company's securities can be traded and accessed by investors. We want to provide a robust but flexible framework to promote the growth and diversity of businesses on these markets while maintaining market integrity. We expect that market practice will develop around this new rule set, with investors making their own decisions on where to invest, and market negotiation or other industry-led mechanisms determining what standard market expectations and practice will be under the new regime.

1.11 We will, of course, be supervising this new regime closely. Sponsors, approved by us, will play a key role and our focus on standards at listing will remain, as will our focus on market abuse and market oversight. We explain below our supervisory and market oversight approach to the new regime, which is primarily a continuation of applying robust scrutiny of new listing applicants at the gateway, supported by the sponsor regime, and ongoing oversight of market disclosures and conducts. We will consider using our full range of tools to embed good market practices as the new regime settles, although we will seek to limit issuing further guidance and encourage good judgement in the market as far as possible in the early stages.

1.12 We will carry out a formal post-implementation review in 5 years' time to provide a more holistic assessment of the impact of the new rules, both in terms of whether the benefits we intend have been realised, and if any concerns raised by stakeholders in responses to our consultations and engagement have crystalised. But we will not hesitate to intervene before then, if through our market monitoring, we identify issues which justify us using our supervisory and other regulatory powers to deliver our statutory objectives.

1.13 In Appendix 3 of this Policy Statement, we have included copies of certain revised forms, including sponsor declarations, which we will make available on our website from 29 July 2024 onwards. We have also published in parallel a further Primary Market Bulletin (PMB), which consults on further updates to key Technical Notes, in relation to our expectations of sponsors. The latter related to ongoing engagement and dialogue we have had with sponsor firms around seeking to ensure proportionate market practices in complying with our rules. Finally, in relation to sponsors, we also confirm that rules made in April 2024 to amend sponsor competency requirements will be carried over into equivalent provisions in the UKLRs.

What we are changing

1.14 We are making final rules to replace the existing LR sourcebook with a new UKLR sourcebook. As part of these changes, we are removing the concepts of 'premium' and 'standard' listing, while retaining categories that describe and set rules appropriate to the type of security or issuer type.

1.15 While this policy statement summarises the most important aspects of our final rules, it is not an exhaustive summary of the new UKLR. The new UKLR sourcebook is the determinative instrument and should be read in its entirety in addition to this policy statement to understand the full detail of our final rules.

Table 1: Summary of approach to final rules, UKLR reference and relevant Chapter in this Policy Statement

Listing Category or topic	Key features of final rules for the new UKLR Sourcebook (See final instrument in Appendix 1 for the full rules and guidance) *Additions or changes from CP23/31 are shown in underline*	UKLR Chapter	Where you can find more detail in this document
Commercial companies (Commercial companies (equity shares) category)	*Eligibility* • No listing requirements for historical financial information, revenue track record and clean working capital statements, although prospectus rules will still require such disclosure. • Sponsor requirement for new applicants.	UKLR 5	Ch 3
	Eligibility and continuing obligations • **Controlling shareholders:** Retaining a requirement for independence from controlling shareholder, amended guidance on factors indicating non-independence, no requirement for a controlling shareholder agreement. New mechanism for directors to give an opinion on a shareholder resolution put forward by a controlling shareholder when the director considers that the resolution is intended or appears to be intended to circumvent the proper application of the listing rules. Maintain certain related voting controls. • **Control and independence:** No eligibility and ongoing rules requiring that a company has an independent business and has operational control over its main activities. • **Externally managed companies:** Retaining rules preventing externally managed companies from listing in this category. • **Dual/multiple class share structures:** Permitting issuers to have dual/multiple class share structures at admission. Enhanced voting rights only to be held by specified natural persons without a time-based sunset clause, or pre-IPO investors that are legal persons subject to a maximum 10-year period after which enhanced rights should expire. Retained voting restrictions on certain matters, including dilutive transactions and cancellation of listing.	UKLR 5 and 6	Ch 4

Listing Category or topic	Key features of final rules for the new UKLR Sourcebook (See final instrument in Appendix 1 for the full rules and guidance) *Additions or changes from CP23/31 are shown in underline*	UKLR Chapter	Where you can find more detail in this document
	Continuing obligations • **Significant transactions:** No requirement for shareholder approval but market notifications for transactions ≥25% in size (based on class tests), removal of the profits test and new guidance on what constitutes 'ordinary course of business'. • **Notifications:** specific content for market notification for transactions ≥25%, but not requiring financial information or fairness statements for acquisitions. Allowing certain items to be disclosed as soon as soon as possible after the information has been prepared or the company becomes aware of it post-announcement. Require a notification to confirm when a transaction is completed. No working capital statement or re-stated historical financial information required. • **Related party transactions:** No requirement for shareholder approval, but market notification, sponsor fair and reasonable opinion and board approval at ≥5%. • **Reverse takeovers:** Continue to require an FCA approved circular and prior shareholder approval for transactions ≥100% or involving a fundamental change in business. • **Share buy-backs, non pre-emptive discounted share issuances and cancellation:** Retained shareholder votes. • **Annual reporting:** Comply or explain disclosure against the UK Corporate Governance Code, reporting on climate related and diversity matters, and other annual disclosures currently required in premium listing rules.	UKLR 7-10	Ch 5-9
Sovereign controlled companies	• Provide certain alleviations for equity shares of sovereign controlled issuers within the commercial companies category, while removing a separate category for these shares. • Removing the concept of 'premium listed' certificates representing shares in a sovereign controlled issuer (can be listed in UKLR 15).	As above	Ch 10

Listing Category or topic	Key features of final rules for the new UKLR Sourcebook (See final instrument in Appendix 1 for the full rules and guidance) *Additions or changes from CP23/31 are shown in underline*	UKLR Chapter	Where you can find more detail in this document
Closed-ended investment funds category	• Retention of shareholder votes on material changes to investment policies and management fee changes. • Other significant or related party transactions aligned to rules for commercial companies (above). • Confirmed change to definition of independent director.	UKLR 11	Ch 10
Open-ended investment companies category	• Only consequential or minor changes to existing requirements.	UKLR 12	Ch 11
Shell companies category	• Enhanced eligibility requirement for shells and SPACs to have time limit of 24 months to complete a transaction, but with additional flexibility to extend by 12 months up to 3 times subject to shareholder approval, which can be extended for a further period of up to 6 months in specified circumstances. • Require board approval of initial transaction as a continuing obligation. • Revert to a guidance approach whereby larger SPACs may voluntarily choose to put in place sufficient investor protections, so that the smooth operation of the market is not jeopardised, in order to avoid a presumption of suspension (similar to existing rules in LR 5.6.18AG). • Sponsor required in various circumstances (eg, at admission and to support initial transaction (reverse takeover)).	UKLR 13	Ch 11
International secondary listing category	• For non-UK incorporated companies with another listing on a non-UK market, subject to certain conditions, ongoing requirements effectively maintain standard listing rules.	UKLR 14	Ch 11
Transition category	• Closed category based on current rules for standard listed shares.	UKLR 22	Ch 11
Non-equity and non-voting equity, and other categories	• Discrete categories for non-equity shares (including preference and deferred shares) and non-voting equity shares, certificates representing shares (depositary receipts), debt securities, securitised derivatives, and warrants and miscellaneous securities. • Consequential or minor changes from existing requirements.	UKLR 15-19	Ch 12

Listing Category or topic	Key features of final rules for the new UKLR Sourcebook (See final instrument in Appendix 1 for the full rules and guidance) *Additions or changes from CP23/31 are shown in underline*	UKLR Chapter	Where you can find more detail in this document
Cross-cutting rules	• Applying 4 existing Premium Listing Principles to all issuers. • Require additional key contact details for all issuers and guidance on access to issuer information, subject to minor amendments. • Board declaration at point of listing on systems and controls. • Generally retain existing approach to other general admissions requirements, suspensions, cancellations and transfers.	UKLR 1-3 UKLR 20-21	Ch 12-13
Implementation and transition arrangements	• Retain 2-week period between final rules and date rules apply. • Adjustments to transitional provisions to reflect changes in final rules for certain categories, and other minor clarifications.	TP	Ch 14
Sponsors	• Sponsor regime applied to commercial companies, shell companies and closed-ended investment funds at application stage and on reverse takeovers. • Ongoing role limited to further issuance listing applications with a prospectus, related party fair and reasonable opinions, or where issuers seek guidance, modifications or waivers to FCA rules (including on class tests). • Final rules already made to amend sponsor competency to be carried over.	UKLR 4 UKLR 24	Ch 15
Consequential amendments	Proceeded largely as consulted on subject to minor amendments	N/A - other	Ch 16

The context of this policy statement

Our consultations under CP23/10 and CP23/31

1.16 In March 2021, the UK Listing Review made 15 recommendations in relation to how companies access and raise finance on public markets to ensure that the UK remains an attractive location for companies to list and grow. After the publication of the UK Listing Review in March 2021, we moved swiftly to respond to the recommendations. In July 2021 we published PS21/10 with final rules on strengthening investor protections in SPACs. In CP21/21, we consulted on targeted changes to remove immediate barriers to listing, make our rulebooks more accessible and to protect and enhance market

integrity. Following this, we implemented several targeted reforms to the current Listing Rules while also opening up a broader discussion on the purpose of the listed markets within the wider ecosystem of public markets, through PS21/22 in December 2021.

1.17 This was followed by DP22/2 in May 2022 and CP23/10 in May 2023, in which we sought further views on how the listing regime could be adapted to ensure the value of listing is easier to understand, to promote broader access to listing for a wider range of companies, and to empower investor decision-making.

1.18 This process of policy consideration allowed us to identify and then filter down from a long list of possible policy alternatives and explore, refine and assess more deeply the likely costs and benefits of these policy choices.

1.19 In December 2023 via CP23/31, we set out a detailed explanation of our proposals to reform our current listing regime, building on the framework we previously proposed in CP23/10 and taking into account the feedback we received in response to that consultation and our extensive engagement with a wide range of stakeholders. It also set out, in Annex 2 to CP23/31, a cost-benefit analysis (CBA) on our full set of policy proposals.

1.20 Along with CP23/31, we published a proposed new sourcebook, to be referred to as the UK Listing Rules (UKLR) to replace the current Listing Rules (LR) sourcebook in its entirety. A first tranche (tranche 1) of the proposed UKLRs was published alongside CP23/31 on 20 December 2023, and on 7 March 2024, a second tranche (tranche 2) was published as part of a full updated draft instrument containing tranche 2 alongside the original tranche 1 drafting to form a complete draft instrument for the full UKLRs, along with proposed transitional provisions and a separate consequential amendments instrument.

1.21 The consultation period for the majority of our proposals in CP23/31 closed on 22 March 2024, and the consultation period for responses on tranche 2 of the draft UKLR instrument and the consequential amendments instrument closed on 2 April 2024. The consultation period for our LR 8 proposals regarding sponsor competence closed earlier on 16 February 2024 and the relevant changes were made to the current LRs with effect from 26 April 2024 via Handbook Notice 118. At the same time, we confirmed the final technical note changes in relation to sponsor competence rules in LR 8 via Primary Market Bulletin 48.

Engagement and feedback to CP23/31, and our subsequent approach

1.22 As with CP23/10, during our engagement on CP23/31, we sought feedback from current and prospective issuers, a range of institutional investors and retail investor groups, asset managers, pension schemes, advisers, trade bodies, and other stakeholders. We supplemented the formal written responses with extensive face-to-face meetings, including at C-level and in a variety of settings. We also continued to engage with our panels, namely, the Financial Services Consumer Panel, the Markets Practitioner Panel, and the Listing Authority Advisory Panel. In total, we received 70 formal written submissions reflecting 62 different organisations or individuals. Non-confidential respondents are listed in Annex 1.

1.23 Feedback to CP23/31 is more fully summarised in later Chapters. It is clear from our extensive consultations that issuers and the wider sell-side community view these as the most important reforms to improve UK competitiveness and promote growth in UK listed markets, while retaining transparency that supports market integrity and investor choice. There was strong, positive, cross-market support from the vast majority of respondents for moving to a single category for commercial company equity listings and a simplification of rules to promote UK markets. Many market participants believed the proposals would provide a material impetus to encouraging new listings, retaining current listings and promoting growth on-market (eg via mergers and acquisitions (M&A)).

1.24 Most pension schemes, asset managers, and certain trade associations expressed a strong preference for having more restrictions on DCSS and retaining the current premium listing rules for ex-ante shareholder approval of significant transactions and related party transactions, and reiterated concerns over how the proposals may impact investors' ability to engage and hold boards to account effectively. However, we received little evidence to demonstrate that these features currently result in a valuation premium accruing to UK listed equities or increased asset allocation.

1.25 Conversely, existing data shows a long-term trend of de-equitisation by UK pension schemes and more global diversification away from the UK equities by UK pension funds and asset managers. Over the past 20 years, UK defined benefit (DB) pension schemes have tended to transition away from investments in UK equities to investment in fixed income products. Furthermore, as of 2021, 77% of UK asset manager allocations in equity were invested in non-UK equities, meaning that UK asset managers are increasingly investing in jurisdictions without similar regulatory provisions to the current LRs. Moreover, mandates linked to UK company equity indices could easily be tailored to remove issuers with particular characteristics, such as DCSS, should investors wish to avoid such exposure.

1.26 We published our CBA as part of CP23/31 and received limited comments or challenge. In one instance, indicative figures were provided to us on potential costs to be incurred for undertaking additional due diligence at IPO, for issuers with DCSS, or on significant/related party transactions. While these costs were not substantiated or detailed, even if accepted at face value they did not offset our estimates of potential benefits from reducing frictions on transactions. We have considered all of this feedback, and it has not materially impacted our CBA.

1.27 Premium listing under the current regime remains a choice for the company when applying to list, since a company can alternatively elect for a standard listing. The key provisions set out for the new category for commercial companies are already permitted in standard listing.

1.28 We did not receive any direct representations in response to CP23/31 from a Committee of the House of Commons or the House of Lords, or a joint Committee of both Houses. We have had an ongoing dialogue on our work with the House of Commons Treasury Select Committee, including in our regular hearings, as well as with the House of Lords Financial Services Regulation Committee.

Wider context

1.29 While these changes represent a significant moment in the evolution of the UK listing regime, it is important to note that a wider set of UK market regulation remains in place to protect investors in UK listed markets. We have taken this broader ecosystem into account when finalising our rules.

1.30 The disclosure requirements under the UKLRs will complement other requirements that already exist within our ecosystem, which include:

- the Market Abuse Regulation (MAR), which requires ongoing disclosure of inside information and provides a basis for action against misleading statements and delayed disclosure
- annual and interim financial reporting required by our Disclosure Guidance and Transparency Rules (DTR) which will continue to underpin disclosure in markets, and
- the current UK Prospectus Regulation, which sets out whether and when prospectuses are required, which will be replaced in due course by the new Public Offers and Admissions to Trading Regulations (POATRs) regime and our rules to support this, on which will intend to consult later this summer

1.31 We hold supervisory and enforcement powers in relation to these requirements, and have dedicated, specialist teams monitoring and ensuring adherence. Civil and criminal penalties also apply for breach of such requirements, including under MAR and the Financial Services and Markets Act (FSMA).

1.32 Other investor protections are provided by UK company law which secures fundamental shareholder rights and enables shareholders to hold management to account, including, for UK companies, the ability of one or more shareholders holding at least 5% of the voting shares in a company to propose resolutions at general meetings. There is no restriction on the type of resolutions that shareholders holding 5% or more can propose, which gives shareholders a significant ability to hold the companies in which they invest to account and challenge decisions made.

1.33 More widely, the Financial Reporting Council's (FRC) UK Corporate Governance Code (UK CGC) and Stewardship Code deal with relationships between investors and companies and promote additional transparency. The FRC's recently updated UK CGC continues to provide a robust framework for good corporate governance practices, and to which our rules for commercial companies and closed-ended investment funds will continue to refer. We will consult on making consequential changes to the UKLRs at a later stage to reflect the 2024 version of the UK CGC.

1.34 The FRC's Stewardship Code is an important feature of UK market practices in terms of investor engagement with companies they invest in and extends to key service providers, such as proxy advisors. The FRC has commenced a review of the Stewardship Code and has already undertaken extensive stakeholder engagement earlier this year. The FCA is engaging with the FRC and recognises the value of effective stewardship to support high quality engagement between companies and shareholders as part of well-functioning capital markets.

The FCA's supervisory approach and the sponsor regime

1.35 As set out more fully in Chapter 2, the FCA's Market Oversight (MO) directorate will continue to oversee our markets and provide a robust supervisory and enforcement environment to promote market integrity. This includes:

- our gateway transaction review function that reviews and approves draft prospectuses and accompanying applications for listing
- our market oversight function which monitors the conduct of listed companies and other primary market participants, promoting the transparency upon which trusted markets depend, and
- our supervision of sponsors, whereby we will continue to apply an intensive authorisation and supervisory approach to sponsor firms, based on the new UKLR sourcebook, while also working collaboratively with firms to ensure our supervisory messages and market practice are not disproportionately applied, including in areas such as record keeping

1.36 In relation to the last point, a new PMB published today sets out further Technical Note guidance proposals relating to the sponsor regime. This follows continued engagement with sponsors since the start of the year, in parallel with our consultation.

1.37 Chapter 2 sets out the continued value we see in the sponsor regime under our new UKLRs, particularly in relation to admissions to listing in the commercial companies, closed-ended investment funds and shell companies categories and certain other post-admission activities. We detail our final approach to sponsors below. Overall, the judgement and expertise of sponsors will continue to play a key role in supporting issuers and high standards in our markets. At the same time, sponsors are not intended to remove investment risk related to an issuer's listed securities, and the assurance of a sponsor remains subject to a 'reasonable steps' approach.

Outcomes we are seeking

1.38 In our 3-year strategy launched in 2022, we committed to seizing the opportunity to further strengthen the attractiveness of UK capital markets.

1.39 We are seeking to establish a simplified regime that meets our objective to ensure markets function well. In doing so, we seek to advance and balance our market integrity objective and our consumer protection objective. We have also had regard to our secondary international competitiveness and growth objective (SICGO).

1.40 As we acknowledged in CP23/10 and CP23/31, the listing regime is not the only consideration, and perhaps not the primary one, in decisions made about when and where to take companies public. During our engagement, many participants have also acknowledged this. However, we also recognise the potential for regulation to impact the balance of such considerations, and the wider market sentiment.

1.41 We want to ensure that our rules promote efficient and effective primary markets for companies accessing public markets for the first time and when raising further capital, and to ensure that investors have access to timely information to invest with confidence. We

want to ensure regulation can better meet the needs of issuers and investors in line with our commitment to strengthening the UK's position in global wholesale markets. As we also set out both in CP23/10 and CP23/31, we are committed to doing our part in seeking to ensure that the UK's listing regime is proportionate, competitive, and functions well.

1.42 Specifically, our move to a simpler, more disclosure-based listing regime with a single commercial companies category that continues to promote market integrity is aimed at helping boost UK growth and competitiveness by making our regime more attractive to a wider range of companies, so they list and grow here. This should also provide greater opportunities for investors, while requiring disclosure so shareholders retain the ability to exercise stewardship and other rights to influence company behaviour. It also involves some re-balancing of risk for investors as part of ensuring the market overall supports the risk appetite the economy needs. A revitalised UK equity market should both ensure low-cost capital for issuers and improve investment opportunities for investors in UK listed securities.

1.43 Our aim is to secure an appropriate degree of protection for all investors, to ensure well-functioning markets, and that take into account international comparisons and changes in global investor behaviour and preferences.

Measuring success

1.44 As set out in CP23/31, over time, we will consider the impact of our final rules by monitoring:

- The number and overall market capitalisation (value) of commercial companies with UK-listed equity shares (both versus historic trends and relative to other markets) and levels of capital raising on UK listed markets.
- The number of UK incorporated companies who choose to list overseas and their reasons for doing so.
- The development and experience of listing regulation in other main international jurisdictions.
- Trends in the participation of UK listed companies in global M&A including deal values and deal volumes.
- The development of the UK investor base compared with that of main international jurisdictions.
- The diversity in the types of commercial companies listing their equity shares in the UK (ie, more technology or earlier stage companies) and raising capital on UK markets for listed securities.
- Whether there is any increase in formal shareholder motions against companies or their boards in relation to transactions that would have previously required prior shareholder approval under premium listing rules.
- Data regarding notifications of potential misconduct made to the FCA along with our own detection work, and assessing the quality of disclosures being made particularly in relation to transactions and any investor feedback on these.
- The number of commercial companies de-listing their equity shares, and their reasons for doing so.

- The impact of other factors on listing decisions based on intelligence gathered from our engagement with issuers, sponsors, and other stakeholders such as trade associations.

1.45 As noted elsewhere in this document, while we will monitor the new regime on an ongoing basis and assess key indicators as above, we also intend to conduct a formal post-implementation review after 5 years to consider the overall impact of these changes.

How it links to our objectives

1.46 As we stated in CP23/31 and above, these reforms are linked to our broader vision for regulating the UK's wholesale markets and our statutory objective of making markets work well, improving their efficiency and effectiveness, and thereby helping us protect and enhance the integrity of the UK financial system as a whole. We summarise our position below, but see CP23/31 for additional detail.

Consumer protection

1.47 Our operational objective is to ensure an appropriate degree of protection for consumers. Therefore, we have carefully considered how to balance investor protection with the opportunity for investors to access a potentially wider range of investment opportunities. By focusing on ensuring sufficient, timely disclosures, we seek to allow investors to make informed investment decisions and engage as shareholders with the boards of the listed companies they have invested in.

1.48 We recognise that these changes will place an onus on companies and shareholders to find ways to engage effectively with companies without FCA intervention, and there may be greater reliance on engagement through other channels such as annual general meetings to express concerns. This may mean investors who previously invested in premium listed shares need to enhance their approach to due diligence and risk assessment. We have considered this as part of our CBA.

1.49 If certain protections no longer offered by our rules are viewed as important to certain groups of investors, then there are still mechanisms by which markets can set such conditions or seek to influence behaviours using their market power at the point of their investment such that they are "baked in" protections for investors. For example, asset owners could make changes to their investment mandates, index providers could review inclusion criteria, or rules set by exchanges can cater for different risk tolerances or preferences.

Market integrity

1.50 Our final rules seek to promote market integrity by ensuring timely disclosures that support investors to make informed investment decisions and engage as shareholders with the boards of the listed companies they have invested in.

1.51 We are aware that providing access to a wider range of listed companies may result in increased risk of exposure to individual company failure. This might arise because listed

commercial companies have a higher risk-profile at the point of initial admission to listing or companies may be encouraged to pursue riskier transactions post admission to listing if the prospect of a shareholder vote on the transaction is removed. Corporate failures could have consequences for overall market confidence and integrity. However, noting that a listing has never been a guarantee of the relative risks of an investment, overall, we consider such cases may be limited and are of the view that these risks are offset by the wider benefits for the market if we see a more diverse range of companies listing in the new commercial companies category and more investment opportunities.

1.52 As noted previously, we will continue to have a robust and well tested transparency regime for issuers that will complement the new approach to notifications in the UKLR, including retained annual reporting disclosures in UKLR and the existing DTR and MAR requirements. These taken together should promote market integrity and ensure that investors receive timely and accurate information, which in conjunction with their own analysis, can inform their investment decisions.

Competition

1.53 Our final rules aim to simplify choices for companies as they consider listing in the UK by creating a single listing category for commercial company equity shares and reducing hurdles to remaining listed in the UK for issuers in this listing category. As we stated in CP23/31, in doing so, we aim to improve accessibility for companies looking to raise capital which should allow more competition and give investors access to more diverse investment opportunities on transparent UK public markets, as well as enabling UK regulated market operators and advisors to compete more effectively to attract and retain listed companies.

Secondary International Competitiveness and Growth Objective (SICGO)

1.54 The Financial Services and Markets Act 2000 as amended by the Financial Services and Markets Act 2023 requires us to consider the international competitiveness of the UK economy (including in particular the financial services sector), and its growth in the medium to long term.

1.55 We have carefully considered our final rules in light of other leading international listing markets. While recognising regulation is only one factor in listing decisions by companies, our final rules remove certain aspects of our current regulation which we consider may create disincentives for companies to list in the UK vis-à-vis other international markets. Given global investors allocate capital across those other markets and with no clear evidence of a valuation premium for UK listed companies in light of these additional standards or of these additional standards being regularly used, we see no clear evidence to suggest the commercial companies category in our final rules will lead to reduced investor participation or valuations. We consider our final rules should deliver more proportionate regulation and enable our markets to be competitive in attracting listings and promoting growth of UK listed companies. This would in turn support the wider UK economy and returns for investors.

Equality and diversity considerations

1.56 During the period between the publication of CP23/10 and this PS, we continued to consider the equality and diversity issues that may arise from our proposals and our final rules.

1.57 We do not consider that our final rules materially impact any of the groups with protected characteristics under the Equality Act 2010.

Environmental, social & governance considerations

1.58 In consulting on and then finalising our rules, we considered the environmental, social and governance (ESG) implications of our proposals and our duty under FSMA to have regard to contributing towards the UK's compliance with its net-zero emissions target and environmental targets under relevant legislation. Maintaining high-quality disclosures from listed companies on the climate-related risks and opportunities they face is material to the ongoing effective allocation of capital, including for the purposes of the companies' own transition and – by extension – the achievement of net zero across the economy. As a result, we consider that our finalised rules will assist in achieving the UK's net-zero emissions target.

Who this affects

1.59 Our final rules will affect:

- companies currently listed in or considering a listing in the UK
- existing and prospective investors in UK listed companies, including individual and institutional investors
- the advisory community that advises and supports issuers undertaking an IPO and meeting ongoing obligations post admission to listing and trading, including existing and prospective sponsor firms, investment banks, law firms and accountancy firms
- UK exchanges and operators of markets for listed securities, and
- intermediaries who may facilitate, including providing execution and/or marketing of investments to issuers whether at IPO or in secondary markets

1.60 The following will also be interested, among others:

- trade associations representing the various market participants above or member groups with thematic interests (eg, general capital markets, governance or stewardship etc), and
- wider financial market participants, such as research analysts and index providers, academics and other market commentators

Next steps

What you need to do next

1.61 Market participants impacted by these changes should read this policy statement and the accompanying final rules instruments. These rules will also appear in the FCA Handbook on 29 July 2024, when they come into force.

1.62 Those current standard listed issuers whose listings will be assigned to the transition category can apply from Monday 29 July 2024 to be transferred to the new commercial companies category under the modified transfer process explained in Chapter 14. These issuers should consult with their advisors, including a sponsor firm, in order to take this opportunity forward.

1.63 Issuers and sponsors can still approach us for individual guidance. However, as we explain later, we will set a relatively high bar for guidance requests as we expect market participants to use their expert judgement in the first instance to develop appropriate market practices in line with the new rules. It remains the case that we will not provide guidance on a hypothetical or no-names basis.

What we will we do next

1.64 As stated above, the instruments published today will come into force on Monday 29 July 2024, when the current LR sourcebook will cease to have effect and will be replaced in its entirety by the new UKLR sourcebook.

1.65 In time for market opening on 29 July 2024, the Official List will be revised to display, in each individual entry, the new listing category applicable to the security listed. We expect these new values to be visible in our Electronic Submission System (ESS) from Friday 26 July. Table 2 setting out the final structure of the UKLR sourcebook including the listing categories is set out in Chapter 2. Each entry in the Official List will display one of these categories.

1.66 Prior to the publication of this policy statement, we wrote to all commercial companies with a premium listing under LR 6 and companies with a standard listing under LR 14 to notify them of how their entry on the Official List would be shown, assuming we proceeded with the proposals in CP23/31. To support this exercise, we undertook a process to map issuers' existing listings to the new categories in the UKLRs. As we are proceeding with the main UKLR categories as we consulted on, these notifications – subject to any changes discussed and agreed with individual issuers as a result of the dialogue – will form the basis for how securities will be categorised and displayed on the revised Official List.

1.67 We expect to deploy the required IT systems changes over the weekend of 26-28 July 2024. We will also release new and amended forms, checklists, and sponsor declarations on our website from 29 July to align with the new UKLRs, and will withdraw equivalent documents linked to the current LRs. However, some of these amended forms are provided in Appendix 3 of this Policy Statement for reference.

Chapter 2

Overall feedback on the balance of reforms, the new UK Listing Rules structure and supervising the new regime

2.1 In this Chapter we describe the feedback we received on our CP23/31 proposals in general terms, given we received broad commentary in a number of responses. We also note feedback and confirm our approach to the general structure and organisation of the UKLR sourcebook and categories, which will shape the new Official List. We also detail how we intend to supervise and oversee our listed markets going forward.

Feedback on the overall balance of reforms – focusing on commercial companies

2.2 In CP23/31, having set out the context and overarching approach to these reform proposals, we asked:

Question 1: ***Based on our overall proposals for commercial companies, and taking into account the broader UK regulatory, legal and corporate governance environment, do you believe that we have struck the right balance in designing a proposed regime that enables the conditions for a stronger, more effective and competitive listed market with appropriate measures in place to support market integrity and investor protection. If not, what changes should be made?***

2.3 Either in direct response to this question, or in general support to their submissions, many respondents provided broader thoughts on the proposed changes either in place of, or as well as addressing the more detailed questions we asked about specific aspects of the proposed rules. These views primarily focused on the extent to which our proposed listing rule reforms would impact listing decisions by commercial companies (with an implicit focus on equity share listings), and general views on our proposed approach to the commercial companies category. We summarise these views here and provide a general response to certain key themes, although we expand further in later chapters on responses to specific rules.

2.4 The over-arching theme in responses was generally a split between:

- investors and investor groups who expressed a very strong preference for commercial company rules to retain premium listing provisions requiring shareholder approval of significant transactions and related party transactions, and greater restrictions on the terms of acceptable dual class share structures, and
- issuers, banks and professional advisors that, generally, viewed the changes as consulted on positively, and in particular saw the removal of premium listing votes

on significant transactions and related party transactions and a more permissive approach to DCSS as necessary to bolster the attractiveness of UK listed equity markets to companies and promote the competitiveness of UK listed companies in global M&A, with other flexibilities also potentially making it easier to do business as a UK listed issuer

Key themes from investors

2.5 There was a high degree of consistency in responses received from pensions schemes, asset managers, representative trade bodies and corporate governance groups to CP23/31 with those views provided to CP23/10. A few provided additional examples or cited studies to further support those views. We recognised the strength of feeling among these groups and sought to engage through in-person meetings at a senior level to hear those concerns first-hand as well as to discuss ways that investor protection could be achieved while retaining an overarching disclosure-based philosophy.

2.6 While we address specific areas of the rules in detail in later Chapters, some of the overarching themes of investors' responses were:

- That the specific commercial companies category rules on DCSS and not including shareholder votes on significant transactions and related party transactions would:
  - undermine corporate governance over time and the UK's reputation for robust investor protections, high standards, and a stable policy environment, particularly if boards become entrenched and less answerable to shareholders leading to a reduction in the UK market's attractiveness to investors
  - reduce independent shareholders' ability to influence the decisions of companies, in which they invest, and exercise effective stewardship, which for asset managers and pension trustees forms part of their fiduciary duty, particularly for minority shareholders
  - increase due diligence costs and potential investment risk, which may also lead to more price volatility due to valuation challenges, and
  - may, in aggregate, make the UK less attractive for investors and lead to changes in asset allocation and lower valuations and poorer outcomes for end consumers eg, beneficiaries to pension funds
- That some of these factors, particularly related to issuers with DCSS, would be exacerbated for investors in passive / index tracking strategies or smaller investors eg, since they may not invest or would have little influence on the terms set with an issuer at IPO, and yet would have to accept these risks if an issuer was included in any index or they invested as a later stage. Smaller investors would also have less ability to engage companies in lieu of shareholder votes and companies would have less incentive to engage them, and passive investors would have less opportunity to disinvest if constrained by their investment mandates.
- That such changes may not be effective in improving UK markets, since other factors outside regulation have far more influence over listing decisions, and changes may in fact have the opposite effect as high (premium listing) standards were a selling point to investors and so benefitted companies.
- In addition, shareholders:

  - Lack power to negotiate shareholder voting rights at IPO – the investment opportunity will be presented on a 'take it or leave it' basis. The company may still be investable, but the investment is riskier from the outset.
  - Lack opportunity post-IPO to engage and influence boards of companies they've invested in – company boards will reach out only to their largest shareholders when considering significant transactions
  - Lack power to ensure effective governance at board level and change composition
  - Have less capacity to absorb due diligence costs
  - Cannot necessarily predict board behaviour or decision-making, even where they are well-informed about the intended growth strategy for the company

- That our case for change was insufficiently substantiated or relied on cross-jurisdictional comparisons that didn't account for other differences (eg, US litigation culture and more onerous corporate law framework), and some of the mitigations we suggested may be ineffective or have undesirable effects. For example, relying on engagement with Boards and rights under company law in lieu of votes may be unrealistic or less effective, or might ultimately lead investors to take legal action in extremis and make engagement more adversarial, including on board appointments.
- That the predominant view of those pension schemes and buy-side firms responding was a preference to retain premium listing rules for DCSS and votes on transactions. Relatively few alternatives to our proposals were put forward otherwise. In the case of DCSS, a mandated maximum time period (sunset clause), usually c.5-7 years, or requirement for issuers to seek shareholder approval after a similar period in order to maintain a DCSS structure was the most frequent suggestion. For shareholder votes on transactions, no alternatives to a vote were offered nor did investors substantively comment on the disclosure proposed in lieu of a vote. A few responses alluded to minority views that a slightly higher threshold for such votes versus the premium listing thresholds and / or less required content in circulars supporting such votes might be acceptable. Overall, however, the views centred almost exclusively on retaining the vote.

Key themes from issuers and the sell-side

2.7 Across the various parts of the sell-side, including issuers themselves or bodies representing them, banks/advisors, and lawyers, there was similarly mostly uniform views on the overarching approach. Again, we engaged extensively to seek views first hand. The sell-side view was, generally, overwhelmingly supportive about the changes. They were more open to DCSS and moving away from ex-ante controls such as shareholder votes on transactions. They were generally opposed to time-limited sunsets on DCSS. The overall shift to a focus on disclosure that supports market integrity but giving issuers more flexibility around share structures and decisions over transactions once listed was welcomed. Some saw this as potentially transformative to the UK's attractiveness in encouraging issuers to list in the UK. Others, while positive, felt regulatory change may not, in isolation, shift the likelihood of more UK listings given the many others factor influencing companies' decisions on whether and where to list.

2.8 Given a general theme of support, many sell-side responses agreed with the related rationale and analysis we had presented. Some added additional colour with examples

or noted the better alignment the changes would provide vis-à-vis other international markets such as the US or Amsterdam Euronext. Some respondents felt we could go even further in moving to streamline requirements, relying more on MAR for market notifications, including some opposed to maintaining shareholder votes on dilutive share issuance or cancellation. Controlling shareholder requirements were also raised (see more detailed feedback later on). Such responses pointed to the existing standard listing rules and felt there should be a very strong case to implement any standards that were higher than those in place currently for commercial companies given that standard listing is currently 'acceptable' from a regulatory perspective. Very few on the sell-side suggested adopting *more* of the premium listing regime when settling on the final rule set, with a single set of rules.

2.9 With respect to DCSS, existing and prospective issuers and advisors engaging with those companies felt it was imperative to have flexibility, particularly in technology-driven sectors (eg fintech) where the corporate structures that tend to be put in place and used in these sectors can differ from other sectors. The wider variety of structures and terms DCSS could take for certain issuers – even if potentially including features like time-based sunset clauses – meant they welcomed the proposals set out in CP23/31 in general. Removing votes on transactions was seen as highly beneficial to existing listed issuers and in supporting UK issuers in global M&A as well as supporting issuers wishing to grow their business and be more attractive to companies with certain ownership or corporate structures.

Our response:

We have carefully considered the wide range of views received on the balance of our overall reforms. In doing so, we remain focused on how to best achieve our statutory objective to ensure markets work well, key operational objectives to protect and enhance market integrity and secure an appropriate degree of consumer protection, and our secondary international competitive and growth objective.

We welcome the general support for seeking to simplify our regime and removing the current two-segment model. Consistent feedback over several years, including in response to the UK Listing Review and our DP22/2, has been that the current premium listing rules are viewed as too onerous, while the standard listed segment is poorly understood. Index inclusion attaching to premium listing also makes standard listing far less attractive. Wider analysis presented in our previous document points to the long-term trend of declining numbers of UK equity listings and flat growth in the market capitalisation of UK listed companies. For these reasons, we have maintained the central premise of our reforms to move to a single, main category for equity shares in commercial companies and remove the concepts of 'premium' and 'standard' listing more generally from our listing regime.

In terms of the specific rules for the commercial companies category, we have entered into extensive discussions with market and sought views across two consultations. We have listened to these views and

considered in detail the many thoughtful responses provided by different groups. We recognise why many investors have preference for key elements of our premium listing rules. However, we have also carefully considered the key trade-offs in terms of accessibility for issuers in moving to single equity segment and where regulation is necessary to address market failure – as distinct from market risk or securing specific investor interests. International comparators and data have also been considered alongside the arguments presented to us.

We set out thinking on the specific changes below but, overall, we have concluded that the approach as consulted on in CP23/31 remains preferable in those key areas of votes on transaction and DCSS. While we take seriously arguments that the changes may reduce the attractiveness of investing in UK listed companies and may impact investors' ability to hold boards to account, it remains the case that there is no discernible evidence that companies 'benefit' from our premium listed rules eg, such as additional shareholder approvals for transactions, in terms of better valuations, capital allocation or overall corporate outcomes. Instead, as noted above, there are long-running trends of UK pensions and insurance schemes de-equitising from UK listed companies, while UK assets under management in equities have seen a gradual reduction in UK exposures and an increase in global allocation. There is instead stronger evidence of the costs these provisions introduce, which supports views that such rules make the UK market less attractive for companies and may reduce the growth and returns of existing listed companies entering into such transactions, which ultimately passes back to investors. The absence of comparable rules in certain jurisdictions, in particular the US and EU, which are both markets which attract significant investment, suggest both that such standards are not pre-requisites to investment – nor, based on the continued credibility of those markets necessary to ensuring market integrity.

Additional evidence provided since CP23/10 has been carefully considered, but has not materially changed the original CBA, as discussed further in Chapter 17. While one respondent did offer estimates of specific due diligence costs they felt may arise due to our changes, this was the only data point provided across two consultations. In practice, given many investors' global activities and significant investment in markets which do not mirror the UK's current provisions, which are likely based on common investment processes, we consider the lack of cost figures may reflect the fact this may be relatively marginal for many as they already account for different regulatory frameworks and focus predominantly on the fundamentals of a company. On balance, the potential benefits from reduced transaction costs and frictions from removing the requirement for votes still outweigh costs. We also still consider more flexible rules, including on DCSS, may have incremental benefits for the attractiveness of the UK regime for prospective listings.

We recognise that companies' corporate governance models are an important consideration when investing. That is why we have consciously

maintained the link to reporting annually against the UK CGC in our rules for commercial companies, supporting transparency and accountability to shareholders. This also represents an uplift for companies versus our current approach for standard listed issuers. Existing high standards in UK governance practices and transparency on how the company complies with the UK CGC, in conjunction with investor expectations, should continue to push listed companies to adopt and adhere to suitable corporate governance models for their business – or see companies face a potential valuation discount, which would indicate markets working as they should. The Companies Act continues to apply duties to directors and give shareholder rights where companies are UK incorporated.

In terms of stewardship, we acknowledge similar concerns about the impact of our reforms. In terms of no longer requiring certain shareholder approvals in advance, we note that voting is not the only, or necessarily the predominant, mechanism for stewardship. Some investors have told us that ongoing relationships and engagements with their investee companies are often their primary route for influence. Our focus has instead been to concentrate on ensuring timely disclosure to investors on the most material decisions transactions so that investors can exercise their broader stewardship and other influence to challenge decisions made by the board if appropriate.

Our changes may lead to more direct engagement between investors and companies at the point of investment and around annual general meetings (AGMs), with an increased focus on company strategy and director appointments in lieu of votes on specific transactions. We encourage market practice to develop and want to see investors making use of the mechanisms that exist in the regulatory system as a whole. Companies continue to have commercial incentives, as well as corporate governance expectations and legal duties, to engage shareholders effectively and act in their interests as a whole. This includes engaging key shareholders ahead of major deals. Our rules also do not prevent companies choosing to offer binding or advisory votes on any matter, which may be further incentivised if this resulted in stronger shareholder backing and ultimately a valuation / market pricing benefit.

We think, overall, that areas such as DCSS should be a matter of negotiation by markets and of investor preference as to whether they invest in such companies. We see global investors often accept such terms in large technology businesses in the US, and in our own current standard listed segment. We are not advocating for DCSS as a preferable model, but nor do we think regulation should set specific terms beyond our intention to ensure transparency and certainty as to holders of such shares at the point of IPO. That remains our starting position.

A DCSS is unlikely to be considered by a majority of companies. While 'edge' cases with aggressive terms are possible, perhaps where an issuer has strong demand for its shares at IPO, we think UK investor preference is likely to drive more acceptable terms such as sunset or review clauses.

Investors remain able to choose whether or not to invest or can always adjust their valuation where they consider DCSS may risk reducing long-term value. We note that tailored indices could also develop, for example to screen out DCSS companies if investors wished to have passive exposure to the UK market excluding such issuers.

Investors will continue to have significant market power. Industry-led initiatives (perhaps in a similar model to the Pre-emption Rights Group) could be developed to set expectations for issuers as to when investors are more likely to invest (eg in relation to companies with DCSS) and we will watch how this develops as our rules embed. The FRC's review of the Stewardship Code will provide an opportunity to consider what stewardship should address and its limits and we will input into that work as it develops. We do not think market-wide regulation should embed investor preferences or cater specifically to one type of investor.

While accepting that regulatory change may not have a material impact on the immediate number of listings, overall we think our approach will make our markets more open. More diverse issuers, with different growth profiles and more opportunity to transaction on-market may help attract and scale more companies on UK public markets, as opposed to those companies going elsewhere or staying private for longer.

We fully recognise the investors and the capital they provide are a vital component of a well-functioning capital market. We intend that our changes will widen but not drive investors choices. If, over time, we see clusters of new companies on UK listed markets in different sectors, this may drive a virtuous cycle of further benefits for both issuers and investors. For example, it may encourage more peer companies to list, attract more capital to be deployed, improve liquidity and price formation, and ultimately lead to more growth (and better returns) from UK listed companies over time.

We will closely monitor the impacts of these new rules and have committed to a formal post implementation review in 5 years' time. We will pay particular attention to cases of issuers coming to market with DCSS structures and existing issuers undertaking significant or related part transactions. We will be keen to continue to engage investors prior to and at this review stage to understand their experiences as well as learning from our supervision against the new rule set.

Structure of the new UKLRs

2.10 Alongside the overarching question on our approach, in Chapter 3 of CP23/31 we also outlined a general restructuring proposed for a new UKLR sourcebook, to replace the current LRs. This also reflected the proposed categories for different types of issuer and instrument.

Table 2: Summary of UKLR sourcebook structure

	New UKLR Chapter	Type	Application
Cross cutting rules	**UKLR 1 - Preliminary**	Overarching requirements	All issuers including applicants Sponsor firms / firms applying to be sponsors
	UKLR 2 - Listing Principles	Overarching requirements	All issuers
	UKLR 3 - Requirements for listing: all securities	All - Eligibility requirements	All applicants for admission to listing (unless rule disapplied for certain applicant or security type)
Sponsor-related	**UKLR 4 - Sponsors: responsibilities of issuers**	Shares - Rules for issuers appointing a sponsor	Issuers including applicants in: • Equity Shares (commercial companies) category • Closed-ended investment funds category • Shell companies category
Commercial companies category	**UKLR 5 – Equity shares (commercial companies):** requirements for admission to listing	Shares – Eligibility requirements	Applicants for: • Equity Shares (commercial companies) category
	UKLR 6 – Equity shares (commercial companies): continuing obligations	Shares – Continuing Obligations	Listed companies in: • Equity shares (commercial companies) category
	UKLR 7 – Equity shares (commercial companies): significant transactions and reverse takeovers	Shares – Continuing Obligations	
	UKLR 8 – Equity shares (commercial companies): related party transactions	Shares – Continuing Obligations	
	UKLR 9 – Equity shares (commercial companies): further issuances, dealing in own securities and treasury shares	Shares – Continuing Obligations	
	UKLR 10 – Equity shares (commercial companies): content of circulars	Shares – Continuing Obligations	

	New UKLR Chapter	Type	Application
Funds categories	**UKLR 11 – Closed-ended investment funds category**	Shares – Eligibility & Continuing Obligations	Issuers including applicants in: • Closed-ended investment funds category
	UKLR 12 – Open-ended investment companies category	Shares – Eligibility & Continuing Obligations	Issuers including applicants in: • Open-ended investment companies category
Equity or equity-like categories	**UKLR 13 – Equity shares (shell companies) category**	Shares – Eligibility & Continuing Obligations	Issuers including applicants in: • Shell companies category
	UKLR 14 – Equity shares (international commercial companies secondary listing) Category	Shares – Eligibility and Continuing Obligations	Issuers including applicants in: • International commercial companies (secondary listings) category
	UKLR 15 – Certificates representing certain securities (depositary receipts) category	Non-shares – Eligibility & Continuing Obligations	Issuers in and applicants for: • Certificates representing certain securities (depositary receipts) category
	UKLR 16 – Non-equity shares and non-voting equity shares category	Shares – Eligibility and Continuing Obligations	Issuers in and applicants for: • Non-equity shares and non-voting equity shares category
Debt and non-equity categories	**UKLR 17 – Debt and debt-like securities category**	Non-shares – Eligibility & Continuing Obligations	As per current application
	UKLR 18 – Securitised derivatives category	Non-shares – Eligibility & Continuing Obligations	As per current application
	UKLR 19 – Warrants, options and other miscellaneous securities category	Non-shares – Eligibility & Continuing Obligations	As per current application

	New UKLR Chapter	Type	Application
Cross-cutting	**UKLR 20 – Admission to listing: Processes and procedures**	Regulatory process	All applicants for the admission of securities
	UKLR 21 - Suspending, cancelling, restoring listing, and transfer between listing categories	Regulatory process	All issuers
Transition	**UKLR 22 – Equity shares (transition category)** (Closed to new applications)	Shares - Continuing Obligations	Existing standard listed issuers not eligible for UKLR 13 or UKLR 14
Other	**UKLR 23 - Listing particulars for professional securities market and certain other securities**	Listing particulars requirements	As per current application
Sponsors	**UKLR 24 - Sponsors**	Rules for Sponsor firms	Sponsor firms Firms applying to be sponsors

2.11 In CP23/31, question 2, we asked:

Question 2: ***Do you agree with our proposed approach to structuring the UKLR Sourcebook chapters?***

2.12 We received in the region 15 responses to this question. While we comment in later Chapters on the listing categories themselves, in broad terms respondents agreed with the new layout of the new UKLRs and, in principle, with the categories. A couple did suggest bringing UKLR Chapters 20, 21 (both relating to regulatory process) and Chapter 22 (relating to the transition category) nearer to the front. A small number requested an updated origins and destination table (as published in Appendix 3 in CP23/31).

Our response:

Given the broad support we have proceeded with the structure and naming conventions as proposed in CP23/31, as summarised in diagram 1 on pages 28-29 of CP23/31. UKLR 1 contains an overview of the sourcebook structure, providing the title and application of each UKLR Chapter to help users navigate the new rules (see Appendix 1).

UKLR Chapters 20 and 21 are related to regulatory process and we have retained our proposed approach, which was to place these after the chapters concerning overarching requirements, eligibility requirements and tailored listing category requirements that are open to new admissions. Given that the transition category will be a closed category, and listings in this category may reduce over time, we consider it is

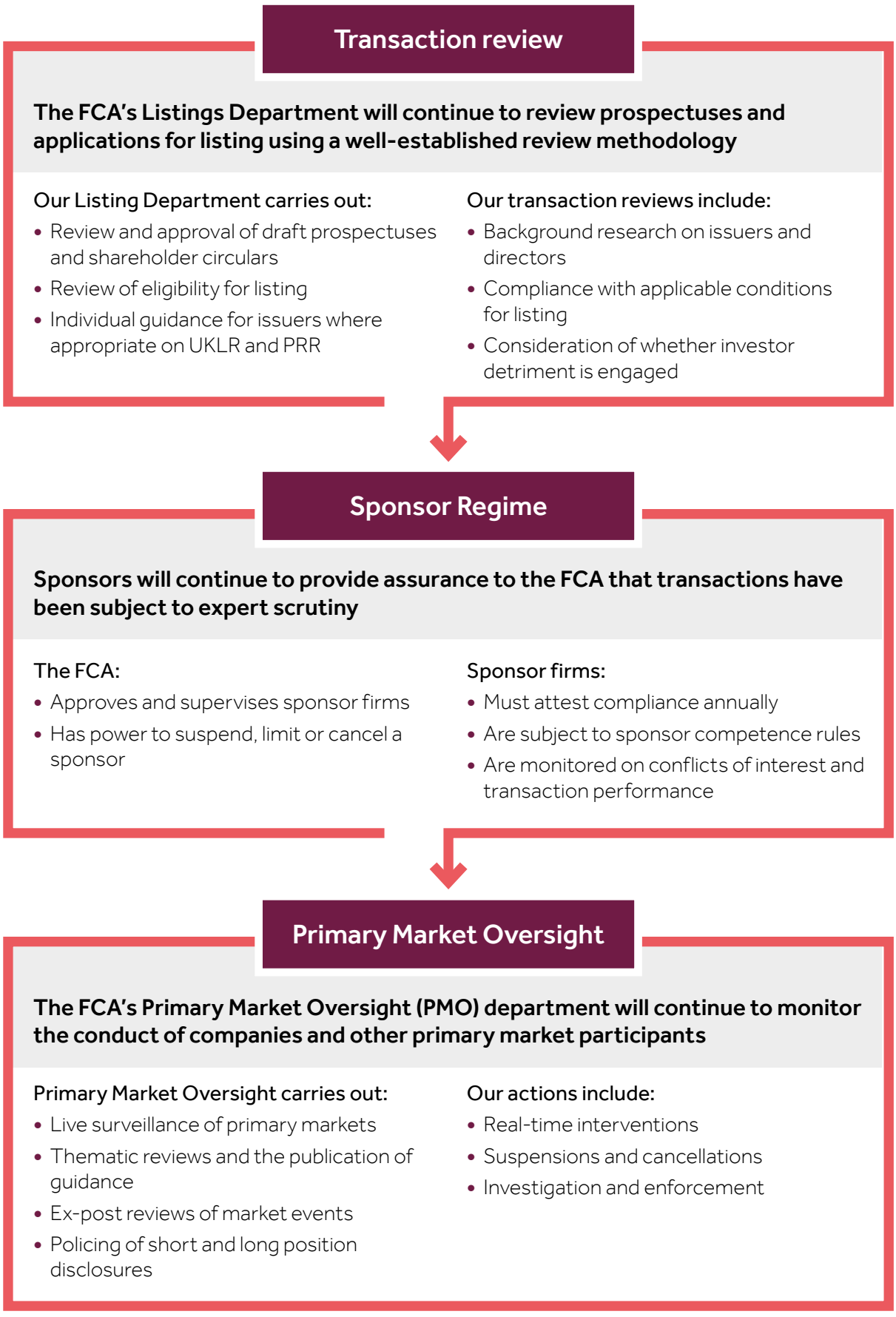
appropriate to have it toward the back of the new UKLR sourcebook structure. Therefore, we have not decided to re-order UKLR Chapter 20, 21 and 22 as suggested in some of the feedback received. As with our tranche 2 publication in March 2024, we have not updated Appendix 3 Handbook origins table of CP23/31.

Our supervisory oversight of the new regime

2.13 Under the new UKLR regime, we will maintain robust checks on issuers applying to admit securities to the official list, including prospectus documents, and ongoing monitoring of issuers' compliance with the UKLRs, MAR and DTRs once listed. Our oversight will be based on our well-established supervisory model, which we will look to build on further by exploiting data and making better use of technology to enhance our capabilities.

2.14 The diagram below provides an overview of how the main pillars of our supervisory oversight function and the tools we can and do apply in executing these functions. These will remain core to our oversight of the new regime, and we discuss further below these specific aspects and our likely focus as we embed the new UKLRs.

Diagram 1: overview of FCA oversight of primary markets



Detail on our supervisory approach and focus in the new regime

2.15 Across the areas noted above, our functions and intended focus as the new rules take effect are summarised as follows.

Our Listings Department

2.16 Our Listings Department provides our gateway function, reviewing and approving draft prospectuses and applications for listing (including reverse takeovers and initial transactions by shell companies) using a tried and tested review methodology.

2.17 Recognising the greater flexibility provided for admissions of equity shares in commercial companies vis-à-vis our premium listing rules, our focus will be to ensure that prospectuses continue to provide, among others, adequate disclosures of an issuer's business. In particular, in cases of companies seeking admission with dual class share structures or controlling shareholders, we will want to see clear disclosure in a prospectus, for example including the rights attaching to different share classes or any arrangements that are in place with a controlling shareholder.

2.18 At the same time, we expect that we will be considering applicants with different business models and seeing a greater diversity of issuers within the parameters of the new rules. We welcome early dialogue with issuers and sponsors when considering listing so that we can provide guidance on the application of the rules where necessary. Our focus will remain on ensuring prospectuses provide investors with clear information on an issuer's business, its prospectus and the rights attaching to the securities to be listed. Where companies seeking listing have dual class share structures, the prospectus should include clear disclosure on all of the issuer's different classes of securities.

Our Primary Market Oversight Department

2.19 Our Primary Market Oversight (PMO) department monitors the conduct of listed companies and other primary market participants such as short and long position holders and regulatory newswires. PMO focuses on promoting the transparency that is a vital element of trusted markets. It employs and continues to develop monitoring tools and techniques using a range of data, intelligence and information to ensure that material information is made available to the market on timely basis. PMO engages proactively with a range of market participants and provides a range of guidance, including publishing results of thematic work, to help them understand and adhere to the relevant rules on an ongoing basis. Much of PMO's work is undertaken on a live basis, where it intervenes to drive transparency via timely and accurate market disclosures. Where PMO suspects that misconduct has occurred, it will take action - which may include the suspension of the listing of a security, a targeted intervention to change behaviour and improve compliance or, for serious misconduct, enforcement action.

Sponsors and sponsor supervision

2.20 PMO oversees the authorisation and supervision of sponsors. As discussed elsewhere, sponsors will have a greater role as they will be involved in applications to the commercial companies, closed-ended investment funds and shell company categories – a greater

oversight function than currently since sponsors do not support the current standard listed companies. The judgement and expertise of a sponsor will be particularly critical if, as intended, we see a wider variety of issuers seeking to list in the UK, including some with limited track records. We remain clear that the sponsors' role is not to remove investment risks for investors – there are also no changes on the expectation on sponsors to take reasonable steps in carrying out sponsor services (see also para 2.33). Going forwards, sponsors will play a role in related party transactions and reverse takeovers, and where issuers seek individual guidance, or modifications or waivers to our rules.

2.21 We will maintain an intensive supervisory approach to sponsors, and retain powers to suspend, limit or cancel their authorisation. Applications to become a sponsor are subject to detailed review. We actively monitor sponsors - they must attest annually that they continue to meet our requirements and we will seek to test sponsor competence and understanding of the types of companies that they are advising. We have detailed processes to monitor sponsor performance, conflicts of interest and changes in sponsor businesses, and undertake proactive and reactive deep dive reviews on practices. We will continue this approach to sponsor supervision to monitor both continued compliance and 'quality' across the sector, as well as indicators of how competitive and effective the market is for sponsor services. We will particularly focus our reviews on newly approved sponsors and new applications for listing that make use of any new relaxations of eligibility requirements.

2.22 We are, however, also taking steps to ensure that FCA expectations of sponsors are clear, in particular in terms of record keeping, so that these are well understood. As part of this response, we have published a package of non-Handbook Technical Note guidance alongside this Policy Statement to help sponsors achieve more practical compliance with our rules, while not lowering our expectations.

2.23 We will continue regular engagement to promote the role of sponsors, including exploring communications for issuers to explain the role at an early stage when they are considering a UK listing. Such considerations include the FCA writing to the Board of a new applicant for listing to explain the importance of the sponsor's role and explain how they can assist their sponsor. We are open to continuing our constructive dialogue and engagement via roundtables and will continue engaging with sponsors as the new regime operationalises to see how market practice develops.

Supervisory engagement with market participants and further guidance

2.24 We recognise that these final rule changes represent a significant shift in some areas of market practice. We are keen to have a collaborative approach to helping issuers and advisors as they seek to embed these changes with a view to setting market practices at the right level.

2.25 In line with this approach, we will not look to issue guidance in response to every request as the new regime settles. As we are intentionally no longer approving disclosures for significant transactions, for example, we will seek to encourage market practice and sensible judgements by issuers and advisors to make appropriate disclosure to inform shareholders and the wider market. The overarching application of MAR will also be

a key consideration. We do, however, recognise that over time there may be some areas where revised or new Technical Note guidance may further support consistent standards or supplement areas of rules with more practical examples and we are open to considering this in future if needed.

Chapter 3

Commercial companies category – eligibility requirements

3.1 In this Chapter we describe the feedback we received on our CP23/31 proposals for certain UKLR eligibility criteria for a company's initial admission to listing in the new commercial companies listing category, and our response. This included consideration of whether we carried forward certain premium listing eligibility requirements in relation to:

- financial information requirements
- warrants and options to subscribe
- pre-emption rights
- externally managed companies
- shares in public hands, and
- shares of a third country issuer

Eligibility requirements for commercial companies – track record and financial information requirements

Our proposals

3.2 In CP23/31 we proposed removing eligibility requirements related to financial information requirements. This also included not requiring an unqualified working capital statement as a condition of listing in the new commercial companies category, in contrast to current premium listing rules.

3.3 This followed previous feedback to DP 22/2, which provided evidence that current requirements were costly for companies listing on UK markets.

3.4 We proposed to not carry forward former premium listing requirements set out in LRs 6.2, 6.3 and 6.7, and associated rules for specialist companies in LRs 6.10,6.11 and 6.12.

Feedback and our response

3.5 In Q3 of CP23/31 we asked:

Question 3: ***Do you agree with our proposed approach to eligibility requirements for commercial companies and the proposed draft provisions in UKLR 5 in Appendix 1?***

3.6 Feedback was supportive of our proposal to remove historical financial information (HFI) and track record requirements with 15 of the respondents supporting the proposal to remove HFI broadly compared to 6 who were against it.

3.7 Reasons given for supporting the proposals included that it would act to increase the attractiveness of the UK listing market and allow a wider range of companies to list, including new companies without an extensive track record. Those supporting also noted the ongoing disclosure provided by the prospectus (see below), including the main buy-side trade association. Two of those opposed who represented pension schemes noted concerns about the loss of such information, which appeared to overlook the fact that a prospectus would still provide such financial information.

3.8 In respect of the feedback in relation to the removal of the requirement that issuers have sufficient working capital for 12 months. Feedback was split between those supporting and those against. Among those supporting was the main trade body for asset managers, who agreed with our rationale that disclosure via the prospectus was sufficient, as well as the main sell-side trade associations. Three of the respondents supported removing the requirement from our listing rules commenting that we should also consider changing the approach to working capital statements in the prospectus. They suggested this could include a review of the binary nature of the qualified or unqualified working capital statement and whether issuers should be allowed to state their assumptions in preparing the statement.

3.9 Ten respondents in total, including the three noted above, made a link between our listings rules proposals in this area and the need to retain the financial information requirements set out in the Prospectus Regulation when we consider the new public offers and admissions to trading regime, which we will consult on shortly. Three respondents also suggested that we should issue guidance for companies with complex financial histories on how best to meet the any revised rules relating to prospectuses. One respondent suggested that we should create a requirement akin to current LR 6.2.13 regarding the (recent) age of financial information in the new prospectus rules.

Our response:

We have considered this feedback and have decided to proceed with our proposals. The changes will provide more flexibility for different types of issuers to list and simplifies our eligibility requirements. Investors will still receive detailed historical financial information on the issuer, where it is available, via the prospectus. We note the points raised in relation to retention of financial information requirements in the new public offers and admissions to trading regime and will take that feedback into account when we consult on that new regime.

We understand concerns which have been raised that, even if we remove the requirement for an unqualified working capital statement, it leaves a requirement on issuers to state whether the working capital statement is qualified or not in our prospectus requirements. We will consider whether or not we should make changes to the binary nature of working capital disclosures, including whether or not to allow issuers to include their main assumptions in the working capital statement, when we consult on the new public offers and admissions to trading regime later in Q3 2024. We still consider the exercise of assessing and disclosing the working capital position of a company to be important as issuers first come to market,

since it promotes market integrity and investor confidence by addressing potential information asymmetries.

Our final eligibility rules for the commercial companies category are in UKLR 5.

Warrants and options to subscribe

Our proposals

3.10 We proposed in CP23/31 to not include specific eligibility requirements or restrictions on number of warrants in the commercial companies category. We considered that this change (versus current premium listing) would give issuers more choice in their capital raising and allow investors more flexibility in how they choose to invest.

Feedback and our response

3.11 We have only received minimal feedback. The feedback that we did receive was supportive of our proposed change.

Our response:

We have decided to proceed as consulted on and so have not included specific eligibility requirements related to warrants and options for the commercial companies category.

Pre-emption rights and shares in public hands

Our proposals

3.12 We proposed carrying over for the purposes of the new UKLRs our premium listing rules regard pre-emption rights and the requirement for 10% free float (shares in public hands) that applied to listings of both premium and standard listed equity shares.

Feedback and our response

3.13 A number of respondents generally agreed to our approach to eligibility requirements, without commenting specifically on pre-emption rights or free float.

3.14 One or two responses suggested that the FCA could go further and delete provisions related to pre-emption rights for the new commercial companies category, applicable to overseas companies who are not subject to equivalent Companies Act requirements.

This small minority noted the fact that pre-emption rights are not necessarily common in other jurisdictions under company law or otherwise, and so this may pose a barrier for some overseas incorporate issuers considering a UK listing in this category. We also discuss this in Chapter 9 where we set out the feedback on our requirements for further issuances of shares after the company has been admitted to listing.

Our response:

We have decided to proceed as consulted on with respect to pre-emption rights and shares in public hands provisions given general support. Our rules currently require overseas issuers to have provisions akin to pre-emption recognising they will not be subject to UK Companies Law. Otherwise, we view the principle of pre-emption to continue to be an important safeguard for investors to avoid dilutive actions, which was also emphasised in the Secondary Capital Raising Review final report in 2022. As with other areas in this Chapter, our final rules on eligibility are contained within UKLR 5, while corresponding ongoing obligations are in UKLR 6.

Externally managed companies

Our proposals

3.15 In CP23/31, we proposed to carry over the existing premium listing requirement in LR 6.13 to the commercial companies category, which requires the applicant to satisfy the FCA that the discretion of its board to make strategic decisions has not been limited or transferred to a person outside the applicant's group, and that the board has the capability to act on key strategic matters in the absence of a recommendation from a person outside the applicant's group.

Feedback and our response

3.16 A trading infrastructure provider commented that the removal of eligibility rules requiring that a company has an independent business and has operational control over its main activities is a positive step. In their view, this should be mirrored by a decision to not carry over the eligibility and continuing obligations we have proposed to retain (in UKLR 5.2.1R and UKLR 6.2.28R) on externally managed companies, that reflect the existing provision in LR 6.13. They said that there are circumstances where a shareholder or a third party may have certain defined rights which may affect the ability of the board to make decisions, but are not relevant to the question of undue influence and control. This, in their view, should not be a bar to eligibility. What should matter is that these rights are clearly defined and disclosed, so that investors can make an informed decision.

3.17 A law firm suggested that there would be circumstances in which the market may need further guidance, especially in the presence of novel business models and where certain functions are outsourced.

Our response:

We have considered the limited feedback received and have decided to proceed with our proposal to retain provisions preventing externally managed companies from listing in the commercial companies category.

While originally introduced to address the emergence of SPACs and their outsourcing of significant management functions to a separate advisory firm, which would typically place the real management of the company beyond a number of the key controls within the listing regime, the requirement in LR 6.13 plays an important role in delineating the boundary between commercial companies and other types of structures that we deem should not be listed in the same category. We provide further detail in the next chapter.

We note that applicants will not be subject to independence or control of business requirements as they currently are, except when they have a controlling shareholder. Even then, we have narrowed the factors that may indicate that an applicant does not satisfy the requirement in UKLR 5.3.1R. We discuss this in more detail in Chapter 4. We expect that transparency should guide investors' decisions, instead of regulatory requirements.

Otherwise, we continue to consider that an issuer seeking to list equity shares in the commercial companies category should retain strategic control over its business and that such decisions are not limited or transferred to a third party outside the issuer's group. This ensures the listed entity and its management remain responsible for compliance with our rules and we can hold them to account effectively. Our final rules are in UKLR 5 and, for corresponding continuing obligations, UKLR 6 (see Appendix 1).

Other eligibility matters: Shares of a third country issuer

Our proposals

3.18 We proposed to carry over the substance of the existing premium listing (LR 6.15.1R) and standard listing (LR 14.2.4R) requirements, which provide that the FCA will not admit shares of an applicant incorporated in a third country that are not listed in the applicant's country of incorporation or in the country in which a majority of its share are held, unless we are satisfied that the absence of the listing is not due to the need to protect investors. We said we were considering how we might clarify the wording of this provision to make it clearer. However, we did not propose any changes in tranche 2 of the UKLR instrument, as finding an alternative formulation without changing the meaning of the provision proved difficult.

Feedback and our response

3.19 We received a very small number of responses on this point. There was support for seeking to clarify the existing provisions and a drafting suggestion for how this might be achieved.

Our response:

We have considered alternative wording for these existing provisions, including the suggested wording provided in response to our consultation. However, we have concluded that any other formulation than the current wording is likely to change the meaning and, therefore, not possible. As such we have retained the existing wording in corresponding provisions across the following categories, to maintain the status quo:

- commercial companies category
- closed-ended investment funds category
- shell companies category
- non-equity shares and non-voting equity shares category
- transition category (in the context of in-flight applications only)

Chapter 4

Commercial companies category – eligibility and continuing obligations

4.1 In this Chapter we describe the feedback we received on our CP23/31 proposals for the UKLR requirements that apply as eligibility criteria for a company's initial admission to listing in the new commercial companies listing category (UKLR 5) and as continuing obligations for that category (UKLR 6), and our response. This includes in relation to:

- independence of business and control of business
- controlling shareholder regime, and
- companies with dual (or multiple) class share structures

Independence of business and control of business

Our proposals

4.2 In CP23/31, we proposed to not carry over current premium listing eligibility requirements and continuing obligations around independence of business (other than where a controlling shareholder is present) and control of business in the commercial companies category.

4.3 As noted in the previous section, we intended, however, to retain rules and guidance in relation to externally managed companies.

We asked:

Question 4: ***Do you agree with our proposed approach to independence and control of business for the commercial companies category eligibility and continuing obligations? If not, please explain why and any alternative approach.***

Summary of feedback and our response

4.4 The vast majority of respondents, whether on the sell or the buy-side, were supportive of our proposals, citing increased flexibility and welcoming this move as having the potential to promote the UK market as a home for a more diverse range of companies.

4.5 Three respondents were more cautious or against this proposal. These respondents, all on the buy-side or representatives of asset owners, had concerns that the combined effect of having more complex corporate structures in place and removing the mandatory shareholder vote for related party transactions could lead to an increase in risks for investors, which could be damaging to the reputation of the UK as a listing

venue. They also expressed concerns that the absence of these eligibility standards/ continuing obligations could lead to ambiguity and lack of clarity and transparency, especially regarding governance structures and accountability mechanisms.

4.6 Various sell-side respondents, including some of their legal advisors and representative bodies, raised concerns that a disclosure-based approach may place greater responsibility on sponsors in terms of the eligibility assessment and could present a challenge for sponsors in determining eligibility in the absence of specific guidance in this context. Some queried whether it is appropriate to outsource this responsibility to the sponsor without the provision of adequate guidance to support the sponsor in exercising its judgment.

4.7 Some respondents, including the FCA's statutory panels – the Listing Authority Advisory Panel and the Market Practitioner Panel, focused on transparency, and said that an applicant should be required to give disclosure in the prospectus where it does not carry on an independent business or exercise operational control over its business so that investors are able to make an informed assessment. A professional services company argued that there should also be a continuing obligation to require disclosure when an issuer's status changes eg, where it ceases to control its business. Another respondent from the accountancy profession noted that the current prospectus regime already requires an applicant to make appropriate disclosure within the risk factors, material contracts and business overview sections of their prospectus. They argued that between these specific requirements and the application of the overarching necessary information requirement, there should be sufficient disclosure for investors to understand these aspects of an applicant's business.

4.8 Emphasising the difference between dependence on a third party (for example, a franchisor) and dependence on a related party (for example, a major shareholder as only customer) the same respondent commented that, while disclosures in the prospectus on both relationships should be clear and comprehensive, the related party nature of the latter relationship should increase sensitivity toward the level of disclosure, and hence challenge through the prospectus vetting process. They also said that, while the directors of the applicant have ultimate responsibility for the contents of the prospectus, the FCA should ensure they have sufficient resources and capability to provide effective challenge in such cases to ensure that their review process is an effective mechanism as part of ensuring appropriate disclosure.

Our response:

Having considered the feedback received, we have finalised the rules as proposed.

In response to concerns that sponsors may be called to perform additional work and take responsibility for decisions without the support of adequate guidance, we note that, where existing requirements in the LR sourcebook have not been reflected in the UKLR, the FCA does not

expect sponsors to 'fill the gap'. For example, in the case of independence and control of business provisions.

It is for the FCA to determine whether, in such cases, there might be risks of investor detriment given the specific characteristics of the applicant, recognising that it is not for the FCA to remove investment risk. The FCA will perform its own scrutiny of the information presented to it, conduct its own checks and may require a sponsor to provide additional information or confirmations. It will also rely on sponsors to notify it of any matter that in the sponsor's reasonable opinion should be taken into account by the FCA when considering whether the listing would be detrimental to investors' interests. As currently, the sponsor's role in this regard is subject to the principle of reasonableness, with sponsor assurance provided after due and careful enquiry and sponsor services delivered in line with the principle of due care and skill. The FCA recognises that the exercise of judgement in this area requires sponsors to have a sound understanding of the FCA's expectations. We expect to continue to discuss with sponsors how we can support them in providing their important role at the gateway.

Chapter 15 of this paper discusses the role of the sponsor in more detail.

We consider that the prospectus regime provides an adequate framework to achieve transparency around the specific governance arrangements that will impact who, when and how decisions are taken in a listed company. This information is crucial to investors and, as such, meets the necessary information threshold. As noted elsewhere, we will be consulting further on prospectus-related matters later in Q3 2024 as we propose rules to implement the new public offers and admissions to trading regime.

We have not, at this stage, introduced a continuing obligation to require relevant disclosures when an issuer's status changes eg, where it ceases to control its business. In some cases, such a change is likely to trigger existing disclosure obligations in any case. We will monitor the extent to which any additional guidance or requirement might be needed in the future.

As we set out in Chapter 2 above, we will retain a robust market oversight function, with our Listings Department being responsible for conducting eligibility assessments for listing review, as well as vetting and approving prospectuses and, where still required, circulars. While we may take a closer interest in new applications using certain alleviations versus premium listing rules, we will use our existing review methodology and risk-based approach to assess such applications accordingly and ensure disclosures are adequate within prospectuses.

Controlling shareholder regime

Our proposals

4.9 In CP23/31, we set out an approach that would see the controlling shareholder (CS) regime from our premium listing rules largely carried over in the commercial companies category, with the exception of consequential changes to take into account the proposals we set forward for significant and related party transactions. We asked (Q.5):

Question 5: ***Do you agree with our proposed approach to requirements relating to controlling shareholders for the commercial companies category eligibility and continuing obligations? If not, please explain why and provide any alternative approach.***

Summary of feedback and our response

4.10 We received several in-depth responses and engaged with a number of issuers and their representatives post-consultation.

4.11 The buy-side was broadly supportive of retaining the current CS regime. At the same time, the feedback from the sell-side, including current and prospective issuers, raised a number of concerns with the proposals, with a few companies following up with specific, practical issues with the proposed approach. Many sell-side respondents also queried why we had shifted from the more disclosure-based approach suggested in CP23/10, especially given the reliance on disclosure elsewhere in the proposed new regime. The more specific issues raised by those opposing the proposals are summarised below as four key themes.

4.12 **Controlling shareholder agreements (CSAs) lack enforceability:** while CSAs are useful tools and can support independent directors and provide positive 'signalling', they are considered to lack practical enforceability from a contractual perspective. Given other changes to the listing regime, the finalised rules would not provide a 'stick' in the same way the current related party provisions do now. As the FCA cannot enforce a CSA because it is not a party to it, stakeholders have queried what the FCA would do in practice in case of breaches from a regulatory point of view – noting that FCA action to suspend or cancel an issuer's listing may do more harm to minority shareholders. One respondent suggested that to address this issue we could apply the proposed requirements for related party transactions over a certain threshold to all transactions an issuer enters into with or for the benefit of a controlling shareholder. This approach would mirror current provisions in LR 11. By contrast, others felt this was a reason to not mandate agreements and rely instead on a more disclosure-based approach.

4.13 **Eligibility or friction for certain issuers:** we received feedback that the requirement for a CSA to be in place at application in conjunction with the proposed independence requirement in UKLR 5.3.1R is likely to act as a blocker for prospective issuers and those wanting to transition having been admitted to listing in the standard segment. Some viewed this as inconsistent with the wider ethos of the new regime and queried whether disclosure of such arrangements would be more proportionate.

4.14 **Factors relating to independence:** Some felt that the guidance on the factors that might indicate that an applicant is unable to demonstrate its independence from a controlling shareholder creates unintended consequences. We have received feedback indicating that two limbs of our guidance on 'influencing the operations of the applicant outside its normal governance systems' and 'exercising improper influence' (currently in LR 6.5.3G(2) and LR 6.5.3G(3), respectively) are considered ambiguous and problematic by some. This may be further exacerbated by the changes to other rules surrounding shareholder approvals. We were told that, absent requirements for shareholder approval for significant transactions and related party transactions, there would likely be an erosion of the ability of controlling shareholders to provide strategic direction to the company in a way that is both compatible with the guidance and does not force controlling shareholders to adopt measures that the market may see as too 'muscular', such as requisitioning meetings and shareholder votes, or forcing a change in the executive.

4.15 **Risk of distortive effects and unfair treatment:** Relatedly, some respondents pointed out that, if, as proposed, wider independence of business requirements are not applicable to the issuer anymore because provisions equivalent to LR 6.4 are not carried over in the new regime, only controlling shareholders would be subject to such restrictions while independent shareholders would not. This, in their view, would appear to enshrine an inverse relationship between the level of a shareholder's economic rights and the influence they are able to exert over an issuer. A shareholder holding fewer than 30% of the voting rights would not be subject to limits under the UKLRs to the rights they are able to exercise (which would likely be enshrined before an IPO takes place), while a controlling shareholder, with greater economic exposure to the issuer, would be limited as to what rights it could seek to implement. This imbalance could result in controlling shareholders being encouraged to sell down their shareholding to increase control, potentially to the detriment of the wider market, and / or could affect venue choice.

4.16 Some respondents from the legal community asked us to review the definition of controlling shareholder in the light of the wider changes we have made to the Handbook, especially as regards the new rules for listed companies with dual or multiple class share structures.

Our response:

Having carefully considered the range of views received and the likely effectiveness of our rules, we do not consider that the benefits provided by a CSA within the context of the new framework are sufficient to justify the corresponding costs. We have therefore decided that we will not impose a requirement for a CSA to be entered into between commercial companies and their controlling shareholders. We outline our reasoning below.

In line with the broader policy outcomes we are seeking to achieve through these reforms, we want to ensure a wider range of business models can access the commercial companies category in order to raise capital and, as a consequence, investors have the option of committing capital to a wider investible universe in public markets in the UK.

Without the optionality provided by the current rules of the standard listing segment, we recognise that a CSA would pose challenges to some

new applicants and existing commercial companies. We have explored these concerns through in-depth conversations with stakeholders and have concluded that there are risks in including requirements for a CSA without fully accounting for the unintended consequences that other changes to the sourcebook could lead to.

While we will not require such agreements, many issuers will have such agreements already in place or choose to put them in place because they consider them useful corporate governance tools. We continue to support this and consider that they have a role to play as an expression of the freedom of contract between parties.

Importantly, we also want to ensure that our rules are as clear and their application is as predictable as possible. We will retain a degree of discretion at the gateway, however, to refuse an application on the ground of investor detriment . We have decided to remove the proposed guidance, currently set out in LR 6.5.3G(2) and (3), around potential controlling shareholder influence over the operations of the applicant outside its normal governance structures or via material shareholdings in one or more significant subsidiary undertakings, or the ability to exercise improper influence over the company. This avoids the risk of ambiguity and confusion that it may create in conjunction with the other changes we are making.

In the absence of regulatory requirements for CSAs and more streamlined guidance on independence, investors will have to determine whether the relationship between a company and its controlling shareholder(s) aligns to their risk appetite in the same way they have to consider other potential risks and opportunities. Traditionally, companies with controlling shareholders have not been as prevalent in UK public markets as in other markets where family-run issuers are more frequently found. We consider that the advantages they provide (eg, continuity, stability, long termism etc) and challenges they face (such as potential conflicts of interest and position of minority shareholders etc) are sufficiently well understood to allow investors to make informed decisions based, among other things, on their preferences, mandates and risk appetite. We would expect prospectuses to clearly set out the issuer's capital structure, key shareholders and any key arrangements in place with a controlling shareholder to inform investors' decisions in this regard.

In finalising our rules, we have taken on board the suggestion that we should strengthen the mechanisms through which directors can challenge any shareholder resolution proposed by a controlling shareholder (or any of its associates) that a director considers is intended or appears to be intended to circumvent the proper application of the listing rules. Accordingly, we have introduced a provision in UKLR 6.2.10R which, where this is the case, requires that the circular accompanying the notice of meeting which contains the relevant shareholder resolution must set out a statement by the board of the director's opinion in respect of the resolution.

As consulted in CP23/31, and reflecting the broad support from the buy-side respondents, we have decided to include substantially all other aspects of the current controlling shareholder regime, either as proposed, or with amendments that have been introduced to ensure that the rules work given other changes. In summary, where a company has a controlling shareholder, the controlling shareholder framework will entail:

- A requirement (in UKLR 5.3.1R) for an applicant to demonstrate that, despite having a controlling shareholder, it is able to carry on the business it carries on as its main activity independently from such controlling shareholder at all times and a corresponding continuing obligation (in UKLR 6.2.3R).
- Guidance (in UKLR 5.3.2G and UKLR 6.2.4G) on factors which may indicate that an applicant does not satisfy the above, focusing on features which may pose risks of catastrophic losses for minority shareholders, ie, i) a company granting security over its business to fund the controlling shareholder or a member of a controlling shareholder's group, and ii) the applicant's inability to demonstrate they can obtain access to financing other than from a controlling shareholder.
- A requirement that the listed company must have in place at all times a constitution that allows the election and re-election of independent directors to be conducted in accordance with UKLR 6.2.8R and UKLR 6.2.9R. These rules require that the election or the re-election of any independent director must be approved by both the shareholders and the independent shareholders of the listed company.
- A requirement (in UKLR 6.2.35R) that a listed company must notify the FCA without delay if it does not comply with any continuing obligation set out above.
- Specific voting arrangements for the cancellation and transfer of listing (in UKLR 21.2.8R and UKLR 21.5.6R). When this is the case, the resolution must, in addition to being approved by a majority of not less than 75% of the votes attaching to the shares voted on the resolution, also be approved by a majority of the votes attaching to the shares of independent shareholders voted on the resolution.
- Requirements for disclosures in annual financial reports (UKLR 6.6.1R(9)) containing details of any contract of significance between the listed company, or one of its subsidiary undertakings, and a controlling shareholder as well as (in UKLR 6.6.1R(10)) details of any contract for the provision of services to the listed company or any of its subsidiary undertakings by a controlling shareholder, subsisting during the period under review.
- A rule in UKLR 6.6.1R(13) that requires a statement to be made by the board and included in the annual financial report that the company continues to comply with the requirement in UKLR 6.2.3R or, where the company has ceased to comply with that requirement, a statement that the FCA has been notified of that non-compliance in accordance with UKLR 6.2.35R. This statement should be accompanied by a brief description of the background to and reasons for that non-

compliance. Where an independent director declines to support a statement of compliance under UKLR 6.6.1R(13)(a), the statement must record this fact.

Importantly, it should be noted that, beyond our rules, there are UK company law duties that require directors to exercise independent judgement and to act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In addition, the UK CGC provides guidance and sets standards relating to directors.

The provisions in UKLR 6.2.27R(1) require that, where a shareholder vote must be taken in relation to certain matters set out in UKLR 9, UKLR 21.2 and UKLR 21.5, that vote must be decided by a resolution of the holders of the listed company's equity shares that have been admitted to the commercial companies category.

We do not consider the fact that approval of those matters is reserved to the commercial company's listed shares means that shareholders holding enhanced voting rights will not be controlling shareholders when they control 30% or more of the votes able to be cast at general meeting.

Accordingly, we have considered but have concluded that we do not need to revise our existing definition of controlling shareholder, which is "any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the company." We consider that the matters on which shareholders who have control through enhanced voting rights are able to cast their vote are all, or substantially all, the matters at general meetings of the company.

We comment in the next section on how we consider controlling shareholders in the context of companies with enhanced voting rights shares, given the interactions between the two frameworks.

Companies with dual or multiple share classes

Our proposals

4.17 In CP23/31, we set out proposals for a more flexible approach to DCSS for the commercial companies category. We moved away from the more structured framework we had initially contemplated in CP23/10 and most of the requirements we had proposed to introduce at the time, including a 10-year sunset for the exercisability of enhanced voting rights.

4.18 We set out instead a largely disclosure-based regime where investors would be able to rely on the knowledge of the identity of the persons holding enhanced voting rights at IPO and on the predictability provided by rules that would restrict the ability to transfer those enhanced voting rights to other parties.

4.19 In line with this approach, we proposed to require that the constitutional arrangements of a company seeking admission to the commercial companies category with a DCSS provide that specified weighted voting rights shares can only be issued to:

i. the directors of the applicant
ii. natural persons who are investors in, or shareholders, of the applicant
iii. employees of the applicant, or
iv. persons established for the sole benefit of, or solely owned and controlled by a person in (i), (ii) or (iii) above

4.20 The company's constitutional arrangements would also have to provide that a holder to whom specified weighted voting rights shares have been issued would not be permitted to transfer the voting rights associated with such shares, except to a person established for the sole benefit of, or solely owned and controlled by, that holder.

We asked:

Question 6: ***Do you agree with our proposals for allowing DCSS for companies listing shares in the commercial companies category and our approach to matters on which enhanced voting rights can be used? If you disagree, please explain or suggest alternative approaches?***

Summary of feedback and our response

4.21 Respondents from the buy-side were overwhelmingly against the introduction of additional flexibilities around DCSS frameworks and largely opposed our proposals, favouring instead a significantly more limited form of multiple classes share structures and arguing in favour of a time-related sunset for the expiration of enhanced voting rights. These respondents provided additional examples of companies where DCSS has led to corporate governance failures and harm to minority shareholders.

4.22 Some of these respondents were sceptical about whether the market has effective countervailing mechanisms that could ensure investors' concerns are heard. These respondents maintained that investors don't necessarily have enough sway at IPO to effectively influence the terms of an offer. Accordingly, some also said that FCA rules would be needed to even the playing field by introducing a requirement for a sunset of undefined duration to be agreed at IPO the length of which would need to be negotiated between the applicant and relevant investors.

4.23 Some buy-side respondents added that, should the FCA remain determined to finalise the package without carrying over a time-related sunset clause, then the FCA should consider a 'continuation vote' which would give (independent) shareholders or shareholders holding the listed class of shares the opportunity to vote on removing superior voting rights and converting them into ordinary shares or to support the continuation of DCSS arrangements for longer.

4.24 Some buy-side respondents also recommended that if the FCA were minded to finalise rules as per CP23/31, it should consider requiring disclosure of vote results on a class-

by-class basis, whereby companies with multiple classes of shares should be required to separately disclose vote tallies for each class. According to these commentators, this mechanism would give visibility to investors and boards as to the preferences of both those shareholders with enhanced voting rights (who may be more closely connected to the company) and independent shareholders.

4.25 Other respondents commented that the list of persons who can hold enhanced voting rights has been extended beyond what is warranted. These stakeholders argued that the FCA should revert to previous positions and only allow directors to hold enhanced voting rights. Their view was that only those who are involved in determining the strategic direction of the company and are subject to director duties to act in a way that would most likely promote the success of the company for the benefit of its members should be allowed to have levels of influence that go beyond their financial interest in the issuer.

4.26 On the other hand, issuers and the sell-side welcomed the increased flexibility provided by the revised proposals in CP23/31, and, in some cases, argued that more was needed. DCSS was viewed as particularly important for some groups of prospective issuers, such as more technology-driven businesses, including fintech. It was noted that since founders and pre-IPO backers of a company might be most influential in deciding where the company lists, the absence of optionality on DCSS – even if this may be constrained in practice once they engage investors – would detract from a listing venue, particularly given the US has no such restrictions and remains a strong 'pull' for new economy companies.

4.27 In terms of sell-side comments on areas of further flexibility on DCSS, their concerns focussed broadly on 3 matters, which we discuss further in turn below, namely:

- the types of persons who can hold enhanced voting rights
- whether enhanced voting rights should be exercisable on all matters on which listing rules require a vote to be taken, and
- whether the non-transferability of enhanced voting rights is too restrictive

4.28 Based on current proposals, any pre-IPO investors who are not a natural person would be unable to hold (shares with) enhanced voting rights. Some respondents, including issuers and potential issuers with which we engaged post consultation, said that this restriction would be problematic as early funding rounds typically see institutional and other early-round investors insisting on such rights being allocated to them. These respondents argued that the FCA should consider expanding the list of persons who can hold enhanced voting rights to include institutional investors but put a time limit via sunset clause after 5 years. One respondent suggested that enhanced voting rights should fall away where the holder faces a change of control during the relevant period. An issuer suggested that if the FCA were to introduce such a sunset in respect of institutional holdings of enhanced voting rights, such sunset should be "refreshable" or rather should run from the point of the relevant shareholder vote to approve it, as opposed to necessarily from the point of listing.

4.29 Some respondents argued that enhanced voting rights should be exercisable on all UKLR-mandated votes. Those supporting this view did not provide an in-depth discussion of why they thought this was the case beyond arguing for a disclosure-based approach.

4.30 Some sell-side commentators cited the inability of enhanced voting rights to be transferred (including though intergenerational transfers) as a factor that may disincentive listing in London in the context of family-owned companies with DCSS or companies where co-founders maintain a role in the business and may be inclined to transfer control to a fellow founder.

Our response:

While we have carefully considered the significant feedback on this issue, and noting the strength of views from parts of the market, we have decided to:

1. proceed as consulted on in CP23/31 with regard to the type of natural persons permitted to hold enhanced voting rights shares and limitations on transferability, while not setting a general time-based sunset or review clause for such holders, and
2. additionally, allow legal persons eg institutional investors to also be able to hold enhanced voting rights shares, but, for this group only, we have applied both transfer restrictions and set a maximum time period of 10 years after which enhanced voting rights must expire

We detail our further reasoning and considerations below.

Time-based sunset or review clauses (for natural persons)

As a starting point, we continue to consider that what share structure is appropriate and viable should be a point of negotiation between the company and its potential investors at the point of IPO. A company should be incentivised to create a share structure that is acceptable to the widest range of new investors, or it will face uncertainty around its capital raising or future share performance and liquidity. Our view remains that investors, who are under no obligation to buy shares in a company with a share structure that they do not like, have significant influencing power at the point of IPO. As noted in CP23/31, this has been demonstrated in practice by a number of companies that listed in our standard listing segment in recent years, where despite our rules setting no restrictions, models of DCSS included features such as time-based sunset clauses. We consider that the presence of DCSS and, if so, the terms of such shares, should be for companies and investors to agree on and there is no "one size fits all" answer to appropriate share structures.

With regards to sunset clauses, we consulted on the basis that enhanced voting rights cannot be transferred except in specific circumstances. This automatically creates a natural sunset equivalent to the lifespan of the natural person who holds the enhanced voting rights. In response to feedback, we considered again our position on time-related sunset clauses but concluded that the new information provided by respondents did not significantly impact the cost-benefit analysis we set out in CP 23/31. Please see Chapter 17 for details on this.

We also explored the concept of a 'continuation vote'. However, we concluded that it would not meaningfully differ from a time-related

sunset in the eyes of founder-led companies, so may act as a barrier to considering a UK listing, and, as above, by regulating for this specific feature we would be intervening in setting terms between an issuer and prospective investors. We also anticipate potential complexity around such a mechanism given company law requirements. We therefore did not pursue that option.

Expanding potential holders to include legal persons, subject to a 10-year sunset clause

Having carefully considered the feedback provided on expanding the potential holders of enhanced voting rights to institutional investors who are already investors in the applicant company, we agreed this was a reasonable approach. The final rules thus widen the list of persons who can hold enhanced voting rights under our DCSS framework to include legal persons who, on the first occasion the applicant makes an application for the admission of equity shares to the commercial companies category, were an investor in, or shareholder of, the applicant. The same transfer restrictions as per natural persons would apply to legal persons as well (UKLR 5.4.5R(2)).

Allowing the possibility for such rights to be provided to early-stage (pre-IPO) investors, which are available in other international capital markets, provides additional flexibility for issuers and investors to agree appropriate structures, and may encourage more companies to consider a UK listing. We consider this option would only be considered in relation to a limited number of institutional investors who, like founders, have "skin in the game" of the company's success and earlier development, such that their interests should broadly align with those of other shareholders. As with all share structures, these holdings would be fully disclosed at the point of IPO.

We are aware that some buy-side respondents who raised concerns about the breadth of potential holders set out in the previous narrower consultation may disagree with this approach. However, as above, we consider that disclosure through prospectuses will ensure investors are fully aware of the share structure at the point of an IPO and this information will allow them to make the appropriate investment choices based on their own risk appetite.

However, as persons who are not natural persons do not have a finite life span, we have added a requirement to have a time-limited sunset for these rights to ensure that the enhanced voting rights cannot exist in perpetuity when held by a legal person. It also provides a degree of clarity and predictability at IPO on who holds enhanced voting rights at IPO. We decided a maximum 10-year 'sunset' clause for such holders would provide sufficient flexibility and capture the most benefits for new companies, while avoiding institutional holdings becoming perpetual.

An exception is provided for enhanced voting rights held by a sovereign controlling shareholder.

We set the maximum period as 10 years for legal persons recognising the academic literature that indicates some, but limited, evidence for 7 years being the period of time in which the majority of the benefits tend to be experienced. Noting that we are hoping to encourage firms to enter public markets earlier in their journey, we felt that a 10-year cap would allow companies sufficient leeway to determine the optimal share structure within that limit.

We note this is a cap and not intended as an anchor point. In general, we expect it may still be the case that companies choose to set shorter sunset clauses below the 10-year maximum based on the views of investors. We also expect, given institutional investors will likely need liquidity at certain points in time post-IPO, that the restriction on transferability may well mean such holders effectively relinquish those rights earlier than a time limit of up to 10 years. This is evident in some existing forms of DCSS seen in the market.

Additional transparency measures

We have considered the option of introducing a requirement for additional transparency that would allow class-by-class vote tallies to be disclosed, especially in the case of significant gaps in preferences (ie, above a certain threshold) between different groups of shareholders and where boards could be encouraged (or required) to formally respond to independent shareholders within a certain timeframe.

In considering this, we have reviewed sections 341-354 of the Companies Act 2006 and Provision 4 in the UK CGC, which sets clear expectations around the transparency of voting outcomes for certain UK incorporated and for listed companies respectively.

As stated in the response that suggested this idea, such a disclosure regime would likely require a standardised methodology for tabulation of votes to be agreed and, potentially, additional consideration would need to be given to disclosure data to be collated by a register which could build on similar experience of voluntary, market-led, initiatives.

There are several aspects to this proposal for enhanced transparency and a degree of complexity attaching to it. We have not had the opportunity to explore fully how far this would add benefits beyond existing law and the UK CGC, as applied, at this stage. We remain open to considering its potential costs and benefits in due course and would welcome a market-led working group taking this forward to consider what would be possible and useful in this space.

Other areas of feedback

We have further considered our position on the proposed limitations to the exercisability of enhanced voting rights set out in UKLR 5.4.1R(1) and have decided to finalise the rules as consulted. Therefore, as is the case now for premium listed issuers, when the UKLR requires a shareholder vote to be taken, that vote would continue in most cases to be decided

by a resolution of the holders of the listed company's equity shares, ie, holders of specified weighted voting rights shares will not be able to vote.

In any case, founders and other shareholders who hold specified weighted voting rights shares will be able to influence the most strategic transactions that we propose would require shareholder approval, ie, reverse takeovers. They will also be able to vote to elect and re-elect independent directors.

Conversely, where there is too high a risk of dilution or of other harms arising for ordinary shareholders, the rules do not allow the exercise of enhanced voting rights.

Other amendments to the draft rules we consulted on have been made largely to effect consequential changes. Interested readers may also wish to consider related rules that reflect current premium listing principles 3 and 4 which are discussed in Chapter 12.

Chapter 5

Commercial companies category – significant transactions, including financial distress situations

5.1 In this Chapter we describe the feedback we received on our proposals presented in CP23/31 on significant transactions and our response (we discuss reverse takeovers in Chapter 6). We also address feedback to the related area of proposed disclosures where such transactions arise due to an issuer being in financial distress or difficulty, including re-financing or reconstructions. These were addressed respectively in Chapters 6 and 7 in CP23/31.

5.2 Our final rules are in UKLR 7 set out in Appendix 1.

5.3 We also discuss related feedback that we received on existing guidance in DTR 2.5.7G on selective disclosure. The adjustments we have made to that guidance are in Appendix 2.

Significant transactions

Our proposals

5.4 In CP23/31 we proposed a disclosure-based significant transactions regime for transactions meeting the 25% threshold (based on retained class tests) without the premium listing requirement to seek prior shareholder approval for the transaction, with less onerous disclosure requirements and a reduced role for sponsors. We set out the key features of the proposed UKLR regime including the related sponsor role, and how it differed to the existing premium listing regime.

5.5 The specified purpose of the new regime was to notify shareholders of relevant transactions and ensure that detailed information on the transaction is disclosed on a timely basis to support engagement between the listed company and its shareholders, and to enhance market transparency. The regime was intended to complement (but not supersede) MAR. It aimed to alleviate the existing concerns with the premium listing regime, while ensuring a consistent and predictable approach to disclosure that isn't provided for in the standard listing category for shares. It would be mandatory to appoint a sponsor in circumstances where the company sought individual guidance from the FCA, or requested that we waive, modify or substitute rules in relation to the transaction. Listed companies would have more discretion on when and from whom to seek guidance on our rules, including from a sponsor firm, compared with premium listing requirements for appointing a sponsor.

5.6 We recognised that no longer requiring shareholder approval might potentially increase risk for investors (if boards make poor decisions and do not take account of shareholder

concerns) but that on balance we felt reducing the cost and frictions of a vote for commercial companies outweighed these risks, considering also approaches taken in other markets. We discussed these issues in detail in CP23/31 along with the feedback to our earlier proposals for significant transactions in CP23/10.

Summary of feedback and our response

5.7 Our proposals for a UKLR significant transactions regime were addressed in a substantial proportion of the written responses and discussed at length in our further stakeholder engagements. We received around 30 responses on this specific topic, plus some additional respondents who responded more broadly on whether they agreed with our package of UKLR proposals as a whole (per Q2 as discussed above).

Detail of responses

5.8 In Q7 of CP23/31 we asked:

Question 7: ***Do you agree with our proposed approach towards a significant transaction regime for the commercial companies category? Please provide any alternative views.***

5.9 We received around 28 responses to this specific question from a range of stakeholders offering diverging opinions.

5.10 We received 13 responses from issuers, the legal and sponsor community and a range of sell-side trade bodies who strongly supported our proposal not to require a significant transaction to be subject to prior shareholder approval, for the reasons described in CP23/31. Within that cohort, there was a narrowly targeted point of dissent from one respondent who advocated for a shareholder vote on a large disposal (ie, at the 75% threshold on the class tests) where the disposal is not subject to the Takeover Code, but with no additional UKLR requirements. A shareholders' association also supported our proposals.

5.11 We received 13 responses from institutional investors, buy-side trade bodies and buy-side advisors who strongly objected to our proposal not to include the mandatory shareholder approval for a significant transaction.

5.12 Their concerns were aimed principally at governance issues at board level, noting that the prospect of a shareholder vote could have a disciplining effect on directors. The vote might also protect shareholders and the value of their investment by giving them a veto power over the board. They told us the shareholder vote was an important tool (some described it as vital) for investors to carry out their stewardship duties and block harmful transactions *before* they could erode value. They did not consider an enhanced disclosure-based regime would make up for this change. These respondents viewed our proposal as a harmful dilution of long-established shareholder protection mechanisms that investors expect of UK markets and a decline in governance standards.

5.13 Some of these respondents pointed to case studies and academic evidence that they felt supported their position. They noted it can be hard for investors to predict a company's entry into significant transactions, even for those shareholders who engage regularly with its board and the board is not compelled to take their views into account. They highlighted the likely increased due-diligence costs for investors, and potential expense and other downsides of post-event actions aimed at holding boards to account, replacing directors, or seeking redress via litigation where deals have turned sour.

5.14 There was an indication from some that a nominally higher threshold for a shareholder vote may be acceptable, although this was largely unsubstantiated, and to reduce the content requirements for class 1 circulars in premium listing.

5.15 The buy-side also pointed to inherent investment risks that attach to the specific characteristics of the investor, ie, when they are a minority shareholder or a passive investor. These risks can come to the fore when a company enters into a significant transaction but may be mitigated by the premium listing requirement for the company to seek prior shareholder approval which enables them to participate in the company's decision-making.

5.16 For example, a company would be unlikely to seek views from its minority shareholders before entering into a significant transaction, whereas major shareholders might be consulted (subject to the company meeting its MAR obligations on delayed and selective disclosure). Hence there is a disparity between minority and major shareholders in terms of the information they hold (where the information hasn't already been disclosed to the market) and their ability to influence the company. Or that passive investors have less choice than active investors in whom to invest and may have less option to dispose of their interests in a company (depending on the company's index inclusion) when it enters into a significant transaction that it does not support.

5.17 Buyside respondents argued that the high standards of governance, ie, the shareholder vote that is required in premium listing, makes the UK a more attractive listing venue for investors versus overseas markets. They challenged opposing feedback from others that it was a matter of concern for UK-listed companies or companies considering a UK listing. An academic who responded expressed a similar view. An investment organisation said that reducing governance standards may attract new listings but will lead to a secular rotation of capital away from the UK as international investors appraise market risk.

5.18 We received mixed views from Panels advising the FCA. Panel members drawn from advisors to listed companies were, on balance highly supportive although with the occasional dissenting view from within the membership. Members with a 'consumer protection' remit strongly objected to proposals that they perceived to water down protections that might prevent loss of value to the ultimate retail investor (such as pensioners) from poor decision making by the company.

5.19 Reporting accountants (including their trade body) submitted 6 written responses offering mixed views around the shareholder vote. Currently, they work with issuers and their sponsors in undertaking due diligence that supports them discharging their premium listing obligations on class 1 transactions, particularly around financial and working capital disclosures in shareholder circulars. While some reporting accountants agreed with

moving to a disclosure-based regime (we discuss their views on disclosure below), others urged us to retain the shareholder vote from premium listing but at a higher threshold.

5.20 We received 4 responses from exchanges and trading platforms and they supported our proposals. However, they – alongside other respondents supporting the changes – agreed with us that broader reforms were also required to make a difference to the attractiveness of the UK-listing landscape. They also pushed the FCA to consider enacting other policy changes specifically aimed at encouraging a shift towards greater retail participation in UK equity markets.

5.21 There was some, but not overall support for retaining the notification requirements for a transaction that would be classified as 'class 2' in premium listing (ie, where the transaction is at least 5% on a class test but each class test is less than 25%).

5.22 The key commentary on retaining the class 2 approach came from a trade body representing the legal community advising issuers, and a trade body representing investors and a few other buy-side stakeholders.

5.23 The legal community commented that issuers will still be required under MAR to disclose transactions that are not classified as significant transactions. In that context, market participants may prefer the retention of existing class 2 disclosure requirements (which are not perceived as overly burdensome for issuers) as guidance on discharging MAR obligations.

5.24 The trade body representing investors strongly disagreed with not retaining an obligation in UKLR to notify transactions below the 25% threshold. They told us this was high risk for investors, as there are differences between the MAR regime and the current (premium listing) significant transaction requirements. They thought this would increase the risk that companies will be able to make substantial transactions without the full information being available to the market until a significant period of time has elapsed.

Our response:

We have proceeded as consulted by finalising a disclosure-based regime for significant transactions that does not require commercial companies to seek prior shareholder approval for the transaction.

In finalising our rules for significant transactions (at the 'class 1', 25% threshold), we have taken account of the strength and divergence of opinion on our proposals in CP23/31, whether set out in the written responses or offered during our extensive engagement with stakeholders. We recognise that this polarisation of views will inevitably mean that our policy decisions will not align with the views of some of our key stakeholders.

In coming to this decision, we have considered carefully again the feedback on our proposal not to require a shareholder vote on significant transactions. We fully recognised the objections from buy-side stakeholders and engaged in various forum to discuss the issues, including

specifically arranged events. We are grateful they took the time and considerable effort to write and meet with us to explain their concerns.

We accept that removing the pre-transaction general meeting to vote on a significant transaction takes away an attractive stewardship mechanism.

We also acknowledge shareholders would prefer to retain what has been characterised in some responses as their 'veto' rights. The ability to 'veto' the board's decision to enter into a transaction is viewed as a safety net by investors which can be used to reduce the perceived investment risk. Positioned ahead of the transaction, it avoids investors having to rely on other post-event remedial actions to seek redress.

We agree that these changes versus premium listing are likely to impact investment risk. Removing shareholders' ability to veto significant transactions places more emphasis on boards to make decisions that preserve or increase (rather than erode) shareholder value.

However, the support for the vote by investors appears to be based on the premise that shareholders and boards are 'on different sides' and shareholders are better informed than the board on what delivers the best outcomes for the company and, by extension, shareholders.

We note that the boards of UK-listed companies will continue to be answerable to their shareholders as a whole. Our changes do not alter the company's obligations to its shareholders at law, nor the directors' fiduciary duties. They emphasise that it is for the board to own its decisions and be transparent about the company's significant transactions.

Based on comparisons with other jurisdictions, our premium listing rules are an outlier in extending to shareholders the ability to have an overriding say over decisions that would ordinarily be taken by the board, particularly in markets where boards are expected to adhere to high standards of governance. We also do not extend these rules to standard listed issuers. It continues to be our view that, as with other major capital markets, it is for shareholders to use the tools available to them at law and via their stewardship channels to hold to account the companies they choose to invest in if these companies do not achieve the growth and financial returns that investors expect.

Where boards do underachieve, there are mechanisms available to shareholders to seek to change the board's composition. In addition, capital markets exist to enable investors to trade in and out of securities and take decisions that accord with their own risk appetite and the parameters of their investment mandates, based on information that our listing requirements, plus other rules and regulation, require them to put in the public domain.

We also acknowledge the points raised by investors and other buy-side stakeholders that minority shareholders will have less opportunity to express their views or influence companies ahead of a significant transaction in the absence of a shareholder vote, and that passive investors have less scope to sell investments after the event, where

they are constrained by the terms of their investment mandates. We understand therefore why these investor types will feel they are more affected by the changes compared to major shareholders and actively managed mandates.

We note, however, that imposing a shareholder approval requirement for significant transactions does not necessarily mitigate this risk, since eg, a large shareholder is more likely to get engagement with a company given their greater influence under a vote.

Therefore, while we do understand the concerns, we do not agree that we should aim to mitigate them via prescriptive regulation nor that this is necessary in relation to our consumer protection or market integrity objectives. Where shareholders are concerned about shareholder rights, they can select (through their choice, mandate or tracking index) to invest only where these mechanisms are in place. We are aware that such professional investors will already monitor and adjust the risk weighting of their portfolios for a variety of reasons. If necessary, they will do so to take account of our changes to the listing requirements.

We disagree with the inference that removing the mandatory shareholder vote from our requirements will result in a decline in corporate governance standards in UK-listed companies. While premium listing shifts the responsibility for a decision to enter into a significant transaction from the board to the shareholders, UKLR puts that responsibility back to the board. The board, as well as the transaction, continue to be exposed to shareholder scrutiny and boards can be held accountable through various mechanisms. Our rules do not prevent companies offering advisory or binding votes on any given transaction. We also consider that issuers retain a commercial incentive to engage shareholders prior to a transaction. We have clarified guidance in our DTRs related to MAR to assist issuers in this context (see the following section).

We also received no direct challenge to our CBA assessment of the estimated costs incurred by UK premium listed companies, and so indirectly by shareholders, from the 'premium' paid due to the deal contingency created by requiring prior shareholder approval for significant transactions. Conversely, only one respondent suggested specific costs to them as an investor from the potential increase in due diligence around significant transactions, which did not offset our benefit estimate (see Chapter 17 for further detail). There also remained strong views from the sell-side, including issuers, that these rules are a genuine impediment to UK listed companies being competitive in global M&A.

We have therefore proceeded as consulted on by finalising a disclosure-based regime for significant transactions that does not require commercial companies to seek prior shareholder approval for the transaction.

We have also reviewed our notification proposals in light of the feedback received. Our notification requirements (set out in more detail below alongside consideration of the feedback) are intended to support that engagement and facilitate shareholders holding companies to account

by ensuring timely information is disclosed to the market. We also recognise that disclosure requirements can impose significant costs (both monetary and opportunity) on companies who are engaged in live transactions. We have sought to keep these disclosure requirements proportionate, which may have a positive impact on associated costs versus premium listing.

In response to the feedback on our proposal not to carry forward the premium listing 'class 2' notification regime into UKLR, we considered carefully whether to include a notification regime for transactions below the 25% threshold on the class tests.

On the one hand, we agree the UKLR notification requirements may provide a useful framework that helps issuers decide what transactions to notify to the market and what information to include in the notification.

However, we concluded that 25% was on balance an appropriate threshold against which regulation should set prescriptive notification requirements to support the specific purposes we set out in UKLR 7. For smaller transactions, we consider it proportionate to afford issuers the flexibility to make this decision. The UKLR notification regime complements but does not displace the company's obligations to notify information under MAR. We have not imposed a disclosure regime for transactions below the 25% threshold although MAR will continue to apply and issuers may find aspects of the UKLR 7 requirements a useful framework for disclosure.

DTR 2.5 – delaying disclosure of inside information

5.25 In the context of our proposal not to require prior shareholder approval for a significant transaction, some respondents (particularly law firms) raised concerns about how to interpret existing guidance in DTR 2.5 on when selective disclosure to shareholders may be justified under article 17(8) of MAR, when the disclosure is made in advance of notifying a significant transaction under UKLR 7.

5.26 They pointed to DTR 2.5.7G, which provides the example of an issuer contemplating a major transaction that 'requires shareholder support' who may selectively disclose details of the proposed transaction to major shareholders as long as the recipients are bound by a duty of confidentiality.

5.27 They suggested we amend this guidance to clarify that 'shareholder support' does not necessarily mean formal shareholder approval via voting in a general meeting and can be interpreted more broadly. Some offered alternative drafting for us to consider.

Our response:

We have taken on this feedback and have decided to adjust the guidance in DTR 2.5.7G. We have clarified that 'shareholder support' is not limited to circumstances where formal shareholder approval is required, partly by removing this specific wording.

Although we do not consider the adjusted guidance changes how MAR applies, we agree that the clarification may be helpful. We emphasise that DTR 2.5.7G is not an exemption to MAR and issuers must continue to consider their wider MAR obligations before selectively disclosing information about a transaction to any shareholder.

Disclosure on significant transactions

5.28 In CP23/31, we proposed rules that would ensure that some of the information from our current premium listing disclosure requirements for class 1 circulars would be carried over in the notification for a significant transaction in the UKLR. However, we also sought to remove requirements that could indirectly dictate how companies conduct due diligence and/or result in information being compiled purely to meet our rules.

5.29 Accordingly, we also said that notifications should not create additional material costs or significant delays to issuers and asked for feedback on any potential timing concerns. In order to balance sufficiently detailed notifications with flexibility for issuers to determine additional content, we proposed a new overarching requirement to include other relevant circumstances or information necessary to provide an understanding of, and to enable shareholders to assess the terms of, the transaction and its impact on the company (which some respondents referred to as a 'sweeper' provision).

5.30 In Q8 of CP23/31 we asked:

Question 8: ***Do you agree with our proposed enhanced disclosures regime for significant transactions? If you disagree, what changes to you consider we should make and why?***

5.31 We received extensive feedback to this question, including over 15 detailed responses, which we have sought to summarise below.

5.32 Answers broadly fell into 3 groups:

- **The sell-side and the legal advisory community:** most of these respondents, while welcoming the FCA's overall approach, commented that proposed notification requirements are excessive (or need to be simplified) and, owing to their timing requirements, could risk re-imposing the friction of additional due diligence beyond what a company would usually conduct that the reforms seek to mitigate.
- **The accountancy profession:** these respondents engaged extensively on the financial content requirements. This group coalesced around a set of counterproposals to adopt a US-style approach which would see most of the more detailed information, including historic financial information, provided after the transaction is completed.
- **The buy-side/asset owners, and related stakeholders.** Their focus was largely on advocating for the retention of requirements for a shareholder vote to approve significant transactions. We did not receive detailed feedback on what investors and asset owners value in terms of information. One buy-side trade association recommended that, should the FCA finalise the rules without introducing

shareholder approval for large transactions below the reverse takeover threshold, we should consider the proposals put forward by the accountancy profession.

5.33 We present the views of the sell side and of the accountancy profession in more detail below.

5.34 Several respondents on the sell-side commented that the notification requirements as proposed were too onerous in terms of content and difficult to put together as soon as possible after the terms of a significant transaction are agreed. Many said that current proposals would introduce friction and risk undermining the objectives of the reforms. Some noted that proposals would prove to be particularly onerous in competitive M&A contexts. Others focused more on the timing of the requirements, suggesting that issuers should be allowed to delay the publication of this information until after signing. Some explicitly referenced the US system as a viable alternative approach. A number of stakeholders in this group reiterated their view that a notification regime largely shaped by the rules for current class 2 announcements and the requirements of MAR would be adequate.

5.35 We received feedback on various aspects of our proposals, including the 'sweeper' provision in proposed UKLR 7.3.1R(1)(b). The rationale for introducing this provision was understood, but it drew strong criticism from law firms advising listed companies for being ambiguous in scope and creating uncertainty. It was also considered unnecessary as investors' expectations on the level of information they would receive on the transaction should be fulfilled by specific notification requirements in UKLR 7, plus anything further required under MAR. In this respect, MAR was considered to be the appropriate 'sweeper', in conjunction with DTR 1A.3.2R, which requires that an issuer must take all reasonable steps to ensure any information notified to a regulatory information service (RIS) is not misleading, false or deceptive and does not omit anything likely to affect the import of such information.

5.36 Accounting firms and a related professional body said it was positive that the FCA had decided to strengthen the requirements for financial information to be provided in the context of large transactions vis-à-vis what we had set out in CP23/10 but considered our proposed approach to still fall short of what would be needed to deliver a robust disclosure-based regime. In line with the sell-side, they considered that, as proposed, the enhanced notification provisions were likely to create significant timing tension between the requirement to include substantially increased disclosure in the transaction announcement and the requirement to announce the transaction as soon as possible to comply with MAR obligations. In their view, a better balance between speed and the need for reliable information could be achieved by allowing the audited historical financial information to be produced and disclosed after the announcement of the transaction. This approach is similar to that adopted in the US. This would remove the pressure of seeking to deliver the information prior to the deal announcement but would provide the market with more comprehensive information within a certain period after the completion of the deal. These respondents included extensive and thoughtful discussions on how the FCA could introduce such a regime.

5.37 Both sell-side and accounting stakeholders tended to be sceptical of our proposal that, where financial information is not available in the form required, issuers should provide instead an explanation as to how the value of the consideration has been arrived at.

Their concerns focused on the fact that issuers may be reluctant to provide details of how they have calculated their offer value, hence there may be a tendency for generic or higher-level disclosures to fulfil this requirement. In a similar vein, another respondent said that it was likely most issuers would give only a generic explanation of how they determined what price to pay, and they queried whether this would provide investors with any additional useful information.

5.38 We also heard concerns around the lack of guidance on the application of our proposed rules for alternative disclosures when HFI is not available. Stakeholders also raised a number of issues around our proposals to allow for pro forma financial information to be published under less detailed standards. Some respondents criticised our proposals to allow HFI on the target of an acquisition to be produced under a different accounting policy than that of the acquirer and/or using non-GAAP metrics. They said that this would risk a lack of consistency between issuers, which could potentially reduce investors' understanding and comparability with other issuers.

5.39 There were also questions raised as to what may constitute a suitable level of disclosure to address the requirement for a statement that the board considers the consideration to be fair as far as the security holders of the company are concerned. Some respondents commented that this requirement may prompt boards to seek assurance from third parties, potentially in the form of a fairness opinion, in order to support this statement, which, they argued, inevitably would create an incremental cost for companies.

Our response:

In finalising our rules, we have decided to retain the general disclosure approach as consulted on, but we have removed the requirement for 2 years of audited accounts where available, or alternative statements by a board if not available, in relation to acquisitions. We have also allowed certain disclosures to be delayed and now require a final notification upon completion of a transaction. We explain these changes and our rationale in more detail below.

In CP23/10, we proposed the removal of class 1 transactions circular requirements and sought views on the desirability of relying instead on the current class 1 / class 2 notifications, MAR and information in annual financial reports on a post-hoc basis. We were also open to other views and elicited feedback on whether any aspects of the information currently required in class 1 circulars may be beneficial to investors prior to a deal being concluded, to enable shareholders to apply some scrutiny and engage a company even in the absence of a vote.

However, in doing so, we noted that the same level of disclosure as in premium listing circulars currently would not necessarily be appropriate for a notification under our proposed rules since it no longer had the purpose of seeking to give shareholders sufficiently comprehensive and accurate information to inform a vote to approve a transaction. We also noted feedback on the associated friction and costs for companies preparing such information. We considered that, with the removal of the

shareholder vote, a more proportionate arrangement should be sought to reduce frictions for companies while still putting adequate information in the hands of investors in a timely way.

In CP23/31, we sought to strike a balance and proposed rules that would ensure that a listed company discloses sufficient information concerning significant transactions on a timely basis, to support engagement between the listed company and its shareholders, and to enhance market transparency. At the same time, we sought to avoid triggering sponsor assurance or third-party due diligence, nor did we propose to require FCA approval of the notifications.

Stakeholders' feedback remained polarised between those who consider we are requiring too little, in particular the accountancy profession, and those who believe we are asking too much (companies and their advisors).

We received very little feedback from buy-side stakeholders on what information they would find most useful. The absence of a strong investor voice has meant we have had to make a judgement as to the balance between making reliable information available to enable shareholder engagement and ensure market discipline, on the one hand, and minimising friction, especially in competitive M&A settings, on the other.

We remain of the view that, even in the absence of a vote, rules for minimum content requirements (instead of wholly relying on MAR) are needed to achieve baseline transparency standards in terms of content and consistency.

We are also seeking to enable boards to make timely disclosures based on information and due diligence that they would ordinarily consider prior to entering into an agreement on a transaction, rather than mandating information that would trigger specific assurance processes to meet our rules.

Main changes to the consultation position in CP 23/31

Accordingly, we have decided not to introduce a specific post-completion disclosure framework for historical financial information (other than that already imposed by accounting standards), as suggested by some stakeholders, because this would not provide timely information that would promote engagement between investors and companies. Nor, conversely, have we followed suggestions to leave our regime to rely solely on MAR, which would not provide any consistency on content and format that we believe investors will need and gives some certainty for issuers as to the expected minimum content they should consider.

Instead, the final rules require a prescribed content for the notification but also provide further flexibility around the timing of the notification of certain pieces of information. We have also taken on board feedback that requiring audited financial reports on the target of an acquisition (or the alternative approach allowed in CP23/31 of making a statement as to the consideration paid being 'fair') would not be practical in a number of scenarios, especially for acquisitions.

We have also taken the opportunity to recalibrate (rather than remove) the 'sweeper' provision, as detailed below. We still consider it a useful reminder to issuers to consider any further relevant information, taking into account the stated purposes of our requirements. This offers flexibility to issuers while supporting shareholders.

In summary, we are finalising the rules so that, in the case of a significant transaction:

- UKLR 7.3.1R requires a notification to be made as soon as possible after the terms of a significant transaction are agreed. This notification will broadly reflect the content of what is currently a notification for a class 1 / class 2 transaction in LR 10.4.1R, but slightly enhanced as set out in UKLR 7, Annex 2 Part 1. The recalibrated 'sweeper' provision requires issuers to consider whether further relevant information should be notified at this stage. We have retained the proposed provision in UKLR 7 Annex 2 Part 1.1R (16) for a statement by the board that the transaction is, in the board's opinion, in the best interests of security holders as a whole.
- For disposals only, UKLR 7.3.2R requires a company to make additional disclosures around historical financial information going back two years on the target of the transaction as set out in UKLR 7, Annex 2 Part 2. It also requires, for all transactions, the publication of certain non-financial information in line with UKLR 7, Annex 2 Part 3. In both cases, the information must be notified as soon as possible after the terms of the transaction are agreed, and the information has been prepared or the listed company becomes, or ought reasonably to have become, aware of the information, and, in any event, by no later than the completion of the transaction. UKLR 7.5 and UKLR 10 introduce similar requirements applicable to circulars for reverse takeovers, which we discuss in the next Chapter.
- UKLR 7.3.3R requires a listed company to notify, as soon as possible after the completion of the significant transaction, that completion has taken place and that, except as disclosed, there has been no material change affecting any matter contained in previous notifications under UKLR 7.3.1R and UKLR 7.3.2R.
- UKLR 7.3.4R contains provisions on the presentation of financial information, estimated synergies or other quantified estimated financial benefits and pro forma financial information, for where a listed company decides to include such information in a notification.

Approach to significant transactions notifications for disposals and reverse takeovers

While we have made no changes to Part 1 of Annex 2 to UKLR 7, which contains the requirements for the general information relating to the transaction, Part 2 of Annex 2 now contains requirements for disposals only.

Typically, disposals are subject to less demanding timeframes which should allow for listed companies to gather the required information. We also consider that for disposals, in most instances, companies will be in a

position to make the relevant financial disclosures as they should already be in possession of the relevant financial information. In the instances where this may not be the case – eg, when it is an asset that is being disposed of – companies will be able to plan ahead and comply with the alternative requirements contemplated in Part 2.2(4) of Annex 2 to UKLR 7.

We consider that the removal of the requirement to publish HFI for the target of an acquisition up to reverse takeover levels should also largely address criticisms around our approach to pro forma financial information which we are otherwise finalising as consulted to provide flexibility to issuers, as long as they explain the sources and standards on the basis of which the information has been prepared.

For disposals, UKLR 7 Annex 2, Part 2.2R(4) (and similar rules in UKLR 10 for the circular for reverse takeovers) require that where the financial information for the target of a disposal is not available or cannot be produced in accordance with the relevant requirements, the listed company must publish:

- a statement by the board that the information is not available or cannot be produced
- an explanation as to how the value of the consideration has been arrived at, and
- a statement by the board that it considers the consideration to be fair as far as the security holders of the company are concerned

We note that the concept of 'availability' of audited financial statements is to be understood literally and should not be seen as a continuation of existing interpretations and market practices which currently require a high threshold for determining that financial information is not available.

Relatedly, we note that the reference in UKLR 7 Annex 2 Part 2.2(4) to information not being capable of 'being produced' in line with certain requirements should be understood as requiring reasonable endeavours (but not entail undue time, cost, and effort). In practice, we consider that the condition for not providing historical financial information should generally be satisfied when the data that can be used as the basis for publishing the required HFI is not readily available and that producing it would require extensive assumptions and external input. Ultimately, it is for issuers to determine whether they can reasonably produce HFI to the required standard or opt instead to provide an explanation and statement that the consideration is fair. We may consider providing further guidance on this and the concept of 'availability' in due course depending on how market practice adapts to our requirements.

With regard to the explanation as to how the value of the consideration has been arrived at, we expect that, by the time a listed company has reached the point of announcing a significant transaction, its board will have undertaken an assessment to determine the consideration at which they expect to conclude the transaction.

On the statement by the board that it considers the consideration to be fair as far as the security holders of the company are concerned,

the new framework will allow boards and executives to exercise more discretion than they are currently permitted in determining what they have to communicate to the market ahead of completing a significant transaction. In the absence of suitable financial information, investors will, in turn, have to rely more on the board's judgement as to the fairness of the price paid (for reverse takeovers which we discuss in Chapter 5), or received in the case of a disposal.

We therefore are also requiring a statement by the board that it considers the consideration to be fair as far as the security holders of the company are concerned for disposals and, as discussed later, reverse takeovers. The board's statement of fairness should build on and follow logically the explanation as to how the value of the consideration has been arrived at.

Our expectations of how firms will meet these requirements.
In the absence of HFI, our requirement for an explanation of how the consideration has been arrived at and for a board statement of fairness of the consideration aim to provide the market with meaningful insights into the due diligence the company has already conducted, a discussion of the metrics it has considered and the process it has followed. It is an opportunity for the board to set out in further detail some of the information that the initial notification required by UKLR 7.3.1R will already have elicited, in particular in response to UKLR 7 Annex 2, Part 1.1R(2), (4-8) and (12).

Formulaic and highly caveated explanations are unlikely to satisfy the market (or our requirements). In the case of disposals, listed companies should be able to produce meaningful disclosures, having the benefit of being familiar with the asset, line of business, joint venture, or subsidiary, as relevant. For reverse takeovers, careful due diligence will be important and, given the likelihood issuers would also need to produce a prospectus, is likely to be necessary in any case.

By introducing the requirement for a statement by the board that it considers the consideration to be fair, our objective is to foster a more explicit and comprehensive dialogue between boards and the market as regards the consideration agreed for the transaction in a way that goes beyond a statement by the board that the transaction is, in the board's opinion, in the best interests of security holders as a whole as already required by UKLR 7.3.1R.

We acknowledge views that it is possible that boards will seek third-party input in order to feel comfortable in giving this type of confirmation and that this may take the form of an M&A fairness opinion from a financial adviser, subject to developments in market practice.

We do not consider, however, that it is necessary for boards to seek third-party comfort or for their advisors to assume this is required in market practice. Sponsors' fair and reasonable opinions in the context of related party transactions aim to mitigate specific types of conflict-of-interest risk

which should largely be absent in other types of significant transactions (and reverse takeovers), despite inherent principal-agent problems.

Listed issuers, advisors and the buy side all have a stake in the success of these reforms and ensuring that appropriate market practice and a pragmatic consensus on what investors should be able to rely on emerge over time. We will monitor how the market develops and will intervene where necessary, including through our convening powers. However, we will only do so if there are clear indications that the market is not adjusting to the new framework.

The content of circulars for reverse takeovers is discussed in Chapter 6.

Ordinary course of business, aggregation and other matters

5.40 In CP23/31, we proposed clarifications to the existing concept of transactions considered to be in the 'ordinary course of business', which are then exempt from our specific rules for significant transactions (and similarly for related party transactions). We sought to provide more examples of what we consider to be in the ordinary course of business, in particular aiming to be more open to capital expenditure that was consistent with an issuer's commercial business.

5.41 We also proposed to include the existing premium listing aggregation rules with minor changes. These rules specify when an earlier transaction (or transactions) must be aggregated with a current transaction to determine whether the rules for a significant transaction or a reverse takeover apply on an aggregated basis. We proposed consequential changes to take account of the proposed removal of a shareholder vote on significant transactions and for proportionality, and some other ancillary clarifications. The proposed rules were intended to broadly preserve the status quo on reverse takeovers in terms of when a shareholder vote is required.

Feedback and our response

5.42 In Q9 and Q10 of CP23/31 we asked:

Question 9: ***Do you agree with the changes we are proposing to clarify the scope of significant transactions and simplify our requirements, including our 'ordinary course of business' guidance and revised aggregation rules? If not, please explain the areas you disagree with.***

Question 10: ***Do you consider that the meaning of 'ordinary course of business' can be evidenced by the existing or proposed accounting treatment of the matters that are the subject of the transaction? Please provide your reasons, if applicable.***

Ordinary course of business

5.43 We received 12 responses on our proposed new provisions describing what is within or outside of the 'ordinary course of business', from a range of stakeholders drawn from the legal and accounting communities, platforms and exchanges, and buyside trade bodies. They supported the inclusion of more information on ordinary course within UKLR, and the matters we'd described.

5.44 Some practitioners considered it would, however, be clearer and more helpful to present all of the information as guidance rather than the mixture of rules and guidance we had proposed, thus preserving the existing flexibility of premium listing. For example, under the proposed rules, it would not be possible for an issuer to treat an acquisition of another company as ordinary course, even were the transaction satisfied the 'size and incidence' criteria in guidance retained from premium listing.

5.45 We received 7 responses on the interaction between ordinary course and applicable accounting standards from a range of stakeholders including reporting accountants and other professional advisors. On balance there was little to no support to generally linking 'ordinary course' to a particular accounting treatment.

5.46 While two respondents thought it may be possible for ordinary course of business to be linked to a particular accounting treatment, one of these caveated their support because of the likely complexity and need for guidance. The other respondents did not consider ordinary course could be evidenced by a particular accounting treatment. There was concern about the degree of subjectivity and risk of avoidance. A trade body suggested that, while they would support guidance that took accounting treatment into account, there should be no greater linkage.

Aggregation

5.47 We received feedback from 4 respondents, including practitioners and their trade bodies, on our proposals relating to the information that must be included in a notification where the transactions are notifiable on an aggregated basis. Their interpretation of our proposals led three of them to conclude our approach didn't quite strike the right balance, being too onerous (or hadn't been fully understood), and offered alternative solutions.

Other matters

5.48 Some in the legal community observed that a company's obligation to release a supplementary notification was open-ended (because the relevant provisions omitted an end date) with disproportionately onerous consequences.

5.49 One respondent repeated the earlier support we had received for our proposal not to carry forward the profits test from premium listing.

5.50 A trade body whose members advise listed companies did not agree with our proposal to set the threshold for notifying indemnities and similar arrangements at 1% of the company's market capital (which is an alternative threshold set out in premium listing guidance when the LR profits measure is anomalous).

5.51 During our engagements some advisors to listed companies queried our rationale for not carrying forward the premium listing approach that treats certain break fees as 'class 1' in LR terminology, or a notifiable significant transaction in UKLR terminology. Initial concerns raised by some sell side advisors had abated during our further engagements.

Our response:

In relation to whether a transaction is within or outside of the ordinary course of business, we broadly agree with the responses that this should be presented as guidance. We have made corresponding changes to UKLR 7, other than for reverse takeovers which we continue to specify in a rule as falling outside of the ordinary course of business. We have not included any further reference to accounting treatment in the relevant UKLR guidance provisions on ordinary course of business (although we acknowledge issuers may include such considerations in any individual guidance request to us, if they consider it relevant to their specific situation).

We agree with some of the feedback on aggregated transactions and have revised the drafting in our final rules to be clearer on when earlier transactions are required to be included (or not) in the aggregation for classification purposes. For significant transactions, we have also adjusted the final rules to ensure the intended proportionality is achieved with respect to the content of the notification on earlier transactions.

Where a transaction is a reverse takeover on an aggregated basis, we have applied our notification requirements to the transactions as a whole. We consider this proportionate, given the scale of the transaction, its impact on the company and the fact it requires prior shareholder approval. Where a company considers a different approach to disclosure is justified, it may engage with us at the relevant time and we will consider requests on a case-by-case basis.

We have clarified that a supplementary notification relates to matters arising before a transaction has completed (issuers are not required to apply the requirements to subsequent matters). We have reinstated the premium listing threshold at which obligations are triggered for indemnities and similar arrangements.

We have proceeded as consulted on by not including a profits test within the class tests given the continued support for this change.

We confirm that break fees are not treated as significant transactions in their own right.

The role of sponsors on significant transactions

5.52 In Q11 of CP23/31 we asked:

Question 11: ***Do you agree with our proposed to approach to when companies should be required to appoint a sponsor on significant transactions (ie, limited to where issuers apply to the FCA to seek individual guidance, waivers or modifications)?***

5.53 22 respondents fed back on the proposed sponsor role on significant transactions. There were strong differences of opinion.

5.54 Law firms and trade bodies advising or representing companies (other than reporting accountants) strongly supported a reduced role for sponsors. Some pushed for further flexibility for listed companies or other advisors to be able to liaise with us directly on the application of our rules.

5.55 Reporting accountants on the other hand advocated for a more extensive role for sponsors to ensure high quality and full disclosures on significant transactions. This aligned with their proposals for detailed financial disclosures to support investment decisions by market participants, with mandatory third-party assurances which we discuss above.

5.56 Four responses representing buyside stakeholders preferred to stay more closely aligned with the premium listing approach to the role of a sponsor on a significant transaction as they felt that sponsor oversight of transactions protected shareholders. There was an argument that allowing an issuer to take responsibility for meeting its notification obligations without a sponsor telling it what to do was akin to it marking its own homework.

5.57 A sponsor firm also told us in its written response that the value and support that sponsors are currently able to offer the FCA would be reduced in line with its narrower role. It also wanted to understand more about FCA expectations of sponsors and the extent of their responsibilities to the FCA.

Our response:

We have finalised our rules in line with the approach we consulted on. This applies the formal sponsor role to where we consider it provides the most value to us and other stakeholders.

We agree with feedback that sponsor firms can offer value beyond the narrower circumstances where it will be mandatory to appoint a sponsor (versus premium listing), given their wealth of experience on our rules and their engagements with the FCA on live transactions. Our new approach does not prevent issuers seeking guidance from firms who are on our sponsor list on the application of our rules, and we expect many will continue to do so. In such cases, it will no longer trigger the formalities that accompany a 'sponsor service', although that also means sponsors are not directly subject to more specific FCA sponsor rules for those activities.

This approach offers issuers more flexibility to determine when and from whom to obtain professional guidance on our rules. This should remove

unnecessary costs and frictions from our rules, in particular to ensure issuers are not effectively having to pay for the same advice twice.

With the exception of transactions that are reverse takeovers (discussed in more detail below), we confirm that we have *not* included the following aspects of the sponsor role in premium listing for significant transactions:

- The appointment of a sponsor at the outset of a transaction that may be a significant transaction, to provide guidance on applicable listing requirements (which may include class-testing the transaction), and DTR and MAR obligations.
- The retention of a sponsor throughout the transaction to continue to provide guidance.
- Sponsor oversight of a significant transaction circular (no circular is required under UKLR).
- Sponsor assurances to the FCA on the impact of the transaction and other matters under a sponsor declaration.

We are also not introducing a new role for sponsors around oversight or sign off with regards to the notification requirements. We consider this would introduce costs friction and delays for issuers. This could lead to market disruption if it caused a time-sensitive notification to be delayed.

We consider the changes we have made to further clarify and reduce complexity in our requirements in UKLR 7, and the overall clearer presentation of our requirements in UKLR vs LR, supports a narrower role for sponsors. Issuers should be able to interpret our rules more easily either directly or with other advice such as from a law firm, which may not necessitate the involvement of a sponsor firm.

We already engage regularly with sponsor firms on a range of matters. We value these engagements and intend to keep the dialogue going to help us monitor how the new approach is bedding in and hear from sponsors on their experiences. As we mention earlier in this policy statement, we also intend to monitor the impacts of our changes and have committed to a review in 5 years, with a particular focus on issuers undertaking significant transactions.

Transactions undertaken by companies facing financial difficulty

Our proposals

5.58 We noted in CP23/31 the two key areas of our LR that might apply where a company in premium listing undertakes a transaction to alleviate financial difficulty. We proposed the following approaches for consultation:

- For a transaction that is classified as a 'class 1' significant transaction (such as large disposal to raise finance) we proposed to follow the UKLR approach to significant transactions (as discussed earlier in this Chapter) with additional, bespoke content for the notification but not a working capital statement.
- Where the listed company produces a circular containing proposals to be put to shareholders in general meeting relating to a reconstruction or refinancing (which generally flows from UK Companies Act requirements or other legislation), we proposed not to carry forward the requirement in LR 9.5.12R that the circular must also include a working capital statement.

5.59 We considered it would no longer be proportionate to mandate the appointment of a sponsor in the new approach, which seeks to remove transactional delay and friction at an acute point in the company's life and replace them with less complex requirements.

5.60 The additional disclosures for significant transaction notifications would still be an uplift in regulation compared to standard listing, aimed at notifying shareholders, enhancing transparency and supporting engagement. Reconstruction and refinancing transactions would remain subject to and governed by applicable law and director duties, as with all other companies whether or not they are UK-listed. The relevant circular would still be required to comply with our general circular requirements in UKLR, which would be a further uplift in regulation compared with standard listing.

Summary of feedback and our response

5.61 In Q12 CP23/31 we asked:

Question 12: ***Do you agree with our approach to transactions undertaken by companies facing financial difficulty for the commercial companies category and the amendments to proposed versus current premium listing requirements? If not, please explain and suggest any alternative approach, as relevant.***

5.62 We received around 17 responses on these specific proposals. These were from a range of advisors to listed issuers and their trade bodies, a pensions fund, panels advising the FCA and some UK exchanges. We also held detailed discussions with advisors.

Enhanced disclosures for significant transactions entered by companies in severe financial difficulty

5.63 Respondents generally agreed that transparency about financial difficulty was important and that issuers should consider this when notifying the market about having entered into a notifiable significant transaction to alleviate the problem.

5.64 However, strong concerns were voiced by a range of advisors on our proposed approach. Key themes emerged and different solutions were offered.

5.65 Firstly, the requirements as a whole were complex. The concept of a company in 'severe financial difficulty' was undefined (whether in UKLR or at law) and would require further elaboration such as through FCA guidance.

5.66 Issuers would, most likely, require the guidance of a sponsor to ascertain whether it was in scope and then to assist it with discharging its notification obligations. Both of these aspects would require the issuer to undertake additional and substantial due diligence on itself, beyond that undertaken for the purpose of the transaction itself.

5.67 A trade body suggested it may be necessary under this approach to require the appointment of a sponsor 'in certain circumstances' but didn't specify what those circumstances would be and how they would be established. A sponsor firm also supported a mandatory sponsor role.

5.68 Opinions were strongly held among reporting accountants. In particular, a firm argued that a distressed issuer would fail to self-identify as being in financial distress without a working capital exercise and a sponsor was needed to drive that exercise otherwise investors would be opened up to a greater risk of unexpected corporate failure or loss of their investment in whole or in part.

5.69 Reporting accountants also supported an approach that favoured detailed disclosures on financial matters, possibly on an extended timeframe with third-party oversight and assurance from themselves and sponsors. The purpose would be to support analysis by market participants in their investment decisions. Among their suggestions were that the FCA issue guidance to elaborate on the additional enhanced disclosure items in Part 5 and to draw a connection with our Technical Note 619.1 – Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers.

5.70 Others, particularly law firms, queried the value of taking such a prescriptive and detailed approach to disclosure, noting that MAR already requires the company to disclose price sensitive information including where the company is in financial difficulty. Our approach could impose friction on time-sensitive transactions.

5.71 They also noted we had drawn from concepts in LR 10.8 although LR 10.8 was designed for a different purpose (ie, where the FCA may grant the issuer a waiver from seeking prior shareholder approval and preparing a circular for class 1 transaction because of the immediacy of its severe financial difficulty) and might not be appropriate as it set a very high bar for disclosure.

5.72 This could lead to inconsistent disclosure outcomes because an issuer might interpret the concept of 'severe financial difficulty' restrictively so that the rules are rarely if ever in play, or not initiate the necessary due diligence on itself to determine whether they are in scope.

5.73 Issuers might also be disinclined for commercial and reputational reasons to place themselves in the category of a company in severe financial difficulty. There was discussion around whether an issuer would do so if the transaction effectively solved the problem.

5.74 When we engaged further on these points with legal advisors, there was support for a more flexible approach that set out FCA expectations via guidance on what type of information issuers should consider disclosing when the notifiable significant transaction has been entered into to alleviate financial difficulty. They noted that 'financial difficulty' was an existing concept in our DTR 2.5.4G guidance on MAR and would not require further elaboration.

5.75 A pensions provider supported enhanced disclosures although not in place of a shareholder vote.

Our response:

We recognised, based on the feedback, that the approach we consulted on would not fully achieve our aims for a proportionate, disclosure-based regime. Therefore, in our final rules we have not retained the concept of a company in 'severe financial difficulty' or the prescriptive list of additional enhanced disclosures in proposed UKLR 7, Annex 2 Part 5. Instead, we have introduced guidance setting out our expectations on this point and the types of information issuers should consider disclosing.

As we explained in CP23/31, in designing a single listing category for commercial company equity shares, we want to move away from a regulatory approach that imposes disproportionate friction on UK-listed companies entering into transactions. We consider this is particularly important when the effect of the transaction would be to support the company's survival, ultimately benefitting its shareholders.

It remains our view that companies ought to be transparent about having entered into a notifiable transaction to alleviate financial difficulty (including anticipated financial difficulty). This will be a question of fact based on why the company decided to enter into the transaction and for what purpose, including when the transaction has removed the problem.

We disagree with feedback that we should set rules requiring issuers in these circumstances to divert time and financial resources to creating data for the purpose of supporting analysts with their modelling, with the associated risks that imposes on listed companies. The working capital exercise and financial disclosures in a class 1 circular exist for a different purpose, which was to inform the company's shareholders in deciding whether to approve a transaction. However, the company should still consider its obligations to disclose market sensitive information at the relevant time under MAR. (As with all companies who are subject to MAR, issuers undertaking a significant transaction must consider their MAR obligations at all times and obtain appropriate advice where necessary.) The company's post-event financial reporting will also be relevant.

As for other significant transactions, which we discuss above, we will not require issuers to appoint a sponsor where they are undertaking a transaction due to financial difficulty, although this does not prevent issuers from choosing to seek advice.

Reconstructions and refinancings

5.76 We received less detailed feedback on these specific proposals (set out in paragraphs 5.58 and 5.59 above), which was potentially due to the technical nature of this area, which is also closely linked to wider legislation outside of FCA rules.

5.77 From those responding, there was general support for the proposals among advisors to listed companies and their trade bodies (other than reporting accountants), panels advising the FCA, an exchange and a buy-side trade association. Three buyside respondents highlighted different points. A pensions provider and an advisor to the investor community disagreed with our proposal not to carry forward the requirement for a circular to include a working capital statement. The advisor also objected to the FCA not vetting the circular, or requiring sponsor oversight, as it felt this would reduce transparency and the credibility of the disclosures. However, a buyside trade association agreed with our proposals.

5.78 Responses indicated our discussion in paragraph 7.13 of CP23/31 made it slightly unclear whether the Part 5 disclosures also applied to a reconstruction or refinancing transaction. They noted that usually these transactions were usually exempt from the LR significant transactions regime. Some reporting accountants however pushed for UKLR to introduce specific measures, such as reinstating the working capital statement and also extending the Part 5 disclosures to a reconstruction and refinancing transaction.

5.79 A trade body representing the legal community made an ancillary point about the possible interaction with a future UK prospectus regime (under the POATR proposals). In the specific scenario where the issuer undertakes a rescue rights issue below the threshold for a prospectus, alongside or as part of a reconstruction or refinancing transaction there would be no legal or regulatory requirement for the company to run a working capital exercise. This might result in people investing in the rescue rights issue on incomplete information.

5.80 Another respondent queried who would advise companies on their related MAR obligations if the UKLR no longer mandated the appointment of a sponsor.

Our response:

We have not included in our final rules for commercial companies a provision akin to LR 9.5.12R for the reasons set out in CP23/31, nor the associated sponsor role from premium listing.

This means that we are not continuing to add requirements to these circulars in the way currently required by premium listing by overlaying a working capital statement and imposing a mandatory sponsor role. These requirements add friction at an often-critical juncture in the company's existence. However, circulars must still comply with our general requirements for circulars which are set out in UKLR 10 and are intended to support the company's shareholders.

We acknowledge some comments in response to this area suggested that the better intervention may be to consider whether the relevant

threshold for a further issuance prospectus would capture these types of transaction, since a prospectus will contain working capital disclosures alongside relevant financial information. We will explore these points and seek further views as part of our consultation on the POATR regime later in Q3 2024.

As with all companies who are subject to MAR, issuers who are undertaking a reconstruction or re-financing transaction must consider their MAR obligations at all times and obtain appropriate advice where necessary.

Chapter 6

Commercial companies category – reverse takeovers

6.1 In this Chapter we describe the feedback we received on our proposals presented in CP23/31 on reverse takeovers and our response. Our final rules are in UKLR 7 and 10 in Appendix 1.

Our proposals

6.2 CP23/31 proposed that, in undertaking a reverse takeover under the new commercial companies category rules, an issuer must:

- make a notification via a RIS as soon as possible after the terms of the reverse takeover are agreed (in addition to applicable DTR or MAR obligations) including some of the information required for a significant transaction notification
- send an explanatory circular to its shareholders in accordance with the requirements in UKLR 10
- where the reverse takeover also constitutes a related party transaction, we would require the notification and circular to also include the information required to be disclosed in the draft UKLR 8, and
- obtain shareholder approval in a general meeting for the transaction prior to completion

6.3 The content of the circular we proposed was broadly similar to that of a notification for a significant transaction with the aim to ensure consistency while allowing more time to ensure the reliability and completeness of the disclosures in the circular to support voting decisions at a later stage.

Summary of feedback and our response

6.4 We asked:

Question 13: ***Do you agree with our proposed approach to reverse takeovers in the commercial companies category, including requiring a sponsor and FCA approval of a circular? If not, please explain what you disagree with and why, if relevant.***

Question 14: ***Do you agree with our proposed changes to the information to be included in the reverse takeover shareholder circular? Please explain your views and suggest an alternative approach if you disagree.***

General approach to reverse takeovers

6.5 Most respondents were supportive of the approach taken in the consultation. Those preferring shareholder votes on significant transactions generally were also in favour of retaining the vote for reverse takeovers. Others who supported our approach to not require shareholder approval for significant transactions mostly supported retaining a vote in the case of reverse takeovers, accepting the view that these are more transformative by nature and often result in a new company and re-admission to listing.

6.6 We received a query on the proposed UKLR 7.2.13R in relation to our proposed approach to aggregating transactions for reverse takeovers. This comment echoed similar views around proposed aggregation rules for significant transactions which we consider we have largely addressed as explained in Chapter 5.

Circular disclosures

6.7 Some respondents who saw the requirements for notifications of a significant transaction as excessive and impractical, reiterated their views in the context of the circular for reverse takeovers. Others commented that it would be helpful to avoid duplication between the notification and the circular for reverse takeovers.

6.8 Others argued that if the FCA were minded to retain the approach proposed in CP 23/31, then there would be scope to simplify the rules around the content of the circular if a prospectus was required to be published so that the circular would only include the information that would not otherwise be included in the prospectus.

6.9 Some said that they were supportive of the proposed approach on the assumption that the contents of the prospectus to list the enlarged group remain substantially the same as regards the most important aspects. One respondent noted that the proposed lack of prescription as regards the basis of financial statements and pro forma financial information would be at odds with the prospectus regime, and that, in the case of a reverse takeover with readmission, the circular and the prospectus may be published at the same time, potentially causing confusion.

Our response:

We are finalising the rules with modest changes from the approach we consulted on. These are mainly aimed at:

- 'relocating' the rules around historical financial information for the target of an acquisition from Annex 2 to Chapter 7 of the UKLR to Annex 1 to Chapter 10 of the UKLR
- clarifying the circumstances in which a statement of significant change in the issuer's financial position is necessary as set out in Annex 2 to UKLR 10, and
- making a number of consequential changes that have become necessary in view of the modifications we made in finalising various rules on notifications in Chapter 7 of the UKLR (see Chapter 5)

Otherwise, the final rules reflect the approach we have taken in consultation. We consider that the circular for a reverse takeover has a different purpose from a prospectus. The circular supports shareholders in determining how to vote. A prospectus, which may be published after a vote is taken, addresses different transparency needs.

A fuller discussion on our approach to the presentation of financial information for significant transactions can be found in the previous chapter, which is also relevant to reverse takeover circulars.

Chapter 7

Commercial companies category – related party transactions

7.1 In this Chapter we describe the feedback we received on our proposals presented in CP23/31 on related party transactions and our response. Our final rules are in UKLR 8 in Appendix 1.

Our proposals

7.2 We proposed to carry forward into UKLR a modified version of the related party transactions regime currently used in premium listing. This would be an uplift to standard listing, where there is no related party regime beyond the separate requirements on related party transactions in DTR 7.3.

7.3 We proposed to require, for transactions or arrangements that are at least 5% on any of the applicable class tests, that issuers:

- obtain the approval of its board for the transaction, while ensuring any conflicted director is excluded from the board's consideration of the transaction and does not vote
- obtain and disclose an opinion from a sponsor that the transaction is fair and reasonable so far as shareholders are concerned, and
- notify the market about the transaction

7.4 We proposed not to carry forward the premium listing requirements for any transactions below the 5% threshold, nor require shareholder approval for transactions at or above 5%. We also proposed not to carry over a requirement that an issuer must seek sponsor guidance on our rules when it proposes to enter into a transaction that ***may*** be a related party transaction.

7.5 We proposed some clarifications and adjustments to existing definitional provisions, and sought views on whether stakeholders continued to value a specific definition of related party for the purpose of the Listing Rules, or whether we should move to a definition based on accounting standards.

7.6 Within the stated purposes of our requirements (as set out in UKLR 8) we proposed also to retain the premium listing approach that the rules are intended to prevent a related party from taking advantage of its position and prevent any perception that it may have done so. We added that the rules are intended to ensure that shareholders are notified, supported in their engagements with the company and that market transparency is enhanced.

Summary of feedback and our response

Our general approach to related party transactions

7.7 In Q15, CP23/31 we asked:

Question 15: ***Do you agree with our proposed approach towards a related party transactions regime for the commercial companies category and the specific disclosures proposals for notifications? Please provide any alternative views as relevant.***

7.8 We received 26 responses dealing specifically with this question.

7.9 Most respondents agreed with our proposal to retain the sponsor's fair and reasonable opinion and at the 5% threshold we proposed. There were no concerns raised about the form of notification we proposed or our proposal to 'switch off' DTR 7.3 for issuers who are required to comply with UKLR 8.

7.10 Views were far more polarised on not requiring shareholder approval for transactions at or above 5%. Around 11 of the 26 responses agreed and 15 objected, broadly among the same cohorts as for significant transactions. However, there was also an indication from a trade body representing investors that at least some of its members felt less strongly about requiring shareholder approval for these types of transactions although the majority of its members did not support the proposals.

7.11 Those who wanted to preserve the shareholder vote offered similar reasons, namely that it served as a check on the board and enabled shareholders to protect value. They also emphasised the risks to shareholder value from conflicts of interest and considered the premium listing approach a key feature of the UK's high standards of corporate governance, protecting shareholders. A trade body told us that for investors who already own premium listed shares and will no longer receive disclosure with sponsor assurance over related party transactions below the 5% threshold, the shareholder vote at or above the 5% threshold became even more critical. In their view, the changes would harm the perception of investing in the UK. They felt that a disclosure-based approach also increased costs for investors and may result in less proactive engagement by issuers. Minority shareholders, or highly diversified shareholders, would be disproportionately impacted.

7.12 We also received some other, more marginal commentary. A trade body representing corporate brokers told us some members disagreed with a UKLR regime for related party transactions, and preferred relying on the separate regime in DTR 7.3. On the other hand, a law firm who supported a single related party transaction regime across our rules considered that it should be based on UKLR 8 rather than DTR 7.3.

7.13 Some in the legal community considered the UKLR related party regime could support our proposed requirements in respect of controlling shareholders and offer greater scrutiny of transactions with or for the benefit of a controlling shareholder. They suggested this could involve retaining the need for a shareholder vote (as per premium listing) as an effective sanction for breach of our proposed requirements for the listed

company to enter into a 'relationship agreement' with a controlling shareholder; or alternatively by removing the 5% de-minimis threshold at which our key notification and governance requirements are triggered for these transactions. (We discuss CP23/31 proposals and final rules on controlling shareholders in Chapter 4 above including our response on these points.)

7.14 They also suggested that ordinary course of business transactions should not be exempt from our UKLR 8 requirements, having regard to our proposals for defining when a transaction is within or outside of the ordinary course of business.

Our response:

Having taken into account all responses received, we have decided to finalise our rules on related party transactions in UKLR 8 broadly as we consulted on. We continue to view our approach as setting a robust framework to manage such risks and meet the stated purposes of the rules, while not imposing the additional cost and frictions for issuers of mandating a shareholder vote.

As with significant transactions, we recognise there are strong and opposing views held by both sides of the debate around shareholder votes.

In coming to this conclusion, we have carefully considered the feedback on our proposal not to require companies in this listing category to obtain prior shareholder approval for a related party transaction. As with significant transactions, we fully recognise the objections from buy-side stakeholders and have engaged extensively to understand their concerns further. We would like to thank these stakeholders for their time and thoughts.

We accept their argument that not including the premium listing voting mechanism for related party transactions does remove independent shareholders' ability to intervene and veto a proposed transaction (unless a majority of them support it). We also recognise the concern that such a transaction will, or may, redirect value from shareholders to related parties, or is not in the best interests of the company.

We consider that the impact of our proposals would place more emphasis on boards to manage potential conflicts of interest effectively and make decisions that preserve or increase (rather than erode) shareholder value, in accordance with their general duties under applicable law and within the company's own internal governance arrangements.

These arrangements would have to meet the requirements we proposed in UKLR 8 (retained from premium listing) that for proposed related party transactions that meet the 5% threshold on the class tests, the board must first come to a view that the transaction is fair and reasonable as far as security holders of the company are concerned, and for conflicted directors not to take part in that decision. A sponsor must also provide written confirmation that the transaction is fair and reasonable before the transaction can proceed, which provides independent oversight by a firm approved by the FCA to act as a sponsor (who must be either FCA

authorised or a member of a designated professional body). In addition, our proposal to retain annual reporting against the UK CGC, which we have now confirmed in final rules (see Chapter 9), would provide general transparency as to an issuer's governance arrangements.

We consider that, taken together, these governance requirements (which we retain in UKLR) establish a robust and transparent framework for related party transactions in this listing category, continuing to support the long-established purposes of these rules. We would note that our changes would not change the company's obligations to its shareholders at law or the directors' fiduciary duties. There would also be continued disclosure provided to the market with both a notification of a transaction as soon as possible after it is entered into, and subsequently as part of applicable annual financial reporting requirements. More broadly, investors will have transparency on relationships and interests of directors and the presence of any controlling shareholder(s) through other required disclosures, which also allows the potential risk of related party transactions to be factored into investors' valuation or investment decisions.

From our engagements, we have also heard issuers' concerns around the costs and uncertainties created by the premium listing requirements for prior shareholder approval of related party transactions, which are not required in other jurisdictions. While these concerns were not as strongly expressed as for significant transactions, we understand they are still viewed as important considerations in deciding whether to pursue or retain a UK listing and may be more restrictive for companies with certain capital structures. We recognise that other international markets typically don't impose votes via listing requirements, nor do they necessarily mandate an independent, third-party opinion from an entity akin to an FCA-approved sponsor.

We disagree with the respondents who suggested that the lack of shareholder vote should be viewed as a reduction in the standards of corporate governance. We note that our final rules represent an uplift to requirements for companies in standard listing and we consider that, taking into account the support for the sponsor's fair and reasonable opinion, they strike a proportionate balance while maintaining high standards in our rules for the company's conflicts management in relation to related party transactions. Looking across international jurisdictions, a combination of disclosure, appropriate governance by company boards, and a third-party opinion are comparable protections to other major markets, including the EU.

In response to more limited comments, we have decided not to remove the exemption from the related party requirements for transactions entered into in the 'ordinary course of business'. We continue to consider it reasonable to allow companies to enter into more routine transactions aligned to its general commercial activities without triggering specific additional obligations, even if involving a related party.

Sponsor role on related party transactions

7.15 In Q16, CP23/31 we asked:

Question 16: ***Do you agree with how we have framed the sponsor role for related party transactions in the commercial companies category?***

7.16 We received around 15 responses on this question. Most of them expressed support for retaining the sponsor's involvement as proposed although there also were some nuanced views from a small number of these respondents.

7.17 Some advisors considered that issuers should have more flexibility in who to appoint. For example, a reporting accountant proposed that other advisors should be able to provide the fair and reasonable opinion. There were also questions over the parameters of the sponsor's role when engaging with the FCA on related party matters, and when other advisors could contact the FCA instead.

7.18 We also noted that the members of the trade body who would have preferred to apply the separate DTR 7.3 related party regime to commercial company equity issuers over the proposed UKLR regime were in effect advocating for a regime without a formal sponsor role.

7.19 Buyside stakeholders also offered varying perspectives. Whereas one trade body would have also preferred to keep further aspects of the premium listing approach (with a sponsor firm appointed from the outset to guide an issuer on its LR, DTR and MAR obligations), another agreed with our proposals. An advisor also preferred that the sponsor should continue to provide a fair and reasonable opinion on related party transactions below the 5% threshold on the class tests, carrying over the premium-listing approach, but acknowledged this may have little impact in practice.

7.20 Sponsor firms raised some specific concerns on how their role might evolve in the new regime. One firm raised the concern that a company might shop around for a favourable 'fair and reasonable' opinion where another sponsor had previously disagreed. They suggested UKLR should legislate to prevent this.

Our response:

We consider that the sponsor's fair and reasonable opinion is highly valued and have finalised our rules as consulted on. This maintains a requirement from premium listing that does not apply to standard listed companies. It ensures an independent third party assesses the transaction from the shareholders' standpoint and provides confirmation to the company's board. As sponsors are subject to our rules, they must act with due care and skill in doing so. We will continue to engage with sponsor firms to gauge their views on how the new regime is bedding in, understand their experiences and any concerns that develop.

It remains open to all issuers to seek a sponsor firm's guidance on whether a proposed transaction is a related party transaction under UKLR 8, and on the application of our rules to that transaction, but it is not mandatory.

While we acknowledge above the concerns that attach to the specific risks related party transactions may pose to shareholder value, it remains the responsibility of the issuer to understand and meet its obligations which we emphasise in the Listing Principles.

Other clarifications and amendments on related party matters

7.21 In Q17, CP23/31 we asked:

Question 17: ***Do you agree with the other clarifications, ancillary changes and consequential amendments we are proposing for the related party transaction requirements in the UKLR (compared with current premium listing)? If not, please explain the areas you disagree with.***

7.22 With respect to the other changes, we proposed that would modify the approach in premium listing, there was support for raising the threshold for the definition of a substantial shareholder from a 10% to 20% interest, although one buy-side advisor disagreed. Similar concerns were raised on how we drafted the proposed new provisions on 'ordinary course of business' as discussed in Chapter 5 on significant transactions.

7.23 Some practitioners also highlighted some very narrow interpretation points on premium listing requirements that we had proposed to carry forward into UKLR, around intra-group transactions, the differences in the Companies Act definitions of 'subsidiary' vs 'subsidiary undertaking', and when shareholdings held under management must be aggregated.

Our response:

We have finalised our rules broadly as consulted on, save that we have amended the provisions on 'ordinary course of business' to align with the changes we have made for significant transactions in UKLR 7.

We were interested to hear the broader feedback on more technical points, and will consider these in due course. However, we did not consider these points to be sufficiently material to address in the short term given the wider context of the substantial reforms being implemented. Issuers may still contact us through their sponsor should they require individual guidance on a transaction.

7.24 In Q18, CP23/31 we asked:

Question 18: ***What are your views on retaining our specific listing rule definition of a related party, versus a definition based on IFRS (or other) accounting standards?***

7.25 We received feedback from 14 respondents, offering a range of perspectives. Opinions were divided.

7.26 Most acknowledged that moving to a single definition of a related party, aligned with UK-adopted IFRS for example, could be useful for most issuers in the commercial companies category. These companies would already be familiar with the definition because of their corporate annual reporting obligations, reducing the need to seek guidance from a sponsor on whether a transaction fell within the definition. Therefore, many supported moving to an IFRS definition in place of a UKLR definition. This would reduce complexity in our rules and associated costs. A shareholder trade body also told us that the consistency in reporting would be valued by investors.

7.27 Others were less persuaded of the potential benefits. Sponsor firms preferred the bespoke definition, one pointing out that the other proposed changes to the related party regime in UKLR (compared to premium listing) were sufficient to solve the existing problems with the premium listing regime. The related party regimes in premium listing LR 11 and DTR 7.3 served different purposes. Another trade body representing investors was concerned that the prescriptive approach to the definition in accounting standards may not be suitable for the proposed UKLR regime which is more principles based. Reporting accountants and lawyers were similarly divided, with one additional view being that shifting to an accounting-based definition may lead to an unintended consequence of accountants advising on the application of our rules, as opposed to sponsors.

Our response:

At this stage, we have decided to retain the existing definition of 'related party' as we consulted on. However, we valued the thoughtful engagement and feedback received. Recognising that moving away from the current definition of related party to one based in accounting standards would be a material change, it would benefit from more detailed analysis of the potential implications. If we later considered any change, we would consult further.

Chapter 8

Commercial companies category – further share issuances, share buy-backs, other matters requiring a shareholder vote and circular content

8.1 In this Chapter we describe the feedback received on our proposals on a range of transactions in a company's shares and matters requiring a shareholder vote, and our response. While CP23/31 also included a discussion on the election and re-election of independent directors alongside these topics, here we have addressed this as part of the controlling shareholder feedback in Chapter 4.

8.2 Our final rules are in UKLR 9 and UKLR 10 in Appendix 1.

Further share issuances

Our proposals

8.3 We proposed to carry forward the premium listing approach to further share issuances into the continuing obligations for issuers with equity shares listed in the commercial companies category as part of UKLR 9. This meant retaining rules around pre-emption rights and discounted share issuances to ensure shareholders had an opportunity to vote on transactions that would dilute their interests or reduce the value of their shares. We also proposed to keep requirements from our premium listing rules relating to some ancillary matters including around the conduct of relevant transactions.

Summary of feedback and our response

8.4 In Q19, CP23/31 we asked:

Question 19: ***Do you agree with our proposed approach to matters relating to further share issuances for the commercial companies category? If not, please explain what you disagree with and why.***

8.5 We received 17 responses, predominantly from practitioners (advisory community) and trade bodies and exchanges, dealing with some or all aspects of these proposals. On balance most agreed with our proposals in full.

8.6 Fourteen of the 16 who responded on our proposal to carry over pre-emption rights agreed. Fourteen of the 17 respondents agreed with carrying over rules on discounted share issuances. Those who told us why they agreed cited investor-protection.

8.7 Two trade bodies representing issuers disagreed with both of these proposals.

8.8 One pointed out differences with overseas jurisdictions on pre-emption rights, and that the rules would make UK listings less attractive for overseas issuers. It suggested that it should be a matter for disclosure whether a company had pre-emption rights in its constitution, which would enable investors to appraise the dilution risk. It also considered that the rules on discounted share issuances were unnecessary as the question of whether to invest in a new issue of shares where the discount is more than 10% is ultimately one for investors. This view was shared by panels advising the FCA on listing-related matters.

8.9 The other trade body felt that the FCA's proposals did not strike the right balance and would be unattractive for smaller companies. In particular, on the discounted share issuance rules, it suggested raising the discount threshold (that triggers the requirements for shareholder approval) from 10 to 30%. It was also suggested that the benefits of any new flexibility for further issuances (flowing from possible changes to prospectus requirements under POATR proposals) could be undermined by restrictive listing requirements on share issuances.

8.10 On the discounted share issuance rules, we also received feedback from City practitioners on problems with the existing premium listing LR 9.5.10R carried forward to UKLR 9.4.13R, as a cause of friction and requesting interpretive guidance and for the rules to be modernised.

8.11 Those who responded on the other points either agreed or raised no objections.

Our response:

We have finalised our rules as consulted on. However, we welcome the detailed feedback on where the rules can cause friction and will reflect on this further as we monitor more generally how the new UKLR regime beds in. We would consult should we consider making any further changes.

8.12 In Q20, CP23/31 we asked:

Question 20: ***Do you agree that an issuer in the commercial companies category should be required to appoint a sponsor in connection with its further share issuance prospectus and related application for listing?***

8.13 We received 11 responses to this question, 9 in favour and 2 disagreeing. The objections came from a law firm and a trade body representing advisors to UK-listed companies. They considered the sponsor's role should be limited to advising new applicants for listing, and that a sponsor should not need to be appointed in relation to a secondary raising, as an issuer will have experience in its ongoing obligations as a listed company. The trade body cited support for Recommendation 9 of the UK Secondary Capital Raising Review.

Our response:

We have finalised our rules as consulted on. Given the present process for admitting further issuances to listing involves a further application to the FCA, we consider sponsors can help support issuers in this process and note the support for retaining this role.

However, we may revisit this in due course as we proceed to consult on proposals to bring in the new rule framework to support the public offers and admissions to trading regime, which will include a consideration of when to require prospectuses for further issuances. As part of this work, we are interested to explore whether a requirement to apply to the FCA for listing of fungible securities where securities of that class are already admitted to the Official List and admitted to trading on a regulated market remains necessary, particularly if no prospectus is needed. If we were to consider removing this process in due course, it may also suggest a sponsor role is no longer relevant or needed for further issuances.

Share buy-backs

Our proposals

8.14 We proposed to retain the substance of the current LR 12 requirements for premium listed shares on the basis that they offer protections against dilution and transactions with related parties, although we extended the alleviations on the content of the circular currently required to support the vote on an issuer's purchase of own shares, including no longer requiring a working capital statement or FCA approval of the circular, and no longer requiring a sponsor to be appointed for such a circular, in line with the proposed changes to the significant transaction disclosures.

Summary of feedback and our response

8.15 In Q21, CP23/31 we asked:

Question 21: ***Do you agree with our approach to share buy-backs for the commercial companies category and the amendments proposed versus premium listing requirements? If not, please explain and suggest and alternative approach.***

8.16 We received comparatively little detailed feedback in response to this question with the majority of respondents either supportive or providing no comment.

8.17 We received feedback from one stakeholder, comparing the existing UK regime to the US's Accelerated Share Repurchase regime, and suggesting that boards of issuers should be further educated on the economics of share buy-backs, and should consider

a purchase price limit or a valuation discount/premium limit when executing buy-backs; and further that asset managers should evaluate the buy-back execution strategies and performance of their portfolio companies.

Our response:

We are finalising the rules as consulted. We do not consider that board governance and asset manager evaluation of buy-back performance is a matter for regulatory intervention through the UKLRs. We will continue to keep evolving market practice under consideration and may review these rules at a later stage.

Employee share schemes, long-term incentive plans and discounted option arrangements

Our proposals

8.18 We consulted on the basis that approval of matters currently set out in LR 9.4 (employee share schemes, long-term incentive plans and discounted options arrangements) would still be subject to a shareholder vote under the UKLR applicable to the commercial companies category.

Summary of feedback and our response

8.19 In Q22, CP23/31 we asked:

Question 22: ***Do you have any comments on our proposals? Do you have any views on requiring shareholder approval to grant to a director or employee options, warrants or other similar rights to subscribe in shares in the commercial companies category?***

8.20 We received comparatively little detailed feedback in response to this question with the majority of respondents either supportive or providing no comment. One sell-side representative organisation argued that the FCA should provide as much flexibility as possible to ensure the competitiveness of the UK as a listing destination especially vis-a-vis the US. Another membership organisation representing issuers commented that they were supportive of shareholder approval for the application of employee share schemes but not for the individual granting of these schemes and asking for clarity from the FCA on the extent to which the proposed changes apply to directors. Their view is that remuneration committees ought to make determinations on the grant of individual awards within the boundaries of the schemes agreed by shareholders. A professional services firm provided more colour, sharing their view, which echoed feedback to CP23/10, that amendments should be made to the provisions of the shareholder approval requirements for discounted options arrangements currently set out in LR 9.4.4R.

8.21 This is because, even where the scheme has been approved by shareholders under LR 9.4.1R, LR 9.4.4R(2) (both of which have been replicated in UKLR 9.3) requires the company to seek shareholder approval again each time that it grants a nominal cost option to subscribe shares under its shareholder approved scheme. This respondent suggested that this creates a degree of duplication and redundancy which could be addressed by excluding from the scope of UKLR 9.3.4R(1) options or warrants to subscribe for shares or other similar rights to subscribe for shares which are to be granted under an employee share scheme or long-term incentive scheme which has already been approved by shareholders under UKLR 9.3.1R.

Our response:

We are finalising the rules as consulted. We are open to giving consideration to potential changes to our rules, including as regards the issuance of discounted share options, where market practice has evolved to such an extent as to make some of our requirements less relevant. However, given the limited feedback on this, it did not appear to be a priority for change at this stage. We may review these rules at a later stage.

Requirements for other circulars

Our proposals

8.22 In CP23/31, we sought view on proposals to include existing rules in LR 13.8 in the UKLR. These rules set out requirements for circulars related to a number of matters which address:

- authority to allot shares
- disapplying pre-emption rights
- reduction of capital
- capitalisation or bonus issue
- scrip dividend alternative
- scrip dividend mandate schemes/dividend reinvestment plans
- notices of meetings
- amendments to constitution,
- employees' share schemes
- amendments to employees' share scheme
- discounted option arrangements
- reminders of conversion rights, and
- election of independent directors

Summary of feedback and our response

8.23 In Q23, CP23/31 we asked:

Question 23: ***Do you have any comments on our proposals with regard to requirements for other circulars? If you disagree, please explain why, and include suggestions for alternative approaches.***

8.24 We received very little detailed feedback in response to this question, with stakeholders either silent or in support of our approach.

Our response:

We consider these rules remain helpful in ensuring transparency to shareholders and we are finalising them as consulted.

Chapter 9

Commercial companies category – annual reporting and governance

9.1 In this Chapter we describe the feedback we received on our proposals presented in Chapter 11 of CP23/31 on annual reporting and disclosure requirements that would form part of continuing obligations for the commercial companies category, and our response. Our final rules are in UKLR 6 in Appendix 1.

Our proposals

Corporate governance reporting

9.2 In CP23/31 we reiterated the proposals set out in CP23/10 for continuing obligations on issuers within the commercial companies category, as follows:

- To apply the existing premium listing provisions relating to the UK Corporate Governance Code (UK CGC), which include requiring a company to include additional items in its annual financial report to include, among other things:
  - a statement of how the listed company has applied the Principles set out in the UK CGC, and
  - a statement as to whether the listed company has complied throughout the accounting period with all relevant provisions set out in the UK CGC, or details of those provisions it has not complied with and why

9.3 We also discussed flexibility inherent in the UK CGC and FRC guidance for issuers that may choose to apply or be subject to another corporate governance code to still meet the principles while explaining an alternative approach the provisions of the UK CGC (see paras 11.11-13 of CP23/31).

9.4 Furthermore, we explained that for overseas issuers with a secondary listing in the UK, the proposed secondary listing category would address concerns raised in the feedback to CP23/10 as we proposed to rely on compliance with DTR 7.2 for this category, as for existing standard listed issuers. DTR 7.2 provides more flexibility by focusing on disclosure of any corporate governance code applied by an issuer, or any other corporate governance arrangements that go beyond national law.

Climate related financial disclosures, diversity disclosures and other annual report disclosure requirements

9.5 As set out in Chapter 11 of CP23/31, we proposed to carry over for the commercial companies category key comply or explain annual disclosure requirements related to diversity of boards and climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD). This was consistent with our

intention to have a highly transparent, disclosure-based approach to ensure investors have the information they need.

9.6 We also proposed to apply other annual financial reporting requirements contained in LR 9.8 for the commercial companies category where they remain relevant. Some of these relate to reporting linked to other ongoing Listing Rule requirements in LR 9 or derive from aspects of the UK Companies Act 2006 or UK CGC.

Summary of feedback and our response

9.7 In questions 24 and 25 of CP23/31, we asked:

Question 24: ***Do you agree with our overall approach to annual disclosures and reporting requirements for the commercial companies, category broadly based on current premium listing requirements, including on corporate governance (see Appendix 1, UKLR 6)? If not, please explain why.***

Question 25: ***Would formal guidance clarifying the use of 'explain' when reporting against the UK CGC be necessary?***

9.8 We received in the region of 20 responses to these questions, the majority of which supported the proposals.

9.9 In relation to the corporate governance proposed reporting requirements, most felt additional FCA guidance to clarify the use of 'explain' when reporting against the UK CGC would not be helpful, with some noting that this is the remit of the FRC. A few also commented that the use of 'explain' does not reduce the burden on certain issuers (eg smaller issuers), and further guidance on 'explain' would not address that point specifically. One respondent suggested a size threshold below which an issuer could opt to report against a different code. Another suggested the proposed approach to corporate governance reporting in the proposed secondary listing category (ie, reliance on DTR 7.2), also be applied to the commercial companies category.

9.10 Some expressed the view that there were missed opportunities to streamline the current requirements in LR 9.8, to either reduce the degree of overlap with non-listing rule reporting obligations to which companies are subject, or because they lack benefit to investors.

Our response:

Corporate governance disclosures

Having considered the feedback, we have proceeded to implement the proposals as consulted on. This means issuers in the commercial companies category will be required to state, on an annual basis, how they have complied with the Principles of the UK CGC and whether they

have complied with the Provisions of the UK CGC throughout the relevant accounting period and, if not, the provisions they have not complied with and the reasons for non-compliance.

We view compliance with the Principles of the UK CGC as appropriate for all commercial companies to underpin good corporate governance practices. Further disclosure against the provisions of the UK CGC will provide important detail on the governance arrangement companies have in place. Transparency of governance structures and processes is consistent with our broader approach and will enable investors to assess and price in any risks (or value) they perceive in certain corporate structures. It will also incentivise issuers to meet these standards as a result.

We have not introduced a company size threshold below which more flexibility is explicitly provided for. This is because factors such as size of issuer and their stage of development are already relevant to the degree to which an issuer may depart from certain UK CGC Provisions. This approach recognises that an alternative to complying with a Provision may be beneficial or necessary for the company in particular circumstances based on a range of factors.

However, we do recognise that some smaller or newer issuers may face challenges in complying in full with all of the UK CGC Provisions, and that the more an issuer departs from the UK CGC Provisions, the more explanation would be required. Demonstrating good governance through high-quality explanations can provide companies with the opportunity to display how their unique governance arrangements support the delivery of continued shareholder value.

We consider a different approach for the secondary listing category is justified as this is intended to address concerns raised in response to CP23/10 regarding non-UK incorporated issuers that follow the corporate governance code of another jurisdiction.

Other annual disclosures

We continue to view climate-related financial disclosures and diversity disclosures as important features of our regime to support market integrity, as investors' interest in these areas increases. For the time being, we also consider the broader periodic disclosures from our premium listing rules to be an appropriate starting point for all commercial companies.

We will, however, consider in due course if there are further opportunities to streamline annual reporting requirements, as suggested by some respondents. This may also take into consideration any future reforms to UK company law or regulation eg, related to non-financial reporting, that may be taken forward by the new Government.

Chapter 10

Approach to current premium listed categories: sovereign controlled commercial companies and closed-ended investment funds

10.1 In this Chapter we describe the feedback we received on our proposals presented in CP23/31 in Chapter 12 and our response.

10.2 For sovereign controlled commercial companies who are listed in the commercial companies category, our final rules set out certain modified requirements in UKLR 5, 6, 8 and 9.

10.3 Our final rules for closed-ended investment funds are in UKLR 11 in Appendix 1.

Sovereign controlled commercial companies

Our proposals

10.4 We proposed to not carry forward the dedicated category for sovereign controlled commercial companies (SCCs), and instead to provide certain modifications for SCCs within the equity shares (commercial companies) category. We set out a number of modifications that SCCs could benefit from if they made a notification to inform the market of the changes that the dispensations would entail for shareholders.

10.5 In summary, we proposed to disapply a number of commercial companies category requirements, including:

- eligibility and ongoing requirements for a sovereign controlled company to be independent from their sovereign controlling shareholder
- a requirement to have in place a controlling shareholder agreement
- requirements for disclosure in annual financial reports detailing any contract for the provision of services to the listed company
- requirements for sponsor fair and reasonable opinions where a related party transaction is contemplated and the sovereign controlling shareholder is the related party, and requirements to prevent a director who is, or an associate of whom is, the related party from taking part in the board's consideration of the transaction or arrangement or voting on the relevant board resolution, and
- we also said that commercial companies with a sovereign controlling shareholder should be able to benefit from the more flexible approach to multiple class share structures proposed in CP23/31

10.6 Finally, we set out the view that the appropriate category for certificates representing shares in a SCC would be the category for certificates representing securities (UKLR 15, formerly LR 18).

Feedback and our response

10.7 We asked:

Question 26: ***Do you agree with our proposed approach to incorporating sovereign controlled companies into the commercial companies category, with certain alleviations on matters related to the sovereign controlling shareholder, while not taking forward a bespoke approach to depositary receipts on shares in such issuers? If you disagree, please explain why.***

10.8 We received limited feedback to these proposals. One buy-side trade association voiced concerns that admitting to listing sovereign-controlled companies in the commercial companies category (and allowing them to be governed through DCSS structures) would increase the number of related party transactions. This, in their view, would limit the ability of independent shareholders to scrutinise such entities and exercise effectively their ownership rights.

10.9 A representative body for the legal advisory community reported differing internal views on our proposals with some members agreeing with the approach, including in relation to the targeted alleviations. These members were of the view that, given the nature of sovereign controlled companies, the appropriate approach, as proposed by the FCA, is to ensure full disclosure of the nature of the relationship and the arrangements between sovereign controlled companies and sovereigns rather than to seek to regulate such relationships through listing regime protections that are more appropriately applied to non-sovereign controlled commercial companies. Other amongst their members, however, argued that it was unclear why transactions with a sovereign controlling shareholder should be treated differently from those of other types of controlling shareholders, particularly in light of the significant relaxations proposed for the related party regime.

Our response:

We have decided to proceed as consulted on. The alleviations we have provided within the commercial companies category mirror those currently available to sovereign controlled companies in LR 21, to the extent they remain relevant. Not introducing them would entail a more rigid approach, which would not be aligned to the spirit of the overall reforms and would also run counter to the original policy intention when introducing LR 21.

We will also proceed to remove specific provisions for depositary receipts issued by sovereign controlled companies. Since we are removing the premium and standard listing segments, we do not see a need to have a specific regime for such instruments. Sovereign controlled companies can still list depositary receipts in UKLR 15 going forward.

Closed-ended investment funds

Our proposals

10.10 We proposed to carry forward a separate category for equity shares of closed-ended investment funds in the new UKLR sourcebook, and to broadly retain the current LR 15 eligibility and continuing obligations provisions for significant and related party transactions, with certain changes, most notably that for transactions or arrangements with a related party that are within the scope of the closed-ended investment fund's published investment policy, prior shareholder approval would not be required even where a percentage ratio is ≥5%, although an issuer would need to obtain a sponsor fair and reasonable opinion where a percentage ratio is ≥0.25%. We proposed to retain the requirements of Premium Listing Principles 3 and 4 as new rules applicable to closed-ended investment funds.

10.11 In response to specific feedback, we proposed that the rules on board independence would clarify that notwithstanding an appointment to the board of more than one listed closed-ended investment fund that has engaged the same independent alternative investment fund manager (AIFM), a director can be considered independent where the AIFM is independent of the closed-ended investment fund's investment manager.

10.12 We also proposed that the sponsor role in relation to closed-ended investment funds would be retained in the UKLR and broadly remain unchanged. As with commercial companies, a sponsor appointment would be required for any requests for individual guidance from the FCA, or for the waiver or modification of the significant transactions regime, including the class tests, or the related party transactions regime. We proposed that the sponsor role would also be retained in line with the commercial companies category for any other aspect of the significant transactions regime and the related party transactions regime as applied to closed-ended investment funds.

Feedback and our response

10.13 As closed-ended investment funds are a specialised area, we received specialist feedback from practitioners and trade bodies with particular expertise and experience in this area, representing the viewpoints of issuers, investment managers, and investors. We also received feedback through the FCA's Funds Forum.

10.14 As with CP23/31, some feedback suggested that we should consider merging the closed-ended investment funds category and the new commercial companies category. However, overall, there was little support for such a move from the majority and a strong consensus in favour of retaining a separate UK listing category for closed-ended investment funds.

10.15 Specialist feedback was also strongly appreciative of the clarifications to the rules on independence of directors vis-à-vis independent AIFMs.

10.16 However, there was broad consensus among specialist practitioners and stakeholders that the divergence between the commercial companies and closed-ended

investment funds categories where it came to the significant transactions and related party transactions regime was inappropriate. Practitioners felt that if closed-ended investment funds were not able to benefit from the changes being proposed to the commercial companies category in this regard, this would create an undesirable arbitrage between these categories.

10.17 Stakeholders were of the view that whilst there were many areas where a divergence was justified, for example, conduct rules ensuring boards of directors can act independently of any third-party investment manager, to address the fact that boards of closed-ended investment funds are largely non-executive, however, where it came to the proposed requirements for significant and related party transactions, the rules as proposed would seem to suggest, incorrectly, that the risk of transactions undertaken by closed-ended investment funds was somehow greater than equivalent transactions undertaken by commercial companies.

10.18 Respondents noted that closed-ended investment funds are required to invest in accordance with their investment policy, and any significant change in investment policy requires shareholder approval. They noted that the controls already applied on closed-ended investment funds by the rules on board independence and the requirement for an investment policy made imposing additional controls on transactions undertaken by closed-ended investment funds versus those undertaken by commercial companies inappropriate. A consensus emerged that controls and safeguards in relation to changes to the investment manager's fees should, however, be retained, as such transactions do not exist for commercial companies and pose a greater risk than other transactions.

10.19 We also received feedback requesting clarification that a transaction within the scope of the closed-ended investment fund's published investment policy includes the acquisition or disposal of another entity the sole purpose of which is to hold assets that fall within the scope of the closed-ended investment fund's published investment policy.

Our response:

We are finalising the rules to retain a separate listing category for closed-ended investment funds. Responding to specialist feedback, we will align the significant and related party transactions regime for closed-ended investment funds more closely with that for commercial companies, and will not require separate shareholder approvals or circulars for the majority of such transactions, instead cross-applying the disclosure regime for such transactions as it applies to the commercial companies category.

However, we will retain additional requirements for changes to the investment manager's fees or other remuneration, requiring a sponsor's fair and reasonable opinion at ≥0.25%, and shareholder votes and related circular requirements for changes of ≥5% or above, as well as uncapped fees.

Otherwise, the sponsor role will continue to apply at the gateway and for continuing obligations as with commercial companies.

We will implement the clarifications to board independence as consulted on.

In relation to the acquisition and disposal of entities the sole purpose of which is to hold assets within the scope of the closed-ended investment fund's investment policy, we consider that the UKLR Sourcebook is not the appropriate vehicle for such clarifications, but we take this feedback into account and intend to publish technical guidance on this area in due course.

Chapter 11

Approach to current standard listing categories

11.1 In this Chapter we describe the feedback we received on our proposals presented in Chapter 13 of CP23/31 on our proposed approach for listings of other issuer or instrument types that are currently listed under our standard segment, and our response. Our final rules are in Appendix 1, in:

- UKLR 12 – open-ended investment companies category
- UKLR 13 – shell company category
- UKLR 14 – secondary listing category
- UKLR 15 – certificates representing certain securities (depositary receipts) category
- UKLR 16 – non-equity shares and non-voting equity shares category
- UKLR 17 – debt and debt-like securities
- UKLR 18 – securities derivates category
- UKLR 19 – warrants, options and other miscellaneous securities category
- UKLR 22 – transition category

Transition category for existing standard listed issuers of equity shares in commercial companies

Our proposals

11.2 We proposed creating a new 'transition category' to maintain the status quo for existing commercial companies that are issuers of standard listed shares, and that would not be eligible for the secondary listing category, shell companies category or the non-equity shares and non-voting equity shares category. The category would carry forward current continuing obligations under LR 14 to the proposed transition category.

11.3 We proposed that it would be closed to new applicants and to transfers from other categories, so has no eligibility requirements. We also proposed that if any issuers in this category carried out a reverse takeover, they would need to transfer to another listing category to retain a UK listing. We proposed no sponsor role in relation to any continuing obligations, with a sponsor only being relevant if an issuer sought a transfer to another category for which one is required – we also proposed a modified transfer process in such cases (see Chapter 14 for more details). We also indicated that, if we proceeded, should an issuer in the transition category fall within scope of the closed-ended investment funds or open-ended investment companies categories once the new UKLRs were in force, they must apply to transfer to that category based on our retained transfer process (as per LR 5.4A).

11.4 The transition category would have no end date at the point of implementation and no deadline for issuers to transfer out of the category, but instead we would keep it under review.

Summary of feedback and our response

11.5 In question 28 of CP23/31, we asked:

Question 28: ***Do you agree with our proposals for the transition category? If not, please explain why.***

11.6 We received 20 responses to this question, a majority of which agreed with our proposals, with some drafting suggestions made to help clarify the proposed rules.

11.7 Some requested clarity on how long the transition category is likely to remain, with a few also suggesting it should not have an end date at all. Two respondents requested clarification as to whether the category was ***only*** available to issuers for whom their current listing was their 'primary' listing (ie they felt it was implied that a secondary listing that was not eligible for the secondary listing category would not be accommodated in the transition category). These respondents said it should not be so restrictive or binary in that case. Two other responses said that issuers with listings in this category if undertaking a reverse takeover should be able to apply for re-admission to the transition category if that are not able to meet the eligibility requirements of the commercial companies category.

11.8 A couple of respondents raised concerns about the modified transfer process available to eligible issuers in the transition category and in particular the proposal not to require a financial prospects and position procedures assessment.

11.9 A small number of respondents also felt the name 'transition category' was not appropriate, with one suggesting 'legacy category' as an alternative.

Our response:

We have made the rules as consulted on, with minor amendments to ensure consistency and clarity of drafting.

We can clarify that the final rules do not limit the scope of the transition category to 'primary' UK listings. Rather, the reference in paragraph 13.9 of CP23/31 was intended to reflect the fact that we were also proposing a secondary listing category as part of the restructuring of the listing categories. Other than in the eligibility criteria and the continuing obligations of the secondary listing category, the new listing structure does not make a distinction between something that is 'primary' or 'secondary' listed in the UK. We have and will continue to engage with issuers where necessary with regard to how they are 'mapped' to either the transition or international secondary listing category prior to implementation.

We do not agree with feedback that issuers listed in the transition category that undertake a reverse takeover should be permitted to apply for re-admission to list in the transition category. Our reason for this is that this category serves a specific purpose to aid transition to the new listing structure and is intended to be closed to new listing applications.

We have set no end date for the transition category at this time and no deadline for issuers to transfer out of the category. Any decision to wind it down at a future date will take into account the number of issuers that remain listed there. We would also publicly consult before removing the category and provide sufficient time for any remaining issuers to consider their options.

See Chapter 14 for our response on the proposed modified transfer process.

Secondary listing category

Our proposals

11.10 In Chapter 13 of CP23/31 we proposed introducing a new secondary listings category for the equity shares of non-UK incorporated companies that sought a 'secondary' listing in the UK (ie they already had at least one other equity listing on another market). The intention was to ensure the new listing structure remains accessible to non-UK incorporated companies where either domestic company law or rules flowing from their 'primary' listing venue may mean they would not be eligible for the commercial companies category. By having a discrete category for such listings, it provides transparency that such issuers are subject to a combination of home jurisdiction and FCA rules.

11.11 We proposed that the eligibility and continuing obligations for the secondary listing category would largely replicate LR 14, subject to targeted additional eligibility requirements, which would also largely apply as continuing obligations. These included the category being limited to overseas incorporated companies, and an issuer's location of central management and control being either in their country of incorporation or the country of their primary listing. Please see Chapter 13 of CP23/31 for more detail.

11.12 We also proposed that issuers in this category must:

- continue to comply with the applicable rules of the overseas main market (their primary listing) to which they are subject, and
- contact the FCA as early as possible to discuss whether suspension, cancellation or restoration under the UKLR is appropriate if an issuer's listing has been suspended, cancelled or restored by an overseas exchange or overseas authority

11.13 We proposed to carry over the substance of the existing listing requirement currently in LR 14.2.4R, which indicates that where an applicant does not have a listing either in

its country of incorporation or where a majority of its equity shares are held, the FCA will not admit a listing to the secondary listing category unless it is satisfied that the absence of the listing is not due to the need to protect investors.

11.14 In addition, we proposed guidance to clarify that we may ask applicants to provide an explanation for establishing its listing elsewhere if it does not have a primary listing in its country of incorporation. We also indicated in guidance that we may seek board confirmation of the applicant's compliance, and of no historic issues, with the applicable rules of the overseas main market to which they are subject.

11.15 In tranche 2 of our draft rules published in March 2024, we also proposed to disapply the requirement regarding the location of central management and control and the definition of a qualifying home listing for existing issuers and in-flight applicants.

Summary of feedback and our response

11.16 In questions 29 and 30 of CP23/31, we asked:

Question 29: ***Do you agree to our proposals for a secondary listing category and the related requirements, including basing rules on current LR 14 with certain additional elements, and the maintained application of DTR 7.2? If not, please explain which aspects you disagree with and why.***

Question 30: ***Do the proposed eligibility requirements for the secondary listing category sufficiently identify commercial companies with a 'primary' listing in another jurisdiction and mitigate potential risk that it be used to avoid the commercial companies category? Please suggest improvements to provisions, or additions or alternatives, as relevant.***

11.17 We received 20 responses to these 2 questions, with a majority agreeing with the proposed approach. Of the minority that made comments or expressed disagreement the following were the main points arising.

11.18 A handful of respondents queried why UK incorporated companies with an overseas listing would be excluded from this category. The respondents here suggested that the place of incorporation is not relevant to secondary listing status. Similarly, a small number of respondents queried how UK incorporated companies with an overseas listing would be accommodated in the proposed new listing structure. A couple of respondents also noted the exclusion of UK incorporated companies was not necessary as they felt the risk of issuers using the secondary listing category to avoid listing in the commercial companies category was low in practice.

11.19 Five responses also raised concerns about the proportionality of applying TCFD-related reporting requirements to this category and overseas issuers' ability to comply with these in practice.

11.20 A similar number said the eligibility criterion concerning the location of the issuers central management and control would be restrictive and not relevant, saying it is not uncommon in practice for listing, incorporation and mind and management to be in 3 different locations. Tax residency was one example of reasons why companies may organise themselves across various locations. A couple also felt that liquidity should be included as a measure of whether something was a secondary listing or not.

11.21 A few raised significant concerns regarding the definition of 'qualifying home listing' and in particular the requirement that the issuer be subject to rules of its primary listing without dispensation or modification by virtue of the applicant's country of incorporation. It was felt this could have unintended consequences by in practice meaning an overseas issuer in the secondary listing category always having to be listed in its place of incorporation, excluding for example US Foreign Private Issuers from being eligible. There was also concern that reporting of non-compliance of primary listing rules would be complex and burdensome.

11.22 A few suggested that the FCA adopt an equivalence approach to simplify and reduce overlaps with other listing jurisdictions.

Our response:

We have made the rules as consulted on, with some amendments set out below in response to the feedback received.

The secondary listing category is specifically designed to have a limited scope, including being limited to overseas incorporated companies. The policy intent remains unchanged from that described in CP23/31. The category is designed to accommodate those overseas companies where either domestic company law or rules flowing from their 'primary' listing venue may make it more difficult to additionally meet certain requirements of our commercial companies category. By providing this discrete category, the intention is to ensure our listing regime remains flexible and accessible to allow such issuers to remain or choose to list in the UK.

UK incorporated companies that wish to have a secondary listing in the UK will not be eligible to list in this category. However, they may be eligible for the commercial companies category. For UK companies seeking an equity listing whereby the UK is or is intended to be their secondary listing ie, where the "primary" listing is outside of the UK, the expectation is that they would apply for a UK listing in the commercial companies category. The commercial companies category is open to any issuer regardless of their place of incorporation if they are able to meet the commercial companies category eligibility requirements - it does not preclude companies that have another equity listing elsewhere. One stakeholder queried during our engagement whether admission to the commercial companies category, versus the secondary listing category, may impact a UK issuer that sought index inclusion for their 'primary' listing on another market. However, we did not receive detailed analysis to substantiate this issue, and we do not consider it appropriate to alter our policy on the basis that different international index providers may set certain inclusion criteria.

We have also proceeded to implement the eligibility criteria and continuing obligations for the secondary listing category as consulted with the following clarifications and modifications in response to the feedback received.

Location of central management and control
We have confirmed this rule as consulted on, although with some additional guidance as explained below**.** We agree with feedback that where an issuer's central management and control are located is not necessarily a characteristic for determining whether something a 'genuine' secondary listing or not. However, we consider it important to address the potential risk of opaque and complex structures that may impair our ability to supervise issuers in this category and enforce against our rules where necessary.

We may consider exceptions to this rule for issuers on a case-by-case basis by way of dispensation or modification. We have added guidance to the location and central management and control requirement to clarify that the FCA may modify the rule on a case-by-case basis in circumstances where the FCA is satisfied the issuer's operational and governance arrangements are not intended to reduce, and do not have the effect of reducing the FCA's ability to monitor an issuer's compliance with the listing rules, the disclosure requirements, transparency rules and corporate governance rules, as applicable.

Subject to the primary listing rules of an overseas market
With regards to the requirement for issuers in the secondary listing category to be subject to the primary listing rules of an overseas market without dispensation, we have made the rules as consulted on but with a small amendment. We have removed the reference to 'without modification' in the definition of qualifying home listing that was included in the draft rule. This is to reflect feedback that some regimes impose additional requirements on primary listings when an issuer is treated as a foreign primary listing for the purposes of that market. It was not our intention to exclude these issuers from this category (eg, issuers treated as Foreign Private Issuers in the US) and so we have amended the rule.

Other general feedback
We note the feedback that requiring reporting of non-compliance of primary listing rules could be burdensome for issuers in the secondary listing category. We continue to consider this an important requirement for this category as we would have no direct supervisory oversight of an issuer's compliance with the overseas primary listing rules to which it is subject. It is important that we have the ability to consider what is relevant or material non-compliance on a case-by-case basis. However, we will monitor the notifications received and keep the suggestion for a possible materiality threshold under review.

We considered the TCFD reporting points made by a small number of respondents. Again, we have proceeded to implement the proposals as

we consulted on in CP23/31, given our intention is to maintain the status quo of the standard listing requirements for this category. We will keep this under review, particularly as we look to revise our climate-related financial disclosure rules in due course as international standards evolve from TCFD to International Sustainability Standards Board (ISSB) based disclosures and considering developments on such reporting in other jurisdictions.

Transitional arrangements
We have finalised the transitional provision to disapply indefinitely, as a continuing obligation, the requirement regarding the location of central management and control and elements of the definition of a qualifying home listing for existing issuers and in-flight applicants. This should enable a greater number of existing issuers to be eligible to be mapped to the secondary listing category. Please see Chapter 14 for further detail.

Non-equity and non-voting equity shares category

Our proposals

11.23 In Chapter 13 of CP23/31, we proposed creating a new listing category for non-equity shares, such as retail denomination preference shares and deferred shares (as defined in the FCA Handbook Glossary), and non-voting equity shares, that are currently eligible to list under the standard listing (shares) category. We proposed that the status quo for these issuers would be maintained based on current standard listing eligibility requirements and continuing obligations.

Summary of feedback and our response

11.24 In questions 31 of CP23/31, we asked:

Question 31: ***Do you agree to our proposals for the non-equity shares and non-voting equity shares category? If not, please explain why.***

11.25 We received 10 responses to this question the majority of which were supportive of our proposals.

11.26 A couple of respondents, who also supported the separate listing category, queried whether the TCFD and diversity annual reporting requirements currently applicable within the standard listing segment to certain listings should be applied to this category. The concern appeared to be on grounds of proportionality, with one respondent saying that issuers of these securities often also have a listing of equity shares subject to the same or similar disclosure obligations appliable in another listing category. A further comment made was that this information would be of limited relevance to investors of these types of shares as they would generally not have voting rights and would be unable to vote on resolutions.

Our response:

We have proceeded to create and make the rules for this category as consulted on in CP23/31, including the existing approach to reporting requirements for these securities under the current listing rules.

The TCFD annual reporting requirements are carried over to apply to listed companies in this category, given our intention is to maintain the status quo of the existing standard listing requirements for this category.

The board diversity annual reporting requirements are carried over to apply to a company with a listing of non-voting equity shares for the same reason.

In both cases, the reporting requirements do not apply to investment entities or shell companies, as is also the case currently. In the case of closed-ended investment funds, please see Chapter 10.

Where a company has securities listed in more than one listing category that requires TCFD or diversity annual reporting, the reporting burden is not duplicated. Meeting requirements in relation to one listing category would also satisfy the obligation of the other, because the reporting obligations are for the issuer to make a company-level annual disclosure on these matters (ie there would be no need to disclose separately for each listing of securities).

We may review the application of such requirements in due course, including if we consider further changes to TCFD reporting requirements in future to move to ISSB reporting standards.

Shell companies category

Our proposals

11.27 In Chapter 13 of CP23/31 we proposed a new listing category for shell companies, including special purpose acquisition companies (SPACs). We said we intended to retain the current SPAC provisions introduced in 2021 (see PS21/10), which allow larger SPACs with certain specified investor protections in place to avoid the presumption that their listing would be suspended when a potential acquisition target is announced, or if details of the proposed acquisition have leaked.

11.28 However, we proposed to make some of the investor protection provisions within that guidance (in LR 5.6.18AG) eligibility requirements for the new shell companies category. For details of the eligibility requirements and continuing obligations that we proposed to apply to this category, over and above the current listing requirements, see Chapter 13 of CP23/31.

11.29 In summary our proposals included:

- A standalone definition of 'initial transaction' instead of 'reverse takeover'.
- Requiring an initial transaction needs to be completed within 24 months from the date of admission. This timeframe would be extendable in certain circumstances.
- Requiring board approval for the initial transaction before it is entered into.
- Aligning the shell companies category with the notification, shareholder approval and circular requirements proposed for commercial companies category in relation to reverse takeovers.
- Upon completion of an initial transaction, requiring the shell company to contact the FCA to apply for cancellation of its existing listing in the shell companies category and, where relevant, seek re-admission to listing of the enlarged group to a different category.
- Extending the sponsor regime to this category, given SPACs and other shell companies can have complex structures and inherent conflicts of interest between the various parties.

Summary of feedback and our response

11.30 In questions 32 and 33 of CP23/31 we asked:

Question 32: ***Do you agree to our approach for the shell companies category and the detailed drafting in UKLR, including the proposed approach to redemption rights? If not, please explain why and suggest any alternative approach or transitional provisions.***

Question 33: ***Do you agree with the proposed approach that issuers in commercial companies category and the transition category should transfer to the shell companies category if they become eligible for the shell companies category? Do you foresee any problems with this proposed approach?***

11.31 We had approximately 15 responses to these questions. While there was broad support for having a separate listing category for shell companies ('shells') to support transparency and some support for our proposals for shells more generally, a smaller number of respondents raised significant concerns.

11.32 The main concern raised was that our proposals for the shell companies category were overly prescriptive and forced all shells to adopt a certain type of SPAC model, which would reduce flexibility and present practical challenges. Related to that feedback, a small number said that clearer definitions were needed to differentiate between SPACs (of which there are various models in the market) and other shells, some of which may have an investment strategy and others that are commercial companies in winddown.

11.33 There were requests for more information about how commercial companies that became a shell would transfer into the shell companies category.

11.34 A small number suggested allowing existing cash shells to map to the transition category or alternatively to put in place a much longer transitional period than the

proposed 3 years, such as 5 years, to allow existing shells to make arrangements to comply with the new requirements that would apply to them.

11.35 A few said that the proposal for shareholder votes on initial transactions should not exclude founders, directors and SPAC sponsors from the vote. This was felt to be a unique requirement that would put the UK at a competitive disadvantage to other jurisdictions. In addition to this, a couple also said that where a shell has a multiple acquisition strategy they should be treated more in line with closed-ended investment funds and each transaction should not require a shareholder vote or invoke the requirement to contact FCA regarding suspension.

11.36 In other feedback, 2 responses disagreed with the proposed 'initial transaction' approach, especially if the initial transaction does not utilise the majority of the shell's cash. Two responses also disagreed with applying the sponsor regime to this category on grounds of proportionality. A further 2 submissions thought that there were better ways to protect retail investors eg, require such investors to receive financial advice before investing in a SPAC or simply ban retail investment in SPACs.

11.37 In response to the question about redemption rights, the small number of respondents that commented on this subject agreed with our analysis and that this is an area that should be kept under review.

Our response:

Having considered the feedback received, we have decided to proceed to create a separate listing category for shell companies (including SPACs), but have not implemented all of the tailored requirements we proposed.

In summary, our final rules largely maintain the status quo for shell companies, including SPACs, but we have proceeded to implement our proposals regarding the concept of an 'initial transaction' and to require shell companies to complete an initial transaction within a specified time period. We also maintained the requirement for an issuer to appoint a sponsor in relation to admissions or transfers to this category, and when proposing to enter into an initial transaction.

More specifically, we have proceeded to finalise our proposals to clarify what a reverse takeover means in practice for a shell company and to call it an 'initial transaction'. In substance this reflects the existing definition of a reverse takeover but clarifies that, given the nature of shell companies, the first transaction that a listed shell company enters into constitutes an 'initial transaction', as defined in UKLR 13, and provided it falls within UKLR 13, it covers a transaction of any size. This could include the issuance of a loan, a purchase of a minority stake or entering into a joint venture arrangement.

We also consider it important for market integrity and investor protection purposes to require shell companies to either proceed to make an acquisition within a specified time period or seek to cancel their listing, rather than remaining listed indefinitely. So, we have proceeded to require new applicants to this category to build into their constitution that they

will complete an initial transaction within 24 months from the date of admission, or otherwise cease operations. We have, however, provided for this initial period to be extended by a period of 12 months with shareholder approval for up to three times (eg, enabling an extension of 36 months in total beyond the first 24 months). We have also proceeded with the proposed additional 6-month extension to the time limit that can be exercised in the specified circumstances set out in UKLR 13, which are intended to address the scenario where a deal has been announced or is very near to being completed.

The required time limit for an initial transaction will be deferred for 1 year for existing issuers and in-flight applicants mapped to the shell companies category at implementation of the reforms. Please see Chapter 14 for details of this and other transitional arrangements.

We have also proceeded to implement the proposed requirement for board approval of an initial transaction to be obtained.

We have retained the current rules and guidance under the existing LR 5.6.18AG, which allows bigger SPACs with certain specified investor protections in place to avoid the presumption that their listing would be suspended. These are the changes introduced in 2021 (see PS21/10).

However, we have *not* proceeded to mandate the following criteria, as proposed, for all shell companies:

- Requiring adequate binding arrangements that monies raised from public shareholder be ring-fenced via an independent third party.
- Requiring shareholder approval of an initial transaction.
- Requiring an issuer's board to publish a statement that the proposed initial transaction is 'fair and reasonable' if any of its directors have a conflict of interest.

We have retained our definition of shell company as set out currently in LR 5.6.5AR. Given that we are retaining the flexibility of our current rules, which accommodate a range of shell company models, we do not think it necessary to have a more differentiated definition (ie for shell companies versus SPACs).

We have also clarified in our final rules and guidance that companies listed in the commercial companies category, transition category or secondary listing category that become a shell will generally be given a grace period of 12 months to remain in their existing listing category. This will provide time for them to liaise with the FCA and determine their course of action. For example, to either regain compliance with their existing listing category, cancel their listing, or transfer to the shell companies category.

We have proceeded to apply the sponsor regime to the shell companies category. Shell companies can be complex, as can be the investments they offer. There are also inherent conflicts of interest that can exist between the various parties. Given all of these factors, we consider it is appropriate to apply the sponsor regime to this category, including where an issuer is:

- applying for admission to list
- transferring into the category, or
- proposing to enter into an initial transaction

Given we have not proceeded with our proposals to require shareholder approval for an initial transaction, which maintains the current standard listing approach, the proposal for a sponsor to be appointed in that scenario and review the content of the related circular has not been implemented.

Retained standard listing categories

Our proposals

11.38 In Chapter 13 of CP23/31, we proposed retaining the remaining standard listing categories addressing open-ended investment companies (current LR 16A) and other non-equity categories (current LR 17-20) in the new UKLR. We proposed some minor consequential changes and category name changes to better describe the type of issuer or security a chapter and listing category applies to.

11.39 In relation to the current listing category for certificates representing certain securities (LR 18), we proposed not to include certificates representing debt securities, to remove those provisions that relate to an issuer of debt securities, and to require the underlying shares to be listed. In addition, we proposed not to list depositary receipts which represent equity shares issued by UK-incorporated companies. For ease of reference when discussing this chapter in this section, we will refer to depositary receipts.

Table 4: Retained categories within the new UKLR structure

Existing category and LR chapter	New category name (where relevant) and new UKLR chapter
Open-ended Investment Companies (LR 16A)	Open-ended investment companies (UKLR 12)
Debt and Debt Like Securities (LR 17)	Debt and debt-like securities (UKLR 17)
Certificates Representing Certain Securities (LR 18)	Certificates representing certain securities (depositary receipts) (UKLR 15)
Securitised Derivatives (LR 19)	Securitised derivatives (UKLR 18)
Miscellaneous Securities (LR 20)	Warrants, options and other miscellaneous securities (UKLR 19)

Summary of feedback and our response

11.40 In question 34 of CP23/31, we asked:

Question 34: ***Do you agree to our proposals for retaining the remaining standard listing categories and minor drafting amendments proposed? If not explain why.***

11.41 We had approximately 10 responses to this question from a range of law firms, trade associations, exchange operators, and issuers.

11.42 On the proposal to retain a category for depositary receipts, the majority of respondents supported this and the proposal to exclude debt, and also to limit the scope of the category to depositary receipts representing shares in overseas companies only.

11.43 Two respondents made an argument for aligning or merging this category with the secondary listing category, so that issuers of depositary receipts could benefit from a common rule set and benefit from the same proportionate requirements.

11.44 One respondent was of the view that the current ability to list depositary receipts in the premium segment under LR 21, the sovereign controlled commercial companies category, should be retained and incorporated into the commercial companies category.

11.45 Two respondents raised queries regarding the proposed UKLR 15.2.8R (in tranche 2 of the draft rules), which would require the underlying shares that the depositary receipts represent to be admitted to trading on an overseas regulated, regularly operating, recognised open market. One sought clarification, while the other objected to this proposed change in scope, arguing that it reduces flexibility and competitiveness as compared other jurisdictions and the current listing rules.

Our response:

We have proceeded to retain the categories as proposed, with the new numbering and naming conventions as set out in CP23/31.

Across these chapters, we have also sought to ensure consistent wording in relation to the drafting of the 'shares in public hands' provisions. This is to avoid potential confusion, rather than making a change to the proposed approach.

In relation to UKLR 15, regarding depositary receipts, we have made minor amendments to clarify the final rules, including to ensure that the existing continuing obligation for depositary receipts to be listed on a regulated market is carried over to the UKLRs to maintain the status quo.

We have confirmed the proposed UKLR 15.2.8R as consulted on, since it ensures consistency of the principle that is also applied to the secondary listing category in relation to the standards expected of overseas listings. It also supports the wider approach to the new listing structure by closing routes by which issuers may seek to avoid the consistent standards applied by the new listing regime. Therefore, from the implementation of the new regime, new issuers of depositary receipts will need to ensure the underlying shares are admitted to trading on an overseas regulated, regularly operating, recognised open market.

A transitional provision is in place to disapply this requirement indefinitely for existing issuers with depositary receipt listings mapped to UKLR 15, maintaining the status quo for these issuers (see Chapter 14).

We have not combined UKLR 15 with the secondary listing category, as we consider it important to have tailored listing categories for different security types to support transparency and clarity. We do not intend for there to be any implied 'quality' differential inferred by different listing categories under our new UKLR sourcebook, but they do allow for clearer identification of specific instrument types.

Chapter 12

Changes impacting all listing categories – eligibility and ongoing

12.1 In this Chapter we describe the feedback we received on our proposals that would impact all issuers of listed instruments and was not limited to specific categories. These included proposed new Listing Principles and changes to enhance existing provisions designed ensure co-operation and FCA access to the information and records of an issuer. The proposals were set out in Chapter 14 of CP23/31.

12.2 Our final rules that relate to these areas are included in UKLR 1, UKLR 2 and UKLR 21 in Appendix 1.

Single set of Listing Principles and supporting guidance

12.3 We proposed having one set of Listing Principles to underpin a reformed listing regime, by combining the current Listing Principles and Premium Listing Principles (current LR 7). The intention was to create a clear and consistent set of principles for all issuers, regardless of listing category and security type, that are easy for both issuers and investors to understand.

12.4 Our proposals included converting current Premium Listing Principles 3 and 4 to specific requirements in rules applicable to issuers with equity shares listed in the commercial companies and closed-ended investment funds categories.

12.5 We also proposed additional guidance to support Listing Principles 1 and 2, to clarify the role that the board of directors should play in relation to ensuring a listed company meets its regulatory obligations.

12.6 Finally, we proposed to require, as part of the application process, that an applicant's board provide confirmation that the applicant has appropriate systems and controls in place to ensure it can comply with its ongoing listing obligations and Listing Principles once admitted. A draft board confirmation form (entitled the 'Procedures, Systems and Controls Confirmation form') was published in PMB 48 for this purpose. We proposed that submission of the form would be a point in time confirmation. However, the obligation to comply with relevant continuing obligations, including the Listing Principles, would be ongoing. We also said that we may choose not to admit securities if an issuer was unable to provide the completed board confirmation form or where, in response to queries that we may raise in relation to it, we have concerns that the applicant has not satisfactorily demonstrated its readiness to comply with our rules.

Summary of feedback and our response

12.7 In 35 to 38 and 40 of CP23/31 we asked:

Question 35: *Do you agree that the current Premium Listing Principles 3 and 4 should be reframed as rules for the commercial companies category and the closed-ended investment funds category? If not, explain why.*

Question 36: *Do you agree with our proposed single set of Listing Principles and supporting guidance, which would be applicable to all listing categories? If not, please explain why.*

Question 37: *In relation to the proposed Listing Principles 5 and 6, are there any practical implications for issuers of debt securities that need to be considered?*

Question 38: *Do you agree with our proposed guidance to support the Listing Principles, regarding the importance of the role of directors and on the arrangements for accessibility of information? If not, please explain what you disagree with and why.*

Question 40: *Do you agree with our proposal to issue guidance to support Listing Principle 1, to clarify that adequate procedures, systems and controls includes the applicant or issuer being able to explain where information is held and how it can be accessed (regardless of whether the information is held in the UK or elsewhere), and that information should be easily accessible from the UK? If not, please explain why?*

12.8 With regard to our proposals to reframe Premium Listing Principles 3 and 4, we received over a dozen responses to this question, all of which were supportive.

12.9 We received around 20 responses to our proposed new single set of Listing Principles, guidance and related proposals, including from law firms, trade associations, consultancy firms and issuers. The majority of these respondents were in agreement with our proposals.

12.10 A quarter of these thought the increased focus on directors in the proposed guidance and the proposed board confirmation form could deter directors, including non-executive directors, from taking up these roles due to a perceived increase in director liability. We discuss this further below.

12.11 A similar number requested more guidance on the role and expectations of directors, or clarification of the FCA's expectations for compliance with Listing Principles 1 and 2 in practice. This included seeking clarification of what 'reasonable steps' means in the proposed new guidance, and the degree of granularity that maybe required when explaining to the FCA where different types of information is held and how it can be accessed. Some respondents noted that information will not always be held in written or electronic form.

12.12 A small number also provided drafting suggestions so that the proposed new rules and guidance more closely mirrored the wording of the Listing Principles.

12.13 A couple also suggested requiring disclosure of the completed board confirmation form to investors or building it into the prospectus disclosure requirements.

12.14 One respondent suggested that we include specific reference to the establishment of procedures which provide a reasonable basis for the issuer to make proper judgements on an ongoing basis as to the financial position and prospects of the applicant and, where applicable, its group, to align with the sponsor declaration wording.

12.15 One respondent queried the intention of applying the single set of Listing Principles to the transition category, given it is an increase in obligations and does not maintain the status quo for existing standard listed issuers.

Our response:

Having considered the feedback received, we have proceeded to make the rules as consulted on with only minor amendments, as explained further below.

Reflecting current Premium Listing Principles 3 and 4 in the UKLR as rules

We have proceeded as consulted to reflect Premium Listing Principle 3 as a rule for commercial companies in UKLR 5.4 to require that an applicant must have in place a constitution which ensures that all equity shares in a class that has been admitted to the equity shares (commercial companies) category carry an equal number of votes on any shareholder vote. A corresponding continuing obligation can be found in UKLR 6.2.

Similarly, to reflect Premium Listing Principle 4, we have confirmed as a rule in UKLR 5.4 that where the applicant has more than one class of equity shares admitted to the commercial companies category, the aggregate voting rights of the equity shares in each class should be broadly proportionate to the relative interests of those classes in the equity of the listed company. This is accompanied by guidance on factors that the FCA will have regard to in assessing whether the voting rights are proportionate for this purpose. Corresponding continuing obligations are in UKLR 6.2.

We have applied a similar approach for closed-ended investment funds, with UKLR 11 cross-referring to the relevant provisions in UKLR 5.4 and UKLR 6.2.

Listing Principles and guidance

We have proceeded to finalise the UKLR Listing Principles and related guidance as consulted on with some minor changes to improve the consistency of language used. In particular, we have adjusted the guidance supporting Listing Principle 1 regarding the roles of directors to more closely mirror the language of the Listing Principle.

Our response to other points raised

We note the concerns raised about additional focus on directors and the perceived increase in liability that may result, and the concern that we are requiring something different of directors and boards of issuers in terms of their roles and responsibilities. The additional guidance provided in relation to Listing Principle 1 is not intended to alter the roles or responsibilities of directors or boards or to indicate a shift in our supervisory or enforcement approach. The new guidance supporting the Listing Principles is intended to assist listed companies and their boards comply with the Listing Principles.

We acknowledge the requests that have been made in the feedback to CP23/31 for more guidance, particularly of a practical nature. In order not to delay finalising the wider package of reforms, we have not sought to address this at this stage. However, we will consider further, post implementation, whether it may be beneficial to provide additional clarification and if so in what form.

We have noted where respondents have suggested additional content for inclusion on the Listing Principles supporting guidance or additional disclosure requirements relating to the board confirmation form but, again, have not sought to address these at this stage.

We acknowledge that some of these changes impose additional requirements on existing issuers in standard listing. However, Listing Principles 1 and 2 already apply to all listed companies, and feedback has not suggested that the remaining principles would be unduly burdensome on standard listed issuers. Our tailored rules for the transition category do otherwise maintain the status quo for such issuers.

Board confirmation

12.16 In question 39 of CP23/31 we asked:

Question 39: ***Do you agree with our proposed board confirmation that the applicant has appropriate systems and controls in place to ensure it can comply with its ongoing listing obligations and Listing Principles once admitted? If not, please explain what you disagree with and why.***

12.17 Just under half of the 20 respondents to this question and the questions discussed at paragraph 12.7 above, raised concerns about the role of directors in relation to Listing Principles and the proposed board confirmation form. Comments included:

- The declaration should be provided by the applicant rather than the board, given the Listing Principles apply to issuers.
- The declaration would be overly burdensome if it required an issuer to submit it each time it admits securities to the list ie, subsequent to an initial admission to listing.

- The requirement for an applicant to provide confirmation for the board goes beyond what is required in Listing Principle 1, and also beyond the sponsor obligation, as it is not based on taking 'reasonable steps'. Whereas Listing Principle 1 and the sponsor obligation require taking 'reasonable steps' or to come to a 'reasonable opinion' respectively.
- It would require boards that provide strategic leadership and high-level oversight to carry out closer supervisory-type activities, which are typically delegated.
- Directors could be exposed to legal liability, for example, by unintentionally giving an inaccurate declaration. Some viewed that if the board believes that the applicant's procedures, systems and controls are adequate at admission, but in fact they are not, the FCA could potentially bring a civil claim against the directors.
- It is unclear how an applicant is expected to demonstrate its readiness to comply with its obligations, over and above the board confirmation and any sponsor declaration required.
- The board confirmation may put the UK at a disadvantage compared to other jurisdictions.

12.18 Feedback to the draft board confirmation form published in PMB 48 from c.6 respondents repeated some of the above points, but also included the following:

- Queries about the scope of application of the form, for example, to issuers transferring listing category or for different security types such as debt.
- Observations that the form asks for confirmation in relation to the proposed guidance provisions supporting Listing Principles 1 and 2, yet guidance is not binding and need not be followed to achieve compliance.
- That the form is broader than the requirement in UKLR 20.3.1R for an applicant to provide the board confirmation, in that it is not limited to Listing Principle 1, and also covers Listing Principles 2 and 3.
- The FCA should consider if updates to the Decision Procedure and Penalties Manual are required.
- Some drafting suggestions were also put forward.

Our response:

We have proceeded to finalise this requirement and the related form, but with modifications to address some of the feedback received.

We have finalised the requirement for applicants to provide a completed confirmation form from the board, modified to more closely reflect the wording of Listing Principle 1 ie, to confirm that the applicant has taken reasonable steps to establish adequate procedures, systems and controls. While the form is required to be signed by a duly authorised member of the applicant's board, the form has been modified to reflect that the obligations referred to in it are those of the applicant.

We have also adjusted the final wording of the requirement to provide the confirmation to clarify that the completed confirmation needs to be provided by an applicant that is making an application for admission of securities for the first time. It is not required on subsequent applications for admission of securities of the same class as securities already listed

or in the case of a subsequent application for admission of a new class of security. It is intended to be for new issuers only, rather than those with existing listed securities. Therefore, it does not apply to existing issuers, or to issuers that may transfer to a new category.

We have made changes to the form, in response to feedback received, to ensure that the scope and application of the form is clear, to more clearly reflect the confirmation required in UKLR 20.3.1R, and position the wording of the form closer to the text of Listing Principle 1 and related guidance. We have also made consequential changes to reflect the modified text discussed above, as set out in our response box below paragraph 12.15.

While we have retained this as a board (rather than an applicant) confirmation, we consider that the changes we have made, alongside our wider responses in this section, should address most of the concerns expressed in feedback.

Please see Appendix 3 for the final form, which will be available on our website from the in-force date of the new rules, so 29 July 2024.

Contact details for key persons and for service of documents

Our proposals

12.19 In CP23/31 we proposed that all applicants and issuers must notify us of contact details of key senior individuals within the issuer, and to keep that information up to date. The purpose of the proposed requirement was to ensure that we can contact a senior person should we need to do so regarding matters of importance, or where we require an urgent response. Based on feedback to CP23/10, we proposed that applicants and issuers provide us with details of at least 2 executive directors or the equivalent**.**

12.20 We also clarified that the proposed key persons contact details would be required in addition the contact details required for some issuers currently (under LR 9.2.11R and LR 14.3.8R) which we proposed to be carried forward for equity shares categories and the non-equity and non-voting equity shares category. These existing provisions serve a different purpose, as they require contact details of appropriate persons that can act as a first point of contact for the FCA. We proposed a minor change to the rules to ensure these requirements were also applicable to applicants.

12.21 We also proposed a requirement for all applicants and issuers to provide contact details of a nominated person for the purposes of receiving service of relevant documents.

Summary of feedback and our response

12.22 In questions 41 to 42 of CP23/31 we asked:

Question 41: ***Do you agree with our detailed proposals for all applicants and issuers to notify the FCA, and keep up to date, the contact details of 2 executive directors? If not, please explain what you disagree with and why.***

Question 42: ***Do you agree with our detailed proposals for all applicants and issuers to provide the FCA, and to keep up to date, a nominated contact and address for service of relevant documents? If not, please explain what you disagree with and why.***

12.23 Around 15 respondents commented on the key person contact proposals. All broadly agreed with the provisions, but some asked for additional clarification. Some respondents thought that limiting the proposals to 2 executive directors or equivalent would be too restrictive, and more flexibility may be needed. Other comments included requests for clarification regarding the scope and application of the various types of existing and proposed contact detail requirements to different issuer types, what we meant by executive director 'or equivalent', and what should an issuer do if they only have 1 executive director.

12.24 It was also noted in feedback that closed-ended investment funds, and possibly smaller SPACs, may only have non-executive directors, and open-ended investment companies may only have one director which is an authorised corporate director rather than an individual. In particular, it was suggested that the inclusion of the company secretary in the case of investment funds would be helpful.

Our response:

We have proceeded to make final rules in relation to contact details as consulted on, with additional clarification to respond to feedback.

On the subject of key persons contact details, our intention is to have 2 contact details of senior management that would be able to act and assist the FCA in the event we needed to contact the issuer on an urgent matter. We have maintained our position as set out in CP23/31, in response to CP23/10 feedback, and have avoided specifying specific roles for certain issuer types, as we want the decision to sit with each individual issuer. However, we have modified the final rule so that it requires the contact details of at least 2 executive directors or, if an issuer does not have those, at least 2 directors.

The final rule also states that where an issuer only has 1 executive director or has only 1 director, then they need only provide the contact details of that person. We have also clarified that the key persons contacts will be expected to be key persons who are able to assist the FCA regarding matters that require an urgent response.

We would also clarify that we are not seeking to prescribe or infer a specific role or responsibilities on to the individuals nominated as a key person contact.

We will collect 3 types of contact details under the final rules:

- first point of contact details for certain applicants and issuers which we have carried over from the LRs
- key persons contact details, which all applicants and issuers will be required to provide, and
- a nominated person for service of notices (for receiving service of relevant documents), which all applicants and issuers will be required to provide

We have updated UKLR 20 reflect that applications for debt and other securities also need to submit key persons contact details and details of a nominated person for service of notices, as well as applications for equity shares, for completeness.

The updated contact details form is included in Appendix 3, which will be available on our website from 29 July 2024.

Chapter 13

Suspensions, cancellations and transfers

13.1 In this Chapter we describe the feedback we received on our proposed changes to current LR 5, which includes rules and guidance on suspending, cancelling, and restoring listing and transfers, for all securities, presented in Chapter 15 of CP23/31.

13.2 Our final rules are in UKLR 21 in Appendix 1.

Our proposals

13.3 In summary, we proposed to:

- Largely carry over the suspension, cancellation and transfer provisions in the current Listing Rules, with some provisions relocated to the relevant tailored listing category chapters.
- Make changes to language currently in LR 5.6.19G regarding our approach to cancellation of listing, to make it clearer that when an issuer completes a reverse takeover or initial transaction, the FCA will seek to cancel the listing of an issuer's equity shares or certificates representing equity securities, unless the FCA is satisfied that circumstances exist such that cancellation is not required.
- Introduce a new requirement for all issuers to contact the FCA immediately prior to any of its securities having been suspended for more than 6 months to discuss whether a cancellation of listing is appropriate or whether the securities can remain suspended for a further period to be agreed with the FCA.
- Retain the current approach to transfers between listing categories set out in LR 5.4A, except for modified transfers (see Chapter 14). We have also updated the transfer provisions to reflect the proposed new listing categories.

Summary of feedback and our response

13.4 In question 43 of CP23/31 we asked:

Question 43: ***Do you agree with the proposed approach for the permitted transfers between the new UKLR categories? If not, please explain why.***

13.5 We received 10 responses to this question, and there was general support for our proposals.

Our response:

We have proceeded to finalise the approach as proposed in CP23/31 for transfers, cancellations and suspensions, which as noted above can be found in UKLR 21.

Chapter 14

Implementation and transition arrangements

14.1 In this Chapter we describe the feedback we received on our proposals presented in Chapter 16 of CP23/31 on our approach to implementation and transition, and our response. While our proposals for a new transition category also form an important part in our transitional approach, the feedback to those proposals and our final response are covered in Chapter 11 of this Policy Statement.

14.2 Our final transitional provisions are in Appendix 1.

Proposed 2-week implementation period and approach for in-flight listing applications and transfers

14.3 We said our intention was to publish our final rules in summer 2024, with a proposed period of 2 weeks before the rules come into force, to allow premium listed issuers to benefit quickly from the changes the reforms would bring. All new listing submissions for eligibility review received on or after the implementation date would be required to be submitted in accordance with the new UKLR process and requirements.

14.4 We proposed to define an 'in-flight' listing application as a complete submission for an eligibility review received by 4:00pm on the date the Policy Statement is published. In-flight applications would be treated, at the point the UKLR comes into force, as being an application for the corresponding new UKLR listing category as shown in Table 7 of CP23/31. PMB 48 subsequently provided information on the timing and notification to issuers of their expected new listing category.

14.5 We also proposed in-flight applications that correspond to either the transition category, the shell companies category or the secondary listings category have 1 year to complete the admission process from the date of implementation of the UKLR, after which time the application would lapse. We said we intended to treat any in-flight transfers between categories in the same way as in-flight applications.

14.6 All existing issuers and in-flight applicants would have 6 months to prepare and put in place appropriate systems and controls to comply with the proposals impacting all issuers (discussed in Chapter 12).

Summary of feedback and our response

14.7 In questions 44, 46 (see also paragraph 14.21), 47, 49 and 50 of CP23/31 we asked:

Question 44: ***Do you agree with our proposed approach for dealing with in-flight transfers between listing categories at the time the UKLR is implemented? If not, please explain why.***

Question 46: *Do you agree with our proposed transitional arrangements and specific transitional provisions for 'mapped' existing issuers and conversion of 'in-flight' applications at the time the UKLR is implemented? If not, please explain why.*

Question 47: *Do you agree with our proposed transitional provisions to allow existing issuers and 'in-flight' applicants sufficient time to prepare for implementation of the proposed provisions that would impact all issuers?*

Question 49: *Is the proposed period of 2 weeks between publication of the final UKLR instrument and those UKLR coming into force reasonable, assuming we proceed broadly as proposed?*

Question 50: *Are there wider practical issues or impacts for market participants from the proposed implementation timing that we should consider?*

14.8 Approximately 20 respondents provided comments on the transitional provisions, including law firms, trade associations, consultancy firms, exchanges and issuers. Around half of these expressed broad agreement with the proposed transitional arrangements overall. However, there were also concerns expressed in certain areas. There were also strong calls from investor groups and other buyside stakeholders to generally pause our proposals where they strongly objected to them, as discussed earlier in this policy statement.

14.9 Over half were concerned that a 2-week gap between the Policy Statement and the final rules coming into force would not be sufficient time to allow the market to get ready. Advisors on our listing requirements were particularly concerned about having sufficient time to adapt and advise their clients, especially those clients who were in the middle of a transaction such as a significant transaction. Alternative time periods suggested were between 4 to 8 weeks, with one suggesting 3 months.

14.10 A small number also queried how a 2-week implementation gap would work in practice if the rules as consulted on changed.

14.11 In relation to in-flight applicants, around half a dozen were concerned about the proposal to have a 4pm cut off on the day of the Policy Statement and argued for more notice to help applicants make plans. Given the date of publication of the Policy Statement would not be known in advance, there was concern that about the uncertainty this could cause for some prospective issuers.

14.12 Alternative approaches suggested included pushing back the cut off period by a short period (eg, 48 hours after publication of the Policy Statement), making the publication date of the Policy Statement known in advance, or having a longer gap between publication and implementation of the final rules.

14.13 A couple of respondents raised points about the 6-month transitional period to adjust to the proposed new rules that would apply to all issuers, asking if there would be scope for some flexibility if an issuer was working toward compliance. Another felt smaller issuers would need 3 years.

14.14 We received a small number of responses to question 50, most of which re-iterated concerns about the 2-week period ahead of implementation being insufficient time to allow market participants to prepare. Some also queried the impact on index providers.

Our response:

We have considered the feedback received and have proceeded to finalise the implementation arrangements in line with the timeframes and approach consulted on in CP23/31.

We understand the concerns raised. However, given the final rules largely reflect the proposals as consulted on and the transitional provisions are in place, which allow time for issuers to adjust their systems and controls as needed where new requirements are being imposed, on balance we consider it appropriate to proceed as planned. This will enable the benefits of the reforms to be realised as soon as possible.

In summary:

- Our final rules come into to force on 29 July 2024.
- In-flight applications are completed submissions to the FCA for an eligibility review by an applicant for admission of securities received by 4:00 pm on the date on which the UK Listing Rules Instrument is published (ie as part of this Policy Statement in Appendix 1), where the securities have not been admitted to listing prior to 29 July 2024.
- Incomplete submissions by 4:00 pm on the date on which the UK Listing Rules Instrument is published will not be treated as in-flight applications and will either be considered under eligibility requirements for a new UKLR category (excluding the transition category) or lapse.
- Any new submissions after 4:00 pm on the date on which the UK Listing Rules Instrument is published will need to be submitted according to the proposed new UKLR requirements.
- In-flight applications to standard listing that correspond to either the transition category, the shell companies category or the secondary listings category will have a period of 1 year from 29 July 2024 to complete the admission process, after which time the application would lapse. The application would also lapse if there were a material change to the applicant's overall business proposition during the transitional period.
- All existing issuers and in-flight applicants will have 6 months to put in place appropriate systems and controls to comply with the changes confirmed in Chapter 12 that impact all issuers.

As explained in Chapter 1, the new and amended forms, checklists, and sponsor declarations will be available on our website from 29 July to align with the new UKLRs. However, during the 2-week period between

publication of this Policy Statement and the UKLRs coming into force, submissions will still be permitted.

To support issuers and the advisory community, we will seek to engage with key advisors (particularly law firms and sponsors) on our listing requirements to explain our new rules. This is intended to help them get up to speed quickly and advise their clients.

Please see our separate response below paragraph 14.27 for our response in relation to mid-flight transactions.

Post implementation transfer of issuers from the transition or secondary listing categories

14.15 We proposed that post implementation, certain existing issuers and in-flight applicants that later transfer to the commercial companies category would be able to do so using a modified transfer process. The modified process would include an eligibility assessment focused on additional requirements only ie, they would not be reassessed against any eligibility criteria that may apply that they had previously demonstrated that they had met at the original point of admission to listing. The modified process would require the appointment of a sponsor to undertake a targeted sponsor service, given the focus on additional obligations only. However, a sponsor would have an obligation to confirm that it has not identified any adverse information that would lead it to conclude the issuer would not be able comply with the commercial companies category listing requirements.

14.16 If an issuer mapped to the transition category becomes eligible to transfer to either the shell company category or the secondary listing category that issuer could, if it wished, apply to transfer to either of those categories and the modified transfer process would also be applied if the issuer meets the criteria.

Summary of feedback and our response

14.17 In question 45 of CP23/31 we asked:

Question 45: ***Do you agreed with our proposed modified transfer process for standard listed issuers automatically transferred into the transition category or secondary listing category that may wish to transfer to the commercial companies category (or the shell companies category or the secondary listing category) post implementation?***

14.18 There was broad support among respondents for this approach, but a couple did raise queries. One respondent asked for clarity regarding the treatment of the minimum market capitalisation eligibility criterion. Another said more guidance was needed regarding the obligation on sponsors to confirm if they had identified adverse information as part of the modified transfer process.

Our response:

Given the broad support for our proposed modified transfer process we have proceeded to finalise the approach as consulted on in Chapter 16 of CP23/31.

Since the minimum market capitalisation requirement is an existing eligibility criterion applicable to all issuers, it would not be re-assessed as part of the modified transfer process. This applies even if an issuer had securities admitted to listing before the increase in the minimum market capitalisation requirement in December 2021.

We also consulted on a Technical Note: Sponsor's confirmation in relation to modified transfer of listing category, in PMB 48. This included an explanation of our expectations of sponsors in relation to the obligation to provide the confirmation that no adverse information has been identified. Importantly, we said that we expect the sponsor to consider its obligation within the context of the targeted work undertaken as part of the modified transfer process and that we would not expect a sponsor to undertake a broader assessment of the issuer's procedures, systems or controls. Instead, the sponsor may make a rebuttable presumption that an issuer that has already been subject to and complying with relevant UKLR (and previously LR), DTR and MAR obligations by virtue of its existing listing, and has appropriate systems and controls in place, unless information arises during the course of its work to indicate otherwise. The basis of the confirmation is therefore that no evidence to the contrary has been identified in the course of the sponsor's work. The Technical Note will be finalised in due course.

Transitional provisions for specific listing categories

14.19 We proposed that existing issuers and in-flight applications mapped to the shell companies category would have a transitional period of 3 years to allow time for them to either complete their operations or make the necessary changes to comply with the proposed additional requirements.

14.20 In addition, in the second tranche of our draft rules published in March, we proposed 2 further category specific transitional provisions, designed to maintain the status quo and disapply certain new criteria for existing issuers and in-flight applications mapped to the relevant category below that could not be addressed retrospectively:

- Secondary listing category: we proposed to disapply the requirement regarding the location of central management and control and sub-paragraphs (1) and (2) of the definition of a qualifying home listing for existing issuers and in-flight applicants.
- Certificates representing certain securities (depositary receipts): for existing issuers, we proposed to disapply the requirement for the underlying shares that the certificates represent to be listed on an overseas regulated, regularly operating, recognised open market.

Summary of feedback and our response

14.21 In question 46 of CP23/31 we asked:

Question 46: ***Do you agree with our proposed transitional arrangements and specific transitional provisions for 'mapped' existing issuers and conversion of 'in-flight' applications at the time the UKLR is implemented? If not, please explain why.***

14.22 Aside from feedback already summarised above (from paragraph 14.7), a few respondents suggested a longer transition period, such as 5 years, would be needed to allow shells to adjust to the new requirement.

Our response:

We have proceeded to make the category-specific transitional provisions as consulted on, with the exception of those relating to the shell companies category, where we have made changes to reflect the changes in the final policy position of that category. The final rules for the shell companies category mean that there is less need for detailed transitional provisions, as more of the status quo is being maintained.

Where a transitional period is needed, the intention is to provide existing issuers and in-flight applicants with sufficient time to adjust. Therefore, we have updated the transitional provisions relating to existing issuers and in-flight applicants for listing in the shell companies category to allow an overall period of 6.5 years from the date of implementation of the final rules during which they must complete an initial transaction.

This consists of a change to the proposed 3-year transition period for the shell companies category to a 1-year period, to enable existing issuers and in-flight applicant 1-year to complete their operations from the date of implementation, 29 July 2024. If by the end of that period (ie, 29 July 2025) they have not completed an initial transaction, the UKLR 13 rules will apply, which require completion of operations within 24 months, extendable with shareholder permission for a further 3 years (consisting of 3 x 12-month periods, with shareholder approval to extend for each 12-month period). A 6-month extension is also permitted in certain limited circumstances without the need for a shareholder vote, to allow for a transaction to be completed. We consider this should provide sufficient time and in practice provides an additional year as compared to our proposals in CP23/31.

During the 1-year transitional period discussed above, existing issuers or in-flight applicants that meet the current LR 5.6.18AG conditions under the LR sourcebook (in order to avoid the presumption of suspension) and satisfy the existing LR 5.6.18CR, LR 5.6.18DR, LR 5.6.18ER and LR 5.6.18FR during the time required under the LR sourcebook, the FCA will generally be satisfied that the shell company has sufficient measures in place to protect investors and so that the smooth operation of the market is not temporarily jeopardised such that a suspension is not

required under UKLR 13.4 and the relevant confirmation under UKLR 13.4 will not be required. The policy intent is that those issuers or in-flight applicants that have already made arrangements to comply with the transaction time periods under the current LR 5.6.18AG and have agreed specific transaction time periods with their investors, cannot use the transitional provision to extend what they have agreed with investors under the current rules and guidance.

The 1-year transition period means that existing issuers and in-flight applicants will become subject to the sponsor regime after 1 year, and not 3 years as consulted on. However, the circumstances when a sponsor will need to be appointed are less than originally proposed, given the final tailored rules for this category largely maintain the status quo for shell companies, as explained in Chapter 11.

Issuers in the shell companies category relying on the transitional period would be identifiable by a list on the FCA website.

Impacts on 'mid-flight' transactions undertaken by existing premium listed issuers and related sponsor role, and approach to transitional provisions

14.23 We proposed to apply the new UKLR transaction requirements (replacing premium listing requirements) and rules for related sponsor services with immediate effect on the implementation day when the new UKLR come into force.

14.24 We explained how this would impact a transaction that was already underway (having been commenced while the issuer was premium listed) and the related sponsor service (where the sponsor had been appointed under premium listing requirements). Essentially that we would not continue to apply premium listing requirements to the transaction, including in relation to the sponsor service, where they had not been carried forward into UKLR.

14.25 We also published our transitional provisions for mid-flight transactions in TP 6 set out in our tranche 2 instrument. These were intended to assist issuers by clarifying how to apply the new rules to transactions commenced when the issuer was subject to the premium listing rules, explain how to approach the aggregation requirements in relation to earlier transactions, bridge possible information gaps, remove unintended consequences, and be proportionate.

Summary of responses and our feedback

14.26 In Q48, CP23/31 we asked:

Question 48: ***Do you agree with these impacts at implementation day and our approach to transitional arrangements for post IPO mid-flight transactions (when commenced I premium listing) and related sponsor services?***

14.27 Given the technical nature of this area, the responses came as expected from the advisory community. They were supportive. However, as noted above, there were concerns about the proposed 2-week implementation period in this context and we plan to engage with them to support their understanding of the changes.

Our response:

We have finalised TP 6 broadly as consulted. We have made some consequential changes to the notification requirements for a significant transaction.

Firstly, we have amended to reflect the broader changes to the enhanced disclosures requirements in UKLR 7. Secondly, we permit an issuer to make a 'top up' notification in circumstances where it has previously notified a class 1 transaction under premium listing requirements but not sent an FCA-approved class 1 circular before implementation date.

Chapter 15

Role of sponsors in the new UK Listing regime

15.1 In this Chapter we describe the feedback we received on our proposals on the role of sponsors in the UK Listing regime as presented in Chapter 17 of CP23/31 and our response. Our final rules are in UKLR 24 in Appendix 1.

Proposed sponsor role under the proposed reforms

15.2 We explained in CP23/31 that within the context of the wider proposals the role of the sponsor at the listing gateway would remain largely unchanged. Where existing eligibility criteria under the premium listing segment would no longer apply, we explained that a sponsor's due diligence would not be required to continue to assess against the removed criteria. However, sponsors would need to consider as part of their due diligence the new requirements and systems and controls that issuers would need to have in place to be able to comply with the new proposed obligations that would apply.

15.3 We proposed minor clarifications to the principles for sponsors. This included clarifying that a sponsor must, in relation to a sponsor service, act with honesty and integrity in their relations with the FCA and more broadly in relation to the undertaking of a sponsor service.

15.4 We explained that we would consult on detailed guidance to clarify our supervisory approach and expectations of sponsors through revisions to the Technical Notes, and to continue our engagement with sponsor firms. In this regard, CP23/31 discussed the sponsor declaration, use of third party experts and record keeping specifically. Further to this, we published PMB 48 in April 2024, in which we explained we were considering the feedback we had received more broadly on the sponsor regime, in our consultations and ongoing engagement, and consulted on changes to proposed guidance in our Knowledge Base in relation to the listing regime, including in relation to sponsors.

Summary of feedback and our response

15.5 In questions 51, 53, and 54 of CP23/31, we asked:

Question 51: ***Do you agree with our proposed approach and clarification around sponsors' role at the listings gateway for the relevant categories?***

Question 53: ***Do you agree with our proposals to clarify the role of sponsors under the UKLR?***

Question 54: ***Do you agree with our proposed modifications to the principles for sponsors? If not, please explain why.***

15.6 In general, we received c.20 responses to our questions on the role of sponsors in the proposed reforms, from a range of trade associations, law firms, consultancy firms, sponsors and exchanges. Most were in broad agreement with our proposals, but around half raised specific comments or concerns.

15.7 A small number felt the sponsor regime could impact the competitiveness of the UK compared to other jurisdictions which do not have a sponsor regime or equivalent. As noted in Chapter 13, there was also a small number that objected to the application of the sponsor regime to the shell companies category on proportionality grounds.

15.8 Some made comments that mirrored previous feedback to CP23/10, noting that there is a degree of overlap between the work required to fulfil a sponsor service and investment banking services more generally. This caused them to question the benefits of the sponsor regime.

15.9 Around 6 specifically welcomed the intention to provide more guidance for sponsors. This included in relation to record keeping and the FCA's expectations of sponsor due diligence of an applicant's systems and controls which was seen by a couple of respondents as an extension to a sponsor's current role.

15.10 There was interest to see the updated sponsor declarations in advance of implementation of the proposed reforms.

15.11 With regard to the proposed modifications to the principles for sponsors, while there was broad support for a standalone principle to act with honesty and integrity, one respondent said that some of its members thought this approach might risk creating additional complexity given the overriding duty owed by a sponsor to the FCA.

15.12 We have also received feedback to the sponsor related Technical Notes that were consulted on as part of PMB 48.

Our response:

We continue to value the important role of sponsors, as previously set out in CP23/31, CP23/10 and, before that, DP22/2. Therefore, we have proceeded to finalise the rules as consulted on in relation to the application of the sponsor regime to the following categories:

- Commercial companies category
- Closed-ended investment funds category
- Shell companies category

Some changes have been made to the proposed rules regarding the circumstances that would require a sponsor to be appointed once admitted to listing. These are consequential in nature and reflect the final rules for each of the above listing categories. These details are discussed

in the chapters dealing with these categories. We have also made minor changes to the draft rules, to simplify drafting in places.

We have also made a change to the existing guidance in relation to record keeping to seek to ensure a proportionate approach is taken. We have acknowledged in the guidance that records should be sufficient to enable a person with general knowledge of the sponsor regime and basic understanding of a transactions to which a sponsor service relates to understand and verify the basis on which material judgements have been made. This reflects feedback received to our consultations, including to PMB 48, and from our wider engagement with sponsors. The related Technical Note on sponsor record keeping, which includes a practical Q&A section, is being consulted on in PMB 50.

In addition, PMB 50 also consults on updated Technical Notes in relation to supervisory reviews of sponsor firms and the FCA's expectations of a sponsor in relation to specialist due diligence.

We have published draft sponsor declaration forms in Appendix 3 of this Policy Statement. The main changes are to address the changes made to the related UKLR provisions. We have also addressed feedback received during our engagement with sponsors, that some sponsor employees feel uncomfortable signing declarations on behalf of the sponsor. We have addressed this by amending the declarations so that they are signed by the sponsor firm. These forms will be available on our website from 29 July 2024, when the final rules come into force.

We have also made consequential changes to the final UKLR Chapter 24, to reflect the final changes made to LR 8 regarding sponsor competence requirements, which came into effect from 26 April 2024 via Handbook Notice 118. At the same time, we confirmed the final technical note changes in relation to sponsor competence rules in LR8 via Primary Market Bulletin 48.

Sponsor role post IPO – commercial companies category

15.13 As discussed in CP23/31 (and elsewhere in this policy statement) we proposed a narrower set of circumstances, compared with premium listing, where it would be mandatory for an issuer to appoint a sponsor. We explained however that we saw sponsors continuing to play an important role.

15.14 We noted that where the FCA is required to grant a listing application for a further issue of shares in the commercial companies category, or approve a circular or prospectus, we intended to continue to seek the range of sponsor confirmations that we currently require in premium listing, and for certain other matters connected with a reverse takeover. In the existing LRs, the sponsor declarations reflect matters set out in LR 8.4. The corresponding provisions (to the extent we proposed to carry them over into UKLR)

were set out in draft UKLR 24.3 (Role of a sponsor: transactions) included in Appendix 2 of CP23/31 and the full draft rules subsequently published in March 2024.

15.15 For this purpose, we would amend our existing 'sponsor declarations' and other forms (available on our website) to remain aligned with the final requirements of the UKLR.

15.16 We also noted that we would be interested in any further views from stakeholders and whether and how our approach to sponsors could be more proportionate in the commercial companies category.

Summary of feedback and our response

15.17 In question 52 of CP23/31, we asked:

Question 52: ***Do you agree with our approach to the retained sponsor confirmations to the FCA on post-IPO transactions? If not, please explain your preferred alternative approach and the reasons for it.***

15.18 We received 10 responses from a range of advisors to listed companies and their trade bodies, panels advising the FCA, two trade bodies advising investors and an exchange. Eight of the respondents agreed (although 4 from the advisory community caveated their responses pending sight and review of the form of the confirmations).

15.19 A trade body representing investors disagreed because it did not support our approach to the sponsor role more broadly on significant transactions and related party transactions (which we discuss in Chapters 5 and 7 above). A reporting accountant also supported the retention of the sponsor role but not the requirements to provide the confirmations.

Our response:

We have finalised the range of sponsor confirmations in line with the approach we consulted on. That is the same as premium listing in so far as the range of matters on which we seek sponsor confirmations (set out in the sponsor declarations) correspond with the obligations on sponsors set out in our rules. These are set out in UKLR 24.3.

The corresponding declarations will be available on our website for use from implementation day and for reference we have included them in Appendix 3 of this policy statement.

Chapter 16

Consequential Handbook changes

16.1 In this Chapter we provide an update on our proposals presented in Chapter 19 of CP23/31 on the consequential Handbook changes needed as a result of our proposed reforms.

Consequential changes to other sourcebooks

Our proposals

16.2 In summary, we proposed changes to the following modules of the Handbook where certain references or phrases relating to the listing rules would change if our proposals were implemented:

- Fees Manual
- Decision Procedure and Penalties Manual
- Disclosure Guidance and Transparency Rules
- Code of Conduct
- Statements of Principle and Code of Practice for Approved Persons
- Conduct of Business
- Environmental, Social and Governance
- The Enforcement Guide
- Glossary of definitions

Summary of feedback and our response

16.3 We did not receive any comments in relation to these proposals.

Our response:

We have proceeded to make the changes broadly as consulted on, subject to some minor clarifications and adjustments which reflect substantive changes to the final UK Listing Rules.

Chapter 17

Cost benefit analysis

17.1 In CP 23/31, we set out our cost benefit analysis (CBA) of our consultation proposals. This Chapter summarises the CBA in Annex 2 of CP 23/31, the feedback we received on this CBA and how we have considered it in our CBA.

Summary of the CBA

17.2 In our CBA, we identified regulatory failures were creating harm issuers and investors in companies through unnecessary costs for issuers and barriers to listing and capital raising. This is in the context of evidence of a continued decline in UK listings, as described on pages 147 to 150 of the CBA. We consider that these excess costs and other burdens imposed by our regulation are acting against companies listing (or remaining listed). For example, additional costs for issuers to raise capital, higher regulatory costs for issuers than our proposed regulation, or a reduced number of issuers for investors to invest in if the existing regulation contributes to a continuing decline in the numbers of IPOs and of companies listed in the UK.

17.3 As described in the causal chains on pages 157 to 159 of our CBA, we expect our proposed reforms to our listing rules would reduce actual or perceived regulatory barriers or costs to companies, while continuing to give investors the information they need to make informed decisions.

17.4 We estimated that the illustrative costs and benefits of our proposals for year 1 could be summarised as in Table 1, based on the average number of firms that would have been affected by each proposal in recent years. Since the number of future transactions in each category is uncertain, these illustrative totals should not be used to extrapolate the quantifiable costs and benefits for future years.

Table 5: Illustrative costs and benefits of our proposals in CP 23/31 (£m)

Cost/benefit	Eligibility	Significant transaction	Related party transaction	Sponsor changes	Other CP content	Total
One off familiarisation and legal costs (for all firms)	(1.1)	(2.0)	(1.9)	(1.4)	(17.9)	(24.3)
Total costs	**(1.1)**	**(2.0)**	**(1.9)**	**(1.4)**	**(17.9)**	**(24.2)**
Saved accounting costs on eligibility	2.9	n/a	n/a	n/a	n/a	2.9

Cost/benefit	Eligibility	Significant transaction	Related party transaction	Sponsor changes	Other CP content	Total
Saved accounting costs on significant transactions	n/a	15 – 30	n/a	n/a	n/a	15 – 30
Saved costs on related party transactions	n/a	n/a	2 – 4	n/a	n/a	2 – 4
Assumed 'premium' for UK listed issuers engaged in mergers (required for breakeven analysis)	n/a	4.39	n/a	n/a	n/a	n/a
Total benefits	**2.9**	**19.4. – 34.4.**	**2.0 – 4.0**	**n/a**	**n/a**	**24.3 – 41.3**
Total net benefits year 1	**1.8**	**17.4-32.4**	**0.1-2.1**	**(1.4)**	**(17.9)**	**0.0-17.0**

17.5 Aside from these quantifiable costs and benefits, we also recognised there are additional non-quantifiable costs and benefits. A more detailed description of which is given in the summary of costs and benefits section on pages 165 to 168 of the CBA.

17.6 We used a breakeven analysis to assess whether our proposals are likely to be net beneficial. Based on the illustrative estimates for costs and benefits in table 1 above, our proposal implies one-off costs of £24.3m and benefits net of the merger premium of £19.9m (lower bound). Given this, a saved merger premium of only £4.39m would imply that the proposals break even. This figure of £4.39m is significantly lower than the estimated average merger premium of up to £24.1m per transaction. This difference is even more pronounced given that UK-listed firms were involved in c.50 M&A transactions per year between 2018 and H1 2023.

17.7 Our CBA concluded that based on the available information, the quantifiable benefits from our proposals, in particular the advantages in mergers and acquisitions, are likely to outweigh the quantifiable costs in the first year of our proposals. This is because the actual avoided merger premium is much larger than the breakeven figure of £4.39m used above. Further, the familiarisation costs are one-off costs, but the benefits, such as the saved merger premium, will continue to accumulate beyond year 1. Given these ongoing benefits, we consider that the proposals are likely to be net beneficial even when the unquantifiable impacts are taken into account.

Developments in the UK listed market since the CBA

17.8 Following publication of CP23/31, the UK listed market has continued to face challenges, with the number of UK-listed issuers declining from around 1,124 in March 2023 to around 1,059 by March 2024 based on data from the official list.[1]

17.9 We have continued to see a relatively subdued UK IPO market with 3 IPOs on the London Stock Exchange raising £283.8m.[2]

Feedback to CP 23/31

17.10 We asked the following questions in relation to the CBA in CP 23/31.

Question 56: ***Do you agree with our assumptions and findings as set out in this CBA on the relative costs and benefits of the proposals contained in this consultation paper? Please give your reasons.***

Question 57: ***Do you hold any information or data that would allow assessing the costs and benefits considered (or those not considered) here? If so, please provide them to us.***

Question 58: ***Do you agree with our conclusion that the proposals don't significantly reduce the investment in UK listed companies compared to current levels, but might increase investment if a larger number of companies list in the UK? We welcome comment, in particular, if supported with evidence on the likely impact on investment levels.***

17.11 We had 8 responses in relation to the CBA of which we summarise the key points from below. Of these, 6 responses from investors challenged the CBA analysis and findings, 1 response from the Investment Association was mixed in its views and 1 response from the Shareholders Society supported the CBA. We summarise the feedback by its theme below and respond to each theme in "Our response" further down.

Engagement costs to investors

17.12 Some institutional investors provided estimates of the additional engagement costs which leading investors may bear due to our proposals in relation to shareholder voting (on significant and related party transactions) and dual class share structured companies. They estimated additional due diligence costs for investors of £10k per significant transaction, between £10-24k per related party transaction, and £9k per year in relation to dual class share companies.

1 https://marketsecurities.fca.org.uk/officiallist
2 ttps://www.ey.com/en_uk/news/2024/04/listing-activity-on-london-stock-market-improved-in-q1-20

Impact on attractiveness of the UK listing market

17.13 Some institutional investors challenged us on whether the proposals would increase attractiveness of the UK as a listing market, which is the key desired outcome of our reforms.

17.14 Firstly, the high value they place on UK companies is due, in part, because of the high standards of corporate governance in the UK set by regulatory requirements including through listings rules. Actions to dilute these requirements (eg by removing requirements for a shareholder vote on significant and related party transactions) may drive these investors to rebalance their portfolios and reduce the value of their UK investments.

17.15 Secondly, it was argued this could lead to an increased risk in investing in UK companies. Examples in international jurisdictions were cited, including where there had been serious corporate fraud in jurisdictions where companies did not hold a shareholder vote on related party transactions and where investors disinvested from companies in overseas jurisdictions due to corporate governance concerns.

Additional evidence on impacts

17.16 Some institutional investors also shared studies considering the effects of dual class share structure companies, and the removal of shareholder votes for related party transactions and significant transactions.

Dual class share structures

17.17 We have been pointed to studies on the costs and benefits of dual class share structures on, for example, value premiums fade over time and may turn negative. These studies include the following:

- A study by Bebchuk and Kastiel[3] that found the benefits of multi-class structures can be expected to decline, and the costs to rise over time. They argue that "controllers have perverse incentives to retain dual class structures even when those structures become inefficient over time".
- A study from the European Corporate Governance Institute[4] provides evidence that even at innovative companies where multi-class structures correlate to a value premium at the time of the IPO, that premium dissipates within 6 to 9 years before turning negative.
- A study by Baran et al[5] that critically assesses how multi class structures correlate with innovation and value creation and finds that there are significant benefits to patent output, quality, creativity, research and development efficiency, and chief executive officer innovative risk taking. However, these benefits dissipate within 10 years after an IPO and at that point the costs of unequal voting structures come to outweigh the benefits.

3 Bebchuk, L.A. and Kastiel, K., 2017. The untenable case for perpetual dual-class stock. Va. L. Rev., 103, p.585.

4 Cremers, M., Lauterbach, B. and Pajuste, A., 2024. The life cycle of dual-class firm valuation. The Review of Corporate Finance Studies, 13(2), pp.459-493.

5 Baran, L., Forst, A. and Tony Via, M., 2023. Dual-class share structure and innovation. Journal of Financial Research, 46(1), pp.169-202.

- A study supporting a testimony from Robert Jackson Jr[6]., former commissioner at the U.S. Securities and Exchange Commission, calling for minimum listing standards for multi class companies. The study finds that after the first 2 years of their life cycle, dual class stock tends to underperform those firms that contain a sunset provision.
- A study from the European Corporate Governance Institute and the Swiss Finance Institute[7] on dual class voting that finds that young dual-class companies trade at a premium and operate at least as efficiently as young single-class companies. However, as they mature this premium dissipates and dual class companies become less efficient in their margins, innovation, and labour productivity.

17.18 One respondent also pointed us to an Investor Coalition for Equal Votes report containing case studies of major dual class share companies including Alphabet (Google), Meta (Facebook), Peloton, Snap, and WWE.[8] The report argues in favour of shareholder voting rights and describes the benefits of these votes in shaping company decisions and improving company outcomes. DCSSs undermine the ability for shareholders to influence company governance.

The value of shareholder votes

17.19 We have also been pointed to further studies on the value in holding shareholder votes, for example, they can improve disclosures, lead to less expropriation, and reduce shareholder losses from acquisitions. These studies include:

- A study by Becht et al[9] that compares US and UK company acquisitions and argues that if US companies held shareholder votes they would have made smaller losses on such acquisitions.
- A study by Do et al[10] that finds voting requirements in M&A transactions lead to more and timelier disclosures by companies.

17.20 We have also been pointed to a study by Nan Li[11] that presents evidence from Related Party Transactions in India and finds that mandatory shareholder voting mechanisms are effective in reducing expropriation of minority shareholders through related party transactions.

17.21 In relation to reduced investor protections from removing the shareholder vote for related party transactions, institutional investors also shared with us several international case studies.[12] In these, related party transactions were used to defraud investors, for example, by not disclosing/ hiding that a transaction was to benefit a related party or hiding bad debts from investors through undisclosed related party transactions.

6 https://www.sec.gov/files/case-against-corporate-royalty-data-appendix.pdf
7 Kim, H. and Michaely, R., 2019. Sticking around too long? Dynamics of the benefits of dual-class voting. Dynamics of the Benefits of Dual-Class Voting (January 2, 2019). European Corporate Governance Institute (ECGI)-Finance Working Paper, (590), pp.19-09.
8 https://cdn-suk-railpencom-live-001.azureedge.net/media/media/55reei4u/icev-report-2023-undermining-the-shareholder-voice.pdf
9 Becht, M., Polo, A. and Rossi, S., 2021. Should shareholders have a say on acquisitions?. Journal of Applied Corporate Finance, 33(1), pp.48-57.
10 o, T., Garcia Osma, B., Toldrà-Simats, A. and Zhu, F., 2023. Shareholder voting and disclosure in M&As. European Corporate Governance Institute–Finance Working Paper, (879).
11 Li, N., 2021. Do majority-of-minority shareholder voting rights reduce expropriation? Evidence from related party transactions. Journal of Accounting Research, 59(4), pp.1385-1423.
12 On Enron Corp. (US), Adelpgia Communications Corp. (US), Refco Inc. (US), Hollinger Inc. and Hollinger International (Canada), and Rite Aid Corp. (US).

Our response to feedback

17.22 We are grateful for the additional evidence and data provided by investors in relation to our CBA. We consider that this provides useful contextual information in relation to our analysis but that it does not require us to fundamentally change our findings related to the quantifications set out in CP 23/31 and the analysis of impacts on investors set out in paragraphs 101 to 108 of the CBA in CP23/31.

17.23 Below, we set out our responses to specific points raised, followed by our overall conclusions on why we consider the findings in the CBA do not change as a result of this feedback and the final instruments.

Engagement costs to investors

17.24 In paragraphs 101 to 108 of the CBA in CP 23/31, we note the potential for additional engagement costs for investors due to removal of a shareholder vote for significant transactions and related party transactions. We are grateful to one investor for providing estimates of these costs and have considered the impact of these costs on our CBA.

17.25 The scale of these additional costs is much lower than the potential benefits for the proposals as assessed in our CBA, which act to lower overall costs of transactions and improve the commercial opportunities of the issuers that these investors are invested in and are part-owners of. Considering the difference in magnitude between the £10k - £24k additional costs of scrutiny per institutional investor and the benefit per M&A transaction of up to £24.1m, the estimated 'merger premium' that could be avoided, would mean that the policy remains net beneficial even with dozens of institutional investors involved in each M&A transaction. Similarly, even if dual class share structures become significantly more common in the future, the estimated additional £9k in annual due diligence cost would not outweigh the benefits estimated in our CBA.

17.26 Additionally, while we will no longer require (under premium listing rules) companies to hold a shareholder vote on significant and related party transactions, issuers can choose to do so if this is the most efficient option for them.

17.27 In relation to related party transactions, we note on page 165 of CP23/31 that there are only on average 2 related party transactions a year where a prospectus is not required. Given that the prospectus would include a working capital statement and other relevant information on the issuers, we consider that this would provide appropriate disclosure to investors.

Impact on attractiveness of the UK listing market

17.28 We also note the comments made by investors about the potential effects that our proposals may have on the value they place on UK-listed companies and more broadly on the attractiveness of UK listed markets.

17.29 As set out in the CBA, we believe that our proposed reforms will enable UK listed companies to compete more effectively in the global M&A market. Moreover, when participating in an M&A transaction, UK-listed companies will be able to extract higher

value from the transaction as under our proposed reforms the costs will be significantly lower than under the existing regulation. We have also heard from issuers and their advisors that making the proposed reforms in CP 23/31 will improve their ability to raise capital in the market.

17.30 We recognised in our CBA that there may be costs associated with a perception of reduced standards in the UK impacting negatively on the attractiveness of a listing and that we consider it not reasonably practical to measure these potential costs. As discussed in the CBA, we consider it likely that the large savings for issuers will outweigh the potential higher due diligence costs and possibly lower attractiveness of UK stocks for investors. Our proposed reforms are designed to balance attractiveness of the UK for listed and newly listing companies due to proportionate (relatively low-cost) listing rules and the continued attractiveness of UK-listed companies to investors due to the high standards of these listing rules and range of listed firms they can invest in.

17.31 As set out above, there were several unquantifiable benefits and costs of our proposals. However, our breakeven analysis suggests that, on aggregate, even if we could measure these effects, we believe our proposals to be a net beneficial change to the regime. We hold that our proposed reforms should make the UK a more attractive place to list and, if the benefits of the proposals to listed companies are priced into their valuation, may also make UK-listed companies more attractive to invest in.

Additional evidence on impacts

17.32 We have considered the findings in the studies which respondents have pointed us to and describe how we consider they impact the CBA below.

Dual class share structures

17.33 The studies relating to DCSS provide useful information for potential investors to consider in the pricing of DCSS securities. Our CBA considered the effects of our proposals and did not seek to assess the performance of DCSS companies over time in our CBA. However, we set out our assessment of the evidence base relating to DCSS below.

17.34 We understand that there may be valuation effects related to initial optimism about newer DCSS companies and that there is evidence to suggest that this valuation effect dissipates over time. However, we consider that investors can price in these risks, and that such broader investment appraisal is out of the scope of our CBA.

17.35 We also note that there is some evidence in the studies cited to support our inclusion of a sunset clause for DCSS given the pattern of initial valuation benefits of DCSS that declines over time unless there is a sunset clause provision.

17.36 We note that the results for overseas exchanges might not necessarily apply for UK listed companies which may be active in different sectors and need to comply with different regulation.

17.37 DCSS is an established business structure in the US with longstanding companies such as Ford having this structure. There is a large body of research on DCSS, including

commonly cited research that finds significant innovation benefits of DCSS. For example, a study by Cao et al[13] finds dual-class shares have significant innovation effect in high-tech sectors, hard-to-innovate industries, firms with higher external takeover threat and firms heavily dependent on external equity financing. Similarly, DeAngelo and DeAngelo[14] provide evidence of beneficial effects on innovation of dual class share structures, as they support an 'innovation view' which emphasises that dual class structures allow companies to focus on long-term strategy, to reduce managerial myopia, and to better resist short-term expectations that often come with being publicly traded. A 2017 NASDAQ report[15] also finds that dual class structures allow investors to benefit in the successes of highly innovative firms. The study by Baran et al included above also argues that DCSS companies have significant short-term benefits related to innovation.

17.38 Given this large body of research on the potential benefits of DCSS, we do not consider that these additional studies provide information that leads us to reconsider our conclusions in relation to DCSS. As set out above, we did not seek to assess the performance of DCSS companies over time in our CBA, which considered the effects of our proposals only.

The value of shareholder votes

17.39 The study by Becht et al supported provides a transatlantic comparison of returns on acquisitions. The study argues that acquisitions by US listed companies between 1992 and 2010 without shareholder votes had on average lower returns for investors than those acquisitions by UK-listed companies where a shareholder vote was mandated over the same timeframe.

17.40 When estimating the benefits of our proposed change in regulation, we estimated the additional costs for UK-listed companies to participate in M&As under our existing regulation. This study does not address or challenge the assumptions in the CBA on these additional costs and the 'premium' for UK-listed companies to participate in M&As or that UK-listed firms potentially lose out on competitive acquisitions due to the premium associated with mandated shareholder votes.

17.41 The study does suggest that there may be benefits to the profitability of a listed company and its share value to holding votes when making an acquisition. Specifically, it suggests that there often is a significant negative cumulative aggregate return to an acquisition announcement in the 3 days following the announcement and that holding shareholder votes reduces this effect. While these findings may follow from the analysis of the study, it is not clear that the results would apply to potential new acquisitions made by UK listed companies under our proposed reforms, specifically for transactions with a relative size of >35% of market capitalisation. Moreover, evidence on the short-term and long-term benefits of acquisitions is mixed.

13 Cao, X., Leng, T., Goh, J. and Malatesta, P., 2020. The innovation effect of dual-class shares: New evidence from US firms. Economic Modelling, 91, pp.347-357.

14 DeAngelo, H. and DeAngelo, L., 1985. Managerial ownership of voting rights: A study of public corporations with dual classes of common stock. Journal of Financial economics, 14(1), pp.33-6

15 Friedman, A. (2017). The promise of market reform: Reigniting America's economic engine. Harvard Law School Forum on Corporate Governance.

17.42 Although this evidence may be useful for companies making an M&A decision and for investors in how to value and engage with companies, we do not consider it our remit to suggest to companies the most profitable and shareholder value maximising way of operating. We do not preclude companies from holding shareholder votes if they consider that doing so is likely to lead to better returns or investors from engaging with companies on this issue.

17.43 The study of shareholder voting in India by Nan Li finds that shareholder voting can reduce expropriation in the case of related party transactions. We note the findings of this study, however, we also note that these findings relate to different market conditions. Therefore, we do not see a need to consider potential greater expropriations as additional cost in the CBA.

17.44 We note the international case studies of problems which have emerged historically where companies could make related party transactions without a shareholder vote. We also note that UK-listed companies will continue to be subject to regulatory oversight and disclosure requirements on related party transactions. Specifically, when a related party transaction meets the 5% class test, it will be subject to market notification, sponsor fair and reasonable opinion, and board approval. We consider these proposals offer the right balance to continue to support engagement between the company and its shareholders and to enhance market transparency.

Conclusions

17.45 Overall, we appreciate the additional evidence and perspectives provided by investors, which have enriched our understanding and analysis. However, after careful consideration, we maintain that our original findings and conclusions from CP23/31 remain robust.

17.46 We consider the additional costs associated with changes such as the removal of mandatory shareholder votes are outweighed by the broader benefits to transaction efficiency. Similarly, concerns regarding the valuation and attractiveness of UK-listed companies are mitigated by the expected positive impacts of our proposals, which should enhance the UK's appeal as a listing destination and support higher value creation in M&A transactions.

17.47 Additionally, the instrument(s) does not differ significantly from the consultative draft and no significant new evidence has come to light to lead us to revise our assessment of their impact. While we have made some technical changes in light of feedback to the CP to improve the way in which our proposals would work, we have not made changes to the proposals in a way that materially affects the analysis and findings of the CBA. Therefore, the CBA published in CP23/31 still applies.

Annex 1

List of respondents

The list of respondents to our consultation who have consented to the publication of their name is as follows:

Allen and Overy

Aquis Stock Exchange

Arthur Cox LLP

ASCI

Associated British Foods Plc

Association of Investment Companies (AIC)

Baillie Gifford & Co

Brunel Pension Partnership

BDO

BNY Mellon

Bobby Reddy

BVCA

Cambridge University

Candor Partners Limited

CFA Society UK

Chartered Governance Institute UK & Ireland (CGI)

City of London Law Society and the Law Society of England and Wales

Corporate Reporting Users' Forum (CRUF)

Deloitte

Deutsche Numis

EOS Federated Hermes Limited

Freshfields Bruckhaus Deringer LLP

Financial Services Consumer Panel

GC100

Glass Lewis

Herbert Smith Freehills

Innovate Finance

The Institute of Chartered Accountants in England and Wales (ICAEW)

International Corporate Governance Network (ICGN)

Invesco

Investment Association (IA)

Jardine Matheson (JM Group Companies)

KPMG

Listing Authority Advisory Panel and Markets Practitioner Panel

LSE Group

NEST Corporation

Norges Bank Investment Management

Novum Securities Limited

Panmure Gordon

Pensions and Lifetime Savings Association (PLSA)

Primary Markets Group

Primary Bid

PWC

Quoted Companies Alliance

Railpen

Redwheel

Rothschild & Co

Slaughter and May

SME Alliance Limited

T.RowePrice

UK Equity Markets Association

UK Finance and The Association for Financial Markets in Europe

UK Shareholders' Association and UK Individual Shareholders' Society

VSA Capital

White and Case LLP

WISE

Wittington Investments Limited

Annex 2

Abbreviations used in this paper

Abbreviation	Description
AGM	Annual general meeting
CBA	Cost benefit analysis
CSA	Controlling shareholder agreement
DCSS	Dual/multiple class share structure
DEPP	Decision Procedure and Penalties Manual
DTR	Disclosure Guidance and Transparency Rules sourcebook
ESG	Environmental, social and governance
FRC	Financial Reporting Council
HFI	Historical financial information
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
LR	Listing Rules sourcebook
M&A	Merger and acquisition
MAR	Market Abuse Regulation
MO	Market Oversight
PMB	Primary Market Bulletin
PMO	Primary Market Oversight
POATR	Public Offers and Admissions to Trading regime
Prospectus Regulation	The assimilated EU law version of Regulation (EU) 2017/1129 (repealing Directive 2003/71)
SICGO	Secondary international competitiveness objective

Abbreviation	Description
SPAC	Special purpose acquisition company
TCFD	Taskforce for Climate-related Financial Disclosures
UK CGC	UK Corporate Governance Code
UKLR	UK Listing Rules sourcebook

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Appendix 1

Made rules (legal instrument – UKLR sourcebook)

UK LISTING RULES INSTRUMENT 2024

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 73A (Part 6 Rules);
(2) section 79 (Listing particulars and other documents);
(3) section 88 (Sponsors);
(4) section 96 (Obligations of issuers of listed securities);
(5) section 101 (Part 6 rules: general provisions);
(6) section 137A (The FCA's general rules);
(7) section 137T (General supplementary powers); and
(8) section 139A (Power of the FCA to give guidance).

B. The rule-making powers listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 29 July 2024.

Amendments to the Handbook

D. The Glossary of definitions is amended in accordance with Annex A to this instrument.

Making the UK Listing Rules sourcebook (UKLR)

E. The Financial Conduct Authority makes the rules and gives the guidance in Annex B to this instrument.

F. The UK Listing Rules sourcebook (UKLR) is added to the Listing, Prospectus and Disclosure block within the Handbook, immediately before the Prospectus Regulation Rules sourcebook (PRR).

Revocation of the Listing Rules sourcebook (LR)

G. The provisions of the Listing Rules sourcebook (LR) are revoked.

Notes

H. In the Annexes to this instrument, the notes (indicated by "**Note:**") are included for the convenience of readers but do not form part of the legislative text.

Citation

I. This instrument may be cited as the UK Listing Rules Instrument 2024.

J. The sourcebook in Annex B to this instrument may be cited as the UK Listing Rules sourcebook (or UKLR).

By order of the Board
27 June 2024

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

equity shares (commercial companies)	a *listing* of *equity shares* other than those of: (1) a *closed-ended investment fund*; (2) an *open-ended investment company*; (3) a *shell company*; or (4) an *investment entity* that is not a *closed-ended investment fund* or an *open-ended investment company*, where the *issuer* is required to comply with the requirements in *UKLR* 5 (Equity shares (commercial companies): requirements for admission to listing) and other requirements in the *listing rules* that are expressed to apply to such *securities* in this category.
equity shares (international commercial companies secondary listing)	a *listing* of *equity shares* other than those of: (1) a *closed-ended investment fund*; (2) an *open-ended investment company*; (3) a *shell company*; or (4) an *investment entity* that is not a *closed-ended investment fund* or an *open-ended investment company*, where the *issuer* is required to comply with the requirements in *UKLR* 14 (Equity shares (international commercial companies secondary listing): requirements for listing and continuing obligations) and other requirements in the *listing rules* that are expressed to apply to such *securities* in this category.
equity shares (shell companies)	a *listing* of *equity shares* other than those of: (1) a *closed-ended investment fund*; (2) an *open-ended investment company*; or

(3) an *investment entity* that is not a *closed-ended investment fund* or an *open-ended investment company*,

where the *issuer* is required to comply with the requirements in *UKLR* 13 (Equity shares (shell companies): requirements for listing and continuing obligations) and other requirements in the *listing rules* that are expressed to apply to such *securities* in this category.

equity shares (transition)

a *listing* of *equity shares* where the *listed company*:

(1) (a) prior to 29 July 2024, had a *listing* of *equity shares* in what was previously known as the 'standard listing (shares)' category under the Listing Rules sourcebook as it applied immediately prior to 29 July 2024; or

(b) satisfies the following:

(i) falls within the definition of an "in-flight applicant" in *UKLR* TP 1.1R;

(ii) prior to 29 July 2024, had applied for a *listing* in what was previously known as the 'standard listing (shares)' category under the Listing Rules sourcebook as it applied immediately prior to 29 July 2024; and

(iii) has been admitted to *listing* prior to 29 July 2025,

other than a *listing* of *equity shares* that would be eligible for *admission* to the *equity shares (international commercial companies secondary listing)* category, the *equity shares (shell companies)* category or the *non-equity shares and non-voting equity shares* category; and

(2) is required to comply with the requirements in *UKLR* 22 (Equity shares (transition): continuing obligations) and other requirements in the *listing rules* that are expressed to apply to such *securities* in this category.

initial transaction

(in *UKLR*) has the meaning given in *UKLR* 13.4.2R.

non-equity share

a *share* which is not an *equity share*.

non-equity shares and non-voting equity shares	a *listing* of *non-equity shares* and *non-voting equity shares* other than: (1) *non-voting equity shares* issued by a *company* that is a *closed-ended investment fund* unless it has a *listing* of *equity shares* in the *closed-ended investment funds* category; (2) *non-voting equity shares* issued by an *open-ended investment company*; (3) *non-equity shares* and *non-voting equity shares* issued by a *company* that is an *investment entity* but not a *closed-ended investment fund* or an *open-ended investment company*; and (4) *preference shares* that are *specialist securities*, where the *issuer* is required to comply with the requirements in *UKLR* 16 (Non-equity shares and non-voting equity shares: requirements for listing and continuing obligations) and other requirements in the *listing rules* that are expressed to apply to such *securities* in this category.
non-voting equity share	an *equity share* which does not carry rights to vote at general meetings of the *company*.
qualifying home listing	a listing of *equity shares* admitted to trading on an *overseas* regulated, regularly operating, recognised open market, which is subject to: (1) oversight by a *regulatory body* that is a signatory to the *IOSCO* Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (or pursuant to which the *issuer* is subject to direct oversight by such *regulatory body*) at the time the application for *admission to listing* is made; and (2) the rules applicable to that *overseas* regulated, regularly operating, recognised open market without dispensation by virtue of the *applicant's* country of incorporation.
relevant document	(in accordance with the Financial Services and Markets Act 2000 (Service of Notices) Regulations 2001): (1) a document in relation to which a provision of or made under the *Act* (other than a provision of or made under Part IX or Part XXIV of the *Act*) requires a document of that kind to be given; or

	(2)	where a provision of or made under the *Act* (other than a provision of or made under Part IX or Part XXIV) authorises the imposition of a requirement, a document by which such a requirement is imposed.
relevant related party transaction	a *related party transaction* which relates to the fees or other remuneration payable by a *closed-ended investment fund* in connection with services rendered by an *investment manager* or a member of the *investment manager's* group.	
reverse takeover circular	a *circular* relating to a *reverse takeover*.	
shell company sponsor	(in *UKLR*) as defined in *UKLR* 13.1.4R(3).	
UKLR	the UK Listing Rules sourcebook.	

Amend the following definitions as shown.

admission or *admission to listing*	(in ~~*LR*~~ *UKLR*) admission of *securities* to the *official list*.	
admission to trading	(1)	(in ~~*LR*~~ *UKLR*) admission of *securities* to trading on an *RIE's* market for *listed securities*.
	…	
advertisement	(in *PRR* ~~and *LR* 4~~) (as defined in the *Prospectus Regulation*) a communication with both of the following characteristics:	
	(a)	relating to a specific offer to the public of securities or to an admission to trading on a regulated market; and
	(b)	aiming to specifically promote the potential subscription or acquisition of securities.
applicant	(1)	(in ~~*LR*~~ *UKLR*) an *issuer* which is applying for *admission* of *securities*.
	…	
associate	(1)	(in ~~*LR*~~ *UKLR*, in relation to a *director*, *substantial shareholder*, or *person exercising significant influence* who is an individual~~)~~ and, ~~(~~in *DTR*, in relation to a *related party* who is an individual):

(a) that individual's spouse, civil partner or child (together "the individual's family");

(b) the trustees (acting as such) of any trust of which the individual or any of the individual's family is a beneficiary or discretionary object (other than a trust which is either an *occupational pension scheme* or an *employees' share scheme* which does not, in either case, have the effect of conferring benefits on persons all or most of whom are related parties;

(c) any *company* in whose *equity securities* the individual or any member or members (taken together) of the individual's family or the individual and any such member or members (taken together) are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they are (or would on the fulfilment of the condition or the occurrence of the contingency be) able:

(i) to exercise or control the exercise of 30% or more of the votes able to be cast at general meetings on all, or substantially all, matters; or

(ii) to appoint or remove *directors* holding a majority of voting rights at board meetings on all, or substantially all, matters;

(d) any partnership whether a limited partnership or *limited liability partnership* in which the individual or any member or members (taken together) of the individual's family are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they hold or control or would on the fulfilment of the condition or the occurrence of the contingency be able to hold or control:

(i) a voting interest greater than 30% in the partnership; or

(ii) at least 30% of the partnership.

For the purpose of paragraph (c), if more than one *director* of the *listed company*, its *parent undertaking* or any of its *subsidiary undertakings* is interested in the *equity securities* of another *company*, then the interests of those *directors* and their

associates will be aggregated when determining whether that *company* is an associate of the *director*.

(2) (in ~~*LR*~~ *UKLR*, in relation to a *substantial shareholder* or *person exercising significant influence* which is a *company*~~)~~ and~~,~~ ~~(~~in *DTR*, in relation to a *related party* which is a *company*):

(a) any other *company* which is its *subsidiary undertaking* or *parent undertaking* or fellow *subsidiary undertaking* of the *parent undertaking*;

(b) any *company* whose *directors* are accustomed to act in accordance with the *substantial shareholder's* or *person exercising significant influence's*~~,~~ directions or instructions;

(c) any *company* in the capital of which the *substantial shareholder* or *person exercising significant influence* and any other ~~company~~ *company* under paragraph (1) or (2) taken together, is (or would on the fulfilment of a condition or the occurrence of a contingency be) able to exercise power of the type described in paragraph (1)(c)(i) or (ii) of this definition.

…

(3) (except in ~~*LR*~~ *UKLR* or in relation to a *credit-related regulated activity*) (in relation to a *person* ("A")):

…

(4) (in ~~*LR*~~ *UKLR*) (when used in the context of a *controlling shareholder* who is an individual):

(a) that individual's spouse, civil partner or child (together "the individual's family");

(b) the trustees (acting as such) of any trust of which the individual or any of the individual's family is a beneficiary or discretionary object (other than a trust which is either an *occupational pension scheme* or an *employees' share scheme* which does not, in either case, have the effect of conferring benefits on persons all or most of whom are *controlling shareholders*);

(c) any *company* in whose *equity securities* the individual or any member or members (taken together) of the individual's family or the individual and any such member or members (taken together) are directly or

indirectly interested (or have a conditional or contingent entitlement to become interested) so that they are (or would on the fulfilment of the condition or the occurrence of the contingency be) able:

(i) to exercise or control the exercise of 30% or more of the votes able to be cast at general meetings on all, or substantially all, matters; or

(ii) to appoint or remove *directors* holding a majority of voting rights at board meetings on all, or substantially all, matters;

(d) any partnership whether a limited partnership or *limited liability partnership* in which the individual or any member or members (taken together) of the individual's family are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they hold or control or would on the fulfilment of the condition or the occurrence of the contingency be able to hold or control:

(i) a voting interest greater than 30% in the partnership; or

(ii) at least 30% of the partnership.

For the purpose of paragraph (c), if more than one *controlling shareholder* of the *listed company*, its *parent undertaking* or any of its *subsidiary undertakings* is interested in the *equity securities* of another *company*, then the interests of those *controlling shareholders* and their *associates* will be aggregated when determining whether that *company* is an associate of the *controlling shareholder*.

(5) (in ~~*LR*~~ *UKLR*) (when used in the context of a *controlling shareholder* which is a company):

(a) any other *company* which is its *subsidiary undertaking* or *parent undertaking* or fellow *subsidiary undertaking* of the *parent undertaking*;

(b) any *company* whose *directors* are accustomed to act in accordance with the *controlling shareholder's* directions or instructions;

(c) any *company* in the capital of which the *controlling shareholder* and any other *company* under paragraph (a)

or (b) taken together, is (or would on the fulfilment of a condition or the occurrence of a contingency be) able to exercise power of the type described in paragraph (4)(c)(i) or (ii) of this definition~~;~~.

break fee arrangement (in ~~*LR*~~ *UKLR*) ~~an arrangement falling within the definition in *LR* 10.2.6AR~~ an arrangement is a break fee arrangement if the purpose of the arrangement is that a compensatory sum will become payable by a *listed company* to another party (or parties) to a proposed transaction if the proposed transaction fails or is materially impeded and there is no independent substantive commercial rationale for the arrangement.

certificate representing debt securities (in ~~*LR*~~ *UKLR*) a *certificate representing certain securities* where the certificate or other instrument confers rights in respect of *debentures*, *alternative debentures*, or *government and public securities*.

certificate representing equity securities (in ~~*LR*~~ *UKLR*) a *certificate representing certain securities* where the certificate or other instrument confers rights in respect of *equity securities*.

certificate representing shares (in ~~*LR*~~ *UKLR*) a *certificate representing certain securities* where the certificate or other instrument confers rights in respect of *equity shares*.

charge

(1) (in ~~*LR*~~ *UKLR*) (in relation to *securitised derivatives*) means any payment identified under the terms and conditions of the *securitised derivatives*.

(2) (except in ~~*LR*~~ *UKLR*) any *fee* or charge made to:

(a) a *client* in connection with *designated investment business*; or

(b) a *customer* in connection with any *insurance distribution activity* in respect of a *non-investment insurance contract*;

whether levied by the *firm* or any other *person*, including a *mark-up* or *mark-down*.

Chinese wall or *information barrier* an arrangement that requires information held by a *person* in the course of carrying on one part of its business to be withheld from, or not to be used for, *persons* with or for whom it acts in the course of carrying on another part of its business.

circular (in ~~*LR*~~ *UKLR*) any document issued to holders of *listed securities* including notices of meetings but excluding *prospectuses*, *listing particulars*, annual reports and accounts, interim reports, proxy cards and dividend or interest vouchers.

class …

(4) (in ~~*LR*~~ *UKLR*) *securities* the rights attaching to which are or will be identical and which form a single issue or issues.

…

class tests (in ~~*LR*~~ *UKLR*) the tests set out in ~~*LR* 10 Annex 1~~ *UKLR* 7 Annex 1 (and for certain specialist companies, those tests as modified by ~~*LR* 10.7~~ *UKLR* 7.2), which are used to determine how a transaction is to be classified for the purposes of the *listing rules*.

closed-ended (in ~~*LR*~~ *UKLR*) (in relation to investment entities) an *investment entity* which is not an *open-ended investment company*.

closed-ended investment fund (in ~~*LR*~~ *UKLR* and *ESG*) an entity:

(a) which is an undertaking with limited liability, including a company, limited partnership, or *limited liability partnership*; and

(b) whose primary object is investing and managing its assets (including pooled funds contributed by holders of its *listed securities*):

(i) in property of any description; and

(ii) with a view to spreading investment risk.

connected person …

(5) (in *DTR* and ~~*LR*~~ *UKLR* in relation to a *person discharging managerial responsibilities* within an *issuer*) has the meaning given to "person closely associated" in article 3(1)(26) of the *Market Abuse Regulation*.

…

…

constitution (in ~~*LR*~~ *UKLR*) memorandum and articles of association or equivalent constitutional document.

contingent liability investment a *derivative* under the terms of which the *client* will or may be liable to make further payments (other than *charges*, and whether or not secured by *margin*) when the transaction falls to be completed or upon the earlier *closing out* of ~~his~~ their position.

contract of significance

(in ~~*LR*~~ *UKLR*) a contract which represents in amount or value (or annual amount or value) a sum equal to 1% or more, calculated on a *group* basis where relevant, of:

(a) in the case of a capital transaction or a transaction of which the principal purpose or effect is the granting of credit, the aggregate of the *group's* share capital and reserves; or

(b) in other cases, the total annual purchases, sales, payments or receipts, as the case may be, of the *group*.

controlling shareholder

means any *person* who exercises or controls on their own or together with any *person* with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the *company*. For the purposes of calculating voting rights, the following voting rights are to be disregarded:

(1) any voting rights which such a *person* exercises (or controls the exercise of) independently in its capacity as:

(a) bare trustee~~,~~;

(b) investment manager~~,~~;

(c) collective investment undertaking; or

(d) a *long-term insurer* in respect of its linked long-term business,

if no *associate* of that *person* interferes by giving direct or indirect instructions, or in any other way, in the exercise of such voting rights (except to the extent any such *person* confers or collaborates with such an *associate* which also acts in its capacity as investment manager, collective investment undertaking or *long-term insurer*); or

(2) any voting rights which a *person* may hold (or control the exercise of) solely in relation to the direct performance, by way of business, of:

(a) underwriting the issue or sale of *securities*; ~~or~~

(b) placing *securities*, where the *person* provides a firm commitment to acquire any *securities* which it does not place; or

(c) acquiring *securities* from existing shareholders or the *issuer* pursuant to an agreement to procure third-party purchases of *securities*;

and where the conditions below are satisfied:

(i) the activities set out in (2)(a) to (c) are performed in the ordinary course of business;

(ii) the *securities* to which the voting rights attach are held for a consecutive period of 5 *trading days* or less, beginning with the first *trading day* on which the *securities* are held;

(iii) the voting rights are not exercised within the period the *securities* are held; and

(iv) no attempt is made directly or indirectly by the *person* to intervene in (or attempt to intervene in) or exert (or attempt to exert) influence on the management of the *issuer* within the period the *securities* are held.

convertible securities (in ~~*LR*~~ *UKLR* and *FEES*) a *security* which is:

(a) convertible into, or exchangeable for, other *securities*; or

(b) accompanied by a *warrant* or *option* to subscribe for or purchase other *securities*.

debt security (1) (in ~~*LR*~~ *UKLR* and *DTR* 7) *debentures*, *alternative debentures*, debenture stock, loan stock, bonds, certificates of deposit or any other instrument creating or acknowledging indebtedness.

…

(3) (except in *DTR* and ~~*LR*~~ *UKLR*) any of the following:

…

depositary (1) (except in ~~*LR*~~ *UKLR*):

…

(2) (in ~~*LR*~~ *UKLR*) a *person* that issues *certificates representing certain securities* that have been *admitted to listing* or are the subject of an application for *admission to listing*.

director	(1)	(except in *COLL*, *DTR*, ~~*LR*~~ *UKLR* and *PRR*) (in relation to any of the following (whether constituted in the *United Kingdom* or under the law of a country or territory outside it)):
		…
	…	
	(3)	(in *DTR*, ~~*LR*~~ *UKLR* and *PRR*) (in accordance with section 417(1)(a) of the *Act*) in relation to an *issuer* which is a *body corporate*, a *person* occupying in relation to it the position of a director (by whatever name called) and, in relation to an *issuer* which is not a *body corporate*, a *person* with corresponding powers and duties.
equity security	(1)	(in ~~*LR*~~ *UKLR*) *equity shares* and *securities* convertible into *equity shares*; and
	…	
executive management		(in ~~*LR*~~ *UKLR*) the executive committee or most senior executive or managerial body below the board (or where there is no such formal committee or body, the most senior level of managers reporting to the chief executive), including the company secretary but excluding administrative and support staff.
exercise notice		(in ~~*LR*~~ *UKLR*) (in relation to *securitised derivatives*), a document that notifies the *issuer* of a holder's intention to exercise its rights under the *securitised derivative*.
exercise price		(in ~~*LR*~~ *UKLR*) (in relation to *securitised derivatives*), the price stipulated by the *issuer* at which the holder can buy or sell the *underlying instrument* from or to the *issuer*.
exercise time		(in ~~*LR*~~ *UKLR*) (in relation to *securitised derivatives*), the time stipulated by the *issuer* by which the holder must exercise their rights.
expiration date		(in ~~*LR*~~ *UKLR*) (in relation to *securitised derivatives*), the date stipulated by the *issuer* on which the holder's rights in respect of the *securitised derivative* ends.
external management company		(in ~~*LR*~~ *UKLR* and *PRR*) has the meaning in *PRR* 5.3.3R.
final terms		(in ~~*LR*~~ *UKLR*) the document containing the final terms of each issue which is intended to be *listed*.

founding shareholder	(in *UKLR*) as defined in ~~*LR* 5.6.18BR~~ *UKLR* 13.1.4R(1).	
group	…	
	(4)	(in ~~*LR*~~ *UKLR*):
		(a) (except in ~~*LR* 6.4.3G, *LR* 6.5.3G, *LR* 6.14.3R, *LR* 6.14.4G, *LR* 8.7.8R(10), *LR* 14.2.2R, *LR* 14.2.3AG, *LR* 18.2.8R and *LR* 18.2.9AG~~ *UKLR* 5.3.2G, *UKLR* 5.5.3R, *UKLR* 5.5.4G, *UKLR* 13.2.5G, *UKLR* 13.4.16R, *UKLR* 14.2.2R, *UKLR* 14.2.3G, *UKLR* 15.2.9R, *UKLR* 15.2.10G, *UKLR* 16.2.1R, *UKLR* 16.2.2G, *UKLR* 22.2.2R, *UKLR* 22.2.3G and *UKLR* 24.5.12R(9)), an *issuer* and its *subsidiary undertakings* (if any); and
		(b) (in ~~*LR* 6.4.3G, *LR* 6.5.3G, *LR* 6.14.3R, *LR* 6.14.4G, *LR* 8.7.8R(10), *LR* 14.2.2R, *LR* 14.2.3AG, *LR* 18.2.8R and *LR* 18.2.9AG~~ *UKLR* 5.3.2G, *UKLR* 5.5.3R, *UKLR* 5.5.4G, *UKLR* 13.2.5G, *UKLR* 13.4.16R, *UKLR* 14.2.2R, *UKLR* 14.2.3G, *UKLR* 15.2.9R, *UKLR* 15.2.10G, *UKLR* 16.2.1R, *UKLR* 16.2.2G, *UKLR* 22.2.2R, *UKLR* 22.2.3G and *UKLR* 24.5.12R(9)), as defined in section 421 of the *Act*.
	…	
guarantee	(1)	(in ~~*LR*~~ *UKLR*) (in relation to *securitised derivatives*), either:
		(a) a guarantee given in accordance with ~~*LR* 19.2.2 R(3)~~ *UKLR* 18.2.1R(3) (if any); or
		(b) any other guarantee of the issue of *securitised derivatives*.
	…	
in the money	(1)	(in ~~*LR*~~ *UKLR*) (in relation to *securitised derivatives*):
		(a) where the holder has the right to buy the *underlying instrument* or instruments from the *issuer*, when the *settlement price* is greater than the *exercise price*; or
		(b) where the holder has the right to sell the *underlying instrument* or instruments to the *issuer*, when the *exercise price* is greater than the *settlement price*;
	…	

investment entity	(in ~~*LR*~~ *UKLR*) an entity whose primary object is investing and managing its assets with a view to spreading or otherwise managing investment risk.	
investment manager	(1)	(except in ~~*LR*~~ *UKLR*) a *person* who, acting only on behalf of a *client*:
		…
	(2)	(in ~~*LR*~~ *UKLR*) a *person* who, on behalf of a *client*, manages *investments* and is not a wholly-owned *subsidiary* of the *client*.
issuer	…	
	(3)	(in ~~*LR*~~ *UKLR* and *FEES* in relation to ~~*LR*~~ *UKLR*) any *company* or other legal person or undertaking (including a *public sector issuer*), any *class* of whose *securities* has been *admitted to listing* or is the subject of an application for *admission to listing*.
	…	
list of sponsors	(in ~~*LR*~~ *UKLR*) the list of *sponsors* maintained by the *FCA* in accordance with section 88(3)(a) of the *Act*.	
listed	(1)	(except in ~~*LR*~~ *UKLR*, *SUP* 11, *INSPRU* and *IPRU(INS)*) included in an official list.
	…	
	(3)	(in ~~*LR*~~ *UKLR*) admitted to the *official list* maintained by the *FCA* in accordance with section 74 of the *Act*.
listed company	(in ~~*LR*~~ *UKLR* and *DEPP*) a *company* that has any *class* of its *securities listed*.	
listing particulars	(in ~~*LR*~~ *UKLR* and *PRR*) (in accordance with section 79(2) of the *Act*), a document in such form and containing such information as may be specified in *listing rules*.	
London Stock Exchange	(in ~~*LR*~~ *UKLR*) London Stock Exchange Plc.	
long-term incentive scheme	(in ~~*LR*~~ *UKLR*) any arrangement (other than a retirement benefit plan, a deferred bonus or any other arrangement that is an element of an executive *director's* remuneration package) which may involve the receipt of any asset (including cash or any *security*) by a *director* or *employee* of the *group*:	

(a) which includes one or more conditions in respect of service and/or performance to be satisfied over more than one financial year; and

(b) pursuant to which the *group* may incur (other than in relation to the establishment and administration of the arrangement) either cost or a liability, whether actual or contingent.

major subsidiary undertaking (in ~~*LR*~~ *UKLR*) a *subsidiary undertaking* that represents 25% or more of the aggregate of the gross assets or profits (after deducting all charges except taxation) of the *group*.

member (1) (except in *PROF*, ~~*LR*~~ *UKLR*, *EG* 16 and *REC*) a *person* admitted to membership of the *Society* or any *person* by law entitled or bound to administer ~~his~~ their affairs.

(2) (in *PROF*, ~~*LR*~~ *UKLR* and *EG* 16) (as defined in section 325(2) of the *Act* (FCA's general duty)) (in relation to a profession) a *person* who is entitled to practise that profession and, in practising it, is subject to the rules of the relevant *designated professional body*, whether or not ~~he is~~ they are a member of that body.

…

mineral company (in ~~*LR*~~ *UKLR*) a *company* or *group*, whose principal activity is, or is planned to be, the *extraction* of *mineral resources* (which may or may not include exploration for *mineral resources*).

mineral resources (in ~~*LR*~~ *UKLR*) include metallic and non-metallic ores, mineral concentrates, industrial minerals, construction aggregates, mineral oils, natural gases, hydrocarbons and solid fuels including coal.

minority ethnic background (in ~~*LR*~~ *UKLR*) from one of the following categories of ethnic background, as set out in the tables in ~~*LR* 9 Annex 2.1R(b) and *LR* 14 Annex 1.1R(b)~~ *UKLR* 6 Annex 1R(2), *UKLR* 14 Annex 1R(2), *UKLR* 16 Annex 1R(2) and *UKLR* 22 Annex 1R(2), excluding the category "White British or other White (including minority-white groups)":

~~(1)~~ (a) Asian/Asian British;

~~(2)~~ (b) Black/African/Caribbean/Black British;

~~(3)~~ (c) Mixed/multiple ethnic groups; and

~~(4)~~ Other ethnic group~~, including Arab~~.

(d)

miscellaneous securities (in ~~*LR*~~ *UKLR*) *securities* which are not:

(a) *shares*; ~~or~~

(b) *debt securities*; ~~or~~

(c) *asset backed securities*; ~~or~~

(d) ~~*certificate*~~ *certificates* *representing debt securities*; ~~or~~

(e) *convertible securities* which convert to *debt securities*; ~~or~~

(f) *convertible securities* which convert to *equity securities*; ~~or~~

(g) *convertible securities* which are exchangeable for *securities* of another *company*; ~~or~~

(h) ~~*certificate*~~ *certificates* *representing certain securities*; or

(i) *securitised derivatives*.

modified report (in ~~*LR*~~ *UKLR*) an accountant's or auditor's report:

(a) in which the opinion is modified; or

(b) which contains an emphasis-of-matter paragraph.

national storage mechanism (in ~~*LR*~~ *UKLR*, *PRR* and *DTR*) the system identified by the *FCA* on its website as the national storage mechanism for regulatory announcements and certain documents published by *issuers*.

net annual rent (in ~~*LR*~~ *UKLR*) (in relation to a *property*) the current income or income estimated by the valuer:

(a) ignoring any special receipts or deductions arising from the *property*;

(b) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(c) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the *property* and allowances to maintain it in a condition to command its rent.

offer	…
	(3) (in ~~*LR*~~ *UKLR* and *PRR*) an *offer of transferable securities to the public*.
	…
offer for sale	(in ~~*LR*~~ *UKLR*) an invitation to the public by, or on behalf of, a third party to purchase *securities* of the *issuer* already in issue or allotted (and may be in the form of an invitation to tender at or above a stated minimum price).
offer for subscription	(in ~~*LR*~~ *UKLR*) an invitation to the public by, or on behalf of, an *issuer* to subscribe for *securities* of the *issuer* not yet in issue or allotted (and may be in the form of an invitation to tender at or above a stated minimum price).
offer of transferable securities to the public	(in *PRR* and ~~*LR*~~ *UKLR*) (as defined in the *Prospectus Regulation*) a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe for those securities. This definition also applies to the placing of securities through financial intermediaries.
offeror	(1) (in *MAR* 1 (Market Abuse) and ~~*LR* 5.2.10R to *LR* 5.2.11DR~~ *UKLR* 21.2.11R to *UKLR* 21.2.16R) an offeror as defined in the *Takeover Code*.
	…
	(3) (in ~~*LR*~~ *UKLR* (except ~~*LR* 5.2.10R to *LR* 5.2.11DR~~ *UKLR* 21.2.11R to *UKLR* 21.2.16R) and *FEES* provisions in relation to *PRR*) (as defined in the *Prospectus Regulation*) a *person* who makes an *offer of transferable securities to the public*.
official list	(1) (in ~~*LR*~~ *UKLR*) the list maintained by the *FCA* in accordance with section 74(1) of the *Act* for the purposes of Part VI of the *Act*.
	(2) (except in ~~*LR*~~ *UKLR*):
	…
open offer	(in ~~*LR*~~ *UKLR* and *DTR* 5) an invitation to existing *securities* holders to subscribe or purchase *securities* in proportion to their holdings, which is not made by means of a renounceable letter (or other negotiable document).

open-ended investment company

(as defined in section 236 of the *Act* (Open-ended investment companies)) a *collective investment scheme* which satisfies both the property condition and the investment condition:

(a) the property condition is that the property belongs beneficially to, and is managed by or on behalf of, a *body corporate* ("BC") having as its purpose the investment of its funds with the aim of:

(i) spreading investment risk; and

(ii) giving its members the benefit of the results of the management of those funds by or on behalf of that body;

(b) the investment condition is that, in relation to BC, a reasonable investor would, if ~~he~~ they were to participate in the *scheme*:

(i) expect that ~~he~~ they would be able to realise, within a period appearing to ~~him~~ them to be reasonable, ~~his~~ their investment in the *scheme* (represented, at any given time, by the value of shares in, or securities of, BC held by ~~him~~ them as a *participant* in the *scheme*); and

(ii) be satisfied that ~~his~~ their investment would be realised on a basis calculated wholly or mainly by reference to the value of property in respect of which the *scheme* makes arrangements.

(see also *investment company with variable capital*.)

overseas company

(in ~~*LR*~~ *UKLR*) a *company* incorporated outside the *United Kingdom*.

percentage ratio

(1) (in ~~*LR*~~ *UKLR*) (in relation to a transaction) the figure, expressed as a percentage, that results from applying a calculation under a *class test* to the transaction;

…

person exercising significant influence

(in ~~*LR*~~ *UKLR*) in relation to a *listed company*, a *person* or entity which exercises significant influence over that *listed company*.

placing

(in ~~*LR*~~ *UKLR*) a marketing of *securities* already in issue but not *listed* or not yet in issue, to specified *persons* or clients of the *sponsor* or any securities house assisting in the placing, which does not involve an offer to the public or to existing holders of the *issuer's securities* generally.

probable reserves (in ~~*LR*~~ *UKLR*):

(a) in respect of *mineral companies* primarily involved in the *extraction* of oil and gas resources, those reserves which are not yet *proven* but which, on the available evidence and taking into account technical and economic factors, have a better than 50% chance of being produced; and

(b) in respect of *mineral companies* other than those primarily involved in the *extraction* of oil and gas resources, those ~~*measured*~~ measured and/or indicated mineral resources, which are not yet *proven* but of which detailed technical and economic studies have demonstrated that *extraction* can be justified at the time of the determination and under specified economic conditions.

profit estimate (in ~~*PR* and *LR*~~ *UKLR*) (as defined in the *PR Regulation*) a profit forecast for a financial period which has expired and for which results have not yet been published.

profit forecast (in ~~*PR* and *LR*~~ *UKLR*) (as defined in the *PR Regulation*) a form of words which expressly states or by implication indicates a figure or a minimum or maximum figure for the likely level of profits or losses for the current financial period and/or financial periods subsequent to that period, or contains data from which a calculation of such a figure for future profits or losses may be made, even if no particular figure is mentioned and the word "profit" is not used.

property (in ~~LR~~ *UKLR*) freehold, heritable or leasehold property.

property company (in ~~*LR*~~ *UKLR*) a *company* primarily engaged in *property* activities including:

(a) the holding of *properties* (directly or indirectly) for letting and retention as investments;

(b) the development of *properties* for letting and retention as investments;

(c) the purchase and development of *properties* for subsequent sale; or

(d) the purchase of land for development *properties* for retention as investments.

prospectus (1) (in ~~*LR*~~ *UKLR*, ~~and~~ *PRR*, *FEES*, *FUND* 3 (Requirements for managers of alternative investment funds) and in the definition

of *non-retail financial instrument*) a *prospectus* required under the *Prospectus Regulation*.

(2) (except in ~~*LR*~~ *UKLR* and *PRR*) (in relation to a *collective investment scheme*) a document containing information about the *scheme* and complying with the requirements in *COLL* 4.2.5R (Table: contents of the prospectus), *COLL* 8.3.4R (Table: contents of qualified investor scheme prospectus), *COLL* 9.3.2R (Additional information required in the prospectus for an application under section 272), or *COLL* 15.4.5R (Table: contents of a long-term asset fund prospectus), applicable to a *prospectus* of a *scheme* of the type concerned.

proven reserves (in ~~*LR*~~ *UKLR*):

(a) in respect of *mineral companies* primarily involved in the *extraction* of oil and gas resources, those reserves which, on the available evidence and taking into account technical and economic factors, have a better than 90% chance of being produced; and

(b) in respect of *mineral companies* other than those primarily involved in the *extraction* of oil and gas resources, those measured *mineral resources* of which detailed technical and economic studies have demonstrated that *extraction* can be justified at the time of the determination, and under specified economic conditions.

public international body (in ~~*LR*~~ *UKLR*) the African Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, the Caribbean Development Bank, the Council of Europe Development Bank, the European Atomic Energy Community, the European Bank for Reconstruction and Development, the European Company for the Financing of Railroad Stock, the *EU*, the European Investment Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Monetary Fund and the Nordic Investment Bank.

public shareholder (in *UKLR*) as defined in ~~*LR* 5.6.18BR~~ *UKLR* 13.1.4R(2).

recognised scheme (1) (other than in ~~*LR*~~ *UKLR*) a scheme that is:

…

(2) (in ~~*LR*~~ *UKLR*) a scheme recognised for the purpose of part XVII of the *Act*.

related party	(1)	(in ~~*LR*~~ *UKLR*) as defined in ~~*LR* 11.1.4R~~ *UKLR* 8.1.11R;
	…	
related party transaction	(1)	(in ~~*LR*~~ *UKLR*) as defined in ~~*LR* 11.1.5R~~ *UKLR* 8.1.7R;
	…	
reverse takeover		(in ~~*LR*~~ *UKLR*) ~~a transaction classified as a *reverse takeover* under *LR* 5.6~~ has the meaning given in *UKLR* 7.1.4R.
rights issue		(in ~~*LR*~~ *UKLR* and *DTR* 5) an offer to existing *security* holders to subscribe or purchase further *securities* in proportion to their holdings made by means of the issue of a renounceable letter (or other negotiable document) which may be traded (as "nil paid" rights) for a period before payment for the *securities* is due.
securitised derivative		an *option* or *contract for differences* which, in either case, is *listed* under ~~*LR* 19~~ *UKLR* 18 of the ~~listing *rules*~~ *listing rules* (including such an *option* or *contract for differences* which is also a *debenture*).
security	(1)	(except in ~~*LR*~~ *UKLR*, *CONC* and *SUP* 16 Annex 21R) (in accordance with article 3(1) of the *Regulated Activities Order* (Interpretation)) any of the following *investments* specified in that Order:
		…
	(2)	(in ~~*LR*~~ *UKLR*) (in accordance with section 102A of the *Act*) anything which has been, or may be, admitted to the *official list*.
	…	
settlement price		(in ~~*LR*~~ *UKLR*) (in relation to *securitised derivatives*), the reference price or prices of the *underlying instrument* or instruments stipulated by the *issuer* for the purposes of calculating its obligations to the holder.
shadow director		(in ~~*LR*~~ *UKLR*) as in sub-paragraph (b) of the definition of director in section 417(1) of the *Act*.
share	(1)	(except in *COLL*, ~~*LR*~~ *UKLR*, *DTR*, *REC*, *SUP* 11 (Controllers and close links) and *SUP* 16 (Reporting requirements)) the *investment*, specified in article 76 of the *Regulated Activities Order* (Shares etc), which is in summary: a share or stock in the share capital of:

…

…

(3) (in *DTR* and ~~*LR*~~ *UKLR*, and in *FEES* where relevant to *DTR* or ~~*LR*~~ *UKLR*) (in accordance with section 540(1) of the Companies Act 2006) a share in the share capital of a *company*, and includes:

(a) stock (except where a distinction between shares and stock is express or implied);

(b) *preference shares*; and

(c) in chapters 4, 5, 6 and 7 of *DTR* a convertible share.

…

shell company as defined in ~~*LR* 5.6.5A~~ *UKLR* 13.1.2R.

significant transaction (1) (in *FEES*) a transaction where:

…

(b) …

…

(iii) …

(2) (in *UKLR*) a transaction classified as a significant transaction under *UKLR* 7.

sovereign controlling shareholder (in relation to a *company* with or applying for a *listing* of *equity shares* ~~or *certificates representing shares*~~ in the *equity shares (commercial companies)* category ~~of *premium listing (sovereign controlled commercial company)*~~) a *State* which exercises or controls 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the *company*.

specialist investor (in ~~*LR*~~ *UKLR*) an investor who is particularly knowledgeable in investment matters.

specialist securities (in ~~*LR*~~ *UKLR* and *FEES*) *securities* which, because of their nature, are normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

specialist securitised derivatives	(in ~~*LR*~~ *UKLR*) a *securitised derivative* which because of its nature is normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.
specified weighted voting rights shares	~~has the meaning given to it in *LR* 9.2.22CR~~ *weighted voting rights shares* of a *class* which meet the conditions set out in *UKLR* 5.4.5R(1) to (4).
sponsor	(1) (in ~~*LR*~~ *UKLR*~~, except in *LR* 5.6.18AG~~) a *person* approved, under section 88 of the *Act* by the *FCA*, as a sponsor. (1A) ~~(in *LR* 5.6.18AG as defined in *LR* 5.6.18BR.~~ [deleted] …
sponsor declaration	a declaration submitted by a *sponsor* to the *FCA* as required under ~~*LR* 8.4.3R~~ *UKLR* 24.3.3R (~~Application for listing~~ New applicants: procedure), ~~*LR* 8.4.9R~~ *UKLR* 24.3.7R (~~Further application for listing~~ Further issues: procedure), ~~*LR* 8.4.13R~~ *UKLR* 24.3.11R (~~Production of circular~~ Circulars: procedure) or ~~*LR* 8.4.14R~~ *UKLR* 24.3.12R (~~Transfer between listing category~~ Applying for transfer between listing categories).
sponsor service	a service relating to a matter referred to in ~~*LR* 8.2~~ *UKLR* 4.2 that a *sponsor* provides or is requested or appointed to provide, including preparatory work that a *sponsor* may undertake before a decision is taken as to whether or not it will act as *sponsor* for a ~~*listed company*~~ *listed issuer* or *applicant* or in relation to a particular transaction, and including all the *sponsor's* communications with the ~~*FSA*~~ *FCA* in connection with the service. But nothing in this definition is to be taken as requiring a *sponsor* when requested to agree to act as a *sponsor* for a *company* or in relation to a transaction.
subsidiary undertaking	… (3) (in ~~*LR*~~ *UKLR* and *BSOCS*) as defined in section 1162 of the Companies Act 2006.
substantial shareholder	as defined in ~~*LR* 11.1.4AR~~ *UKLR* 8.1.12R.
supplementary listing particulars	(in ~~*LR*~~ *UKLR*) (in accordance with section 81(1) of the *Act*), supplementary listing particulars containing details of the change or new matter.
target	(in ~~*LR*~~ *UKLR*) the subject of a ~~*class 1 transaction*~~ *significant transaction*, *initial transaction* or *reverse takeover*.

tender offer	(in ~~*LR*~~ *UKLR*) an offer by a *company* to purchase all or some of a *class* of its *listed equity securities* at a maximum or fixed price (that may be established by means of a formula) that is:	
		(a) communicated to all holders of that *class* by means of a *circular* or advertisement in two national newspapers;
		(b) open to all holders of that *class* on the same terms for at least seven days; and
		(c) open for acceptance by all holders of that *class* pro rata to their existing holdings.
trading day	…	
	(4)	(in ~~*LR*~~ *UKLR* and *DTR*) any day of normal trading in a *share* on a *regulated market* or *MTF* in the *United Kingdom* for this *share*.
transferable security	(1)	(in *PRR*, ~~*LR*~~ *UKLR* and *DTR*) (as defined in section 102A of the *Act*) anything which is a transferable security for the purposes of *MiFIR*, other than money-market instruments for the purposes of *MiFIR* which have a maturity of less than 12 months.
	…	
trust deed	(1)	(in ~~*LR*~~ *UKLR*) a trust deed or equivalent document securing or constituting *debt securities*.
	…	
underlying instrument	(in ~~*LR*~~ *UKLR*) (in relation to *securitised derivatives*) means either:	
		(a) if the *securitised derivative* is an *option* or *debt security* with the characteristics of an *option*, any of the underlying investments listed in article 83 of the *Regulated Activities Order*; or
		(b) if the *securitised derivative* is a *contract for differences* or *debt security* with the characteristics of a *contract for differences*, any factor by reference to which a profit or loss under article 85 of the *Regulated Activities Order* can be calculated.
vendor consideration placing	(in ~~*LR*~~ *UKLR*) a marketing, by or on behalf of vendors, of *securities* that have been allotted as consideration for an acquisition.	

Delete the following definitions. The text is not struck through.

class 1 acquisition	(in *LR*) a *class 1 transaction* that involves an acquisition by the relevant *listed company* or its *subsidiary undertaking*.
class 1 circular	(in *LR*) a *circular* relating to a *class 1 transaction* or a transaction which must comply with the requirements of a *class 1 transaction*.
class 1 disposal	(in *LR*) a *class 1 transaction* that consists of a disposal by the relevant *listed company* or its *subsidiary undertaking*.
class 1 transaction	(in *LR* and *FEES*) a transaction classified as a class 1 transaction under *LR* 10.
class 2 transaction	(in *LR*) a transaction classified as a class 2 transaction under *LR* 10.
connected client	(in *LR*) in relation to a *sponsor* or securities house, any client of the *sponsor* or securities house who is: (a) a partner, *director*, employee or controller (as defined in section 422 of the *Act*) of the *sponsor* or securities house or of an undertaking described in paragraph (d); or (b) the spouse, civil partner or child of any individual described in paragraph (a); or (c) a *person* in his capacity as a trustee of a private trust (other than a pension scheme or an *employees' share scheme*) the beneficiaries of which include any *person* described in paragraph (a) or (b); or (d) an undertaking which in relation to the *sponsor* or securities house is a group undertaking.
deferred bonus	(in *LR*) any arrangement pursuant to the terms of which an *employee* or *director* may receive a bonus (including cash or any security) in respect of service and/or performance in a period not exceeding the length of the relevant financial year notwithstanding that the bonus may, subject only to the *person* remaining a *director* or *employee* of the group, be receivable by the *person* after the end of the period to which the award relates.
defined benefit scheme	in relation to a *director*, means a pension scheme which is not a *money purchase scheme*.

financial information table	(in *LR*) financial information presented in a tabular form that covers the reporting period set out in *LR* 13.5.13R in relation to the entities set out in *LR* 13.5.14R, and to the extent relevant *LR* 13.5.17AR.
LR	the Listing Rules sourcebook.
premium listing	(a) in relation to *equity shares* (other those of a *closed-ended investment fund* or of a *sovereign controlled commercial company* that is required to comply with the requirements in *LR* 21), means a *listing* where the *issuer* is required to comply with those requirements in *LR* 6 (Additional requirements for premium listing (commercial company)) and the other requirements in the *listing rules* that are expressed to apply to such *securities* with a *premium listing*; (b) in relation to *equity shares* of a *closed-ended investment fund*, means a *listing* where the *issuer* is required to comply with the requirements in *LR* 15 (Closed-Ended Investment Funds: Premium listing) and other requirements in the *listing rules* that are expressed to apply to such *securities* with a *premium listing*; (c) [deleted] (d) in relation to *equity shares* of a *sovereign controlled commercial company*, means a *listing* where the *issuer* is required to comply with the requirements in *LR* 21 (Sovereign controlled commercial companies: Premium listing) and other requirements in the *listing rules* that are expressed to apply to such *securities* with a *premium listing*; and (e) in relation to *certificates representing shares* of a *sovereign controlled commercial company*, means a *listing* where the *issuer* is required to comply with the requirements in *LR* 21 (Sovereign controlled commercial companies: Premium listing) and other requirements in the *listing rules* that are expressed to apply to such *securities* with a *premium listing*.
premium listing (closed-ended investment fund)	a *premium listing* of *equity shares* of a *closed-ended investment fund*.
premium listing (commercial company)	a *premium listing* of *equity shares* (other than those of a *closed-ended investment fund* or of a *sovereign controlled commercial company* that is required to comply with the requirements in *LR* 21).

premium listing (sovereign controlled commercial company)	a *premium listing* of: (a) *equity shares* (other than those of a *closed-ended investment fund*); or (b) *certificates representing shares*, where the *issuer* of the *equity shares* or, in the case of *certificates representing shares*, the issuer of the *equity shares* which the certificates represent is a *sovereign controlled commercial company* and is required to comply with the requirements in *LR* 21 and other requirements in the *listing rules* that are expressed to apply to *securities* in this category.
property valuation report	(in *LR*) a *property* valuation report prepared by an independent expert in accordance with: (1) for an *issuer* incorporated in the *United Kingdom*, the Channel Islands or the Isle of Man, the Appraisal and Valuation Standards (5th edition) issued by the Royal Institution of Chartered Surveyors; or (2) for an *issuer* incorporated in any other place, either the standards referred to in paragraph (1) of this definition or the International Valuation Standards (7th edition) issued by the International Valuation Standards Committee.
related party circular	(in *LR*) a *circular* relating to a *related party transaction*.
scientific research based company	(in *LR*) a *company* primarily involved in the laboratory research and development of chemical or biological products or processes or any other similar innovative science based company.
standard listing	in relation to *securities*, means a *listing* that is not a *premium listing*.
standard listing (open-ended investment company)	a *standard listing* of *equity shares* of an *open-ended investment company*.
standard listing (shares)	a *standard listing* of *shares* other than *equity shares* of an *open-ended investment company* or *preference shares* that are *specialist securities*.
unrecognised scheme	(in *LR*) a *collective investment scheme* which is neither a *recognised scheme* nor a scheme that is constituted as an *authorised unit trust scheme* or *authorised contractual scheme*.

Annex B

UK Listing Rules sourcebook (UKLR)

In this Annex all text is new and is not underlined. Insert the following new sourcebook, UK Listing Rules sourcebook (UKLR).

1 Preliminary: all securities

1.1 Introduction

Application

1.1.1 R *UKLR* applies as follows:

(1) all of *UKLR* (other than *UKLR* 24) applies to an *issuer*; and

(2) *UKLR* 1 and *UKLR* 24 apply to a *sponsor* and a *person* applying for approval as a *sponsor*.

[**Note:** The following table provides a general indication of which chapters in *UKLR* are relevant to *applicants*, *issuers*, *listed companies*, *sponsors* and *persons* applying to be *sponsors*. The table does not provide definitive guidance as to the provisions which will be relevant to a particular *person*, nor does it take account of exceptions that may apply in respect of particular *persons*.]

UKLR 1 – Preliminary: all securities	Applies to all *issuers*, *sponsors* and *persons* applying for approval as a *sponsor*.
UKLR 2 – Listing Principles	Applies to all *listed companies*.
UKLR 3 – Requirements for listing: all securities	Applies to all *applicants* for *admission to listing* unless a *rule* is specified only to apply to a particular type of *applicant* or *security*.
UKLR 4 – Sponsors: responsibilities of issuers	Applies to *issuers* with a *listing* and *applicants* for *admission to listing* in the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category.
UKLR 5 – Equity shares (commercial companies):	Applies to *applicants* for *admission to listing* in the *equity shares (commercial companies)* category.

requirements for admission to listing	
UKLR 6 – Equity shares (commercial companies): continuing obligations	Applies to *companies* with a *listing* in the *equity shares (commercial companies)* category.
UKLR 7 – Equity shares (commercial companies): significant transactions and reverse takeovers	Applies to *companies* with a *listing* in the *equity shares (commercial companies)* category.
UKLR 8 – Equity shares (commercial companies): related party transactions	Applies to *companies* with a *listing* in the *equity shares (commercial companies)* category.
UKLR 9 – Equity shares (commercial companies): further issuances, dealing in own securities and treasury shares	Applies to *companies* with a *listing* in the *equity shares (commercial companies)* category.
UKLR 10 – Equity shares (commercial companies): contents of circulars	Applies to *companies* with a *listing* in the *equity shares (commercial companies)* category.
UKLR 11 – Closed-ended investment funds: requirements for listing and continuing obligations	Applies to *issuers* with a *listing* and *applicants* for *admission to listing* in the *closed-ended investment funds* category.
UKLR 12 – Open-ended investment companies: requirements for listing and continuing obligations	Applies to *issuers* with a *listing* and *applicants* for *admission to listing* in the *open-ended investment companies* category.
UKLR 13 – Equity shares (shell companies): requirements for listing and continuing obligations	Applies to *issuers* with a *listing* and *applicants* for *admission to listing* in the *equity shares (shell companies)* category.
UKLR 14 – Equity shares (international commercial companies secondary listing): requirements for listing and continuing obligations	Applies to *issuers* with a *listing* and *applicants* for *admission to listing* in the *equity shares (international commercial companies secondary listing)* category.
UKLR 15 – Certificates representing certain securities (depositary receipts): requirements for listing and continuing obligations	Applies to *issuers* with a *listing* and *applicants* for *admission to listing* in the *certificates representing certain securities* category.

UKLR 16 – Non-equity shares and non-voting equity shares: requirements for listing and continuing obligations	Applies to *issuers* with a *listing* and *applicants* for *admission to listing* in the *non-equity shares and non-voting equity shares* category.
UKLR 17 – Debt and debt-like securities: continuing obligations	Applies to *issuers* with a *listing* in the debt and debt-like *securities* category.
UKLR 18 – Securitised derivatives: requirements for listing and continuing obligations	Applies to *issuers* with a *listing* and *applicants* for *admission to listing* in the *securitised derivatives* category.
UKLR 19 – Warrants, options and other miscellaneous securities: continuing obligations	Applies to *issuers* with a *listing* in the *warrants*, *options* and other *miscellaneous securities* category.
UKLR 20 – Admission to listing: processes and procedures	Applies to *applicants* for *admission to listing*.
UKLR 21 – Suspending, cancelling and restoring listing and transfer between listing categories: all securities	Applies to all *issuers*.
UKLR 22 – Equity shares (transition): continuing obligations	Applies to *companies* with a *listing* in the *equity shares (transition)* category.
UKLR 23 – Listing particulars for professional securities market and certain other securities: all securities	Applies to *applicants* for *admission to listing* which are required to prepare *listing particulars*.
UKLR 24 – Sponsors	Applies to *sponsors* and *persons* applying for approval as a *sponsor*.

[**Note**: Other parts of the *Handbook* that may also be relevant to *issuers* or *sponsors* include the Disclosure Guidance and Transparency Rules sourcebook (*DTR*), the Prospectus Regulation Rules sourcebook (*PRR*), the Conduct of Business sourcebook (*COBS*), the Decision Procedure and Penalties manual (*DEPP*), Chapter 9 of the Supervision manual (*SUP*) and General Provisions (*GEN*).

The Enforcement Guide (*EG*) may also be relevant to *issuers* or *sponsors*.]

1.2 Modifying rules and consulting the FCA

Modifying or dispensing with rules

1.2.1 R (1) The *FCA* may dispense with or modify the *listing rules* in such cases and by reference to such circumstances as it considers appropriate (subject to the *Act*).

(2) A dispensation or modification may be either unconditional or subject to specified conditions.

(3) If an *issuer* or *sponsor* has applied for, or been granted, a dispensation or modification, it must notify the *FCA* immediately it becomes aware of any matter which is material to the relevance or appropriateness of the dispensation or modification.

(4) The *FCA* may revoke or modify a dispensation or modification.

1.2.2 R (1) An application to the *FCA* to dispense with or modify a *listing rule* must be in writing.

(2) The application must:

(a) contain a clear explanation of why the dispensation or modification is requested;

(b) include details of any special requirements – for example, the date by which the dispensation or modification is required;

(c) contain all relevant information that should reasonably be brought to the *FCA's* attention;

(d) contain any statement or information that is required by the *listing rules* to be included for a specific type of dispensation or modification; and

(e) include copies of all documents relevant to the application.

1.2.3 G An application to dispense with or modify a *listing rule* should ordinarily be made:

(1) for a *listing rule* that is a continuing obligation, at least 5 *business days* before the proposed dispensation or modification is to take effect; and

(2) for any other *listing rule*, at least 10 *business days* before the proposed dispensation or modification is to take effect.

Early consultation with the FCA

1.2.4 G An *issuer* or *sponsor* should consult with the *FCA* at the earliest possible stage if it:

(1) is in doubt about how the *listing rules* apply in a particular situation; or

(2) considers that it may be necessary for the *FCA* to dispense with or modify a *listing rule*.

1.2.5 G Where a *listing rule* refers to consultation with the *FCA*, submissions should be made in writing other than in circumstances of exceptional urgency or in the case of a submission from a *sponsor* in relation to the provision of a *sponsor service*.

Address for correspondence

The Financial Conduct Authority
12 Endeavour Square
London, E20 1JN
Tel: 020 7066 8333

[**Note:** https://www.fca.org.uk/markets/primary-markets/contact/request-individual-guidance]

1.3 Information gathering and publication

Information gathering

1.3.1 R An *issuer* must provide to the *FCA* as soon as possible:

(1) any information and explanations that the *FCA* may reasonably require to decide whether to grant an application for *admission*;

(2) any information that the *FCA* considers appropriate to protect investors or ensure the smooth operation of the market; and

(3) any other information or explanation that the *FCA* may reasonably require to verify whether *listing rules*, *disclosure requirements*, *transparency rules* and *corporate governance rules* are being and have been complied with.

The FCA may require issuer to publish information

1.3.2 R (1) The *FCA* may, at any time, require an *issuer* to publish such information in such form and within such time limits as it considers appropriate to protect investors or to ensure the smooth operation of the market.

(2) If an *issuer* fails to comply with a requirement under (1), the *FCA* may itself publish the information (after giving the *issuer* an opportunity to make representations as to why it should not be published).

Misleading information not to be published

1.3.3 R An *issuer* must take reasonable care to ensure that any information it notifies to a *RIS* or makes available through the *FCA* is not misleading, false or deceptive and does not omit anything likely to affect the import of the information.

Notification when a RIS is not open for business

1.3.4 R If an *issuer* is required to notify information to a *RIS* at a time when a *RIS* is not open for business, it must distribute the information as soon as possible to:

(1) not less than 2 national newspapers in the *United Kingdom*;

(2) 2 newswire services operating in the *United Kingdom*; and

(3) a *RIS* for release as soon as it opens.

Key persons contact details

1.3.5 R (1) An *issuer* must ensure that the *FCA* is provided, at all times, with up-to-date contact details of at least 2 of its executive *directors* (or, where the *issuer* has no executive *directors*, at least 2 of its *directors*), including their name, business telephone number and business email address. Where the *issuer* has only 1 executive *director* or has only 1 *director*, then the *issuer* must ensure the *FCA* is provided with the details of this *director*.

(2) The *issuer* must notify the *FCA* of any changes to the contact details under (1) as soon as possible.

1.3.6 G The *directors* whose contact details are provided under *UKLR* 1.3.5R will be expected to be key persons who are able to assist the *FCA* regarding matters that require an urgent response.

Service of notices

1.3.7 R An *issuer* must ensure that the *FCA* is provided, at all times, with up-to-date contact details of a nominated person at the *issuer*, including their address for the purposes of receiving service of *relevant documents*.

1.3.8 R The address referred to in *UKLR* 1.3.7R must be:

(1) an email address where the *issuer* provides written consent to receive service of *relevant documents* by email; or

(2) a postal address in the *UK* where written consent to email service mentioned in (1) above is not given.

[**Note:** There are additional requirements to provide first point of contact details set out in *UKLR* 6.2.19R including as applied by *UKLR* 11.4.1R, *UKLR* 12.3.6R, *UKLR* 13.3.11R, *UKLR* 14.3.8R, *UKLR* 16.3.7R and *UKLR* 22.2.8R.]

1.4 Miscellaneous

Appointment of sponsors

1.4.1 R (1) If it appears to the *FCA* that there is, or there may be, a breach of the *listing rules*, the *disclosure requirements* or the *transparency rules* by an *issuer* with a *listing* of *shares* in:

(a) the *equity shares (commercial companies)* category;

(b) the *closed-ended investment funds* category; or

(c) the *equity shares (shell companies)* category,

the *FCA* may in writing require the *issuer* to appoint a *sponsor* to advise the *issuer* on the application of the *listing rules*, the *disclosure requirements* and the *transparency rules*.

(2) If required to do so under (1), an *issuer* must, as soon as practicable, appoint a *sponsor* to advise it on the application of the *listing rules*, the *disclosure requirements* and the *transparency rules*.

[**Note:** *UKLR* 4.2 sets out the various circumstances in which an *issuer* must appoint, or obtain guidance from, a *sponsor*.]

Overseas companies

1.4.2 R If a *listing rule* refers to a requirement in legislation applicable to a *listed company* incorporated in the *United Kingdom*, a *listed overseas company* must comply with the requirement so far as:

(1) information available to it enables it to do so; and

(2) compliance is not contrary to the law in its country of incorporation.

1.4.3 R A *listed overseas company* must, if required to do so by the *FCA*, provide the *FCA* with a letter from an independent legal adviser explaining why compliance with a requirement referred to in *UKLR* 1.4.2R is contrary to the law in its country of incorporation.

English language

1.4.4 R A document that is required under a *listing rule* to be filed, notified to a *RIS*, provided to the *FCA* or sent to *security* holders must be in English.

Fees

1.4.5 G The provisions relating to periodic fees for *issuers* and *sponsors* are set out in *FEES* 1, 2 and 4.

Electronic communication

1.4.6 G If the *listing rules* require an *issuer* to send documents to its *security* holders, the *issuer* may, in accordance with *DTR* 6.1.8R, use *electronic means* to send those documents.

1.4.7 R A reference to a copy (or copies) of a document in the *listing rules* includes a copy (or copies) of a document produced, recorded or stored using *electronic means*.

Use of an RIS

1.4.8 R Where a *listing rule* requires an *issuer* subject to *DTR* 6.3.1R to use the services of a *RIS*, the *issuer* must comply with the provisions of *DTR* 6.3.

1.4.9 R Where a *listing rule* requires an *issuer* that is not subject to *DTR* 6.3.1R to use the services of a *RIS*, the *issuer* must comply with the provisions of *DTR* 6.3, except in relation to information which is required to be disclosed under articles 17 and 19 of the *Market Abuse Regulation* or the *DTR*.

1.5 Listing categories

1.5.1 R An *issuer* must comply with the *rules* that are applicable to every *security* in the category of *listing* which applies to each *security* the *issuer* has *listed*. The categories of *listing* are:

(1) *equity shares (commercial companies)*;

(2) *closed-ended investment funds*;

(3) *open-ended investment companies*;

(4) *equity shares (shell companies)*;

(5) *equity shares (international commercial companies secondary listing)*;

(6) *certificates representing certain securities*;

(7) *non-equity shares and non-voting equity shares*;

(8) debt and debt-like *securities*;

(9) *securitised derivatives*;

(10) *warrants*, *options* and other *miscellaneous securities*; and

(11) *equity shares (transition)*.

1.5.2 R An *issuer* must inform the *FCA* if the characteristics of a *security* change so that the *security* no longer meets the definition of a *security* in the category in which it has been placed.

Misleading statements about status

1.5.3 R An *issuer* that has *securities listed* in a particular *listing* category must not describe itself or hold itself out (in whatever terms) as being *listed* in a different *listing* category from the one in which those *securities* are *listed*. An *issuer* must not make any representation which suggests, or which is reasonably likely to be understood as suggesting, that it has a *listing* in a different *listing* category or complies, or is required to comply, with the requirements that apply to a different *listing* category from the one in which its *securities* are *listed*.

2 Listing Principles

2.1 Application and purpose

Application

2.1.1 R The Listing Principles in *UKLR* 2.2.1R apply to every *listed company* in respect of all its obligations arising from the *listing rules*, *disclosure requirements*, *transparency rules* and *corporate governance rules*.

2.1.2 G This chapter is also relevant to *applicants* in relation to the confirmation in respect of procedures, systems and controls required by *UKLR* 20.3.1R.

[**Note:** The Procedures, Systems and Controls Confirmation Form can be found on the Primary Markets section of the *FCA's* website.]

Purpose

2.1.3 G The purpose of the Listing Principles is to ensure that *listed companies* pay due regard to the fundamental role they play in maintaining market confidence and ensuring fair and orderly markets.

2.1.4 G The Listing Principles are designed to assist *listed companies* in identifying their obligations and responsibilities under the *listing rules*, *disclosure requirements*, *transparency rules* and *corporate governance rules*. The Listing Principles should be interpreted together with relevant *rules* and *guidance* which underpin the Listing Principles.

2.1.5 G *DEPP* 6 (Penalties) and *EG* 7 set out *guidance* on the consequences of breaching a Listing Principle.

2.2 The Listing Principles

2.2.1 R The Listing Principles are as follows:

Listing Principle 1	A *listed company* must take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations.
Listing Principle 2	A *listed company* must deal with the *FCA* in an open and cooperative manner.
Listing Principle 3	A *listed company* must take reasonable steps to enable its *directors* to understand their responsibilities and obligations as *directors*.
Listing Principle 4	A *listed company* must act with integrity towards the holders and potential holders of its *listed securities*.
Listing Principle 5	A *listed company* must ensure that it treats all holders of the same class of its *listed securities* that are in the same position equally in respect of the rights attaching to those *listed securities*.
Listing Principle 6	A *listed company* must communicate information to holders and potential holders of its *listed securities* in such a way as to avoid the creation or continuation of a false market in those *listed securities*.

Guidance on the Listing Principles

2.2.2 G Listing Principle 1 is intended to ensure that *listed companies* have adequate procedures, systems and controls to enable them to comply with their obligations under the *listing rules*, *disclosure requirements*, *transparency rules* and *corporate governance rules*. In particular, the *FCA* considers that *listed companies* should place particular emphasis on ensuring that they have adequate procedures, systems and controls in relation to, where applicable:

(1) identifying whether any obligations arise under *UKLR* 7 (Equity shares (commercial companies): significant transactions and reverse takeovers) and *UKLR* 8 (Equity shares (commercial companies): related party transactions);

(2) the timely and accurate disclosure of information to the market; and

(3) the provision of information to the *FCA* in accordance with *UKLR* 1.3.1R and to their *sponsor* in accordance with *UKLR* 4.5.1R.

2.2.3 G For the purposes of Listing Principle 1, *directors* should take reasonable steps to ensure that adequate governance arrangements are established and maintained at all times to enable the *listed company* to comply with Listing Principle 1.

2.2.4 G Timely and accurate disclosure of information to the market is a key obligation of *listed companies*. For the purposes of Listing Principle 1, a *listed company* should have adequate procedures, systems and controls to be able to:

(1) ensure that it can properly identify information which requires disclosure under the *listing rules*, *disclosure requirements*, *transparency rules* or *corporate governance rules* in a timely manner; and

(2) ensure that any information identified under (1) is properly considered by the *directors* and that such a consideration encompasses whether the information should be disclosed.

2.2.5 G For the purposes of Listing Principle 1, a *listed company* should have adequate procedures, systems and controls to be able to:

(1) explain to the *FCA* where information is held and how it can be accessed (regardless of whether the information is held in the *UK* or *overseas*); and

(2) access easily from the *UK* information that may be held outside the *UK*.

2.2.6 G For the purposes of Listing Principle 2:

(1) a *listed company* should take reasonable steps to ensure that its *directors* deal with the *FCA* in an open and cooperative manner; and

(2) the *FCA* expects the *directors* of the *listed company* to deal with the *FCA* in an open and cooperative manner, including when responding to requests for information and attending interviews with the *FCA*.

3 Requirements for listing: all securities

3.1 Preliminary

Application

3.1.1 R This chapter applies to all *applicants* for *admission to listing* (unless a *rule* is specified only to apply to a particular type of *applicant* or *security*).

Refusal of applications

3.1.2 G Under the *Act*, the *FCA* may not grant an application for *admission* unless it is satisfied that:

(1) the requirements of the *listing rules* are complied with; and

(2) any special requirement (see *UKLR* 3.1.4R) is complied with.

3.1.3 G Under the *Act*, the *FCA* may also refuse an application for *admission* if it considers that:

(1) *admission* of the *securities* would be detrimental to investors' interests; or

(2) for *securities* already listed in a *third country*, the *issuer* has failed to comply with any obligations under that listing.

Special requirements

3.1.4 R (1) The *FCA* may make the *admission* of *securities* subject to any special requirement that it considers appropriate to protect investors.

(2) The *FCA* must explicitly inform the *issuer* of any special requirement that it imposes.

No conditional admission

3.1.5 G The *FCA* is not able to make the *admission* of *securities* conditional on any event. The *FCA* may, in particular cases, seek confirmation from an *issuer* before the *admission* of *securities* that the *admission* does not purport to be conditional on any matter.

3.2 Requirements for all securities

Incorporation

3.2.1 R An *applicant* (other than a *public sector issuer*) must be:

(1) duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment; and

(2) operating in conformity with its *constitution*.

Validity

3.2.2 R To be *listed*, *securities* must:

(1) conform with the law of the *applicant's* place of incorporation;

(2) be duly authorised according to the requirements of the *applicant's constitution*; and

(3) have any necessary statutory or other consents.

Admission to trading

3.2.3 R Other than in regard to *securities* to which *UKLR* 23 applies, to be *listed*, *equity shares* must be admitted to trading on a *regulated market* for *listed securities*. All other *securities* must be admitted to trading on a *RIE's* market for *listed securities*.

Transferability

3.2.4 R (1) To be *listed*, *securities* must be freely transferable.

(2) To be *listed*, *shares* must be fully paid and free from all liens and from any restriction on the right of transfer (except any restriction imposed for failure to comply with a notice under section 793 of the Companies Act 2006 (Notice by company requiring information about interests in its shares)).

3.2.5 G The *FCA* may modify *UKLR* 3.2.4R to allow partly paid *securities* to be *listed* if it is satisfied that their transferability is not restricted and investors have been provided with appropriate information to enable dealings in the *securities* to take place on an open and proper basis.

3.2.6 G The *FCA* may, in exceptional circumstances, modify or dispense with *UKLR* 3.2.4R where the *applicant* has the power to disapprove the transfer of *shares* if the *FCA* is satisfied that this power would not disturb the market in those *shares*.

Market capitalisation

3.2.7 R (1) The expected aggregate market value of all *securities* (excluding *treasury shares* and *shares* of a *closed-ended investment fund* or *open-ended investment company*) to be *listed* must be at least:

(a) £30 million for *shares*; and

(b) £200,000 for *debt securities*.

(2) The expected aggregate market value of *shares* of a *closed-ended investment fund* or *open-ended investment company* to be *listed* must be at least £700,000.

(3) Paragraph (1) does not apply to tap issues where the amount of the *debt securities* is not fixed.

(4) Paragraphs (1) and (2) do not apply if *securities* of the same *class* are already *listed*.

3.2.8 G The *FCA* may modify *UKLR* 3.2.7R to admit *securities* of a lower value if it is satisfied that there will be an adequate market for the *securities* concerned.

Whole class to be listed

3.2.9 R An application for *listing* of *securities* of any *class* must:

(1) if no *securities* of that *class* are already *listed*, relate to all *securities* of that *class*, issued or proposed to be issued; or

(2) if *securities* of that *class* are already *listed*, relate to all further *securities* of that *class*, issued or proposed to be issued.

Prospectus

3.2.10 R (1) This *rule* applies if:

(a) a *prospectus* must be approved and published for the *securities*; or

(b) the *applicant* is permitted and elects to draw up a *prospectus* for the *securities*.

(2) To be *listed*, a *prospectus* must have been approved by the *FCA* and published in relation to the *securities*.

Listing particulars

3.2.11 R (1) This *rule* applies if, under *UKLR* 23, *listing particulars* must be approved and published for *securities*.

(2) To be *listed*, *listing particulars* for the *securities* must have been approved by the *FCA* and published in accordance with *UKLR* 23.

Convertible securities and miscellaneous securities carrying the right to buy or subscribe for other securities

3.2.12 R *Convertible securities* and *miscellaneous securities* giving the holder the right to buy or subscribe for other *securities* may be *admitted to listing* only if the *securities* into which they are convertible or over which they give a right to buy or subscribe are already, or will become at the same time:

(1) *listed securities*; or

(2) *securities* listed on a regulated, regularly operating, recognised open market.

3.2.13 G The *FCA* may dispense with *UKLR* 3.2.12R if it is satisfied that holders of the *convertible securities* have at their disposal all the information necessary to form an opinion about the value of the underlying *securities*.

4 Sponsors: responsibilities of issuers

4.1 Application

4.1.1 R This chapter applies to all *issuers* with a *listing* of *equity shares* in, or applying for *admission* of *equity shares* to, the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category.

4.2 When a sponsor must be appointed or its guidance obtained

When a sponsor must be appointed

4.2.1 R An *issuer* with a *listing* of *equity shares* in, or applying for *admission* of its *equity shares* to, the *equity shares (commercial companies)* category, the *closed-ended investment funds* category for the *equity shares (shell companies)* category must appoint a *sponsor* on each occasion that the *issuer*:

(1) is required to submit any of the following documents to the *FCA* in connection with an application for *admission* of *equity shares* to the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category:

(a) a *prospectus* or *supplementary prospectus*;

(b) a summary document as required by article 1(5)(j) of the *Prospectus Regulation*; or

(c) for an *issuer* that is a *closed-ended investment fund*, *listing particulars* or *supplementary listing particulars*;

(2) is required to publish a document under article 1(4)(f) or (g) or (5)(e) or (f) of the *Prospectus Regulation*;

(3) is required to submit to the *FCA* a *reverse takeover circular* for approval;

(4) is required by *UKLR* 11 (Closed-ended investment funds: requirements for listing and continuing obligations) to submit to the *FCA* a *relevant related party transaction circular* for approval;

(5) is required to do so by the *FCA* because it appears to the *FCA* that there is, or there may be, a breach of the *listing rules*, the *disclosure requirements* or the *transparency rules* by the *listed issuer*;

(6) is required by *UKLR* 8.2.1R(3) (including as modified by *UKLR* 11.5.4R) to obtain a confirmation that the terms of a proposed transaction or arrangement with a *related party* are fair and reasonable;

(7) is required by the *FCA* to have a *sponsor* submit a letter to the *FCA* setting out how the *applicant* satisfies the criteria in *UKLR* 3 and, if applicable, *UKLR* 5, *UKLR* 11 or *UKLR* 13;

(8) is required to procure that a *sponsor* contact the *FCA* as specified in *UKLR* 13.4, including so that the *sponsor* provides any requested confirmation; or

(9) is required to procure that a *sponsor* submits to the *FCA* a letter in relation to the *issuer's* eligibility in connection with a *reverse takeover* under *UKLR* 7.5.13G(2).

4.2.2 R An *issuer* must appoint a *sponsor* where it applies to transfer its category of *listing* from:

(1) a *listing* in the *equity shares (commercial companies)* category to a *listing* in the *closed-ended investment funds* category;

(2) a *listing* in the *equity shares (commercial companies)* category to a *listing* in the *equity shares (shell companies)* category;

(3) a *listing* in the *closed-ended investment funds* category to a *listing* in the *equity shares (commercial companies)* category;

(4) a *listing* in the *open-ended investment companies* category to a *listing* in the *equity shares (commercial companies)* category;

(5) a *listing* in the *equity shares (international commercial companies secondary listing)* category to a *listing* in the *equity shares (commercial companies)* category;

(6) a *listing* in the *equity shares (international commercial companies secondary listing)* category to a *listing* in the *equity shares (shell companies)* category;

(7) a *listing* in the *equity shares (international commercial companies secondary listing)* category to a *listing* in the *closed-ended investment funds* category;

(8) a *listing* in the *equity shares (transition)* category to a *listing* in the *equity shares (commercial companies)* category;

(9) a *listing* in the *equity shares (transition)* category to a *listing* in the *equity shares (shell companies)* category; or

(10) a *listing* in the *equity shares (transition)* category to a *listing* in the *closed-ended investment funds* category.

4.2.3 R An *issuer* with *equity shares admitted* to the *equity shares (commercial companies)* category or the *closed-ended investment funds* category must appoint a *sponsor* where it proposes to make a request to the *FCA* to modify, waive or substitute the operation of *UKLR* 7, *UKLR* 8 or *UKLR* 11.

4.2.4 R An *issuer* with a *listing* of *equity shares* in the *equity shares (commercial companies)* category or the *closed-ended investment funds* category must appoint a *sponsor* where it proposes to make a request to the *FCA* for individual guidance in relation to the *listing rules*, the *disclosure requirements* or the *transparency rules* in connection with a matter referred to in *UKLR* 7, *UKLR* 8 or *UKLR* 11.

4.2.5 G If an *issuer* with a *listing* of *equity shares* in, or applying for *admission* of its *equity shares* to, the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category wishes to seek individual guidance about a matter that is, or will be, the subject of a *sponsor service*, the *FCA* expects to discuss all matters relating to a *sponsor service* directly with a *sponsor*. However, in appropriate circumstances, the *FCA* will communicate directly with the *issuer* or its advisers.

Other transactions where an issuer must obtain a sponsor's guidance

4.2.6 R If an *issuer* with a *listing* of *equity shares* in the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category is proposing to enter into a transaction which, due to its size or nature, could amount to a *reverse takeover* or an *initial transaction*, it must obtain the guidance of a *sponsor* to assess the application of the *listing rules*, the *disclosure requirements* and the *transparency rules*.

4.3 Notifications to FCA

4.3.1 R A *listed issuer* or *applicant* must ensure the *FCA* is informed promptly of the name and contact details of any *sponsor* appointed in accordance with the *listing rules* (either by the *listed issuer* or *applicant*, or by the *sponsor* itself).

4.3.2 R (1) A *listed issuer* or *applicant* must notify the *FCA*, in writing, immediately of the resignation or dismissal of any *sponsor* that it had appointed.

(2) In the case of a dismissal, the reasons for the dismissal must be included in the notification.

(3) The notification must be copied to the *sponsor*.

4.4 Issuer appoints more than one sponsor

4.4.1 R Where a *listed issuer* or *applicant* appoints more than one *sponsor* to provide a *sponsor service*, the *listed issuer* or *applicant* must:

(1) ensure that one *sponsor* takes responsibility for contact with the *FCA* in respect of administrative arrangements for the *sponsor service*; and

(2) inform the *FCA* promptly, in writing, of the name and contact details of the *sponsor* taking responsibility under (1).

4.5 Cooperation with sponsors

4.5.1 R In relation to the provision of a *sponsor service*, an *issuer* with a *listing* of *equity shares* in, or applying for *admission* of its *equity shares* to, the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category must cooperate with its *sponsor* by providing the *sponsor* with all information reasonably requested by the *sponsor* for the purpose of carrying out the *sponsor service* in accordance with *UKLR* 24.

4.5.2 G (1) The role of a *sponsor* – including to provide the *FCA* with assurances, explanations and confirmations relating to compliance with the *listing rules* by *issuers* with a *listing* of *equity shares*, or applying for *admission* of *equity shares*, and to provide guidance to *issuers* with a *listing* of *equity shares*, or applying for *admission* of *equity shares*, in understanding and meeting their responsibilities under the *listing rules*, *disclosure requirements* and *transparency rules* – is set out in *UKLR* 24.2 and *UKLR* 24.3.

(2) The assurances, explanations and confirmations in (1) may relate to shareholder approvals obtained, or other work undertaken, by an *issuer* before the appointment of a *sponsor* in relation to a particular transaction. Therefore, an *issuer* with a *listing* of *equity shares*, or applying for *admission* of its *equity shares*, to the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category is encouraged to engage with a *sponsor* at the earliest possible stage if it is in doubt about the application of the *listing rules*, the *disclosure requirements* or the *transparency rules* to a particular matter.

5 Equity shares (commercial companies): requirements for admission to listing

5.1 Application

5.1.1 R This chapter applies to an *applicant* for the *admission* of *equity shares* other than those of:

(1) a *closed-ended investment fund*;

(2) an *open-ended investment company*;

(3) a *shell company*; or

(4) an *investment entity* that is not a *closed-ended investment fund* or an *open-ended investment company*.

5.1.2 R This chapter applies to an *applicant* for the *admission* of *equity shares* to the *equity shares (commercial companies)* category except where:

(1) the *applicant* meets the following conditions:

(a) it has an existing *listing* in the *equity shares (commercial companies)* category;

(b) it is applying for the *admission* of *equity shares* of the same *class* as the *shares* that have been *admitted* to the *equity shares (commercial companies)* category; and

(c) it is not entering into a transaction classified as a *reverse takeover*; or

(2) the following conditions are met:

(a) a *company* has an existing *listing* in the *equity shares (commercial companies)* category;

(b) the *applicant* is a new *holding company* of the *company* in (2)(a); and

(c) the *company* in (2)(a) is not entering into a transaction classified as a *reverse takeover*.

5.2 Externally managed companies

5.2.1 R An *applicant* must satisfy the *FCA* that:

(1) the discretion of its board to make strategic decisions on behalf of the *applicant* has not been limited or transferred to a *person* outside the *applicant's group*; and

(2) its board has the capability to act on key strategic matters in the absence of a recommendation from a *person* outside the *applicant's group*.

5.2.2 G In considering whether an *applicant* has satisfied *UKLR* 5.2.1R, the *FCA* will consider, among other things, whether the *applicant's* board consists

solely of non-executive *directors* and whether significant elements of the strategic decision-making of or planning for the *applicant* take place outside the *applicant's group* – for example, with an *external management company*.

5.3 Controlling shareholders

5.3.1 R An *applicant* with a *controlling shareholder* must demonstrate that, despite having a *controlling shareholder*, the *applicant* is able to carry on the business it carries on as its main activity independently from such *controlling shareholder* at all times.

5.3.2 G Factors which may indicate that an *applicant* does not satisfy the requirement in *UKLR* 5.3.1R include:

(1) an *applicant* has granted or may be required to grant security over its business in connection with the funding of a *controlling shareholder* or a member of a *controlling shareholder's group*; or

(2) an *applicant* cannot demonstrate that it has access to financing other than from a *controlling shareholder* (or an *associate* thereof).

5.3.3 R Where:

(1) an *applicant* is a *sovereign controlled commercial company*; and

(2) the State which is a *sovereign controlling shareholder* is either:

(a) recognised by the government of the *UK* as a State at the time the application is made; or

(b) the *UK*,

references to a *controlling shareholder* must be read as excluding a *sovereign controlling shareholder* in, or for the purposes of, *UKLR* 5.3.1R to *UKLR* 5.3.2G.

5.4 Constitutional arrangements

5.4.1 R An *applicant* must have in place a *constitution* that allows it to comply with the *listing rules* – in particular:

(1) *UKLR* 6.2.27R to vote on matters that must be decided by a resolution of the holders of the *listed company's equity shares* that have been *admitted* to the *equity shares (commercial companies)* category; and

(2) for an *applicant* with a *controlling shareholder*, *UKLR* 6.2.8R and *UKLR* 6.2.9R concerning the election and re-election of *independent directors*.

5.4.2 R An *applicant* must have in place a *constitution* which ensures that all *equity shares* in a *class* that has been *admitted* to the *equity shares (commercial companies)* category carry an equal number of votes on any shareholder vote.

5.4.3 R Where the *applicant* will have more than one *class* of *equity shares* admitted to the *equity shares (commercial companies)* category, the aggregate voting rights of the *equity shares* in each *class* should be broadly proportionate to the relative interests of those *classes* in the equity of the *listed company*.

5.4.4 G In assessing whether the voting rights attaching to different *classes* of *listed equity shares* are proportionate for the purposes of *UKLR* 5.4.3R, the *FCA* will have regard to the following non-exhaustive list of factors:

(1) the extent to which the rights of the *classes* differ other than their voting rights – for example, with regard to dividend rights or entitlement to any surplus capital on winding up;

(2) the extent of dispersion and relative liquidity of the *classes*; and/or

(3) the commercial rationale for the difference in the rights.

5.4.5 R Where the *applicant* will have *specified weighted voting rights shares* in issue following *admission*, the *applicant* must have in place, on the first occasion the *applicant* makes an application for the *admission* of *equity shares* to the *equity shares (commercial companies)* category, a *constitution* which ensures that all of the following conditions are met:

(1) The *specified weighted voting rights shares* may only be issued to a *person* who, on the first occasion the *applicant* makes an application for the *admission* of *equity shares* to the *equity shares (commercial companies)* category, was:

(a) a *director* of the *applicant*;

(b) an investor in, or shareholder of, the *applicant*;

(c) an *employee* of the *applicant*;

(d) a *person* established for the sole benefit of, or solely owned and controlled by, a *person* specified in (a), (b) or (c); or

(e) where the *applicant* is a *sovereign controlled commercial company*, a *sovereign controlling shareholder*.

(2) (a) The voting rights attached to the *specified weighted voting rights shares* issued to a *person* specified in (b) in accordance with (1) may only count towards shareholder votes for a period of 10 years beginning with the date on

which the *issuer* first had a *class* of *shares admitted* to *listing*.

(b) A *person* specified for the purposes of (a) is an investor in, or shareholder of, the *applicant* which is not a natural person, except for:

(i) a *person* established for the sole benefit of, or solely owned and controlled by, a *person* who is a natural person; and

(ii) a *sovereign controlling shareholder*.

(3) The voting rights attached to *specified weighted voting rights shares* issued in accordance with (1) may not be transferred except to a *person* established for the sole benefit of, or solely owned and controlled by, a *person* specified in (1)(a), (b) or (c) to whom such *specified weighted voting rights shares* were issued.

(4) The holders of the *specified weighted voting rights shares* cannot exercise the voting rights attached to *specified weighted voting rights shares* on the shareholder votes referred to in *UKLR* 6.2.27R(1).

5.4.6 G *UKLR* 5.4.5R(1)(d) and *UKLR* 5.4.5R(3) are intended to enable *specified weighted voting rights shares* to be held or transferred for the purpose of obtaining or maintaining favourable treatment of the *specified weighted voting rights shares*, including to take account of local tax, exchange control or securities laws in *overseas* territories.

Pre-emption rights

5.4.7 R If the law of the country of its incorporation does not confer on shareholders rights which are at least equivalent to *UKLR* 9.2.1R, an *overseas company* applying for a *listing* in the *equity shares (commercial companies)* category must:

(1) ensure that its *constitution* provides for rights which are at least equivalent to the rights provided in *UKLR* 9.2.1R (as qualified by *UKLR* 9.2.2R); and

(2) be satisfied that conferring such rights would not be incompatible with the law of the country of its incorporation.

5.5 Shares in public hands

5.5.1 R Where an *applicant* is applying for the *admission* of a *class* of *equity shares* to *listing* in the *equity shares (commercial companies)* category, a sufficient number of *shares* of that *class* must, no later than the time of *admission*, be distributed to the public.

5.5.2 R For the purposes of *UKLR* 5.5.1R:

(1) a sufficient number of *shares* will be taken to have been distributed to the public when 10% of the *shares* for which application for *admission* has been made are in public hands; and

(2) *treasury shares* are not to be taken into consideration when calculating the number of *shares* of the *class*.

5.5.3 R For the purposes of *UKLR* 5.5.1R and *UKLR* 5.5.2R, *shares* are not held in public hands if they are:

(1) held, directly or indirectly, by:

(a) a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(b) a *person* connected with a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(c) the trustees of any *employees' share scheme* or pension fund established for the benefit of any *directors* and *employees* of the *applicant* and its *subsidiary undertakings*;

(d) any *person* who, under any agreement, has a right to nominate a *person* to the board of *directors* of the *applicant*; or

(e) any *person* or *persons* in the same *group* or *persons* acting in concert who have an interest in 5% or more of the *shares* of the relevant *class*; or

(2) subject to a lock-up period of more than 180 calendar days.

5.5.4 G When calculating the number of *shares* for the purposes of *UKLR* 5.5.3R(1)(e), holdings of *investment managers* in the same *group* will be disregarded where:

(1) investment decisions are made independently by the individual in control of the relevant fund; and

(2) those decisions are unfettered by the *group* to which the *investment manager* belongs.

5.6 Shares of a third country company

5.6.1 R The *FCA* will not admit *shares* of an *applicant* incorporated in a *third country* that are not listed either in its country of incorporation or in the country in which a majority of its *shares* are held, unless the *FCA* is satisfied that the absence of the listing is not due to the need to protect investors.

6 Equity shares (commercial companies): continuing obligations

6.1 Preliminary

Application

6.1.1 R This chapter applies to a *company* that has a *listing* of *equity shares* in the *equity shares (commercial companies)* category.

6.2 Requirements with continuing application

Admission to trading

6.2.1 R A *listed company* must comply with *UKLR* 3.2.3R at all times.

6.2.2 R A *listed company* must inform the *FCA* in writing as soon as possible if it has:

(1) requested a *RIE* to admit or re-admit any of its *listed equity shares* to trading;

(2) requested a *RIE* to cancel or suspend trading of any of its *listed equity shares*; or

(3) been informed by a *RIE* that trading of any of its *listed equity shares* will be cancelled or suspended.

Controlling shareholders

6.2.3 R A *listed company* with a *controlling shareholder* must be able to carry on the business it carries on as its main activity independently from such *controlling shareholder* at all times.

6.2.4 G *UKLR* 5.3.2G provides *guidance* on factors that may indicate that a *listed company* with a *controlling shareholder* is not carrying on the business it carries on as its main activity independently from a *controlling shareholder*.

6.2.5 R Where a *listed company* has a *controlling shareholder*, it must have in place at all times a *constitution* that allows the election and re-election of *independent directors* to be conducted in accordance with *UKLR* 6.2.8R and *UKLR* 6.2.9R.

6.2.6 R (1) This *rule* applies where a *person* becomes a *controlling shareholder* of a *listed company* which did not previously have a *controlling shareholder*, as a result of changes in ownership or control of the *listed company*.

(2) Where this *rule* applies, the *listed company* has until the date of the next annual general meeting of the *listed company*, other than an annual general meeting for which notice:

(a) has already been given; or

(b) is given within a period of 3 months from the event that resulted in that *person* becoming a *controlling shareholder*,

to comply with *UKLR* 6.2.5R.

6.2.7 G In complying with *UKLR* 6.2.5R, a *listed company* may allow an existing *independent director* who is being proposed for re-election (including any such *director* who was appointed by the board of the *listed company* until the next annual general meeting) to remain in office until any resolution required by *UKLR* 6.2.9R has been voted on.

6.2.8 R Where *UKLR* 6.2.5R applies, the election or re-election of any *independent director* by shareholders must be approved by:

(1) the shareholders of the *listed company*; and

(2) the *independent shareholders* of the *listed company*.

6.2.9 R Where *UKLR* 6.2.8R applies, if the election or re-election of an *independent director* is not approved by both the shareholders and the *independent shareholders* of the *listed company*, but the *listed company* wishes to propose that *person* for election or re-election as an *independent director*, the *listed company* must propose a further resolution to elect or re-elect the proposed *independent director* which:

(1) must not be voted on within a period of 90 days from the date of the original vote;

(2) must be voted on within a period of 30 days from the end of the period set out in (1); and

(3) must be approved by the shareholders of the *listed company*.

Statements by directors in relation to a shareholder resolution

6.2.10 R Where:

(1) a *listed company* has a *controlling shareholder*; and

(2) the *controlling shareholder* or any of its *associates* proposes or procures the proposal of a shareholder resolution which a *director* considers is intended or appears to be intended to circumvent the proper application of the *listing rules*,

the *circular* accompanying the notice of meeting which contains the relevant shareholder resolution must set out a statement by the board of the *director's* opinion in respect of the resolution.

Compliance with the disclosure requirements, transparency rules and corporate governance rules

6.2.11 G A *listed* company whose *equity shares* are admitted to trading on a *regulated market* should consider its obligations under the *disclosure requirements*.

6.2.12 R A *listed company* that is not already required to comply with the obligations referred to under article 17 of the *Market Abuse Regulation* must comply with those obligations as if it were an *issuer* for the purposes of the *disclosure requirements* and *transparency rules* subject to article 22 of the *Market Abuse Regulation*.

6.2.13 G A *listed company* whose *equity shares* are admitted to trading on a *regulated market* should consider its obligations under *DTR* 4 (Periodic Financial Reporting), *DTR* 5 (Vote Holder and Issuer Notification Rules), *DTR* 6 (Continuing obligations and access to information) and *DTR* 7 (Corporate governance).

6.2.14 R A *listed company* that is not already required to comply with the *transparency rules* must comply with *DTR* 4, *DTR* 5 and *DTR* 6 as if it were an *issuer* for the purposes of the *transparency rules*.

Disclosure of rights attached to equity shares

6.2.15 R Unless exempted in *UKLR* 6.2.18R, a *listed company* must:

(1) forward to the *FCA* for publication a copy of one or more of the following:

(a) the approved *prospectus* or *listing particulars* for its *listed equity shares*;

(b) the relevant agreement or document setting out the terms and conditions on which its *listed equity shares* were issued; or

(c) a document describing:

(i) the rights attached to its *listed equity shares*;

(ii) limitations on such rights; and

(iii) the procedure for the exercise of such rights,

produced in accordance with the relevant Annex of the *Prospectus Regulation* that would have applied had the *listed company* been required to produce a *prospectus* for those *listed equity shares*; and

(2) if the information in relation to the rights attached to its *listed equity shares* set out in the document previously forwarded in

accordance with (1) is no longer accurate, forward to the *FCA* for publication a copy of either of the following:

(a) a new document in accordance with (1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *listed company's listed equity shares*.

6.2.16 R The documents in *UKLR* 6.2.15R must be forwarded to the *FCA* for publication by uploading them to the *national storage mechanism*.

6.2.17 G The purpose of *UKLR* 6.2.15R is to require *listed companies* to maintain publicly available information in relation to the rights attached to their *listed equity shares* so that investors can access such information.

6.2.18 R A *listed company* is exempt from *UKLR* 6.2.15R where:

(1) it has previously forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a document specified in *UKLR* 6.2.15R(1);

(2) if the information in relation to the rights attached to its *listed equity shares* set out in the document previously forwarded or filed in accordance with (1) is no longer accurate, it has forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a copy of either of the following:

(a) one of the documents specified in *UKLR* 6.2.15R(1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *listed company's listed equity shares*; and

(3) the documents in (1) and (2) have been forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, by:

(a) forwarding them for publication on a location previously identified on the *FCA* website where the public can inspect documents referred to in the *listing rules* as being documents to be made available at the document viewing facility; or

(b) uploading them to the *national storage mechanism*.

First point of contact details

6.2.19 R A *listed company* must ensure that the *FCA* is provided with up-to-date contact details of at least one appropriate person nominated by it to act as the first point of contact with the *FCA* in relation to the *company's*

compliance with the *listing rules*, the *disclosure requirements* and the *transparency rules*.

6.2.20 G The contact person referred to in *UKLR* 6.2.19R will be expected to be:

(1) knowledgeable about the *listed company* and the *listing rules* applicable to it;

(2) capable of ensuring that appropriate action is taken on a timely basis; and

(3) contactable on *business days* between the hours of 7am and 7pm.

Sponsors

6.2.21 G A *listed company* should consider its notification obligations under *UKLR* 4.3.

Shares in public hands

6.2.22 R A *listed company* must comply with *UKLR* 5.5.1R to *UKLR* 5.5.3R at all times.

Publication of unaudited financial information

6.2.23 R (1) This *rule* applies to a *listed company* that has published:

(a) any unaudited financial information in a *reverse takeover circular* or a *prospectus*; or

(b) any *profit forecast* or *profit estimate*.

(2) The first time a *listed company* publishes financial information as required by *DTR* 4.1 after the publication of the unaudited financial information, *profit forecast* or *profit estimate*, it must:

(a) reproduce that financial information, *profit forecast* or *profit estimate* in its next annual report and accounts;

(b) produce and disclose in the annual report and accounts the actual figures for the same period covered by the information reproduced under paragraph (2)(a); and

(c) provide an explanation of the difference, if there is a difference of 10% or more between the figures required by paragraph (2)(b) and those reproduced under paragraph (2)(a).

6.2.24 G *UKLR* 6.2.23R does not apply to:

(1) pro forma financial information prepared in accordance with Annex 1 and Annex 2 of the *PR Regulation*; or

(2) any preliminary statements of annual results or half-yearly or quarterly reports that are reproduced with the unaudited financial information.

Externally managed companies

6.2.25 R An *issuer* must at all times ensure that the discretion of its board to make strategic decisions on behalf of the *company* has not been limited or transferred to a *person* outside the *issuer's group*, and that the board has the capability to act on key strategic matters in the absence of a recommendation from a *person* outside the *issuer's group*.

Equal voting rights within a listed class

6.2.26 R A *listed company* must at all times maintain constitutional arrangements that comply with *UKLR* 5.4.2R.

Voting on matters relevant to listing in the equity shares (commercial companies) category

6.2.27 R (1) Where the provisions of *UKLR* 9, *UKLR* 21.2 or *UKLR* 21.5 require a shareholder vote to be taken, that vote must be decided by a resolution of the holders of the *listed company's equity shares* that have been *admitted* to the *equity shares (commercial companies)* category.

(2) Where the provisions of *UKLR* 6.2.8R, *UKLR* 21.2.8R or *UKLR* 21.5.6R(3)(b)(ii) require that the resolution must in addition be approved by *independent shareholders*, only *independent shareholders* who hold the *listed company's equity shares* that have been *admitted* to the *equity shares (commercial companies)* category can vote.

6.2.28 G The *FCA* may modify the operation of *UKLR* 6.2.27R in exceptional circumstances – for example, to accommodate the operation of:

(1) special share arrangements designed to protect the national interest;

(2) dual-listed company voting arrangements; and

(3) voting rights attaching to *preference shares* or similar *securities* that are in arrears.

Listed companies with more than one class admitted

6.2.29 R Where a *listed company* has more than one *class* of *equity shares* admitted to the *equity shares (commercial companies)* category, the aggregate voting rights of the *equity shares* in each *class* should be broadly proportionate to the relative interests of those *classes* in the equity of the *listed company*.

6.2.30 G In assessing whether the voting rights attaching to different *classes* of *listed equity shares* are proportionate for the purposes of *UKLR* 6.2.29R, the *FCA* will have regard to the following non-exhaustive list of factors:

(1) the extent to which the rights of the *classes* differ other than their voting rights – for example, with regard to dividend rights or entitlement to any surplus capital on winding up;

(2) the extent of dispersion and relative liquidity of the *classes*; and/or

(3) the commercial rationale for the difference in the rights.

Listed companies with specified weighted voting rights shares in issue

6.2.31 R For so long as a *listed company* has *specified weighted voting rights shares* in issue, the *listed company* must at all times maintain constitutional arrangements that comply with *UKLR* 5.4.5R.

6.2.32 G The effect of *UKLR* 5.4.5R(4) and *UKLR* 6.2.27R(1) is that the voting rights attached to *specified weighting voting rights shares* may not count towards the shareholder votes referred to in *UKLR* 6.2.27R(1).

6.2.33 G The *FCA* may modify the operation of *UKLR* 6.2.31R in exceptional circumstances – for example, to accommodate the operation of:

(1) special share arrangements designed to protect the national interest;

(2) dual-listed company voting arrangements; and

(3) voting rights attaching to *preference shares* or similar *securities* that are in arrears.

Sovereign controlled commercial companies

6.2.34 R (1) Where:

(a) a *listed company* is a *sovereign controlled commercial company* and:

(i) has a *sovereign controlling shareholder* which was a *controlling shareholder* on the first occasion on which the *company* made an application for the *admission* of *equity shares* to the *equity shares (commercial companies)* category;

(ii) has made a notification in accordance with *UKLR* 6.4.18R and *UKLR* 6.4.19R; or

(iii) made an announcement in accordance with *UKLR* 21.5.7.R(2) and *UKLR* 21.5.10R when it transferred

the *listing* of its *equity shares* to the *equity shares (commercial companies)* category; and

(b) the *sovereign controlling shareholder* is either:

(i) recognised by the government of the *UK* as a State; or

(ii) the *UK*,

references to *controlling shareholder* must be read as excluding a *sovereign controlling shareholder* in, or for the purposes of, the provisions set out in (2).

(2) The provisions referred to in (1) are:

(a) *UKLR* 6.2.3R; and

(b) *UKLR* 6.2.4G.

Notifications to the FCA: notifications regarding continuing obligations

6.2.35 R A *listed company* must notify the *FCA* without delay if it does not comply with any continuing obligation set out in *UKLR* 6.2.3R, *UKLR* 6.2.5R, *UKLR* 6.2.8R, *UKLR* 6.2.9R, *UKLR* 6.2.22R, *UKLR* 6.2.26R, *UKLR* 6.2.27R, *UKLR* 6.2.29R or *UKLR* 6.2.31R.

Notifications to the FCA: notifications regarding UKLR 6.6.2R

6.2.36 R A *listed company* must notify the *FCA* without delay if its annual financial report contains a statement of the kind specified under *UKLR* 6.6.2R.

Inability to comply with continuing obligations

6.2.37 G Where a *listed company* is unable to comply with a continuing obligation set out in *UKLR* 6.2, it should consider seeking a cancellation of *listing* or applying for a transfer of its *listing* category. In particular, the *listed company* should note *UKLR* 21.2.2G(2) and *UKLR* 21.5.18G.

6.3 Continuing obligations: holders

Proxy forms

6.3.1 R A *listed company* must ensure that, in addition to its obligations under the Companies Act 2006, a proxy form:

(1) provides for at least 3-way voting on all resolutions intended to be proposed (except that it is not necessary to provide proxy forms with 3-way voting on procedural resolutions); and

(2) states that if it is returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise their discretion as to whether, and if so how, they vote.

Proxy forms for re-election of retiring directors

6.3.2 R If the resolutions to be proposed include the re-election of retiring *directors* and the number of retiring *directors* standing for re-election exceeds 5, the proxy form may give shareholders the opportunity to vote for or against (or abstain from voting on) the re-election of the retiring *directors* as a whole but must also allow votes to be cast for or against (or for shareholders to abstain from voting on) the re-election of the retiring *directors* individually.

Sanctions

6.3.3 R Where a *listed company* has taken a power in its *constitution* to impose sanctions on a shareholder who is in default in complying with a notice served under section 793 of the Companies Act 2006 (Notice by company requiring information about interests in its shares):

(1) sanctions may not take effect earlier than 14 days after service of the notice;

(2) for a shareholding of less than 0.25% of the *shares* of a particular *class* (calculated exclusive of *treasury shares*), the only sanction that the *constitution* may provide for is a prohibition against attending meetings and voting;

(3) for a shareholding of 0.25% or more of the *shares* of a particular *class* (calculated exclusive of *treasury shares*), the *constitution* may provide:

(a) for a prohibition against attending meetings and voting;

(b) for the withholding of the payment of dividends (including *shares* issued in lieu of dividend) on the *shares* concerned; and

(c) for the placing of restrictions on the transfer of *shares*, provided that restrictions on transfer do not apply to a sale to a genuine unconnected third party (such as through a *RIE* or an *overseas* exchange or by the acceptance of a takeover offer); and

(4) any sanctions imposed in accordance with paragraph (2) or (3) above must cease to apply after a specified period of not more than 7 days after the earlier of:

(a) receipt by the *issuer* of notice that the shareholding has been sold to an unconnected third party through a *RIE* or an

overseas exchange or by the acceptance of a takeover offer; and

(b) due compliance, to the satisfaction of the *issuer*, with the notice under section 793.

6.3.4 G An *overseas company* with a *listing* in the *equity shares (commercial companies)* category is not required to comply with *UKLR* 6.3.3R.

6.4 Notifications

Copies of documents

6.4.1 R A *listed company* must forward to the *FCA* for publication a copy of all *circulars*, notices, reports or other documents to which the *listing rules* apply at the same time as they are issued, by uploading it to the *national storage mechanism*.

6.4.2 R A *listed company* must forward to the *FCA* for publication a copy of all resolutions passed by the *listed company* other than resolutions concerning ordinary business at an annual general meeting as soon as possible after the relevant general meeting, by uploading it to the *national storage mechanism*.

6.4.3 R (1) A *listed company* must notify a *RIS* as soon as possible when a document has been forwarded to the *FCA* under *UKLR* 6.4.1R or *UKLR* 6.4.2R unless the full text of the document is provided to the *RIS*.

(2) A notification made under paragraph (1) must set out where copies of the relevant document can be obtained.

Notifications relating to capital

6.4.4 R A *listed company* must notify a RIS as soon as possible (unless otherwise indicated in this rule) of the following information relating to its capital:

(1) any proposed change in its capital structure, including the structure of its *listed debt securities*, save that an announcement of a new issue may be delayed while marketing or underwriting is in progress;

(2) any redemption of *listed shares*, including details of the number of *shares* redeemed and the number of *shares* of that *class* outstanding following the redemption;

(3) any extension of time granted for the currency of temporary documents of title; and

(4) (except in relation to a block listing of *securities*) the results of any new issue of *equity securities* or a public offering of existing *equity securities*.

6.4.5 R Where the *securities* are subject to an underwriting agreement, a *listed company* may, at its discretion and subject to the obligations in article 17 of the *Market Abuse Regulation*, delay notifying a *RIS* as required by *UKLR* 6.4.4R(4) for up to 2 *business days* until the obligation by the underwriter to take or procure others to take *securities* is finally determined or lapses. In the case of an issue or offer of *securities* which is not underwritten, notification of the result must be made as soon as it is known.

Notification of board changes and directors' details

6.4.6 R A *listed company* must notify a *RIS* of any change to the board, including:

(1) the appointment of a new *director*, stating the appointee's name and whether the position is executive, non-executive or chair and the nature of any specific function or responsibility of the position;

(2) the resignation, removal or retirement of a *director* (unless the *director* retires by rotation and is re-appointed at a general meeting of the *listed company's* shareholders);

(3) important changes to the role, functions or responsibilities of a *director*; and

(4) the effective date of the change if it is not with immediate effect,

as soon as possible and, in any event, by the end of the *business day* following the decision or receipt of notice about the change by the *company*.

6.4.7 R If the effective date of the board change is not yet known, the notification required by *UKLR* 6.4.6R should state this fact and the *listed company* should notify a *RIS* as soon as the effective date has been decided.

6.4.8 R A *listed company* must notify a *RIS* of the following information in respect of any new *director* appointed to the board as soon as possible following the decision to appoint the *director* and, in any event, within 5 *business days* of the decision:

(1) details of all directorships held by the *director* in any other publicly quoted *company* at any time in the previous 5 years, indicating whether or not they are still a *director*;

(2) any unspent convictions in relation to indictable offences;

(3) details of any receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary

arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any *company* where the *director* was an executive *director* at the time of, or within the 12 months preceding, such events;

(4) details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where the *director* was a partner at the time of, or within the 12 months preceding, such events;

(5) details of receiverships of any asset of such *person* or of a partnership of which the *director* was a partner at the time of, or within the 12 months preceding, such event; and

(6) details of any public criticisms of the *director* by statutory or regulatory authorities (including *designated professional bodies*) and whether the *director* has ever been disqualified by a court from acting as a *director* of a *company* or from acting in the management or conduct of the affairs of any *company*.

6.4.9 R A *listed company* must, in respect of any current *director*, notify a *RIS* as soon as possible of:

(1) any changes in the information set out in *UKLR* 6.4.8R(2) to *UKLR* 6.4.8R(6); and

(2) any new directorships held by the *director* in any other publicly quoted *company*.

6.4.10 G If no information is required to be disclosed pursuant to *UKLR* 6.4.8R, the notification required by *UKLR* 6.4.8R should state this fact.

Notification of lock-up arrangements

6.4.11 R A *listed company* must notify a *RIS* as soon as possible of information relating to the disposal of *equity shares* under an exemption allowed in the lock-up arrangements disclosed in accordance with the *PR Regulation*.

6.4.12 R A *listed company* must notify a *RIS* as soon as possible of the details of any variation in the lock-up arrangements disclosed in accordance with the *PR Regulation* or any subsequent announcement.

Notification of shareholder resolutions

6.4.13 R A *listed company* must notify a *RIS* as soon as possible after a general meeting of all resolutions passed by the *company* other than resolutions concerning ordinary business passed at an annual general meeting.

Change of name

6.4.14 R A *listed company* which changes its name must, as soon as possible:

(1) notify a *RIS* of the change, stating the date on which it has taken effect;

(2) inform the *FCA* in writing of the change; and

(3) where the *listed company* is incorporated in the *United Kingdom*, send the *FCA* a copy of the revised certificate of incorporation issued by the Registrar of Companies.

Change of accounting date

6.4.15 R A *listed company* must notify a *RIS* as soon as possible of:

(1) any change in its accounting reference date; and

(2) the new accounting reference date.

6.4.16 R A *listed company* must prepare and publish a second interim report in accordance with *DTR* 4.2 if the effect of the change in the accounting reference date is to extend the accounting period to more than 14 months.

6.4.17 G The second interim report must be prepared and published in respect of either:

(1) the period up to the old accounting reference date; or

(2) the period up to a date not more than 6 months prior to the new accounting reference date.

Sovereign controlling shareholder

6.4.18 R (1) Where, as a result of changes in ownership or control of a *listed company*:

(a) a *person* becomes a *sovereign controlling shareholder* of the *listed company*; and

(b) the *sovereign controlling shareholder* is either:

(i) recognised by the government of the *UK* as a State; or

(ii) the *UK*,

the *listed company* must comply with (2).

(2) In the circumstances set out in (1), the *listed company* must:

(a) notify a *RIS* as soon as possible after it becomes aware that it has become a *sovereign controlled commercial company*; and

(b) notify the *FCA* as soon as possible, in writing, that it has become a *sovereign controlled commercial company*.

6.4.19 R A notification made under *UKLR* 6.4.18R must include:

(1) the identity of the *sovereign controlling shareholder*;

(2) the date on which the *listed company* became a *sovereign controlled commercial company*; and

(3) an explanation of the requirements in the *listing rules* which will not apply to the *listed company* while it is a *sovereign controlled commercial company*.

6.4.20 R Where, as a result of changes in ownership or control of a *listed company*, the *listed company* ceases to be a *sovereign controlled commercial company*, the *listed company* must:

(1) notify a *RIS* as soon as possible after it becomes aware that it has ceased to be a *sovereign controlled commercial company*; and

(2) notify the *FCA* as soon as possible, in writing, that it has ceased to be a *sovereign controlled commercial company*.

6.4.21 R A notification made under *UKLR* 6.4.20R must include:

(1) the identity of the *person* which had been the *sovereign controlling shareholder*;

(2) the date on which the *listed company* ceased to be a *sovereign controlled commercial company*; and

(3) an explanation of the requirements in the *listing rules* which did not apply to the *listed company* while it was a *sovereign controlled commercial company* but will apply to the *listed company* as it has ceased to be a *sovereign controlled commercial company*.

6.5 Preliminary statement of annual results, and statement of dividends

Preliminary statement of annual results

6.5.1 R If a *listed company* prepares a preliminary statement of annual results:

(1) the statement must be published as soon as possible after it has been approved by the board;

(2) the statement must be agreed with the *company's* auditors prior to publication;

(3) the statement must show the figures in the form of a table, including the items required for a half-yearly report, consistent

with the presentation to be adopted in the annual accounts for that financial year;

(4) the statement must give details of the nature of any likely modification or emphasis-of-matter paragraph that may be contained in the auditors' report required to be included with the annual financial report; and

(5) the statement must include any significant additional information necessary for the purpose of assessing the results being announced.

Statement of dividends

6.5.2 R A *listed company* must notify a *RIS* as soon as possible after the board has approved any decision to pay or make any dividend or other distribution on *listed equity shares* or to withhold any dividend or interest payment on *listed securities*, giving details of:

(1) the exact net amount payable per *share*;

(2) the payment date;

(3) the record date (where applicable); and

(4) any foreign income dividend election, together with any income tax treated as paid at the lower rate and not repayable.

Omission of information

6.5.3 G The *FCA* may authorise the omission of information required by *UKLR* 6.5.1R or *UKLR* 6.5.2R if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the *listed company*, provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the *shares*.

6.6 Annual financial report

Information to be included in annual report and accounts

6.6.1 R In addition to the requirements set out in *DTR* 4.1, a *listed company* must include in its annual financial report, where applicable, the following:

(1) a statement of the amount of interest capitalised by the *group* during the period under review, with an indication of the amount and treatment of any related tax relief;

(2) any information required by *UKLR* 6.2.23R (Publication of unaudited financial information);

(3) details of any long-term incentive schemes as required by *UKLR* 9.3.3R;

(4) details of any arrangements under which a *director* of the *company* has waived or agreed to waive any emoluments from the *company* or any *subsidiary undertaking*;

(5) where a *director* has agreed to waive future emoluments, details of such waiver, together with those relating to emoluments which were waived during the period under review;

(6) in the case of any allotment for cash of *equity securities* made during the period under review otherwise than to the holders of the *company's equity shares* in proportion to their holdings of such *equity shares* and which has not been specifically authorised by the *company's* shareholders:

(a) the classes of *equity securities* allotted and, for each class of *equity securities*, the number allotted, their aggregate nominal value and the consideration received by the *company* for the allotment;

(b) the names of the allottees, if fewer than 6 in number, and in the case of 6 or more allottees a brief generic description of each new class of equity holder (eg, holder of loan stock);

(c) the market price of the allotted *securities* on the date on which the terms of the issue were fixed; and

(d) the date on which the terms of the issue were fixed;

(7) the information required by paragraph (6) must be given for any unlisted *major subsidiary undertaking* of the *company*;

(8) where a *listed company* has *listed shares* in issue and is a *subsidiary undertaking* of another *company*, details of the participation by the *parent undertaking* in any placing made during the period under review;

(9) details of any *contract of significance* subsisting during the period under review:

(a) to which the *listed company*, or one of its *subsidiary undertakings*, is a party and in which a *director* of the *listed company* is or was materially interested; and

(b) between the *listed company*, or one of its *subsidiary undertakings*, and a *controlling shareholder*;

(10) details of any contract for the provision of services to the *listed company* or any of its *subsidiary undertakings* by a *controlling shareholder*, subsisting during the period under review, unless:

(a) it is a contract for the provision of services which it is the principal business of the shareholder to provide; and

(b) it is not a *contract of significance*;

(11) details of any arrangement under which a shareholder has waived or agreed to waive any dividends;

(12) where a shareholder has agreed to waive future dividends, details of such waiver, together with those relating to dividends which are payable during the period under review; and

(13) (a) a statement made by the board that the *company* continues to comply with the requirement in *UKLR* 6.2.3R; or

(b) where the *company* has ceased to comply with the requirement in *UKLR* 6.2.3R:

(i) a statement that the *FCA* has been notified of that non-compliance in accordance with *UKLR* 6.2.35R; and

(ii) a brief description of the background to and reasons for that non-compliance.

6.6.2 R Where an *independent director* declines to support a statement made under *UKLR* 6.6.1.R(13)(a), the statement must record this fact.

6.6.3 G Where a *listed company's* annual financial report contains a statement of the type referred to in *UKLR* 6.6.1R(13)(b), the *FCA* may still take any action it considers necessary in relation to the underlying breach by the *listed company* of *UKLR* 6.2.3R.

6.6.4 R The *listed company's* annual financial report must include the information required under *UKLR* 6.6.1R in a single identifiable section, unless the annual financial report includes a cross-reference table indicating where that information is set out.

6.6.5 G A *listed company* need not include with the annual report and accounts details of waivers of dividends of less than 1% of the total value of any dividend provided that some payment has been made on each *share* of the relevant *class* during the relevant calendar year.

Additional information

6.6.6 R In the case of a *listed company* incorporated in the *United Kingdom*, the following additional items must be included in its annual financial report:

(1) a statement setting out all the interests (in respect of which transactions are notifiable to the *listed company* under article 19 of the *Market Abuse Regulation*) of each *person* who is a *director* of the *listed company* as at the end of the period under review, including:

(a) all changes in the interests of each *director* that have occurred between the end of the period under review and a date not more than one month prior to the date of the notice of the annual general meeting; or

(b) if there have been no changes in the period described in paragraph (a), a statement that there have been no changes in the interests of each *director*.

'The interests of each *director*' includes the interests of *connected persons* of which the *listed company* is, or ought upon reasonable enquiry to become, aware.

(2) a statement showing the interests disclosed to the *listed company* in accordance with *DTR* 5 as at the end of the period under review and:

(a) all interests disclosed to the *listed company* in accordance with *DTR* 5 that have occurred between the end of the period under review and a date not more than one month prior to the date of the notice of the annual general meeting; or

(b) if no interests have been disclosed to the *listed company* in accordance with *DTR* 5 in the period described in (a), a statement that no changes have been disclosed to the *listed company*.

(3) statements by the *directors* on:

(a) the appropriateness of adopting the going concern basis of accounting (containing the information set out in Provision 30 of the *UK Corporate Governance Code*); and

(b) their assessment of the prospects of the *company* (containing the information set out in Provision 31 of the *UK Corporate Governance Code*),

prepared in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published by the Financial Reporting Council in September 2014;

(4) a statement setting out:

(a) details of any shareholders' authority for the purchase, by the *listed company*, of its own *shares* that is still valid at the end of the period under review;

(b) in the case of purchases made otherwise than through the market or by tender to all shareholders, the names of sellers of such *shares* purchased, or proposed to be purchased, by the *listed company* during the period under review;

(c) in the case of any purchases made otherwise than through the market or by tender or partial offer to all shareholders, or options or contracts to make such purchases, entered into since the end of the period covered by the report, information equivalent to that required under Part 2 of Schedule 7 to the Large & Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) (Disclosure required by company acquiring its own shares etc.); and

(d) in the case of sales of *treasury shares* for cash made otherwise than through the market, or in connection with an *employees' share scheme*, or otherwise than pursuant to an opportunity which (so far as was practicable) was made available to all holders of the *listed company's securities* (or to all holders of a relevant *class* of its *securities*) on the same terms, particulars of the names of purchasers of such *shares* sold, or proposed to be sold, by the *company* during the period under review;

(5) a statement of how the *listed company* has applied the Principles set out in the *UK Corporate Governance Code*, in a manner that would enable shareholders to evaluate how the principles have been applied;

(6) a statement as to whether the *listed company* has:

(a) complied throughout the accounting period with all relevant provisions set out in the *UK Corporate Governance Code*; or

(b) not complied throughout the accounting period with all relevant provisions set out in the *UK Corporate Governance Code* and, if so, setting out:

(i) those provisions it has not complied with;

(ii) in the case of provisions whose requirements are of a continuing nature, the period within which, if any, it did not comply with some or all of those provisions; and

(iii) the *company's* reasons for non-compliance;

(7) a statement setting out details of the unexpired term of any *director*'s service contract of a *director* proposed for election or re-election at the forthcoming annual general meeting, and, if any *director* proposed for election or re-election does not have a *directors'* service contract, a statement to that effect;

(8) a statement setting out:

(a) whether the *listed company* has included in its annual financial report climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*;

(b) in cases where the *listed company* has:

(i) made climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, but has included some or all of these disclosures in a document other than the annual financial report:

(A) the recommendations and/or recommended disclosures for which it has included disclosures in that other document;

(B) a description of that document and where it can be found; and

(C) the reasons for including the relevant disclosures in that document and not in the annual financial report;

(ii) not included climate-related financial disclosures consistent with all of the *TCFD Recommendations and Recommended Disclosures* in either its annual financial report or other document as referred to in (i):

(A) the recommendations and/or recommended disclosures for which it has not included such disclosures;

(B) the reasons for not including such disclosures; and

(C) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it

expects to be able to make those disclosures; and

(c) where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (a) can be found;

(9) a statement setting out:

(a) whether the *listed company* has met the following targets on board diversity as at a chosen reference date within its accounting period:

(i) at least 40% of the individuals on its board of *directors* are women;

(ii) at least one of the following senior positions on its board of *directors* is held by a woman:

(A) the chair;

(B) the chief executive;

(C) the senior independent director; or

(D) the chief financial officer; and

(iii) at least one individual on its board of *directors* is from a *minority ethnic background*;

(b) in cases where the *listed company* has not met all of the targets in (a):

(i) the targets it has not met; and

(ii) the reasons for not meeting those targets;

(c) the reference date used for the purposes of (a) and, where this is different from the reference date used for the purposes of reporting this information in respect of the previous accounting period, an explanation as to why; and

(d) any changes to the board that have occurred between the reference date used for the purposes of (a) and the date on which the annual financial report is approved that have affected the *listed company's* ability to meet one or more of the targets in (a);

(10) subject to *UKLR* 6.6.13R, numerical data on the ethnic background and the gender identity or sex of the individuals on the *listed company's* board and in its *executive management* as at the reference date used for the purposes of *UKLR* 6.6.6R(9)(a), which

should be set out in the format of the tables contained in *UKLR* 6 Annex 1 and contain the information prescribed by those tables; and

(11) an explanation of the *listed company's* approach to collecting the data used for the purposes of making the disclosures in *UKLR* 6.6.6R(9).

6.6.7 G (1) The effect of *UKLR* 6.6.6R(1) is that a *listed company* is required to set out a 'snapshot' of the total interests of a *director* and their *connected persons*, as at the end of the period under review (including certain information to update it as at a date not more than a month before the date of the notice of the annual general meeting). The interests that need to be set out are limited to those in respect of which transactions fall to be notified under the notification requirement for *persons discharging managerial responsibilities* in article 19 of the *Market Abuse Regulation*. *Persons* who are *directors* during, but not at the end of, the period under review need not be included.

(2) A *listed company* unable to compile the statement in *UKLR* 6.6.6R(1) from information already available to it may need to seek the relevant information, or confirmation, from the *director* themselves, including that in relation to *connected persons*, but would not be expected to obtain information directly from *connected persons*.

6.6.8 G For the purposes of *UKLR* 6.6.6R(8), in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should undertake a detailed assessment of those disclosures which takes into account:

(1) Section C of the *TCFD Annex* entitled 'Guidance for All Sectors';

(2) (where appropriate) Section D of the *TCFD Annex* entitled 'Supplemental Guidance for the Financial Sector'; and

(3) (where appropriate) Section E of the *TCFD Annex* entitled 'Supplemental Guidance for Non-Financial Groups'.

6.6.9 G For the purposes of *UKLR* 6.6.6R(8), in determining whether a *listed company's* climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, the *FCA* considers that the following documents are relevant:

(1) the *TCFD Final Report* and the *TCFD Annex*, to the extent not already referred to in *UKLR* 6.6.6R(8) and *UKLR* 6.6.8G;

(2) the *TCFD Technical Supplement on the Use of Scenario Analysis*;

(3) the *TCFD Guidance on Risk Management Integration and Disclosure*;

(4) (where appropriate) the *TCFD Guidance on Scenario Analysis for Non-Financial Companies*; and

(5) the *TCFD Guidance on Metrics, Targets and Transition Plans*.

6.6.10 G For the purposes of *UKLR* 6.6.6R(8), in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should consider whether those disclosures provide sufficient detail to enable users to assess the *listed company's* exposure to and approach to addressing climate-related issues.

A *listed company* should carry out its own assessment to ascertain the appropriate level of detail to be included in its climate-related financial disclosures, taking into account factors such as:

(1) the level of its exposure to climate-related risks and opportunities; and

(2) the scope and objectives of its climate-related strategy,

noting that these factors may relate to the nature, size and complexity of the *listed company's* business.

6.6.11 G (1) For the purposes of *UKLR* 6.6.6R(8), the *FCA* would ordinarily expect a *listed company* to be able to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, except where it faces transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities.

(2) In particular, the *FCA* would expect that a *listed company* should ordinarily be able to make disclosures consistent with:

(a) the recommendation and recommended disclosures on governance in the *TCFD Recommendations and Recommended Disclosures*;

(b) the recommendation and recommended disclosures on risk management in the *TCFD Recommendations and Recommended Disclosures*; and

(c) recommended disclosures (a) and (b) set out under the recommendation on strategy in the *TCFD Recommendations and Recommended Disclosures*, to the extent that the *listed company* does not face the transitional challenges referred to in (1) in relation to such disclosures.

6.6.12 G Where making disclosures on transition plans as part of its disclosures on strategy under the *TCFD Recommendations and Recommended Disclosures*, a *listed company* that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the *UK's* commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the *FCA* encourages a *listed company* to explain why it has not done so.

6.6.13 R In relation to *UKLR* 6.6.6R(10), where individuals on a *listed company's* board or in its *executive management* are situated *overseas*, and data protection laws in that jurisdiction prevent the collection or publication of some or all of the personal data required to be disclosed under that provision, a *listed company* may instead explain the extent to which it is unable to make the relevant disclosures.

6.6.14 G Given the range of possible approaches to data collection for reporting on gender identity or sex for the purposes of *UKLR* 6.6.6R(10), a *listed company* may add to the categories included in the first column of the table in *UKLR* 6 Annex 1R(1) in order to reflect the basis on which it has collected data.

6.6.15 G In relation to *UKLR* 6.6.6R(11), the *FCA* expects a *listed company's* approach to data collection to be:

(1) consistent for the purposes of reporting under both *UKLR* 6.6.6R(9) and (10); and

(2) consistent across all individuals in relation to whom data is being reported.

The *FCA* expects the explanation of a *listed company's* approach to data collection to include the method of collection and/or source of the data and, where data collection is done on the basis of self-reporting by the individuals concerned, a description of the questions asked.

6.6.16 G In addition to the information required under *UKLR* 6.6.6R(9) to (11) (and without prejudice to the requirements of *DTR* 7.2.8AR), a *listed company* may, if it wishes to do so, include the following in its annual financial report:

(1) a brief summary of any key policies, procedures and processes, and any wider context, that it considers contribute to improving the diversity of its board and *executive management*;

(2) any mitigating factors or circumstances which make achieving diversity on its board more challenging (for example, the size of

the board or the country in which its main operations are located); and

(3) any risks it foresees in being able to meet or continue to meet the board diversity targets in *UKLR* 6.6.6R(9)(a) in the next accounting period, or any plans to improve the diversity of its board.

6.6.17 R An *overseas company* with a *listing* of *equity shares* in the *equity shares (commercial companies)* category must include in its annual report and accounts the information in *UKLR* 6.6.6R(5) to (11).

6.6.18 R (1) An *overseas company* with a *listing* of *equity shares* in the *equity shares (commercial companies)* category must comply with *DTR* 7.2 (Corporate governance statements) as if it were an *issuer* to which that section applies.

(2) An *overseas company* with a *listing* of *equity shares* in the *equity shares (commercial companies)* category which complies with *UKLR* 6.6.17R will be taken to satisfy the requirements of *DTR* 7.2.2R and *DTR* 7.2.3R, but must comply with all of the other requirements of *DTR* 7.2 as if it were an *issuer* to which that section applies.

Information required by law

6.6.19 G The requirements of *UKLR* 6.6.6R(6) relating to corporate governance are additional to the information required by law to be included in the *listed company's* annual report and accounts.

Auditors' report

6.6.20 R A *listed company* must ensure that the auditors review each of the following before the annual report is published:

(1) statements by the *directors* regarding going concern and longer-term viability as required by *UKLR* 6.6.6R(3); and

(2) the parts of the statement required by *UKLR* 6.6.6R(6) that relate to Provisions 6 and 24 to 29 of the *UK Corporate Governance Code*.

Strategic report with supplementary information

6.6.21 R Any strategic report with supplementary information provided to shareholders by a *listed company*, as permitted under section 426 of the Companies Act 2006, must disclose:

(1) earnings per share; and

(2) the information required for a strategic report set out in or under the Companies Act 2006 and the supplementary material required under section 426A of the Companies Act 2006.

Sovereign controlled commercial companies

6.6.22 R Where:

(1) a *listed company* is a *sovereign controlled commercial company* and:

(a) has a *sovereign controlling shareholder* which was a *controlling shareholder* on the first occasion on which the *company* made an application for the *admission* of *equity shares* to the *equity shares (commercial companies)* category;

(b) has made a notification in accordance with *UKLR* 6.4.18R and *UKLR* 6.4.19R; or

(c) made an announcement in accordance with *UKLR* 21.5.6R(2) and *UKLR* 21.5.9R when it transferred the *listing* of its *equity shares* to the *equity shares (commercial companies)* category; and

(2) the *sovereign controlling shareholder* is either:

(a) recognised by the government of the *UK* as a State; or

(b) the *UK*,

references to *controlling shareholder* must be read as excluding a *sovereign controlling shareholder* in, or for the purposes of, *UKLR* 6.6.1R(10) and *UKLR* 6.6.1R(13).

6 Annex 1 Data on the diversity of the individuals on a listed company's board and in its executive management

R The following tables set out the information that a *listed company* must include in its annual financial report under *UKLR* 6.6.6R(10), and the format in which it must be set out.

(1) Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO,	Number in executive management	Percentage of executive management

			CFO, SID and chair)		
Men					
Women					
[Other categories]					
Not specified/ prefer not to say					
[**Note:** The placeholder for 'Other categories' is optional and should be used to indicate additional categories which a listed company may wish to include in accordance with *UKLR* 6.6.14G.]					

(2) Table for reporting on ethnic background

	Number of board members	**Percentage of the board**	**Number of senior positions on the board (CEO, CFO, SID and chair)**	**Number in executive management**	**Percentage of executive management**
White British or other White (including minority-white groups)					
Mixed/ Multiple ethnic groups					

Asian/Asian British					
Black/African / Caribbean/ Black British					
Other ethnic group					
Not specified/ prefer not to say					

7 Equity shares (commercial companies): significant transactions and reverse takeovers

7.1 Preliminary

Application

7.1.1 R This chapter applies to a *company* that has a *listing* of *equity shares* in the *equity shares (commercial companies)* category.

Purpose

7.1.2 G (1) The purpose of this chapter is to set out:

(a) the requirements for a *listed company* in relation to *significant transactions* and *reverse takeovers*; and

(b) certain other transactions where a *listed company* must comply with the requirements for *significant transactions*.

(2) The requirements are intended to ensure that holders of *listed equity shares*:

(a) are notified of:

(i) *significant transactions*;

(ii) certain indemnities and similar arrangements;

(iii) certain issues by *major subsidiary undertakings*; and

(iv) *reverse takeovers*; and

(b) have the opportunity to vote on *reverse takeovers*.

(3) The requirements are also intended to ensure that a *listed company* discloses detailed information concerning the transactions in (2)(a)(i) to (iv) on a timely basis, to support engagement between the *listed company* and its shareholders and to enhance market transparency.

(4) The requirements complement but do not displace a *listed company's* wider obligations under articles 17 and 18 of the *Market Abuse Regulation* to manage and disclose *inside information*.

Meaning of 'significant transaction'

7.1.3 R In *UKLR*, a transaction is classified as a *significant transaction* where any *percentage ratio* is 25% or more.

Meaning of 'reverse takeover'

7.1.4 R (1) In *UKLR*, a *reverse takeover* means a transaction consisting of an acquisition of a business, a *company* or assets:

(a) where any *percentage ratio* is 100% or more; or

(b) which in substance results in a fundamental change in the business or in a change in board or voting control of the *issuer*.

(2) Paragraph (1) applies whether such acquisition is effected:

(a) by way of a direct acquisition by the *issuer* or a subsidiary;

(b) by way of the *issuer* introducing a new *holding company* to its corporate structure and then carrying out the acquisition through the new *holding company*; or

(c) in any other way.

7.1.5 G For the purpose of *UKLR* 7.1.4R(1)(b), the *FCA* considers that the following factors are indicators of a fundamental change:

(1) the extent to which the transaction will change the strategic direction or nature of the *issuer's* business;

(2) whether its business will be part of a different industry sector following the completion of the transaction; or

(3) whether its business will deal with fundamentally different suppliers and end users.

Meaning of 'transaction'

7.1.6 R In this chapter (except where specifically provided to the contrary) a reference to a transaction by a *listed company*:

(1) includes:

(a) (subject to paragraph (2)(a) to (g)) all agreements (including amendments to agreements) entered into by the *listed company* or its *subsidiary undertakings*;

(b) the grant or acquisition of an *option* as if the *option* had been exercised, except that, if exercise is solely at the *listed company's* or *subsidiary undertaking's* discretion, the transaction will be classified on exercise and only the consideration (if any) for the *option* will be classified on the grant or acquisition; and

(c) joint venture arrangements; and

(2) excludes:

(a) a transaction in the ordinary course of business;

(b) an issue of *securities*, or a transaction to raise finance, which does not involve the acquisition or disposal of any fixed asset of the *listed company* or of its *subsidiary undertakings*;

(c) any transaction between the *listed company* and its wholly owned *subsidiary undertaking* or between its wholly owned *subsidiary undertakings*;

(d) a *break fee arrangement*;

(e) an indemnity or similar arrangement, except where the agreement or arrangement meets the conditions set out in *UKLR* 7.4.1R(1);

(f) an issue of *equity shares* by a *major subsidiary undertaking* of a *listed company*, except where the issue meets the conditions set out in *UKLR* 7.4.4R; and

(g) a transaction where the *listed company* purchases its own *equity shares*.

7.1.7 G This chapter is intended to cover transactions that are outside the ordinary course of the *listed company's* business and may change a *security* holder's economic interest in the *company's* assets and liabilities (whether or not the change in the assets or liabilities is recognised on the *company's* balance sheet).

Meaning of 'ordinary course of business'

7.1.8 G (1) The assessment of whether a transaction is in the ordinary course of business under this chapter will depend on the specific circumstances of the *listed company*.

(2) Factors that may indicate whether a transaction is in the ordinary course of a *company's* business include:

(a) the size and incidence of similar transactions which the *company* has entered into;

(b) the nature and size of the *company's* existing business and common factors within the industry sector in which it operates;

(c) the *company's* corporate strategy for its business, including in relation to growth and industry focus, as set out in the *company's* latest published *prospectus* or annual financial report;

(d) the existing accounting treatment (for a disposal) or planned accounting treatment (for an acquisition or new arrangement) by the *listed company*; and

(e) whether its shareholders could reasonably expect the *company* to enter into the transaction, taking into account:

(i) the factors in (a) to (d);

(ii) any further information that the *company* has already notified to a *RIS*;

(iii) the subject matter of the transaction;

(iv) the terms of the transaction;

(v) the anticipated impact on the *listed company*; and

(vi) the associated benefits and risks.

7.1.9 G Transactions that are likely to be in the ordinary course of business include:

(1) regular trading activities (if the *company* is a trading *company*);

(2) ongoing commercial arrangements and purchases commonly undertaken as part of the existing business or within the industry sector in which the *company* operates;

(3) capital expenditure to support and maintain the existing business and its infrastructure;

(4) capital expenditure to add scale to the existing business in line with the *company's* business strategy as previously notified to a *RIS* (including, for example, within the latest published *prospectus* or annual financial report); or

(5) in the case of a *listed property company*, where the accounting treatment of a *property* that is acquired or disposed of is such that:

(a) for an acquisition, the *property* will be classified as a current asset in the *company's* published accounts; or

(b) for a disposal, the *property* was classified as a current asset in the *company's* published accounts.

7.1.10 G Transactions that are unlikely to be in the ordinary course of business include:

(1) mergers with, or acquisitions of, other businesses (whether structured by way of a share or asset acquisition);

(2) transactions that would lead to a substantial involvement in a business activity that did not previously form a significant part of the *listed company's* principal activities;

(3) transactions that would lead to the *listed company* no longer having a substantial involvement in a business activity that forms a significant part of its principal activities; or

(4) transactions which are entered into to alleviate financial difficulty.

7.1.11 R For the purposes of *UKLR* 7.1.6R(2)(a), a transaction in the ordinary course of business excludes a *reverse takeover*.

Sponsors

7.1.12 R A *listed company* must appoint a *sponsor* where it proposes to make a request to the *FCA* to modify, waive or substitute the operation of *UKLR* 7.

7.1.13 R A *listed company* must appoint a *sponsor* where it proposes to make a request to the *FCA* for individual guidance in relation to the *listing rules*, the *disclosure requirements* or the *transparency rules* in connection with a matter referred to in *UKLR* 7.

7.1.14 R If a *listed company* is proposing to enter into a transaction which – due to its size or nature – could amount to a *reverse takeover*, it must obtain the guidance of a *sponsor* to assess the application of the *listing rules*, the *disclosure requirements* and the *transparency rules*.

7.2 Classifying transactions

Classifying transactions

7.2.1 G A transaction is classified by assessing its size relative to that of the *listed company* proposing to make it. The comparison of size is made using the *percentage ratios* resulting from applying the *class test* calculations to a transaction. The *class tests* are set out in *UKLR* 7 Annex 1 (and modified or added to for specialist companies under *UKLR* 7.2.3R to *UKLR* 7.2.8R).

7.2.2 G The *class tests* set out in *UKLR* 7 Annex 1 are applicable for the purposes of determining whether a transaction is a *significant transaction* or a *reverse takeover*.

Classification of transactions by listed property companies

7.2.3 R *UKLR* 7 Annex 1 is modified as follows in relation to acquisitions or disposals of *property* by a *listed property company*:

(1) for the purposes of paragraph 2R(1) (the gross assets test), the assets test is calculated by dividing the transaction consideration by the gross assets of the *listed property company* and paragraphs 2R(5) and 2R(6) do not apply;

(2) for the purposes of paragraph 2R(1) (the gross assets test), if the transaction is an acquisition of land to be developed, the assets test is calculated by dividing the transaction consideration and any financial commitments relating to the development by the gross assets of the *listed property company* and paragraphs 2R(5) and 2R(6) do not apply;

(3) for the purposes of paragraph 2R(2), the gross assets of a *listed property company* are, at the option of the *company*:

(a) the aggregate of the *company's* share capital and reserves (excluding minority interests);

(b) the book value of the *company's properties* (excluding those properties classified as current assets in the latest published annual report and accounts); or

(c) the published valuation of the *company's properties* (excluding those properties classified as current assets in the latest published annual report and accounts);

(4) paragraph 4R(1) (the consideration test) does not apply but instead the test in *UKLR* 7.2.4R applies; and

(5) paragraph 6R(1) (the gross capital test) applies to disposals as well as acquisitions of *property*.

7.2.4 R (1) In addition to the tests in *UKLR* 7 Annex 1, if the transaction is an acquisition of *property* by a *listed property company* and any of the consideration is in the *equity shares* of that *company*, the *listed company* must determine the *percentage ratios* that result from the calculations under the test in (2).

(2) The share capital test is calculated by dividing the number of consideration *shares* to be issued by the number of *equity shares* in issue (excluding *treasury shares*).

7.2.5 R (1) In addition to the tests in *UKLR* 7 Annex 1, a *listed property company* must determine the *percentage ratios* that result from the calculation under the test in (2).

(2) The net annual rent test is calculated by dividing the *net annual rent* attributable to the assets the subject of the transaction by the *net annual rent* of the *listed company*.

(3) For the purposes of calculating the *net annual rent* test, except as otherwise stated in (4) to (7), figures used to classify *net annual rent* must be the figures shown in the latest published audited consolidated accounts or, if a *listed company* has, or will have, published a preliminary statement of later annual results at the time the terms of a transaction are agreed, the figures shown in that preliminary statement.

(4) (a) The figures of the *listed company* must be adjusted to take account of transactions completed during the period to which the figures referred to in (3) relate, and subsequent completed transactions where any *percentage ratio* was 5% or more at the time the terms of the relevant transaction were agreed.

(b) The figures of the *target company* or business must be adjusted to take account of transactions completed during the period to which the figures referred to in (3) relate, and subsequent completed transactions where any *percentage ratio* would have been 5% or more at the time the terms of the relevant transaction were agreed when classified against the target as a whole.

(5) Figures on which the auditors are unable to report without modification must be disregarded.

(6) The principles in (3) to (5) also apply (to the extent relevant) to calculating the *net annual rent* of the target company or business.

(7) The *FCA* may modify (5) in appropriate cases to permit figures to be taken into account.

Classification of transactions by listed mineral companies

7.2.6 R (1) In addition to the tests in *UKLR* 7 Annex 1, a *listed mineral company* undertaking a transaction involving significant *mineral resources* or rights to significant *mineral resources* must determine the *percentage ratios* that result from the calculations under the test in paragraph (2).

(2) The reserves test is calculated by dividing the volume or amount of the *proven reserves* and *probable reserves* to be acquired or disposed of by the volume or amount of the aggregate *proven reserves* and *probable reserves* of the *mineral company* making the acquisition or disposal.

7.2.7 G If the *mineral resources* are not directly comparable, the *FCA* may modify *UKLR* 7.2.6R(2) to permit valuations to be used instead of amounts or volumes.

7.2.8 R When calculating the size of a transaction under *UKLR* 7 Annex 1 and *UKLR* 7.2.6R(2), account must be taken of any associated transactions or loans effected or intended to be effected, and any contingent liabilities or commitments.

Classifying joint ventures

7.2.9 R When classifying a joint venture under *UKLR* 7, a *listed company* must classify both sides to a joint venture, so that both the disposal into the joint venture and the acquisition of an interest in the joint venture are classified. The 2 sets of *class tests* must not be aggregated and the highest result from the class tests will determine the overall classification of the transaction.

7.2.10 G (1) It is common, when entering into a joint venture, for the partners to include exit provisions in the terms of the agreement. These typically give each partner a combination of rights and obligations to either sell their own holding or to acquire their partner's holding should certain triggering events occur.

(2) If the *listed company* does not retain sole discretion over the event which requires them to either purchase the joint venture partner's stake or to sell their own, *UKLR* 7.1.6R(1)(b) requires this obligation to be classified at the time it is agreed as though it had

been exercised at that time. Further, if the consideration to be paid is to be determined by reference to the future profitability of the joint venture or an independent valuation at the time of exercise, this consideration will be treated as being uncapped. If this is the case, the initial agreement will be classified in accordance with *UKLR* 7 Annex 1 4R(3) at the time it is entered into.

(3) If the *listed company* does retain sole discretion over the triggering event, or if the *listed company* is making a choice to purchase or sell following an event which has been triggered by the joint venture partner, the purchase or sale must be classified when this discretion is exercised or when the choice to purchase or sell is made.

(4) Where an *issuer* enters into a joint venture exit arrangement which takes the form of a put or call option and exercise of the option is solely at the discretion of the other party to the arrangement, the transaction should be classified at the time it is agreed as though the option had been exercised at that time.

Aggregating transactions – significant transactions

7.2.11 R (1) Subject to paragraph (2), transactions completed during the 12 months before the date of the latest transaction must be aggregated with that transaction for the purposes of classification as a *significant transaction* if:

(a) they are entered into by the *company* with the same *person* or with *persons* connected with one another;

(b) they involve the acquisition or disposal of *securities* or an interest in one particular *company*; or

(c) together they lead to substantial involvement in a business activity which did not previously form a significant part of the *company's* principal activities.

(2) Transactions completed during the 12-month period in (1) are not required to be aggregated with the latest transaction if they have previously been classified as a *significant transaction* (either individually or collectively).

7.2.12 R If under *UKLR* 7.2.11R any of the aggregated *percentage ratios* is 25% or more, the aggregated transactions will be classified as a *significant transaction*, in which case the *listed company* must comply with the requirements in *UKLR* 7.3 (Significant transactions) in respect of the aggregated transactions, modified as follows:

(1) Where the aggregated transactions involve the acquisition or disposal of *securities* or an interest in one particular *company*,

the requirements in *UKLR* 7.3 apply to the transactions as a whole.

(2) If (1) does not apply, the requirements in *UKLR* 7.3 apply:

(a) to each individual transaction that has been aggregated where any *percentage ratio* for the individual transaction is 5% or more; or

(b) if there are no such individual transactions, to the one that led to the relevant aggregated *percentage ratio* reaching or exceeding 25%.

7.2.13 G (1) The purpose of *UKLR* 7.2.12R is to set out how the requirements in this chapter apply to transactions that are only treated as *significant transactions* on an aggregated basis.

(2) *UKLR* 7.2.12R(1) is intended to support a clearer and more succinct explanation of an acquisition or disposal in a particular *company* by allowing the relevant information to be provided in an aggregated way.

(3) In other situations, *UKLR* 7.2.12R(2) ensures that the disclosure requirements apply in a proportionate way so that, while the relevant information must be provided for each transaction, information is not generally required about transactions below a de minimis threshold.

(4) *UKLR* 7.3.1R(2)(a) requires any notification about a *significant transaction* to state why the transaction is notifiable under *UKLR* 7. Where a notification relates to aggregated transactions, it should explain why the transactions have been aggregated, having regard to whether UKLR 7.2.11R(1)(a), (b) or (c) applies.

(5) *UKLR* 7.3.13R sets out where the *listed company* must make a supplementary notification in relation to further transactions entered into after aggregated transactions have been classified as a *significant transaction*.

7.2.14 G The *FCA* may modify these *rules* to require the aggregation of transactions in circumstances other than those specified in *UKLR* 7.2.11R.

Aggregating transactions – reverse takeovers

7.2.15 R (1) Subject to paragraph (2), transactions completed during the 12 months before the date of the latest transaction must be aggregated with that transaction for the purposes of classification as a *reverse takeover* if:

(a) they are entered into by the *company* with the same *person* or with *persons* connected with one another;

(b) they involve the acquisition or disposal of *securities* or an interest in one particular *company*; or

(c) together they lead to substantial involvement in a business activity which did not previously form a significant part of the *company's* principal activities.

(2) Transactions completed during the 12-month period in (1) are not required to be aggregated with the latest transaction if they have previously been classified as a *reverse takeover* (either individually or collectively).

7.2.16 R If under *UKLR* 7.2.15R the aggregation of transactions results in a *reverse takeover*, the *listed company* must comply with the requirements in *UKLR* 7.5 (Reverse takeovers) in respect of the aggregated transactions as a whole but the requirement for shareholder approval applies only to the latest transaction.

7.2.17 G The *FCA* may modify these *rules* to require the aggregation of transactions in circumstances other than those specified in *UKLR* 7.2.15R.

7.3 Significant transactions

Notification of significant transactions

7.3.1 R (1) A *listed company* must notify a *RIS* as soon as possible after the terms of a *significant transaction* are agreed.

(2) The notification must:

(a) state why the transaction is notifiable under *UKLR* 7;

(b) contain an overview of the transaction and the *company's* reasons for entering into it, which includes the information required by *UKLR* 7 Annex 2 Part 1 (Information relating to the transaction); and

(c) include any further information the *company* considers relevant, having regard to the purpose of this chapter set out in *UKLR* 7.1.2G.

7.3.2 R (1) A *listed company* must notify a *RIS* as soon as possible after:

(a) the terms of a *significant transaction* are agreed; and

(b) the information in (2) has been prepared or the *listed company* becomes, or ought reasonably to have become, aware of the information,

and in any event by no later than the completion of the transaction.

(2) The notification must include:

(a) for a disposal, the information required by *UKLR* 7 Annex 2 Part 2 (Disposals – financial information); and

(b) for all transactions, the information required by *UKLR* 7 Annex 2 Part 3 (Non-financial information).

7.3.3 R (1) A *listed company* must notify a *RIS* as soon as possible after the completion of the *significant transaction*.

(2) The notification must state that:

(a) completion of the transaction has taken place; and

(b) except as disclosed, there has been no material change affecting any matter contained in a notification under *UKLR* 7.3.1R or *UKLR* 7.3.2R.

(3) In (2)(b), 'material' has the meaning in *UKLR* 7.3.14R.

7.3.4 R (1) Where a *listed company* includes details of estimated synergies or other quantified estimated financial benefits expected to arise from a *significant transaction* in a notification required by *UKLR* 7.3.1R, *UKLR* 7.3.2R or *UKLR* 7.3.3R, the notification must include the information required by *UKLR* 7 Annex 2 Part 4.1 (Synergy benefits).

(2) Where a *listed company* includes financial information (including the information required by *UKLR* 7 Annex 2 Part 2) in a notification required by *UKLR* 7.3.1R, *UKLR* 7.3.2R or *UKLR* 7.3.3R, the notification must include the information required by *UKLR* 7 Annex 2 Part 4.2 to 4.4 (Sources of information).

(3) Where a *listed company* includes pro forma financial information in a notification required by *UKLR* 7.3.1R, *UKLR* 7.3.2R or *UKLR* 7.3.3R, the notification must include the information required by *UKLR* 7 Annex 2 Part 4.5 (Pro forma financial information).

7.3.5 G (1) The purpose of *UKLR* 7.3.1R to *UKLR* 7.3.4R is to support engagement between the *listed company* and its shareholders and to enhance market transparency.

(2) When complying with *UKLR* 7.3.1R to *UKLR* 7.3.4R, a *listed company* should consider the nature and circumstances of the relevant transaction and what information it is necessary to disclose to support shareholder engagement and market transparency.

(3) For example, where a *listed company* has entered into the transaction to alleviate financial difficulty (including anticipated

financial difficulty), the notification required by *UKLR* 7.3.1R should describe the nature, urgency and severity of that financial difficulty. The notification may also contain information about financing arrangements connected to the transaction, and about what may happen if a proposed transaction does not complete.

Incorporation by reference

7.3.6 R Information may be incorporated in a notification made by a *listed company* under *UKLR* 7.3.2R by reference to relevant information contained in:

(1) an approved *prospectus* or listing particulars of that *listed company*; or

(2) any other published document of that *listed company* that has been filed with the *FCA*.

7.3.7 R Where a notification made by a *listed company* under *UKLR* 7.3.1R, *UKLR* 7.3.2R or *UKLR* 7.3.3R includes information in accordance with *UKLR* 7.3.4R, that information may be incorporated in such notification by reference to relevant information contained in:

(1) an approved *prospectus* or listing particulars of that *listed company*; or

(2) any other published document of that *listed company* that has been filed with the *FCA*.

7.3.8 R Information incorporated by reference must be the latest available to the *listed company*.

7.3.9 R Information required by *UKLR* 7.3.1R and *UKLR* 7.3.3R must not be incorporated by reference to information contained in another document.

7.3.10 R When information is incorporated by reference, a cross-reference list must be provided in the notification to enable *security* holders to easily identify specific items of information. The cross-reference list must specify where the information can be accessed by *security* holders.

Omission of information

7.3.11 G The *FCA* may authorise the omission of information required by *UKLR* 7.3.1R to *UKLR* 7.3.4R if it considers that:

(1) disclosure of that information would be:

(a) contrary to the public interest; or

(b) seriously detrimental to the *listed company*; and

(2) the omission would not be likely to mislead the public with regard to facts and circumstances that are essential for the assessment of the matter covered by the notification.

7.3.12 R A request to the *FCA* to authorise the omission of specific information in a particular case must:

(1) be made in writing by the *listed company*;

(2) identify the specific information concerned and the specific reasons for the omission; and

(3) state why, in the *listed company's* opinion, one or more grounds in *UKLR* 7.3.11G apply.

Supplementary notification

7.3.13 R (1) A *listed company* must notify a *RIS* as soon as possible if, after the notification under *UKLR* 7.3.1R or *UKLR* 7.3.2R and before completion of the transaction:

(a) it becomes aware that there has been a material change affecting any matter contained in that earlier notification;

(b) it becomes aware that a material new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification;

(c) it has agreed a material change to the terms of the transaction; or

(d) it has agreed the terms of one or more further transactions that are of a type referred to in *UKLR* 7.2.11R(1)(a), (b) or (c) and are material but are not a *significant transaction* in their own right (individually or together).

(2) The supplementary notification in (1)(a), (b) or (c) must:

(a) give details of the change or new matter; and

(b) contain a statement that, except as disclosed:

(i) there has been no material change affecting any matter contained in the earlier notification; and

(ii) no other material new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

(3) The supplementary notification in (1)(d) must include the information set out in *UKLR* 7 Annex 2 Part 1 (Information relating to the transaction) in relation to the further transaction or transactions.

7.3.14 R In *UKLR* 7.3.13R, 'material' means material for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the *listed company* and the rights attaching to any *securities* forming part of the consideration. It includes:

(1) a change in the terms of the transaction that increases any of the *percentage ratios* by 10% or more; and

(2) where the further transaction or transactions referred to in *UKLR* 7.3.13R(1)(d) would, if they were aggregated with the transaction or aggregated transactions (as applicable), result in an increase of any of the *percentage ratios* by 10% or more.

7.4 Indemnities and major subsidiary undertakings

Indemnities and similar arrangements

7.4.1 R (1) Where a *listed company* proposes to enter into any agreement or arrangement with a party (other than a wholly owned *subsidiary undertaking* of the *listed company*):

(a) under which a *listed company* agrees to discharge any liabilities for costs, expenses, commissions or losses incurred by or on behalf of that party, whether or not on a contingent basis;

(b) which is exceptional; and

(c) under which the maximum liability is either unlimited, or is equal to or exceeds an amount equal to 25% of the average of the *listed company's* profits for the last 3 financial years (using the figures shown in the audited consolidated accounts or preliminary statement of later annual results published before the terms are agreed, with losses taken as nil profit and included in the average),

a *listed company* must notify a *RIS* as soon as possible after the terms of any agreement or arrangement have been agreed.

(2) The notification under (1) must comply with the requirements in *UKLR* 7.3 (Significant transactions) as applicable.

(3) Paragraph (1) does not apply to a *break fee arrangement*.

(4) In (1)(c), 'profits' means profits after deducting all charges except taxation.

7.4.2 G For the purposes of *UKLR* 7.4.1R(1)(b), the *FCA* considers that the following indemnities are not exceptional:

(1) those customarily given in connection with sale and purchase agreements;

(2) those customarily given to underwriters or placing agents in an underwriting or placing agreement;

(3) those given to advisers against liabilities to third parties arising out of providing advisory services; and

(4) any other indemnity that is specifically permitted to be given to a *director* or auditor under the Companies Act 2006.

7.4.3 G If the calculation under *UKLR* 7.4.1R(1)(c) produces an anomalous result, the *FCA* may disregard the calculation and modify that *rule* to substitute other relevant indicators of the size of the indemnity or other arrangement given – for example, 1% of market capitalisation.

Issues by major subsidiary undertakings

7.4.4 R If:

(1) a *major subsidiary undertaking* of a *listed company* issues *equity shares* for cash or in exchange for other *securities* or to reduce indebtedness;

(2) the issue would dilute the *listed company's* percentage interest in the *major subsidiary undertaking*; and

(3) the economic effect of the dilution is equivalent to a disposal of 25% or more of the aggregate of the gross assets or profits (after the deduction of all charges except taxation) of the *group*,

a *listed company* must notify a *RIS* as soon as possible after the terms of the issue have been agreed.

7.4.5 R The notification required in *UKLR* 7.4.4R must comply with the requirements set out in *UKLR* 7.3 (Significant transactions) as applicable.

7.5 Reverse takeovers

Notification and shareholder approval

7.5.1 R An *issuer* must, in relation to a *reverse takeover*:

(1) comply with the requirements of *UKLR* 7.3 other than *UKLR* 7.3.2R for the *reverse takeover*;

(2) send a *reverse takeover circular* to its shareholders and obtain their prior approval in a general meeting for the *reverse takeover*; and

(3) ensure that any agreement effecting the *reverse takeover* is conditional on that approval being obtained.

7.5.2 G *UKLR* 10 sets out requirements for the content and approval of *reverse takeover circulars*.

Material change to terms of a reverse takeover transaction

7.5.3 R If, after obtaining shareholder approval but before the completion of a *reverse takeover*, there is a material change to the terms of the transaction, the *listed company* must comply again separately with *UKLR* 7.5.1R in relation to the transaction.

7.5.4 G The *FCA* would (among other things) generally consider an increase of 10% or more in the consideration payable to be a material change to the terms of the transaction.

Supplementary circular

7.5.5 R (1) If a *listed company* becomes aware of a matter described in (2) after the publication of a *reverse takeover circular*, but before the date of a general meeting, it must, as soon as practicable:

(a) advise the *FCA* of the matters of which it has become aware; and

(b) send a supplementary *circular* to holders of its *listed equity shares*, providing an explanation of the matters referred to in (2).

(2) The matters referred to in (1) are:

(a) a material change affecting any matter the *listed company* is required to have disclosed in a *reverse takeover circular*; or

(b) a material new matter which the *listed company* would have been required to disclose in the *reverse takeover circular* if it had arisen at the time of its publication.

(3) The *listed company* must have regard to *UKLR* 10.3.1R(3) when considering the materiality of any change or new matter under *UKLR* 7.5.5R(2).

7.5.6 G *UKLR* 10 applies in relation to a supplementary *circular*. It may be necessary to adjourn a convened shareholder meeting if a supplementary

circular cannot be sent to holders of *listed equity shares* at least 7 days prior to the convened shareholder meeting as required by *UKLR* 10.1.9R.

Cancellation of listing

7.5.7 G If an *issuer* is proposing to enter into a transaction classified as a *reverse takeover*, it should consider *UKLR* 21.2.2G and *UKLR* 21.2.5G.

7.5.8 G Where an *issuer* completes a *reverse takeover*, the *FCA* will seek to cancel the *listing* of an *issuer's equity shares* unless the *FCA* is satisfied that circumstances exist such that cancellation is not required. The *FCA* will have regard to *UKLR* 21.2.1R and the individual circumstances of the case.

7.5.9 R Where the *issuer's listing* is cancelled following completion of a *reverse takeover*, the *issuer* must re-apply for the *listing* of the *shares*.

7.5.10 R A *sponsor* must contact the *FCA* on behalf of an *issuer* as early as possible:

(1) before a *reverse takeover* which has been agreed or is in contemplation is announced; or

(2) where details of the *reverse takeover* have leaked,

to discuss whether a cancellation of the *issuer's listing* is appropriate on completion of the *reverse takeover*.

7.5.11 G *UKLR* 7.5.12G to *UKLR* 7.5.15G set out circumstances in which the *FCA* will generally be satisfied that a cancellation is not required.

Acquisitions of targets within the same listing category: issuer maintaining its listing category

7.5.12 G Where:

(1) an *issuer* acquires the *shares* of a *target*;

(2) those *shares* are also *listed* in the *equity shares (commercial companies)* category; and

(3) the *issuer* wishes to maintain its *listing* of *shares* in the *equity shares (commercial companies)* category,

the *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover*.

Acquisitions of targets from different listing categories: issuer maintaining its listing category

7.5.13 G Where an *issuer* acquires the *shares* of a *target* with a different *listing* category from its own and the *issuer* wishes to maintain its *listing* in the

equity shares (commercial companies) category, the *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover* if:

(1) the *issuer* will continue to be eligible for the *equity shares (commercial companies)* category following completion of the transaction;

(2) a *sponsor* provides an eligibility letter to the *FCA* setting out how the *issuer* as enlarged by the acquisition satisfies each *listing rule* requirement that is relevant to it being eligible for the *equity shares (commercial companies)* category not less than 20 *business days* prior to the announcement of the *reverse takeover*; and

(3) the *issuer* makes an announcement or publishes a *circular* explaining:

(a) the background and reasons for the acquisition;

(b) any changes to the acquiring *issuer's* business that have been made or are proposed to be made in connection with the acquisition;

(c) the effect of the transaction on the acquiring *issuer's* obligations under the *listing rules*;

(d) how the acquiring *issuer* will continue to meet the relevant requirements for *listing*; and

(e) any other matter that the *FCA* may reasonably require.

Acquisitions of targets from different listing categories: issuer changing listing category

7.5.14 G The *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover* if:

(1) the *target* is *listed* with a different *listing* category from that of the *issuer*;

(2) the *issuer* wishes to transfer its *listing* to a different *listing* category in conjunction with the acquisition; and

(3) the *issuer* as enlarged by the relevant acquisition complies with the relevant requirements of *UKLR* 21.5 to transfer to a different *listing* category.

7.5.15 G Where an *issuer* is applying *UKLR* 21.5 in order to avoid a cancellation as contemplated by *UKLR* 7.5.14G, the *FCA* will normally waive the requirement for shareholder approval under *UKLR* 21.5.6R(3) where the *issuer* is obtaining separate shareholder approval for the acquisition.

7 Annex 1 The class tests

Class tests				
1	G	This annex sets out the following *class tests*:		
		(1)	the gross assets test;	
		(2)	the consideration test; and	
		(3)	the gross capital test.	
The gross assets test				
2	R	(1)	The gross assets test is calculated by dividing the gross assets the subject of the transaction by the gross assets of the *listed company*.	
		(2)	The 'gross assets of the *listed company*' means the total non-current assets, plus the total current assets, of the *listed company*.	
		(3)	For:	
			(a)	an acquisition of an interest in an undertaking which will result in consolidation of the assets of that undertaking in the accounts of the *listed company*; or
			(b)	a disposal of an interest in an undertaking which will result in the assets of that undertaking no longer being consolidated in the accounts of the *listed company*,
			the 'gross assets the subject of the transaction' means the value of 100% of that undertaking's assets, irrespective of what interest is acquired or disposed of.	
		(4)	For an acquisition or disposal of an interest in an undertaking which does not fall within (3), the 'gross assets the subject of the transaction' means:	
			(a)	for an acquisition, the consideration together with liabilities assumed (if any); and
			(b)	for a disposal, the assets attributed to that interest in the *listed company's* accounts.
		(5)	If there is an acquisition of assets other than an interest in an undertaking, the 'assets the subject of the transaction' means the consideration or, if greater, the book value of those assets as they will be included in the *listed company's* balance sheet.	

		(6)	If there is a disposal of assets other than an interest in an undertaking, the 'assets the subject of the transaction' means the book value of the assets in the *listed company's* balance sheet.	
3	G	The *FCA* may modify *UKLR* 7 Annex 1 2R to require, when calculating the assets the subject of the transaction, the inclusion of further amounts if contingent assets or arrangements referred to in *UKLR* 7.4.1R (Indemnities and similar arrangements) are involved.		
The consideration test				
4	R	(1)	The consideration test is calculated by taking the consideration for the transaction as a percentage of the aggregate market value of all the ordinary shares (excluding *treasury shares*) of the *listed company*.	
		(2)	For the purposes of (1):	
			(a)	the consideration is the amount paid to the contracting party;
			(b)	if all or part of the consideration is in the form of *securities* to be traded on a market, the consideration attributable to those *securities* is the aggregate market value of those *securities*; and
			(c)	if deferred consideration is or may be payable or receivable by the *listed company* in the future, the consideration is the maximum total consideration payable or receivable under the agreement.
		(3)	If the total consideration is not subject to any maximum (and any of the other *class tests* indicate a *percentage ratio* of at least 5%), the transaction is to be treated as a *significant transaction*.	
		(4)	For the purposes of (2)(b), the figures used to determine consideration consisting of:	
			(a)	*securities* of a *class* already *listed* must be the aggregate market value of all those *securities* on the last *business day* before the announcement of the transaction; and
			(b)	a new *class* of *securities* for which an application for *listing* will be made must be the expected aggregate market value of all those *securities*.
		(5)	For the purposes of (1), the figure used to determine market capitalisation is the aggregate market value of all the ordinary *shares* (excluding *treasury shares*) of the *listed company* at the close of business on the last *business day* before the announcement of the transaction.	
5	G	The *FCA* may modify *UKLR* 7 Annex 1 4R to require the inclusion of further amounts in the calculation of the consideration – for example, if the purchaser agrees to discharge any liabilities, including the repayment of inter-company or		

		third-party debt, whether actual or contingent, as part of the terms of the transaction.		
The gross capital test				
6	R	(1)	The gross capital test is calculated by dividing the gross capital of the *company* or business being acquired by the gross capital of the *listed company*.	
		(2)	The test in (1) is only to be applied for an acquisition of a *company* or business.	
		(3)	For the purposes of (1), the 'gross capital of the *company* or business being acquired' means the aggregate of:	
			(a)	the consideration (as calculated under *UKLR* 7 Annex 1 4R);
			(b)	if a *company*, any of its *shares* and *debt securities* which are not being acquired;
			(c)	all other liabilities (other than current liabilities) including for this purpose minority interests and deferred taxation; and
			(d)	any excess of current liabilities over current assets.
		(4)	For the purposes of (1), the gross capital of the *listed company* means the aggregate of:	
			(a)	the market value of its *shares* (excluding *treasury shares*) and the issue amount of the *debt security*;
			(b)	all other liabilities (other than current liabilities) including, for this purpose, minority interests and deferred taxation; and
			(c)	any excess of current liabilities over current assets.
		(5)	For the purposes of (1):	
			(a)	figures used must be, for *shares* and *debt security* aggregated for the purposes of the gross capital *percentage ratio*, the aggregate market value of all those *shares* (or, if not available before the announcement of the transaction, their nominal value) and the issue amount of the *debt security*; and
			(b)	for *shares* and *debt security* aggregated for the purposes of (3)(b), any *treasury shares* held by the *company* are not to be taken into account.
Figures used to classify assets				
7	R	(1)	For the purposes of calculating the tests in this annex, except as otherwise stated in (2) to (6), figures used to classify assets must be the figures	

			shown in the latest published audited consolidated accounts or, if a *listed company* has, or will have, published a preliminary statement of later annual results at the time the terms of a transaction are agreed, the figures shown in that preliminary statement.	
		(2)	If a balance sheet has subsequently been published in an interim statement, gross assets and gross capital should be taken from the balance sheet published in the interim statement.	
		(3)	(a)	The figures of the *listed company* must be adjusted to take account of transactions completed during the period to which the figures referred to in (1) or (2) relate, and subsequent completed transactions where any *percentage* ratio was 5% or more at the time the terms of the relevant transaction were agreed.
			(b)	The figures of the target company or business must be adjusted to take account of transactions completed during the period to which the figures referred to in (1) or (2) relate, and subsequent completed transactions where any *percentage* ratio was 5% or more at the time the terms of the relevant transaction were agreed.
		(4)	Figures on which the auditors are unable to report without modification must be disregarded.	
		(5)	When applying the *percentage ratios* to an acquisition by a *company* whose assets consist wholly or predominantly of cash or short-dated *securities*, the cash and short-dated *securities* must be excluded in calculating its assets and market capitalisation.	
		(6)	The principles in this paragraph also apply (to the extent relevant) to calculating the assets of the target company or business.	
8	G	The *FCA* may modify *UKLR* 7 Annex 1 7R(4) in appropriate cases to permit figures to be taken into account.		
Anomalous results				
9	G	If a calculation under any of the *class tests* produces an anomalous result or if a calculation is inappropriate to the activities of the *listed company*, the *FCA* may modify the relevant *rule* to substitute other relevant indicators of size, including industry-specific tests.		
Adjustments to figures				
10	G	Where a *listed company* wishes to make adjustments to the figures used in calculating the class tests pursuant to *UKLR* 7 Annex 1 9G, it should discuss this with the *FCA* before the class tests crystallise.		

7 Annex 2 Notification requirements

This annex sets out the information to be included in a notification required by *UKLR* 7.3.1R, *UKLR* 7.3.2R, *UKLR* 7.3.3R and *UKLR* 7.5.1R.

Part 1	**Information relating to the transaction**		
1.1	R	A notification required by *UKLR* 7.3.1R and *UKLR* 7.5.1R must include the following information:	
		(1)	details of the transaction, including the name of the other party to the transaction;
		(2)	an explanation of the reasons for entering into the transaction;
		(3)	a description of the business carried on by, or using, the net assets the subject of the transaction;
		(4)	the consideration, and how it is being satisfied (including the terms of any arrangements for deferred consideration);
		(5)	the value of the gross assets the subject of the transaction;
		(6)	the profits attributable to the assets the subject of the transaction;
		(7)	the effect of the transaction on the *listed company*, including any benefits which are expected to accrue to the *company*, and any risks to the *company*, as a result of the transaction;
		(8)	a statement of the effect of the transaction on the *group's* earnings and assets and liabilities;
		(9)	details of any service contracts of proposed *directors* of the *listed company*;
		(10)	details of any *break fee arrangements*;
		(11)	for a disposal, the application of the sale proceeds;
		(12)	for a disposal, if *securities* are to form part of the consideration received, a statement as to whether the *securities* are to be sold or retained;
		(13)	details of key individuals important to the business or *company* the subject of the transaction;
		(14)	if the transaction is a joint venture, details of any exit arrangement;

		(15)	if the transaction is required to be aggregated under *UKLR* 7.2.11R, details of transactions completed during the relevant period; and
		(16)	a statement by the board that the transaction is, in the board's opinion, in the best interests of *security* holders as a whole.

Part 2	**Disposals - financial information**				
2.1	R	A notification required by *UKLR* 7.3.2R must include the information in *UKLR* 7 Annex 2 2.2R where the transaction involves a disposal.			
2.2	R	Where the transaction involves a disposal, the notification must include the following:			
		(1)	(a)	when a *listed company* is disposing of an interest in a *target* which will result in the assets and liabilities which are the subject of the disposal no longer being consolidated:	
				(i)	the last annual consolidated balance sheet;
				(ii)	the consolidated income statements for the last 2 years drawn up to at least the level of profit or loss for the period; and
				(iii)	the consolidated balance sheet and consolidated income statement (drawn up to at least the level of profit or loss for the period) at the *issuer's* interim balance sheet date if the *issuer* has published interim financial statements since the publication of its last annual audited consolidated financial statements;
			(b)	the information in (1)(a) must be extracted without material adjustment from the consolidation schedules that underlie the *listed company's* audited consolidated accounts or, in the case of (1)(a)(iii), the interim financial information, and must be accompanied by a statement to this effect; and	
			(c)	where a change of accounting policies has occurred during the period covered by the financial information required by (1)(a), the financial information must be presented on the basis of both the original and amended accounting policies for the year prior to that in which the new accounting policy is adopted unless the change did not require a restatement of the comparative;	
		(2)	when a *listed company* is disposing of an interest in a *target* that has been accounted for as an investment, and the *target's securities* that are the subject of the transaction are admitted to an investment exchange that enables intra-day price formation:		

			(a)	the amounts of the dividends or other distributions paid in the past 2 years; and	
			(b)	the price per *security* and the imputed value of the entire holding being disposed of at the close of business at the following times:	
				(i)	on the last *business day* of each of the 6 months prior to the announcement of the transaction; and
				(ii)	on the day prior to the announcement of the transaction;
		(3)	when a *listed company* is disposing of an interest in a *target* that was accounted for using the equity method in the *listed company's* annual consolidated accounts, the line entries relating to the *target* from its last audited consolidated balance sheet and those from its audited consolidated income statement for the past 2 years together with the equivalent line entries from its interim consolidated balance sheet and interim consolidated income statement, where the *issuer* has published subsequent interim financial information; and		
		(4)	where the information in (2) or (3) is not available or cannot be produced in accordance with the requirements in (1)(a):		
			(a)	a statement by the board that the information is not available or cannot be produced;	
			(b)	an explanation as to how the value of the consideration has been arrived at; and	
			(c)	a statement by the board that it considers the consideration to be fair as far as the *security* holders of the *company* are concerned.	

Part 3	**Non-financial information**	
3.1	R	A notification required by *UKLR* 7.3.2R must include the information identified (by reference to certain paragraphs of Annex 1 of the *PR Regulation*) in the following table relating to the *listed company* and the undertaking the subject of the transaction.

Information	**Listed company**	**Undertaking the subject of the transaction**

Annex 1 item 17.1 – Related party transactions	*	
Annex 1 item 18.6.1 – Legal and arbitration proceedings	*	*
Annex 1 item 18.7.1 – Significant change in the issuer's financial position	*	*
Annex 1 item 20.1 – Material contracts	*	*

3.2	R	The information required by Annex 1 item 20.1 (Material contracts) and Annex 1 item 18.6.1 (Legal and arbitration proceedings) must be presented as follows:		
		(1)	for an acquisition, in separate statements for the *listed company* for the undertaking, business or assets to be acquired; or	
		(2)	for a disposal, in separate statements for the *listed company* and its *subsidiary undertakings* (on the basis that the disposal has taken place), and for the undertaking, business or assets to be disposed of.	
3.3	R	In determining what information is required to be included by virtue of Annex 1 item 20.1 (Material contracts) if a *prospectus* or *listing particulars* are not required, regard should be had as to whether information about that provision is information which *securities* holders of the *issuer* would reasonably require for the purpose of making a properly informed assessment of the transaction and its impact on the *issuer*.		
3.4	R	The information required by Annex 1 item 17.1 (Related party transactions):		
		(1)	need only be given if it is relevant to the transaction; and	
		(2)	need not be given if it has already been published before the notification is made.	
3.5	R	(1)	The information required by Annex 1 item 18.7.1 (Significant change in the issuer's financial position) need only be given for the undertaking which is the subject of the transaction if:	
			(a)	the transaction involves a disposal; and
			(b)	information required by *UKLR* 7 Annex 2 2.2R(1) or 2.2R(3) has been included in the notification.

		(2)	Where information required by Annex 1 item 18.7.1 (Significant change in the issuer's financial position) is given for both the *listed company* and the undertaking which is the subject of the transaction, the information must be presented in separate statements for the *listed company* and its *subsidiary undertakings* (on the basis that the disposal has taken place), and for the undertaking, business or assets to be disposed of.

Part 4	**Synergy benefits, sources of information and pro forma financial information**		
	Synergy benefits		
4.1	R	Where a *listed company* includes details of estimated synergies or other quantified estimated financial benefits expected to arise from a transaction in a notification required by *UKLR* 7.3.1R, *UKLR* 7.3.2R, *UKLR* 7.3.3R or *UKLR* 7.5.1R, the notification must include the following:	
		(1)	the basis for the belief that those synergies or other quantified estimated financial benefits will arise;
		(2)	an analysis and explanation of the constituent elements of the synergies or other quantified estimated financial benefits (including any costs) sufficient to enable the relative importance of those elements to be understood, including an indication of when they will be realised and whether they are expected to be recurring;
		(3)	a base figure for any comparison drawn;
		(4)	a statement that the synergies or other quantified estimated financial benefits are contingent on the transaction and could not be achieved independently; and
		(5)	a statement that the estimated synergies or other quantified estimated financial benefits reflect both the beneficial elements and relevant costs.
	Sources of information		
4.2	R	Where a *listed company* includes financial information in a notification required by *UKLR* 7.3.1R, *UKLR* 7.3.2R, *UKLR* 7.3.3R or *UKLR* 7.5.1R, the notification must cite the source of all financial information that it discloses in the notification and include the following:	
		(1)	a statement of whether the financial information was extracted from accounts, internal financial accounting records, internal management accounting records, or an external or other source;

		(2)	a statement of whether financial information that was extracted from audited accounts was extracted without material adjustment; and	
		(3)	an indication of which aspects of the financial information relate to:	
			(a)	historical financial information;
			(b)	forecast or estimated financial information; or
			(c)	pro forma financial information,
			with reference made to where the basis of presentation can be found.	
4.3	R	If financial information has not been extracted directly from audited accounts, the notification must include the following:		
		(1)	the basis and assumptions on which the financial information has been prepared; and	
		(2)	a statement that the financial information is unaudited or not reported on by an accountant.	
4.4	R	A *listed company* must provide investors with all necessary information to understand the context and relevance of non-statutory figures.		
	Pro forma financial information			
4.5	R	If a *listed company* includes pro forma financial information in a notification required by *UKLR* 7.3.1R, *UKLR* 7.3.2R, *UKLR* 7.3.3R or *UKLR* 7.5.1R, the notification must:		
		(1)	cite the sources of any unadjusted financial information that it discloses in the notification; and	
		(2)	include an explanation of the basis upon which the pro forma financial information has been prepared.	

8 Equity shares (commercial companies): related party transactions

8.1 Preliminary

Application

8.1.1 R This chapter applies to a *company* that has a *listing* of *equity shares* in the *equity shares (commercial companies)* category.

Purpose

8.1.2 G The purpose of this chapter is to set out governance and notification requirements for a *listed company* in relation to *related party transactions*. These requirements are intended to:

(1) ensure that the shareholders of *companies* with *listed equity shares* are notified of *related party transactions* when they are entered into by the *listed company*, and support engagement between the *listed company* and its shareholders in relation to *related party transactions*; and

(2) enhance market transparency in relation to *related party transactions*.

8.1.3 G These requirements are also intended to prevent a *related party* from taking advantage of its position and prevent any perception that it may have done so.

Sponsors

8.1.4 G A *listed company* that is proposing to enter into a *related party transaction* requiring the *listed company* to make a notification under *UKLR* 8.2.1R(4) must comply with the requirement to appoint a *sponsor* under *UKLR* 8.2.1R(3).

8.1.5 R A *listed company* must appoint a *sponsor* where it proposes to make a request to the *FCA* to modify, waive or substitute the operation of *UKLR* 8.

8.1.6 R A *listed company* must appoint a *sponsor* where it proposes to make a request to the *FCA* for individual guidance in relation to the *listing rules*, the *disclosure requirements* or the *transparency rules* in connection with a *related party transaction*.

Definition of 'related party transaction'

8.1.7 R In *UKLR*, a *related party transaction* means:

(1) a transaction (other than a transaction in the ordinary course of business) between a *listed company* and a *related party*;

(2) an arrangement (other than an arrangement in the ordinary course of business) pursuant to which a *listed company* and a *related party* each invests in, or provides finance to, another undertaking or asset; or

(3) any other similar transaction or arrangement (other than a transaction or arrangement in the ordinary course of business) between a *listed company* and any other *person*, the purpose and effect of which is to benefit a *related party*.

8.1.8 G A *related party transaction* includes the variation or novation of an existing agreement between the *listed company* and a *related party*, regardless of whether the party was a *related party* at the time the original agreement was entered into.

Meaning of 'transaction' or 'arrangement'

8.1.9 R A reference in this chapter:

(1) to a transaction or arrangement by a *listed company* includes a transaction or arrangement by its *subsidiary undertaking*;

(2) to a transaction or arrangement is, unless the contrary intention appears, a reference to the entering into of the agreement for the transaction or the entering into of the arrangement; and

(3) to a transaction or arrangement includes a transaction or arrangement which amends or revises the terms of an existing transaction or arrangement.

Transactions to which this chapter does not apply

8.1.10 R *UKLR* 8.2.1R to *UKLR* 8.2.5R do not apply to a *related party transaction* if it is a transaction or arrangement:

(1) of a kind referred to in paragraph 1 of *UKLR* 8 Annex 1 (a transaction the terms of which were agreed before a person became a related party); or

(2) of a kind referred to in paragraphs 2 to 8 of *UKLR* 8 Annex 1 and does not have any unusual features.

Definition of 'related party'

8.1.11 R In *UKLR*, a *related party* means:

(1) a *person* who is (or was within the 12 months before the date of the transaction or arrangement) a *substantial shareholder*;

(2) a *person* who is (or was within the 12 months before the date of the transaction or arrangement) a *director* or *shadow director* of:

(a) the *listed company*; or

(b) any other *company* which is one of the following (and, if that *person* has ceased to a *director* or *shadow director*, any other *company* which was one of the following while that *person* was a *director* or *shadow director* of such other *company*);

(i) a *subsidiary undertaking* of the *listed company*;

(ii) a *parent undertaking* of the *listed company*; or

(iii) a fellow *subsidiary undertaking* of a *parent undertaking* of the *listed company*;

(3) a *person exercising significant influence*; or

(4) an *associate* of a *related party* referred to in paragraph (1), (2) or (3).

Definition of 'substantial shareholder'

8.1.12 R In *UKLR*, a *substantial shareholder* means any *person* who is entitled to exercise, or to control the exercise of, 20% or more of the votes able to be cast on all or substantially all matters at general meetings of:

(1) the *company*; or

(2) any *company* which is:

(a) a *subsidiary undertaking* of the *company*;

(b) a *parent undertaking* of the *company*; or

(c) a fellow *subsidiary undertaking* of a *parent undertaking* of the *company*.

8.1.13 G For the purposes of determining votes that are able to be cast at general meetings of a *company*, voting rights attached to *shares* which are not *listed shares*, including *specified weighted voting rights shares*, should be taken into consideration.

8.1.14 R For the purposes of calculating voting rights in *UKLR* 8.1.12R, the following voting rights are to be disregarded:

(1) any voting rights which such a *person* exercises (or controls the exercise of) independently in its capacity as:

(a) bare trustee;

(b) investment manager;

(c) collective investment undertaking; or

(d) a *long-term insurer* in respect of its linked long-term business,

if no *associate* of that *person* interferes by giving direct or indirect instructions, or in any other way, in the exercise of such voting rights (except to the extent any such *person* confers or collaborates with such an *associate* which also acts in its capacity as investment

manager, collective investment undertaking or *long-term insurer*); or

(2) any voting rights:

(a) which a *person* may hold (or control the exercise of) solely in relation to the direct performance, by way of business, of:

(i) underwriting the issue or sale of *securities*;

(ii) placing *securities*, where the *person* provides a firm commitment to acquire any *securities* which it does not place; or

(iii) acquiring *securities* from existing shareholders or the *issuer* pursuant to an agreement to procure third-party purchases of *securities*; and

(b) where the conditions in (i) to (iv) are satisfied:

(i) the activities set out in (2)(a) are performed in the ordinary course of business;

(ii) the *securities* to which the voting rights attach are held for a consecutive period of 5 *trading days* or less, beginning with the first *trading day* on which the *securities* are held;

(iii) the voting rights are not exercised within the period in which the *securities* are held; and

(iv) no attempt is made directly or indirectly by the *firm* to intervene in or exert influence on (or attempt to intervene in or exert influence on) the management of the *issuer* within the period the *securities* are held.

Meaning of 'ordinary course of business'

8.1.15 G (1) The assessment of whether a transaction is in the ordinary course of business under this chapter will depend on the specific circumstances of the *listed company*.

(2) Factors that may indicate whether a transaction is in the ordinary course of a *company's* business include:

(a) the size and incidence of similar transactions which the *company* has entered into;

(b) the nature and size of the *company's* existing business and common factors within the industry sector in which it operates;

(c) the *company's* corporate strategy for its business, including in relation to growth and industry focus, as set out in the *company's* latest published *prospectus* or annual financial report;

(d) the existing accounting treatment (for a disposal) or planned accounting treatment (for an acquisition or new arrangement) by the *listed company*; and

(e) whether its shareholders could reasonably expect the *company* to enter into the transaction, taking into account:

(i) the factors in (a) to (d);

(ii) any further information that the *company* has already notified to a *RIS*;

(iii) the subject matter of the transaction;

(iv) the terms of the transaction;

(v) the anticipated impact on the *listed company*; and

(vi) the associated benefits and risks.

8.1.16 G Transactions that are likely to be in the ordinary course of business include:

(1) regular trading activities (if the *company* is a trading *company*);

(2) ongoing commercial arrangements and purchases commonly undertaken as part of the existing business or within the industry sector in which the *company* operates;

(3) capital expenditure to support and maintain the existing business and its infrastructure;

(4) capital expenditure to add scale to the existing business in line with the *company's* business strategy as previously notified to a *RIS* (including, for example, within the latest published *prospectus* or annual financial report); or

(5) in the case of a *listed property company*, where the accounting treatment of a *property* that is acquired or disposed is such that:

(a) for an acquisition, the *property* will be classified as a current asset in the *company's* published accounts; or

(b) for a disposal, the *property* was classified as a current asset in the *company's* published accounts.

8.1.17 G Transactions that are unlikely to be in the ordinary course of business include:

(1) mergers with, or acquisitions of, other businesses (whether structured by way of a share or asset acquisition);

(2) transactions that would lead to a substantial involvement in a business activity that did not previously form a significant part of the *listed company's* principal activities;

(3) transactions that would lead to the *listed company* no longer having a substantial involvement in a business activity that forms a significant part of its principal activities; or

(4) transactions which are entered into to alleviate financial difficulty.

8.1.18 R For the purposes of this chapter, a transaction in the ordinary course of business excludes a *reverse takeover*.

Where a related party transaction is also a significant transaction or other transaction under UKLR 7

8.1.19 G Where a *related party transaction* is also a *significant transaction* or is otherwise subject to *UKLR* 7, the requirements and *guidance* under *UKLR* 7 also apply, in addition to the requirements under this chapter.

8.2 Requirements for related party transactions

General requirements for related party transactions

8.2.1 R If a *listed company* enters into a *related party transaction* where any *percentage ratio* is 5% or more, the *listed company* must:

(1) obtain the approval of its board for the transaction or arrangement before it is entered into;

(2) ensure that any *director* who is, or an *associate* of whom is, the *related party*, or who is a *director* of the *related party*, does not take part in the board's consideration of the transaction or arrangement and does not vote on the relevant board resolution;

(3) before entering into the transaction or arrangement, obtain written confirmation from a *sponsor* that the terms of the proposed transaction or arrangement with the *related party* are fair and reasonable as far as the *security* holders of the *listed company* are concerned; and

(4) notify a *RIS* as soon as possible after the terms of the transaction or arrangement are agreed.

8.2.2 R The notification must include:

(1) details of the *related party transaction*, including:

(a) the name of the *related party*;

(b) the value of the consideration for the transaction or arrangement; and

(c) a description of the transaction or arrangement;

(2) the fact that the transaction or arrangement is a *related party transaction* which fell within *UKLR* 8.2.1R;

(3) details of the nature and extent of the *related party's* interest in the transaction(s) or arrangement(s);

(4) a statement by the board that the transaction or arrangement is fair and reasonable as far as the *security* holders of the *company* are concerned and that the *directors* have been so advised by a *sponsor*; and

(5) the name of the sponsor that provided the written confirmation in *UKLR* 8.2.1R(3).

8.2.3 R The notification must also include any further information the *company* considers relevant, having regard to the purpose of this chapter set out in *UKLR* 8.1.2G.

8.2.4 G *UKLR* 8.2.2R(4) does not require the notification to include an explanation of the basis of preparation for the board's conclusion that the transaction is fair and reasonable, or an explanation of the *sponsor's* advice. The *FCA* does not expect the notification to include explanations of the basis of preparation, as this could be seen to limit the validity of the confirmation. Instead, a clean confirmation, tracking the wording used in *UKLR* 8.2.2R(4), should be given.

8.2.5 R If, before the completion of a *related party transaction* referred to in *UKLR* 8.2.1R that has been notified in accordance with this section, there is a material change to the terms of the transaction, the *listed company* must comply again separately with *UKLR* 8.2.1R to *UKLR* 8.2.3R in relation to the transaction.

8.2.6 G The *FCA* would (among other things) generally consider an increase of 10% or more in the consideration payable to be a material change to the terms of the transaction.

Aggregation of transactions in any 12-month period

8.2.7 R (1) Subject to (3), if a *listed company* enters into transactions or arrangements with the same *related party* (and any of its *associates*) in any 12-month period, the transactions or arrangements must be aggregated.

(2) If any *percentage ratio* is 5% or more for the aggregated transactions or arrangements, the *listed company*:

(a) must comply with *UKLR* 8.2.1R, in respect of the latest transaction or arrangement; and

(b) the notification required by *UKLR* 8.2.1R(4) must include:

(i) all of the information required by *UKLR* 8.2.2R for the latest transaction or arrangement;

(ii) the information required in *UKLR* 8.2.2R(1) to (3) for the other aggregated transactions or arrangements; and

(iii) the information required by *UKLR* 8.2.3R.

(3) Transactions or arrangements completed during the 12-month period in (1) are not required to be aggregated with the latest transaction or arrangement if they were previously classified as a *related party transaction* notifiable (individually or collectively) under *UKLR* 8.2.1R or *UKLR* 8.2.7R(2).

Supplementary notification

8.2.8 R (1) A *listed company* must notify a *RIS* as soon as possible if, after the notification under *UKLR* 8.2.1R(4), it becomes aware that:

(a) there has been a material change affecting any matter contained in that earlier notification (other than a material change to the terms of the transaction to which *UKLR* 8.2.5R applies); or

(b) a material new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

(2) The supplementary notification must:

(a) give details of the change or new matter; and

(b) contain a statement that, except as disclosed:

(i) there has been no material change affecting any matter contained in the earlier notification; and

(ii) no other material new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

(3) In paragraphs (1) and (2), 'material' means material for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the *listed company* and the rights attaching to any *securities* forming part of the consideration.

Sovereign controlling shareholders

8.2.9 R In the case of a *related party* which is a *sovereign controlling shareholder* or an *associate* of a *sovereign controlling shareholder*, where:

(1) a *listed company* is a *sovereign controlled commercial company* and:

(a) has a *sovereign controlling shareholder* which was a *controlling shareholder* on the first occasion on which the *company* made an application for the *admission* of *equity shares* to the *equity shares (commercial companies)* category;

(b) has made a notification in accordance with *UKLR* 6.4.18R and *UKLR* 6.4.19R; or

(c) made an announcement in accordance with *UKLR* 21.5.6.R(2) and *UKLR* 21.5.9R when it transferred the *listing* of its *equity shares* to the *equity shares (commercial companies)* category; and

(2) the *sovereign controlling shareholder* is either:

(a) recognised by the government of the *UK* as a State; or

(b) the *UK*,

UKLR 8.2.1R(2) and (3) and *UKLR* 8.2.2R(4) and (5) do not apply.

8 Annex 1 Transactions to which related party transaction rules do not apply

8 Annex 1 R

Transaction agreed before person became a related party

1	The *related party transaction* rules do not apply to a transaction the terms of which:	
	(1)	were agreed at a time when no party to the transaction or *person* who was to receive the benefit of the transaction was a *related party*; and
	(2)	have not been amended, or which required the exercise of discretion by the *listed company* under those terms, since the party or *person* became a *related party*.
Issue of new securities and sale of treasury shares		
2	The *related party transaction* rules do not apply to a transaction that consists of:	
	(1)	the take-up by a *related party* of new *securities* or *treasury shares* under its entitlement in a pre-emptive offering; or
	(2)	an issue of new *securities* made under the exercise of conversion or subscription rights attaching to a listed class of *securities*.
Employees' share schemes and long-term incentive schemes		
3	The *related party transaction* rules do not apply to:	
	(1)	the receipt of any asset (including cash or *securities* of the *listed company* or any of its *subsidiary undertakings*) by a *director* of the *listed company*, its *parent undertaking* or any of its *subsidiary undertakings*; or
	(2)	the grant of an option or other right to a *director* of the *listed company*, its *parent undertaking* or any of its *subsidiary undertakings* to acquire (whether or not for consideration) any asset (including cash or new or existing *securities* of the *listed company* or any of its *subsidiary undertakings*); or
	(3)	the provision of a gift or loan to the trustees of an employee benefit trust to finance the provision of assets as referred to in (1) or (2),
	in accordance with the terms of an *employees' share scheme* or a *long-term incentive scheme*.	
Credit		
4	The *related party transaction* rules do not apply to a grant of credit (including the lending of money or the guaranteeing of a loan):	
	(1)	to the *related party* on normal commercial terms;
	(2)	to a *director* for an amount and on terms no more favourable than those offered to employees of the group generally; or

	(3)	by the *related party* on normal commercial terms and on an unsecured basis.	
Directors' indemnities and loans			
5	(1)	The *related party transaction* rules do not apply to a transaction that consists of:	
		(a)	granting an indemnity to a *director* of the *listed company* (or any of its *subsidiary undertakings*) if the terms of the indemnity are in accordance with those specifically permitted to be given to a *director* under the Companies Act 2006;
		(b)	maintaining a contract of insurance if the insurance is in accordance with that specifically permitted to be maintained for a *director* under the Companies Act 2006 (whether for a *director* of the *listed company* or for a *director* of any of its *subsidiary undertakings*); or
		(c)	a loan or assistance to a *director* by a *listed company* or any of its *subsidiary undertakings* if the terms of the loan or assistance are in accordance with those specifically permitted to be given to a *director* under sections 204, 205 or 206 of the Companies Act 2006.
	(2)	Paragraph (1) applies to a *listed company* that is not subject to the Companies Act 2006 if the terms of the indemnity or contract of insurance are in accordance with those that would be specifically permitted under that Act (if it applied).	
Underwriting			
6	(1)	The *related party transaction* rules do not apply to the underwriting by a *related party* of all or part of an issue of *securities* by the *listed company* (or any of its *subsidiary undertakings*) if the consideration to be paid by the *listed company* (or any of its *subsidiary undertakings*) for the underwriting:	
		(a)	is no more than the usual commercial underwriting consideration; and
		(b)	is the same as that to be paid to the other underwriters (if any).
	(2)	Paragraph (1) does not apply to the extent that a *related party* is underwriting *securities* which it is entitled to take up under an issue of *securities*.	
Joint investment arrangements			
7	The *related party transaction* rules do not apply to an arrangement where a *listed company*, or any of its *subsidiary undertakings*, and a *related party* each invests in, or provides finance to, another undertaking or asset if the following conditions are satisfied:		

	(1)	the amount invested, or provided, by the *related party* is not more than 25% of the amount invested, or provided, by the *listed company* or its *subsidiary undertaking* (as the case may be); and	
	(2)	the terms and circumstances of the investment or provision of finance by the *listed company* or its *subsidiary undertakings* (as the case may be) are no less favourable than those applying to the investment or provision of finance by the *related party*.	
Insignificant subsidiary undertaking			
8	(1)	The *related party transaction* rules do not apply to a transaction or arrangement where each of the conditions in paragraphs (2) to (6) (as far as applicable) is satisfied.	
	(2)	The party to the transaction or arrangement is only a *related party* because:	
		(a)	it is (or was within the 12 months before the date of the transaction or arrangement) a *substantial shareholder* or its *associate*; or
		(b)	it is a *person* who is (or was within the 12 months before the date of the transaction or arrangement) a *director* or *shadow director* or their *associate*,
		of a *subsidiary undertaking* or *subsidiary undertakings* of the *listed company* that has, or if there is more than one *subsidiary undertaking* that have in aggregate, contributed less than 10% of the profits of, and represented less than 10% of the assets of, the *listed company* for the relevant period.	
	(3)	The *subsidiary undertaking* or each of the *subsidiary undertakings* (as the case may be) have been in the *listed company's group* for 1 full financial year or more.	
	(4)	In paragraph (2), 'relevant period' means:	
		(a)	if the *subsidiary undertaking* or each of the *subsidiary undertakings* (as the case may be) has been consolidated in the *listed company's group* for 1 full financial year or more but less than 3 full financial years, each of the full financial years before the date of the transaction or arrangement for which accounts have been published; and
		(b)	if the *subsidiary undertaking* or any of the *subsidiary undertakings* (as the case may be) has been consolidated in the *listed company's group* for 3 full financial years or more, each of the 3 full financial years before the date of the transaction or arrangement for which accounts have been published.

	(5)	If the *subsidiary undertaking* or any of the *subsidiary undertakings* (as the case may be) are themselves party to the transaction or arrangement or if *securities* in the *subsidiary undertaking* or any of the *subsidiary undertakings* or their assets are the subject of the transaction or arrangement, then the ratio of consideration to market capitalisation of the *listed company* is less than 10%.	
	(6)	In this *rule*, the figures to be used to calculate assets and consideration to market capitalisation are the same as those used to classify assets and consideration to market capitalisation in *UKLR* 7 Annex 1 (as modified or added to by *UKLR* 7.2.3R to *UKLR* 7.2.8R where applicable).	
	(7)	(a)	In this *rule*, for the purposes of calculating profit, except as otherwise stated in paragraphs (b) to (e), figures used to classify profit must be the figures shown in the latest published audited consolidated accounts or, if a *listed company* has, or will have, published a preliminary statement of later annual results at the time the terms of a transaction are agreed, the figures shown in that preliminary statement.
		(b)	The figures of the *listed company* must be adjusted to take account of transactions completed during the period to which the figures referred to in (a) relate, and subsequent completed transactions where any *percentage ratio* was 5% or more at the time the terms of the relevant transaction were agreed.
		(c)	The figures of the *target company* or business must be adjusted to take account of transactions completed during the period to which the figures referred to in (a) relate, and subsequent completed transactions where any *percentage ratio* would have been 5% or more at the time the terms of the relevant transaction were agreed when classified against the *target* as a whole.
		(d)	Figures on which the auditors are unable to report without modification must be disregarded.
		(e)	The principles in paragraphs (a) to (d) also apply (to the extent relevant) to calculating the *net annual rent* of the *target company* or business.
		(f)	The *FCA* may modify paragraph (d) in appropriate cases to permit figures to be taken into account.

9 Equity shares (commercial companies): further issuances, dealing in own securities and treasury shares

9.1 Application

Application

9.1.1 R This chapter applies to a *company* that has a *listing* of *equity shares* in the *equity shares (commercial companies)* category.

9.1.2 G This chapter contains *rules* applicable to a *listed company* that:

(1) proposes to issue *equity securities* for cash or sell *treasury shares* that are *equity shares* for cash;

(2) adopts an *employees' share scheme* or *long-term incentive scheme*;

(3) undertakes:

(a) a *rights issue*;

(b) an *open offer*;

(c) a *vendor consideration placing*;

(d) a *placing*;

(e) an *offer for sale*; or

(f) an *offer for subscription*;

(4) purchases its own *securities* from a *related party*;

(5) purchases its own *equity shares*;

(6) purchases its own *securities* other than *equity shares*; or

(7) sells or transfers *treasury shares*.

Exceptions

9.1.3 R *UKLR* 9.5 to *UKLR* 9.7 do not apply to a transaction entered into:

(1) in the ordinary course of business by a securities dealing business; or

(2) on behalf of third parties either by the *company* or any member of its *group*,

if the *listed company* has established and maintains effective *information barriers* between those responsible for any decision relating to the transaction and those in possession of *inside information* relating to the *listed company*.

9.2 Pre-emption rights

9.2.1 R A *listed company* proposing to issue *equity securities* for cash or to sell *treasury shares* that are *equity shares* for cash must first offer those *equity securities* in proportion to their existing holdings to:

(1) existing holders of that *class* of *equity shares* (other than the *listed company* itself by virtue of it holding *treasury shares*); and

(2) holders of other *equity shares* of the *listed company* who are entitled to be offered them.

9.2.2 R *UKLR* 9.2.1R does not apply to:

(1) a *listed company* incorporated in the *United Kingdom* if a disapplication of statutory pre-emption rights has been authorised by shareholders in accordance with section 570 (Disapplication of pre-emption rights: directors acting under general authorisation) or section 571 (Disapplication of pre-emption rights by special resolution) of the Companies Act 2006 and the issue of *equity securities* or sale of *treasury shares* that are *equity shares* by the *listed company* is within the terms of the authority;

(2) a *listed company* undertaking a *rights issue* or *open offer*, provided that the disapplication of pre-emption rights is with respect to:

(a) *equity securities* representing fractional entitlements; or

(b) *equity securities* which the *company* considers necessary or expedient to exclude from the *offer* on account of the laws or regulatory requirements of a territory other than its country of incorporation, unless that territory is the *United Kingdom*;

(3) a *listed company* selling *treasury shares* for cash to an *employees' share scheme*; or

(4) an *overseas company* with a *listing* of *equity shares* in the *equity shares (commercial companies)* category if a disapplication of pre-emption rights has been authorised by shareholders that is equivalent to an authority given in accordance either with section 570 or section 571 of the Companies Act 2006 or in accordance with the law of its country of incorporation, provided that the issue of *equity securities* or sale of *treasury shares* that are *equity shares* by the *listed company* is within the terms of the authority.

9.3 Share schemes, incentive plans and discounted option arrangements

Employees' share schemes and long-term incentive plans

9.3.1 R (1) This *rule* applies to the following schemes of a *listed company* incorporated in the *United Kingdom* and of any *major subsidiary undertaking* of that *listed company* (even if that *major subsidiary undertaking* is incorporated or operates *overseas*):

(a) an *employees' share scheme*, if the scheme involves or may involve the issue of new *shares* or the transfer of *treasury shares*; and

(b) a *long-term incentive scheme* in which one or more *directors* of the *listed company* is eligible to participate.

(2) The *listed company* must ensure that the *employees' share scheme* or *long-term incentive scheme* is approved by an ordinary resolution of the shareholders of the *listed company* in a general meeting before it is adopted.

9.3.2 R *UKLR* 9.3.1R does not apply to the following *long-term incentive schemes*:

(1) an arrangement where participation is offered on similar terms to all or substantially all *employees* of the *listed company* or any of its *subsidiary undertakings* whose *employees* are eligible to participate in the arrangement (provided that all or substantially all *employees* are not *directors* of the *listed company*); or

(2) an arrangement where the only participant is a *director* of the *listed company* (or an individual whose appointment as a *director* of the *listed company* is being contemplated) and the arrangement is established specifically to facilitate, in unusual circumstances, the recruitment or retention of the relevant individual.

9.3.3 R For a scheme referred to in *UKLR* 9.3.2R(2), the following information must be disclosed in the first annual report published by the *listed company* after the date on which the relevant individual becomes eligible to participate in the arrangement:

(1) all of the information prescribed in *UKLR* 10.6.10R;

(2) the name of the sole participant;

(3) the date on which the participant first became eligible to participate in the arrangement;

(4) an explanation of why the circumstances in which the arrangement was established were unusual;

(5) the conditions to be satisfied under the terms of the arrangement; and

(6) the maximum award(s) under the terms of the arrangement or, if there is no maximum, the basis on which awards will be determined.

Discounted option arrangements

9.3.4 R (1) This *rule* applies to the grant to a *director* or *employee* of a *listed company* or of any *subsidiary undertaking* of a *listed company* of an *option* to subscribe, *warrant* to subscribe or other similar right to subscribe for *shares* in the capital of the *listed company* or any of its *subsidiary undertakings*.

(2) A *listed company* must not, without the prior approval by an ordinary resolution of the shareholders of the *listed company* in a general meeting, grant the *option*, *warrant* or other right if the price per *share* payable on the exercise of the *option*, *warrant* or other similar right to subscribe is less than whichever of the following is used to calculate the exercise price:

(a) the market value of the *share* on the date on which the exercise price is determined;

(b) the market value of the *share* on the *business day* before that date; or

(c) the average of the market values for a number of dealing days within a period not exceeding 30 days immediately before that date.

9.3.5 R *UKLR* 9.3.4R does not apply to the grant of an *option* to subscribe, *warrant* to subscribe or other similar right to subscribe for *shares* in the capital of a *listed company* or any of its *subsidiary undertakings*:

(1) under an *employees' share scheme*, if participation is offered on similar terms to all or substantially all *employees* of the *listed company* or any of its *subsidiary undertakings* whose *employees* are entitled to participate in the scheme; or

(2) following a takeover or reconstruction, in replacement for and on comparable terms with *options* to subscribe, *warrants* to subscribe or other similar rights to subscribe held immediately before the takeover or reconstruction, for *shares* in either a *company* of which the *listed company* thereby obtains control or in any of that *company's subsidiary undertakings*.

9.4 Transactions

Rights issue

9.4.1 R For a placing of rights arising from a *rights issue* before the official start of dealings, a *listed company* must ensure that:

(1) the placing relates to at least 25% of the maximum number of *equity securities* offered;

(2) the placees are committed to take up whatever is placed with them;

(3) the price paid by the placees does not exceed the price at which the *equity securities* which are the subject of the *rights issue* are offered by more than one half of the calculated premium over that offer price (that premium being the difference between the offer price and the theoretical ex-rights price); and

(4) the *equity securities* which are the subject of the *rights issue* are of the same *class* as the *equity securities* already *listed*.

9.4.2 G The *FCA* may modify *UKLR* 9.4.1R(1) to allow the placing to relate to less than 25% if it is satisfied that requiring at least 25% would be detrimental to the success of the issue.

9.4.3 G In a *rights issue*, the *FCA* may list the *equity securities* at the same time as they are admitted to trading in nil paid form. On the *equity securities* being paid up and the allotment becoming unconditional, the *listing* will continue without any need for a further application to list fully paid *securities*.

9.4.4 R If existing shareholders do not take up their rights to subscribe in a *rights issue*:

(1) the *listed company* must ensure that the *equity securities* to which the *offer* relates are offered for subscription or purchase on terms that any premium obtained over the subscription or purchase price (net of expenses) is to be for the account of the holders, except that if the proceeds for an existing holder do not exceed £5.00, the proceeds may be retained for the *company's* benefit; and

(2) the *equity securities* may be allotted or sold to underwriters if, on the expiry of the subscription period, no premium (net of expenses) has been obtained.

9.4.5 R A *listed company* must ensure that for a *rights issue* the following are notified to a *RIS* as soon as possible:

(1) the issue price and principal terms of the issue; and

(2) the results of the issue and, if any rights not taken up are sold, details of the sale, including the date and price per *share*.

9.4.6 R A *listed company* must ensure that the *offer* relating to a *rights issue* remains open for acceptance for at least 10 *business days*. For the purposes of calculating the period of 10 *business days*, the first *business day* is the date on which the *offer* is first open for acceptance.

Open offers

9.4.7 R A *listed company* must ensure that the timetable for an *open offer* is approved by the *RIE* on which its *equity securities* are traded.

9.4.8 R A *listed company* must ensure that the *open offer* remains open for acceptance for at least 10 *business days*. For the purposes of calculating the period of 10 *business days*, the first *business day* is the date on which the *offer* is first open for acceptance.

9.4.9 R A *listed company* must ensure that in relation to communicating information on an *open offer*:

(1) if the *offer* is subject to shareholder approval in a general meeting, the announcement must state that this is the case; and

(2) the *circular* dealing with the *offer* must not contain any statement that might be taken to imply that the *offer* gives the same entitlements as a *rights issue* unless it is an *offer* with a compensatory element.

9.4.10 R If existing shareholders do not take up their rights to subscribe in an *open offer* with a compensatory element:

(1) the *listed company* must ensure that the *equity securities* to which the *offer* relates are offered for subscription or purchase on terms that any premium obtained over the subscription or purchase price (net of expenses) is to be for the account of the holders, except that if the proceeds for an existing holder do not exceed £5.00, the proceeds may be retained for the *company's* benefit; and

(2) the *equity securities* may be allotted or sold to underwriters if, on the expiry of the subscription period, no premium (net of expenses) has been obtained.

9.4.11 R A *listed company* must ensure that for a subscription in an *open offer* with a compensatory element the following are notified to a *RIS* as soon as possible:

(1) the offer price and principal terms of the *offer*; and

(2) the results of the *offer* and, if any *securities* not taken up are sold, details of the sale, including the date and price per *share*.

Vendor consideration placing

9.4.12 R A *listed company* must ensure that in a *vendor consideration placing* all vendors have an equal opportunity to participate in the placing.

Discounts not to exceed 10%

9.4.13 R (1) If a *listed company* makes an *open offer*, *placing*, *vendor consideration placing*, *offer for subscription* of *equity shares* or an issue out of treasury (other than in respect of an *employees' share scheme*) of a *class* already *listed*, the price must not be at a discount of more than 10% to the middle market price of those

shares at the time of announcing the terms of the *offer* for an *open offer* or *offer for subscription* of *equity shares* or at the time of agreeing the placing for a *placing* or *vendor consideration placing*.

(2) In paragraph (1), the middle market price of *equity shares* means the middle market quotation for those *equity shares* as derived from the daily official list of the *London Stock Exchange* or any other publication of a *RIE* showing quotations for *listed securities* for the relevant date.

(3) If a *listed company* makes an *open offer*, *placing*, *vendor consideration placing* or *offer for subscription* of *equity shares* during the *trading day*, it may use an appropriate on-screen intra-day price derived from another market.

(4) Paragraph (1) does not apply to an *offer* or placing at a discount of more than 10% if:

(a) the terms of the *offer* or placing at that discount have been specifically approved by the *issuer's* shareholders; or

(b) it is an issue of *shares* for cash or the sale of *treasury shares* for cash under a pre-existing general authority to disapply section 561 of the Companies Act 2006 (Existing shareholders' rights of pre-emption).

(5) The *listed company* must notify a *RIS* as soon as possible after it has agreed the terms of the *offer* or placing.

9.4.14 G On each occasion that the *listed company* plans to use an on-screen intra-day price, it should discuss the source of the price in advance with the *FCA*. The *FCA* may be satisfied that there is sufficient justification for its use if the alternative market has an appropriate level of liquidity and the source is one that is widely accepted by the market.

Offer for sale or subscription

9.4.15 R A *listed company* must ensure that for an *offer for sale* or an *offer for subscription* of *equity securities*:

(1) letters of allotment or acceptance are all issued simultaneously and numbered serially (and, where appropriate, split and certified by the *listed company's* registrars);

(2) if the *equity securities* may be held in uncertificated form, there is equal treatment of those who elect to hold the *equity securities* in certificated form and those who elect to hold them in uncertificated form;

(3) letters of regret are posted at the same time or not later than 3 *business days* after the letters of allotment or acceptance; and

(4) if a letter of regret is not posted at the same time as letters of allotment or acceptance, a notice to that effect is inserted in a national newspaper, to appear on the morning after the letters of allotment or acceptance are posted.

Fractional entitlements

9.4.16 R If, for an issue of *equity securities* (other than an issue in lieu of dividend), a shareholder's entitlement includes a fraction of a *security*, a *listed company* must ensure that the fraction is sold for the benefit of the holder, except that if its value (net of expenses) does not exceed £5.00, it may be sold for the *company's* benefit. Sales of fractions may be made before *listing* is granted.

Further issues

9.4.17 R When *shares* of the same *class* as *shares* that are *listed* are allotted, an application for *admission to listing* of such *shares* must be made as soon as possible and, in any event, within one month of the allotment.

Temporary documents of title (including renounceable documents)

9.4.18 R A *listed company* must ensure that any temporary document of title (other than one issued in global form) for an *equity security*:

(1) is serially numbered;

(2) states, where applicable:

(a) the name and address of the first holder and names of joint holders (if any);

(b) for a fixed income *security*, the amount of the next payment of interest or dividend;

(c) the pro rata entitlement;

(d) the last date on which transfers were or will be accepted for registration for participation in the issue;

(e) how the *securities* rank for dividend or interest;

(f) the nature of the document of title and proposed date of issue;

(g) how fractions (if any) are to be treated; and

(h) for a *rights issue*, the time, being not less than 10 *business days* calculated in accordance with *UKLR* 9.4.6R, in which the *offer* may be accepted, and how *equity securities* not taken up will be dealt with; and

(3) if renounceable:

(a) states in a heading that the document is of value and negotiable;

(b) advises holders of *equity securities* who are in any doubt as to what action to take to consult appropriate independent advisers immediately;

(c) states that where all of the *securities* have been sold by the addressee (other than ex rights or ex capitalisation), the document should be passed to the *person* through whom the sale was effected for transmission to the purchaser;

(d) has the form of renunciation and the registration instructions printed on the back of, or attached to, the document;

(e) includes provision for splitting (without fee) and for split documents to be certified by an official of the *company* or authorised agent;

(f) provides for the last day for renunciation to be the second *business day* after the last day for splitting; and

(g) if at the same time as an allotment is made of *shares* issued for cash, *shares* of the same *class* are also allotted credited as fully paid to vendors or others, provides for the period for renunciation to be the same as, but no longer than, that provided for in the case of *shares* issued for cash.

Definitive documents of title

9.4.19 R A *listed company* must ensure that any definitive document of title for an *equity share* (other than a bearer *security*) includes the following matters on its face (or on the reverse in the case of paragraph (6)):

(1) the authority under which the *listed company* is constituted and the country of incorporation and registered number (if any);

(2) the number or amount of *securities* the certificate represents and, if applicable, the number and denomination of units (in the top right-hand corner);

(3) a footnote stating that no transfer of the *security* or any portion of it represented by the certificate can be registered without production of the certificate;

(4) if applicable, the minimum amount and multiples thereof in which the *security* is transferable;

(5) the date of the certificate; and

(6) for *equity shares* with preferential rights, on the face (or, if not practicable, on the reverse), a statement of the conditions thereof as to capital, dividends and (where applicable) conversion.

9.5 Purchase from a related party

9.5.1 R Where a purchase by a *listed company* of its own *equity securities* or *preference shares* is to be made from a *related party*, whether directly or through intermediaries, *UKLR* 8 (Related party transactions) must be complied with unless:

(1) a *tender offer* is made to all holders of the *class* of *securities*; or

(2) in the case of a market purchase pursuant to a general authority granted by shareholders, it is made without prior understanding, arrangement or agreement between the *listed company* and any *related party*.

9.5.2 R Where a purchase by a *listed company* of its own *equity securities* or *preference shares* is to be made from a *related party* which is a *sovereign controlling shareholder* or an *associate* of a *sovereign controlling shareholder*, the modifications to *UKLR* 8 (Equity shares (commercial companies: related party transactions) in *UKLR* 8.2.9R do not apply for the purposes of *UKLR* 9.5.1R.

9.6 Purchase of own equity shares

Requirement for a tender offer

9.6.1 R Unless *UKLR* 9.6.2R applies, purchases by a *listed company* of *shares* in any *class* of its *equity shares* pursuant to a general authority by the shareholders must be by way of a *tender offer* to all shareholders of that *class*.

9.6.2 R *UKLR* 9.6.1R does not apply to:

(1) purchases by a *listed company* of less than 15% of any *class* of its *equity shares* (excluding *treasury shares*) pursuant to a general authority by the shareholders where the price to be paid is lower than or equal to the higher of:

(a) 5% above the average market value of the *company's equity shares* for the 5 *business days* prior to the day the purchase is made; and

(b) the technical standards stipulated by article 5(6) of the *Market Abuse Regulation*; or

(2) purchases by a *listed company* of 15% or more of any *class* of its *equity shares* (excluding *treasury shares*) where the full terms of the *share* buyback have been specifically approved by shareholders.

9.6.3 G Where, pursuant to a general authority granted by shareholders, a series of purchases are made that in aggregate amount to 15% or more of the number of *equity shares* of the relevant *class* in issue immediately following the shareholders meeting at which the general authority to purchase was granted, a *tender offer* need only be made in respect of any purchase that takes the aggregate to or above that level. Purchases that have been specifically approved by shareholders are not to be taken into account in determining whether the 15% level has been reached.

Notification prior to purchase

9.6.4 R (1) Any decision by the board to submit to shareholders a proposal for the *listed company* to be authorised to purchase its own *equity shares* must be notified to a *RIS* as soon as possible.

(2) A notification required by paragraph (1) must set out whether the proposal relates to:

(a) specific purchases and, if so, the names of the *persons* from whom the purchases are to be made; or

(b) a general authorisation to make purchases.

(3) The requirement set out in paragraph (1) does not apply to a decision by the board to submit to shareholders a proposal to renew an existing authority to purchase own *equity shares*.

9.6.5 R A *listed company* must notify a *RIS* as soon as possible of the outcome of the shareholders' meeting to decide the proposal described in *UKLR* 9.6.4R.

Notification of purchases

9.6.6 R Any purchase of a *listed company's* own *equity shares* by or on behalf of the *company* or any other member of its *group* must be notified to a *RIS* as soon as possible, and in any event, by no later than 7.30am on the *business day* following the calendar day on which the purchase occurred. The notification must include:

(1) the date of purchase;

(2) the number of *equity shares* purchased;

(3) the purchase price for each of the highest and lowest prices paid, where relevant;

(4) the number of *equity shares* purchased for cancellation and the number of *equity shares* purchased to be held as *treasury shares*; and

(5) where *equity shares* were purchased to be held as *treasury shares*, a statement of:

(a) the total number of *treasury shares* of each *class* held by the *company* following the purchase and non-cancellation of such *equity shares*; and

(b) the number of *equity shares* of each *class* that the *company* has in issue less the total number of *treasury shares* of each *class* held by the *company* following the purchase and non-cancellation of such *equity shares*.

Consent of other classes and circular requirements

9.6.7 R Unless *UKLR* 9.6.8R applies, a *company* with *listed securities* convertible into, or exchangeable for, or carrying a right to subscribe for *equity shares* of the *class* proposed to be purchased must (prior to entering into any agreement to purchase such *shares*):

(1) convene a separate meeting of the holders of those *securities*; and

(2) obtain their approval for the proposed purchase of *equity shares* by a special resolution.

9.6.8 R *UKLR* 9.6.7R does not apply if the trust deed or terms of issue of the relevant *securities* authorise the *listed company* to purchase its own *equity shares*.

9.6.9 R A *circular* convening a meeting required by *UKLR* 9.6.7R must include (in addition to the information in *UKLR* 10 (Equity shares (commercial companies): contents of circulars)):

(1) a statement of the effect on the conversion expectations of holders in terms of attributable assets and earnings, on the basis that the *company* exercises the authority to purchase its *equity shares* in full at the maximum price allowed (where the price is to be determined by reference to a future market price, the calculation must be made on the basis of market prices prevailing immediately prior to the publication of the *circular* and that basis must be disclosed); and

(2) any adjustments to the rights of the holders which the *company* may propose (in such a case, the information required under paragraph (1) must be restated on the revised basis).

Other similar transactions

9.6.10 G A *listed company* intending to enter into a transaction that would have an effect on the *company* similar to that of a purchase of own *equity shares* should consult with the *FCA* to discuss the application of *UKLR* 9.6.

9.7 Purchase of own securities other than equity shares

9.7.1 R Except where the purchases will consist of individual transactions made in accordance with the terms of issue of the relevant *securities*, where a *listed company* intends to purchase any of its *securities* convertible into its *equity shares* and where the *equity shares* are *listed* in the *equity shares (commercial companies)* category, it must:

(1) ensure that no dealings in the relevant *securities* are carried out by or on behalf of the *company* or any member of its *group* until the proposal has either been notified to a *RIS* or abandoned; and

(2) notify a *RIS* of its decision to purchase.

Notification of purchases, early redemptions and cancellations

9.7.2 R Any purchases, early redemptions or cancellations of a *company's* own *securities* convertible into *equity shares* where the *equity shares* are *listed* in the *equity shares (commercial companies)* category, by or on behalf of the *company* or any other member of its *group*, must be notified to a *RIS* when an aggregate of 10% of the initial amount of the relevant *class* of *securities* has been purchased, redeemed or cancelled, and for each 5% in aggregate of the initial amount of that *class* acquired thereafter.

9.7.3 R The notification required by *UKLR* 9.7.2R must be made as soon as possible and, in any event, no later than 7.30am on the *business day* following the calendar day on which the relevant threshold is reached or exceeded. The notification must state:

(1) the amount of *securities* acquired, redeemed or cancelled since the last notification; and

(2) whether or not the *securities* are to be cancelled and the number of that *class* of *securities* that remain outstanding.

Period between purchase and notification

9.7.4 R In circumstances where the purchase is not being made pursuant to a *tender offer* and the purchase causes a relevant threshold in UK*LR* 9.7.2R to be reached or exceeded, no further purchases may be undertaken until after a notification has been made in accordance with *UKLR* 9.7.2R to *UKLR* 9.7.3R.

Warrants and options – circular requirements

9.7.5 R Where, within a period of 12 months, a *listed company* purchases *warrants* or *options* over its own *equity shares* which, on exercise, convey

the entitlement to *equity shares* representing 15% or more of the *company's* existing issued *shares* (excluding *treasury shares*), the *company* must send to its shareholders a *circular* containing the following information:

(1) a statement of the *directors'* intentions regarding future purchases of the *company's warrants* and *options*;

(2) the number and terms of the *warrants* or *options* acquired and to be acquired and the method of acquisition;

(3) where *warrants* or *options* have been, or are to be, acquired from specific parties, a statement of the names of those parties and all material terms of the acquisition; and

(4) details of the prices to be paid.

9.8 Treasury shares

Notification of capitalisation issues and of sales, transfers and cancellations of treasury shares

9.8.1 R If by virtue of its holding *treasury shares*, a *listed company* is allotted *shares* as part of a capitalisation issue, the *company* must notify a *RIS* as soon as possible and, in any event, by no later than 7.30am on the *business day* following the calendar day on which allotment occurred of the following information:

(1) the date of the allotment;

(2) the number of *shares* allotted;

(3) a statement as to what number of *shares* allotted has been cancelled and what number is being held as *treasury shares*; and

(4) where *shares* allotted are being held as *treasury shares*, a statement of:

(a) the total number of *treasury shares* of each *class* held by the *company* following the allotment; and

(b) the number of *shares* of each *class* that the *company* has in issue less the total number of *treasury shares* of each *class* held by the *company* following the allotment.

9.8.2 R Any sale for cash, transfer for the purposes of or pursuant to an *employees' share scheme* or cancellation of *treasury shares* that represents over 0.5% of the *listed company's share* capital must be notified to a *RIS* as soon as possible and, in any event, by no later than 7.30am on the *business day* following the calendar day on which the sale, transfer or cancellation occurred. The notification must include:

(1) the date of the sale, transfer or cancellation;

(2) the number of *shares* sold, transferred or cancelled;

(3) the sale or transfer price for each of the highest and lowest prices paid, where relevant; and

(4) a statement of:

(a) the total number of *treasury shares* of each *class* held by the *company* following the sale, transfer or cancellation; and

(b) the number of *shares* of each *class* that the *company* has in issue less the total number of *treasury shares* of each *class* held by the *company* following the sale, transfer or cancellation.

10 Equity shares (commercial companies): contents of circulars

10.1 Preliminary

Application

10.1.1 R This chapter applies to a *company* that has a *listing* of *equity shares* in the *equity shares (commercial companies)* category.

Listed company to ensure circulars comply with this chapter

10.1.2 R A *listed company* must ensure that *circulars* it issues to holders of its *listed equity shares* comply with the requirements of this chapter.

Incorporation by reference

10.1.3 R Subject to *UKLR* 10.1.5R, information may be incorporated in a *circular* issued by a *listed company* by reference to relevant information contained in:

(1) an approved *prospectus* or *listing particulars* of that *listed company*; or

(2) any other published document of that *listed company* that has been filed with the *FCA*.

10.1.4 R Information incorporated by reference must be the latest available to the *listed company*.

10.1.5 R Information required by *UKLR* 10.3.1R(1) and (2) must not be incorporated in the *circular* by reference to information contained in another document.

10.1.6 R When information is incorporated by reference, a cross-reference list must be provided in the *circular* to enable *security* holders to easily identify specific items of information. The cross-reference list must specify where the information can be accessed by *security* holders.

Omission of information

10.1.7 G The *FCA* may authorise the omission of information required by *UKLR* 10.3, *UKLR* 10.4, *UKLR* 10.6, *UKLR* 10 Annex 1R and *UKLR* 10 Annex 2R, if it considers that:

(1) disclosure of that information would be:

(a) contrary to the public interest; or

(b) seriously detrimental to the *listed company*; and

(2) the omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the matter covered by the *circular*.

10.1.8 R A request to the *FCA* to authorise the omission of specific information in a particular case must:

(1) be made in writing by the *listed company*;

(2) identify the specific information concerned and the specific reasons for the omission; and

(3) state why, in the *listed company's* opinion, one or more grounds in *UKLR* 10.1.7G apply.

Sending information to holders of listed equity shares

10.1.9 R A supplementary *circular* must be sent to holders of *listed equity shares* no later than 7 days prior to the date of a meeting at which a vote which is expressly required under the *listing rules* will be taken.

10.1.10 G It may be necessary for a convened shareholder meeting to be adjourned to comply with *UKLR* 10.1.9R.

10.2 Approval of circulars

Circulars to be approved

10.2.1 R A *listed company* must not circulate or publish any of the following types of *circular* unless it has been approved by the *FCA*:

(1) a *reverse takeover circular*;

(2) a *circular* which proposes a cancellation of *listing* which is required to be sent to shareholders under *UKLR* 21.2.8R(1); or

(3) a *circular* that proposes a transfer of *listing* which is required to be sent to shareholders under *UKLR* 21.5.6R.

Approval procedures

10.2.2 R The following documents (to the extent applicable) must be lodged with the *FCA* in final form before it will approve a *circular*:

(1) a Sponsors Declaration for the Production of a Circular completed by the *sponsor*;

(2) for a *reverse takeover circular*, a letter setting out any items of information required by this chapter that are not applicable in that particular case; and

(3) any other document that the *FCA* has sought in advance from the *listed company* or its *sponsor*.

10.2.3 R A copy of the following documents in draft form must be submitted at least 10 clear *business days* before the date on which the *listed company* intends to publish the *circular*:

(1) the *circular*; and

(2) the letters and documents referred to in *UKLR* 10.2.2R(1) and (2).

10.2.4 R If a *circular* submitted for approval is amended, a copy of amended drafts must be resubmitted, marked to show changes made to conform with *FCA* comments and to indicate other changes.

Approval of circulars

10.2.5 G The *FCA* will approve a *circular* if it is satisfied that the requirements of this chapter are satisfied.

10.2.6 G The *FCA* will only approve a *circular* between 9am and 5.30pm on a *business day* (unless alternative arrangements are made in advance).

[**Note:** *UKLR* 6.4.1R requires a *company* to forward to the *FCA* a copy of all *circulars* issued (whether or not they require approval) for publication, by uploading it to the *national storage mechanism*.]

Sending approved circulars

10.2.7 R A *listed company* must send a *circular* to holders of its *listed equity shares* as soon as practicable after it has been approved.

10.3 Contents of all circulars

Contents of all circulars

10.3.1 R Every *circular* sent by a *listed company* to holders of its *listed securities* must:

(1) provide a clear and adequate explanation of its subject matter, giving due prominence to its essential characteristics, benefits and risks;

(2) state why the *security* holder is being asked to vote or, if no vote is required, why the *circular* is being sent;

(3) if voting or other action is required, contain all information necessary to allow the *security* holders to make a properly informed decision;

(4) if voting or other action is required, contain a heading drawing attention to the document's importance and advising *security* holders who are in any doubt as to what action to take to consult appropriate independent advisers;

(5) if voting is required, contain a recommendation from the board as to the voting action *security* holders should take for all resolutions proposed, indicating whether or not the proposal described in the *circular* is, in the board's opinion, in the best interests of *security* holders as a whole;

(6) state that, if all the *securities* have been sold or transferred by the addressee, the *circular* and any other relevant documents should be passed to the *person* through whom the sale or transfer was effected for transmission to the purchaser or transferee;

(7) if new *securities* are being issued in substitution for existing *securities*, explain what will happen to existing documents of title;

(8) not include any reference to a specific date on which *listed securities* will be marked 'ex' any benefit or entitlement which has not been agreed in advance with the *RIE* on which the *company's securities* are or are to be traded;

(9) if it relates to a transaction in connection with which *securities* are proposed to be *listed*, include a statement that an application has been or will be made for the *securities* to be *admitted* and, if known, a statement of the following matters:

(a) the dates on which the *securities* are expected to be *admitted* and on which dealings are expected to commence;

(b) how the new *securities* rank for dividend or interest;

(c) whether the new *securities* rank equally with any existing *listed securities*;

(d) the nature of the document of title;

(e) the proposed date of issue;

(f) the treatment of any fractions;

(g) whether or not the *security* may be held in uncertificated form; and

(h) the names of the *RIEs* on which *securities* are to be traded;

(10) if a *person* is named in the *circular* as having advised the *listed company* or its *directors*, a statement that the adviser has given and has not withdrawn its written consent to the inclusion of the reference to the adviser's name in the form and context in which it is included; and

(11) if the *circular* relates to cancelling *listing*, state whether it is the *company's* intention to apply to cancel the *securities' listing*.

10.3.2 R If another *rule* provides that a *circular* of a particular type must include specified information, that information is (unless the contrary intention appears) in addition to the information required under this section.

Pro forma financial information in circulars

10.3.3 R If a *listed company* includes pro forma financial information in a *circular*, it must:

(1) cite the sources of any unadjusted financial information; and

(2) explain the basis upon which the pro forma financial information has been prepared.

10.4 Reverse takeover circulars

Reverse takeover circulars

10.4.1 R A *reverse takeover circular* must also include the following information:

(1) the information given in the notification required by *UKLR* 7.5.1R(1);

(2) if applicable, the information set out in *UKLR* 7 Annex 2 Part 4 (Synergy benefits, sources of information and pro-forma financial information);

(3) the information set out in *UKLR* 10 Annex 1;

(4) the information set out in *UKLR* 10 Annex 2;

(5) if the transaction is a *related party transaction*, the information given in the notification required by *UKLR* 8.2.1R(4);

(6) a declaration by the *issuer* and its *directors* in the following form (with appropriate modifications):

'The [issuer] and the directors of [the issuer], whose names appear on page [ ], accept responsibility for the information contained in this document. To the best of the knowledge of the [issuer] and the directors, the information contained in this document is in accordance with the facts and the document makes no omission likely to affect its import.';

(7) if a statement or report attributed to a *person* as an expert is included in a *circular* (other than a statement or report incorporated by reference from a *prospectus* or *listing particulars*), a statement to the effect that the statement or report is included, in the form and context in which it is included, with the *person's* consent.

10.4.2 G The information necessary under *UKLR* 10.3.1R(3) includes all the material terms of the *reverse takeover*, including the consideration.

10.4.3 R If the *reverse takeover circular* contains audited financial information which includes a *modified report*, the *reverse takeover circular* must set out:

(1) the information required by *UKLR* 10 Annex 1 1.2R(8); and

(2) a statement from the *directors* explaining why they are able to recommend the proposal set out in the *reverse takeover circular* notwithstanding the *modified report*.

Takeover offers

10.4.4 R If a *reverse takeover circular* relates to a takeover offer which has not been recommended by the offeree's board or the *listed company* has not had access to due diligence information on the offeree at the time the *reverse takeover circular* is published, the *listed company* must comply with paragraphs (1) and (2):

(1) Information on the offeree required by *UKLR* 10 Annex 2 should be disclosed in the *reverse takeover circular* on the basis of information published or made available by the offeree and of which the *listed company* is aware and is free to disclose.

(2) If the takeover offer has been recommended but the *listed company* does not have access to due diligence information on the offeree, the *listed company* must disclose in the *reverse takeover circular* why access has not been given to that information.

Acquisition or disposal of mineral resources

10.4.5 R If a *reverse takeover transaction* relates to an acquisition or disposal of *mineral resources* or rights to *mineral resources*, the *reverse takeover circular* must include:

(1) details of *mineral resources* and, where applicable, reserves (presented separately) and exploration results or prospects;

(2) anticipated mine life and exploration potential or similar duration of commercial activity in extracting reserves;

(3) an indication of the duration and main terms of any licences or concessions and the legal, economic and environmental conditions for exploring and developing those licences or concessions;

(4) indications of the current and anticipated progress of mineral exploration and/or extraction and processing, including a discussion of the accessibility of the deposit; and

(5) an explanation of any exceptional factors that have influenced the matters in (1) to (4).

10.4.6 G The information in *UKLR* 10.4.5R should be prepared in accordance with the reporting standards referred to in Appendix I of Primary Market Technical Note 619.1 (available at the following URL: www.fca.org.uk/publication/primary-market/tn-619-1.pdf) and, in the case of a company with oil and gas projects, having regard to Appendix III of Primary Market Technical Note 619.1.

10.5 Circulars about purchase of own equity shares

Purchase of own equity shares

10.5.1 R (1) A *circular* relating to a resolution proposing to give the *company* authority to purchase its own *equity securities* must also include:

(a) if the authority sought is a general one, a statement of the *directors'* intentions about using the authority;

(b) if known, the method by which the *company* intends to acquire its *equity shares* and the number to be acquired in that way;

(c) a statement of whether the *company* intends to cancel the *equity shares* or hold them in treasury;

(d) if the authority sought related to a proposal to purchase from specific parties, a statement of the names of the *persons* from whom *equity shares* are to be acquired, together with all material terms of the proposal;

(e) details about the price, or the maximum and minimum price, to be paid;

(f) the total number of *warrants* and *options* to subscribe for *equity shares* that are outstanding at the latest practicable date before the *circular* is published and both the proportion of issued share capital (excluding *treasury shares*) that:

(i) they represent at that time; and

(ii) they will represent if the full authority to buyback *shares* (existing and being sought) is used; and

(g) in relation to a purchase of *equity shares* in the circumstances described in *UKLR* 9.6.2R(2), an explanation of the potential impact of the proposed *share* buyback, including whether control of the *listed company* may be concentrated following the proposed transaction.

(2) If the exercise in full of the authority sought would result in the purchase of 25% or more of the *company's* issued *equity shares* (excluding *treasury shares*) the *circular* must also include the following information referred to in the *PR Regulation*:

(a) Annex 1 item 3.1 – Risk factors;

(b) Annex 1 Section 10 – Trend information;

(c) Annex 1 item 15.2 – Shareholdings and stock options;

(d) Annex 1 item 16.1 – Major interests in shares; and

(e) Annex 1 item 18.7.1 – Significant changes in the issuer's financial position;

10.5.2 G In considering whether an explanation given in a *circular* satisfies the requirement in *UKLR* 10.5.1R(1)(g), the *FCA* would expect the following information to be included in the explanation:

(1) the shareholdings of *substantial shareholders* in the *listed company* before and after the proposed transaction; and

(2) the shareholdings of a holder of *equity shares* who may become a *substantial shareholder* in the *listed company* as a result of the proposed transaction.

10.6 Other circulars

Authority to allot shares

10.6.1 R A *circular* relating to a resolution proposing to grant the *directors'* authority to allot shares or other securities pursuant to section 551 of the Companies Act 2006 (Power of directors to allot shares etc: authorisation by company) must include:

(1) a statement of the maximum amount of shares or other securities which the *directors* will have authority to allot and the percentage which that amount represents of the total ordinary share capital in issue (excluding *treasury shares*) as at the latest practicable date before publication of the *circular*;

(2) a statement of the number of *treasury shares* held by the *company* as at the date of the *circular* and the percentage which that amount represents of the total ordinary share capital in issue (excluding *treasury shares*) as at the latest practicable date before publication of the *circular*;

(3) a statement by the *directors* as to whether they have any present intention of exercising the authority and, if so, for what purpose; and

(4) a statement as to when the authority will lapse.

Disapplying pre-emption rights

10.6.2 R A *circular* relating to a resolution proposing to disapply pre-emption rights provided by *UKLR* 9.2.1R must include:

(1) a statement of the maximum amount of *equity securities* which the disapplication will cover; and

(2) if there is a general disapplication for *equity securities* for cash made otherwise than to existing shareholders in proportion to their existing holdings, the percentage which the amount generally disapplied represents of the total *equity* share capital in issue as at the latest practicable date before publication of the *circular*.

Reduction of capital

10.6.3 R A *circular* relating to a resolution proposing to reduce the *company's* capital, other than a reduction of capital pursuant to section 626 of the Companies Act 2006 (Reduction of capital in connection with redenomination), must include a statement of the reasons for, and the effects of, the proposal.

Capitalisation or bonus issue

10.6.4 R (1) A *circular* relating to a resolution proposing a capitalisation or bonus issue must include:

(a) the reason for the issue;

(b) a statement of the last date on which transfers were or will be accepted for registration to participate in the issue;

(c) details of the proportional entitlement; and

(d) a description of the nature and amount of reserves which are to be capitalised.

(2) Any timetable set out in the *circular* must have been approved by the *RIE* on which the *company's equity securities* are traded.

Scrip dividend alternative

10.6.5 R (1) A *circular* containing an offer to shareholders of the right to elect to receive *shares* instead of all or part of a cash dividend must include:

(a) a statement of the total number of *shares* that would be issued if all eligible shareholders were to elect to receive *shares* for their entire shareholdings, and the percentage which that number represents of the *equity shares* (excluding *treasury shares*) in issue at the date of the *circular*;

(b) in a prominent position, details of the equivalent cash dividend foregone to obtain each *share* or the basis of the calculation of the number of *shares* to be offered instead of cash;

(c) a statement of the total cash dividend payable and applicable tax credit on the basis that no elections for the scrip dividend alternative are received;

(d) a statement of the date for ascertaining the *share* price used as a basis for calculating the allocation of *shares*;

(e) details of the proportional entitlement;

(f) details of what is to happen to fractional entitlements;

(g) the record date; and

(h) a form of election relating to the scrip dividend alternative which:

(i) is worded so as to ensure that shareholders must elect positively in order to receive shares instead of cash; and

(ii) includes a statement that the right is non-transferable.

(2) Any timetable set out in the *circular* must have been approved by the *RIE* on which the *company's equity securities* are traded.

Scrip dividend mandate schemes/dividend reinvestment plans

10.6.6 R (1) A *circular* relating to any proposal where shareholders are entitled to complete a mandate in order to receive *shares* instead of future cash dividends must include:

(a) the information in *UKLR* 10.6.5R(1)(d) and (f);

(b) the basis of the calculation of the number of *shares* to be offered instead of cash;

(c) a statement of the last date for lodging notice of participation or cancellation in order for that instruction to be valid for the next dividend;

(d) details of when adjustment to the number of *shares* subject to the mandate will take place;

(e) details of when cancellation of a mandate instruction will take place;

(f) a statement of whether or not the mandate instruction must be in respect of a shareholder's entire holding;

(g) the procedure for notifying shareholders of the details of each scrip dividend; and

(h) a statement of the circumstances, if known, under which the *directors* may decide not to offer a scrip alternative in respect of any dividend.

(2) The timetable in the *circular* for each scrip alternative covered by a scrip dividend mandate plan must have been approved by the *RIE* on which the *company's equity shares* are traded.

Notices of meetings

10.6.7 R (1) When holders of *listed equity shares* are sent a notice of meeting which includes any business, other than ordinary business at an annual general meeting, an explanatory *circular* must accompany the notice. If the other business is to be considered at or on the same day as an annual general meeting, the explanation may be incorporated in the *directors'* report.

(2) A *circular* or other document convening an annual general meeting where only ordinary business is proposed does not need to comply with *UKLR* 10.3.1R(4), (5) or (6).

10.6.8 G A *circular* or other document convening an annual general meeting where special business is proposed will need to comply with all of *UKLR* 10.3.1R (including paragraphs (4), (5) and (6) in respect of special business).

Amendments to constitution

10.6.9 R A *circular* to shareholders about proposed amendments to the *constitution* must include:

(1) an explanation of the effect of the proposed amendments; and

(2) either the full terms of the proposed amendments, or a statement that the full terms will be available for inspection:

(a) at the place of the general meeting for at least 15 minutes before and during the meeting; and

(b) on the *national storage mechanism* from the date of sending the *circular*.

Employees' share scheme, etc

10.6.10 R A *circular* to shareholders about the approval of an *employees' share scheme* or *long-term incentive scheme* must:

(1) include either the full text of the scheme or a description of its principal terms;

(2) include, if *directors* of the *listed company* are trustees of the scheme, or have a direct or indirect interest in the trustees, details of the trusteeship or interest;

(3) state that the provisions (if any) relating to:

(a) the *persons* to whom, or for whom, *securities*, cash or other benefits are provided under the scheme (the 'participants');

(b) limitations on the number or amount of the *securities*, cash or other benefits subject to the scheme;

(c) the maximum entitlement for any one participant; and

(d) the basis for determining a participant's entitlement to, and the terms of, *securities*, cash or other benefit to be provided and for the adjustment thereof (if any) if there is a capitalisation issue, *rights issue* or *open offer*, sub-division or consolidation of *shares* or reduction of capital or any other variation of capital,

cannot be altered to the advantage of participants without the prior approval of shareholders in general meeting (except for minor

amendments to benefit the administration of the scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the scheme or for the *company* operating the scheme or for members of its group);

(4) state whether benefits under the scheme will be pensionable and, if so, the reasons for this; and

(5) if the scheme is not circulated to shareholders, include a statement that it will be available for inspection:

(a) at the place of the general meeting for at least 15 minutes before and during the meeting; and

(b) on the *national storage mechanism* from the date of sending the *circular*.

10.6.11 R The resolution contained in the notice of meeting accompanying the *circular* must refer either to:

(1) the scheme itself (if circulated to shareholders); or

(2) the summary of its principal terms included in the *circular*.

10.6.12 R The resolution approving the adoption of an *employees' share scheme* or *long-term incentive scheme* may authorise the *directors* to establish further schemes based on any scheme which has previously been approved by shareholders but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any *shares* made available under such further schemes are treated as counting against any limits on individual or overall participation in the main scheme.

Amendments to employees' share scheme, etc

10.6.13 R A *circular* to shareholders about proposed amendments to an *employees' share scheme* or a *long-term incentive scheme* must include:

(1) an explanation of the effect of the proposed amendments; and

(2) the full terms of the proposed amendments, or a statement that the full text of the scheme as amended will be available for inspection:

(a) at the place of the general meeting for at least 15 minutes before and during the meeting; and

(b) on the *national storage mechanism* from the date of sending the *circular*.

Discounted option arrangements

10.6.14 R If shareholders' approval is required by *UKLR* 9.3.4R, the *circular* to shareholders must include the following information:

(1) details of the *persons* to whom the *options*, *warrants* or rights are to be granted; and

(2) a summary of the principal terms of the *options*, *warrants* or rights.

Reminders of conversion rights

10.6.15 R (1) A *circular* to holders of *listed securities* convertible into *shares* reminding them of the times when conversion rights are exercisable must include:

(a) the date of the last day for lodging conversion forms and the expected date on which the certificates will be sent;

(b) a statement of the market values for the *securities* on the first dealing day in each of the 6 months before the date of the *circular* and on the latest practicable date before sending the *circular*;

(c) the basis of conversion in the form of a table setting out capital and income comparisons;

(d) a brief explanation of the tax implications of conversion for holders resident for tax purposes in the *United Kingdom*;

(e) if there is a trustee, or other representative, of the *securities* holders to be redeemed, a statement that the trustee, or other representative, has given its consent to the issue of the *circular* or stated that it has no objection to the resolution being put to a meeting of the *securities* holders;

(f) reference to future opportunities to convert and whether the terms of conversion will be the same as or will differ from those available at present, or, if there are no such opportunities, disclosure of that fact;

(g) reference to letters of indemnity – for example, if certificates have been lost;

(h) if power exists to allot *shares* issued on conversion to another person, reference to forms of nomination; and

(i) a statement as to whether holders exercising their rights of conversion will retain the next interest payment due on the *securities*.

(2) The *circular* must not contain specific advice as to whether or not to convert the *securities*.

Election of independent directors

10.6.16 R Where a *listed company* has a *controlling shareholder*, a *circular* to shareholders relating to the election or re-election of an *independent director* must include:

(1) details of any existing or previous relationship, transaction or arrangement the proposed *independent director* has or had with the *listed company*, its *directors*, any *controlling shareholder* or any associate of a *controlling shareholder* or a confirmation that there have been no such relationships, transactions or arrangements; and

(2) a description of:

(a) why the *listed company* considers the proposed *independent director* will be an effective *director*;

(b) how the *listed company* has determined that the proposed *director* is an *independent director*; and

(c) the process followed by the *listed company* for the selection of the proposed *independent director*.

10.6.17 R In relation to a *listed company* which did not previously have a *controlling shareholder*, *UKLR* 10.6.16R does not apply to a *circular* sent to shareholders within a period of 3 months from the event that resulted in a *person* becoming a *controlling shareholder* of the *listed company*.

10 Annex 1 Reverse takeover circulars – financial information

10 Annex 1.1 R A *reverse takeover circular* must include the following information:

(1) when a *listed company* is acquiring an interest in a *target* which will result in a consolidation of the *target's* assets and liabilities with those of the *listed company*:

(a) audited consolidated financial information that covers:

(i) the *target*; and

(ii) the *target's subsidiary undertakings*, if any,

for a reporting period of 2 years up to the end of the latest financial period for which the *target* or its parent has prepared audited accounts; and

(b) an explanation of the proposed accounting treatment of the *target* in the *listed company's* next audited consolidated accounts;

(2) when a *listed company* is acquiring an interest in a *target* that will be accounted for as an investment, and the *target's securities* that are the subject of the transaction are admitted to an investment exchange that enables intra-day price formation:

(a) the amounts of the dividends or other distributions paid in the past 2 years; and

(b) the price per *security* and the imputed value of the entire holding being acquired at the close of business at the following times:

(i) on the last *business day* of each of the 6 months prior to the announcement of the transaction;

(ii) on the day prior to the announcement of the transaction; and

(iii) on the latest practicable date prior to the submission of the *reverse takeover circular*;

(3) when a *listed company* is acquiring an interest in a *target* that will be accounted for using the equity method in the *listed company's* annual consolidated accounts:

(a) a narrative explanation of the proposed accounting treatment of the *target* in the *issuer's* next audited consolidated accounts;

(b) audited consolidated financial information that covers:

(i) the *target*; and

(ii) the *target's subsidiary undertakings*, if any,

for a reporting period of 2 years up to the end of the latest financial period for which the *target* or its parent has prepared audited accounts, if available; and

(4) where the information in (1), (2) or (3) is not available:

(a) a statement by the board that the information is not available;

(b) an explanation as to how the value of the consideration has been arrived at; and

(c) a statement by the board that it considers the consideration to be fair as far as the *security* holders of the *company* are concerned.

10 Annex 1.2 R A *reverse takeover circular* must include, for each of the periods covered by the audited financial information in *UKLR* 10 Annex 1 1.1R(1) and 1.1R(3), the following information:

(1) a balance sheet and its explanatory notes;

(2) an income statement and its explanatory notes;

(3) a cash flow statement and its explanatory notes;

(4) a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners;

(5) the accounting policies;

(6) any additional explanatory notes;

(7) the audit report; and

(8) if the audited financial information includes a *modified report*:

(a) whether the modification or emphasis-of-matter paragraph is significant to shareholders; and

(b) if the modification or emphasis-of-matter paragraph is significant to shareholders, the reason for its significance.

10 Annex 2 Reverse takeover circulars – non-financial information

10 Annex 2.1 R The following table identifies (by reference to certain paragraphs of Annex 1 of the *PR Regulation*) the additional information required to be included in a *reverse takeover circular* relating to the *listed company* and the undertaking the subject of the transaction.

Information	Listed company	Undertaking which is the subject of the transaction
Annex 1 item 3.1 – Risk factors	*	*
Annex 1 Section 10 – Trend information	*	*

Annex 1 item 17.1 – Related party transactions	*	
Annex 1 item 18.6.1 – Legal and arbitration proceedings	*	*
Annex 1 item 18.7.1 – Significant change in the issuer's financial position	*	*
Annex 1 item 20.1 – Material contracts	*	*
Annex 1 item 21.1 – Documents available	*	

10 Annex 2.2 R The information required by this annex must be presented as follows:

(1) the information required by Annex 1 item 20.1 (Material contracts), Annex 1 item 18.6.1 (Legal and arbitration proceedings) and Annex 1 item 10.1(b) (Trend information) must be presented in separate statements for the *listed company* and its *subsidiary undertakings* and for the undertaking, business or assets to be acquired;

(2) where the information required by Annex 1 item 18.7.1 (Significant changes in the issuer's financial position) is included for both the *listed company* and the undertaking the subject of the transaction, it must be presented in separate statements for the *listed company* and its *subsidiary undertakings* and for the undertaking, business or assets to be acquired;

(3) the information required by Annex 1 items 10.1(a) and 10.2 (Trend information) must be presented in a single statement for the *listed company* and its *subsidiary undertakings* (on the basis that the acquisition has taken place).

10 Annex 2.3 R In determining what information is required to be included by virtue of Annex 1 item 20.1 (Material contracts) if a *prospectus* or *listing particulars* are not required, regard should be had to whether information about that provision is information which *securities* holders of the *issuer* would reasonably require for the purpose of making a properly informed assessment about the way in which to exercise the voting rights attached to their *securities* or the way in which to take any other action required of them related to the subject matter of the *circular*.

10 Annex 2.4 R The information required by this annex is modified as follows:

(1) Information required by Annex 1 item 17.1 (Related party transactions);

(a) need only be given if it is relevant to the transaction; and

(b) need not be given if it has already been published before the *circular* is sent.

(2) Information required by Annex 1 item 3.1 (Risk factors) should be provided only in respect of those risk factors which:

(a) are material risk factors to the proposed transaction;

(b) will be material new risk factors to the *group* as a result of the proposed transaction; or

(c) are existing material risk factors to the *group* which will be impacted by the proposed transaction.

(3) Information required by Annex 1 item 18.7.1 (Significant change in the issuer's financial position) need only be given for the undertaking which is the subject of the transaction if information required by *UKLR* 10 Annex 1 1.1R(1) and (3) has been included in the *reverse takeover circular*.

(4) Information required by Annex 1 item 21.1 (Documents available) must include a copy of the sale and purchase agreement (or equivalent document) if applicable. The *issuer* must indicate where the sale and purchase agreement (or equivalent document) is available for physical or electronic inspection.

11 Closed-ended investment funds: requirements for listing and continuing obligations

11.1 Application

11.1.1 R This chapter applies to a *closed-ended investment fund* with, or applying for a *listing* of *equity shares* in the *closed-ended investment funds* category.

11.1.2 G A *closed-ended investment fund* with *equity shares listed* under the *closed-ended investment funds* category may list further classes of *equity shares* under this category, provided the classes comply with *UKLR* 5.4.3R as modified by *UKLR* 11.2.1R. Further classes of *shares* may also be *listed* under the *non-equity shares and non-voting equity shares* category, provided they meet the conditions for that category.

11.2 Requirements for listing

11.2.1 R To be *listed*, an *applicant* must comply with:

(1) the following provisions of *UKLR* 5 (Equity shares (commercial companies): requirements for admission to listing), modified so that references to the *equity shares (commercial companies)* category are to the *closed-ended investment funds* category:

(a) *UKLR* 5.4.1R(1);

(b) *UKLR* 5.4.2R to *UKLR* 5.4.4G;

(c) *UKLR* 5.4.7R;

(d) *UKLR* 5.5.1R to *UKLR* 5.5.4G; and

(e) *UKLR* 5.6.1R; and

(2) *UKLR* 11.2.3R to *UKLR* 11.2.15R.

Shares of a third country applicant

11.2.2 R The *FCA* will not admit *shares* of an *applicant* incorporated in a *third country* that are not listed either in its country of incorporation or in the country in which a majority of its *shares* are held, unless the *FCA* is satisfied that the absence of the listing is not due to the need to protect investors.

Investment activity

11.2.3 R An *applicant* must invest and manage its assets in a way which is consistent with its object of spreading investment risk.

11.2.4 R (1) An *applicant* and its *subsidiary undertakings* must not conduct any trading activity which is significant in the context of its *group* as a whole.

(2) This *rule* does not prevent the businesses forming part of the investment portfolio of the *applicant* from conducting trading activities themselves.

11.2.5 G Although there is no restriction on an *applicant* taking a controlling stake in an investee company, to ensure a spread of investment risk an *applicant* should avoid:

(1) cross-financing between the businesses forming part of its investment portfolio including, for example, through the provision

of undertakings or security for borrowings by such businesses for the benefit of another; and

(2) the operation of common treasury functions as between the *applicant* and investee companies.

Cross-holdings

11.2.6 R (1) No more than 10%, in aggregate, of the value of the total assets of an *applicant* at admission may be invested in other *listed closed-ended investment funds*.

(2) The restriction in (1) does not apply to investments in *closed-ended investment funds* which themselves have published investment policies to invest no more than 15% of their total assets in other *listed closed-ended investment funds*.

Feeder funds

11.2.7 R (1) If an *applicant* principally invests its funds in another *company* or fund that invests in a portfolio of *investments* (a 'master fund'), the *applicant* must ensure that:

(a) the master fund's investment policies are consistent with the *applicant's* published investment policy and provide for spreading investment risk; and

(b) the master fund in fact invests and manages its investments in a way that is consistent with the *applicant's* published investment policy and spreads investment risk.

(2) Paragraph (1) applies whether the *applicant* invests its funds in the master fund directly or indirectly through other intermediaries.

(3) Where the *applicant* invests in the master fund through a chain of intermediaries between the *applicant* and the master fund, the *applicant* must ensure that each intermediary in the chain complies with paragraphs (1)(a) and (b).

Investment policy

11.2.8 R An *applicant* must have a published investment policy that contains information about the policies which the *closed-ended investment fund* will follow relating to asset allocation, risk diversification, and gearing, and that includes maximum exposures.

11.2.9 G The information in the investment policy, including quantitative information concerning the exposures mentioned in *UKLR* 11.2.8R, should be sufficiently precise and clear as to enable an investor to:

(1) assess the investment opportunity;

(2) identify how the objective of risk spreading is to be achieved; and

(3) assess the significance of any proposed change of investment policy.

Independence

11.2.10 R The board of *directors* or equivalent body of the *applicant* must be able to act independently:

(1) of any *investment manager* appointed to manage *investments* of the *applicant*; and

(2) if the *applicant* (either directly or through other intermediaries) has an investment policy of principally investing its funds in another *company* or fund that invests in a portfolio of investments (a 'master fund'), of the master fund and of any *investment manager* of the master fund.

11.2.11 R *UKLR* 11.2.10R(2) does not apply if the *company* or fund which invests its funds in another *company* or fund is a *subsidiary undertaking* of the *applicant*.

11.2.12 R For the purposes of *UKLR* 11.2.10R:

(1) the chair of the board or equivalent body of the *applicant* must be independent; and

(2) a majority of the board or equivalent body of the *applicant* must be independent (the chair may be included within that majority).

11.2.13 R For the purposes of *UKLR* 11.2.10R and *UKLR* 11.2.12R, the following are not independent:

(1) *directors*, *employees*, partners, officers or professional advisers of or to:

(a) an *investment manager* of the *applicant*;

(b) a master fund or *investment manager* referred to in *UKLR* 11.2.10R(2); or

(c) any other *company* in the same *group* as the *investment manager* of the *applicant*; or

(2) (subject to *UKLR* 11.2.14R) *directors*, *employees* or professional advisers of or to other investment *companies* or funds that are:

(a) managed by the same *investment manager* as the *investment manager* to the *applicant*; or

(b) managed by any other *company* in the same *group* as the *investment manager* to the *applicant*.

11.2.14 R (1) This *rule* applies where a *closed-ended investment fund* has an *external AIFM* which has delegated portfolio management to another *investment manager* who is not in the same *group* as the *external AIFM*.

(2) Where this *rule* applies, the fact that a *director* of the *closed-ended investment fund* is also the *director* of another investment *company* or fund that is managed by the same *external AIFM* (or another *company* in the same *group* as the *external AIFM*) does not prevent that *director* from being regarded as independent for the purposes of *UKLR* 11.2.10R and *UKLR* 11.2.12R.

11.2.15 R A *person* referred to in *UKLR* 11.2.13R(1) or (2) who is a *director* of the *applicant* must be subject to annual re-election by the *applicant's* shareholders, unless they are independent in accordance with *UKLR* 11.2.14R.

11.2.16 R The board of *directors* or equivalent body of the *applicant* must be in a position to effectively monitor and manage the performance of its key service providers, including any *investment manager* of the *applicant*.

11.3 Listing applications and procedures

Sponsors

11.3.1 G An *applicant* that is seeking admission of its *equity shares* is required to retain a *sponsor* in accordance with *UKLR* 4 (Sponsors: responsibilities of issuers) on each occasion that it is required to submit to the *FCA* any of the documents listed in *UKLR* 4.2.1R(1).

Multi-class fund or umbrella fund

11.3.2 R An application for the *listing* of *securities* of a multi-class fund or umbrella fund must provide details of the various classes or designations of *securities* intended to be issued by the *applicant*.

11.4 Continuing obligations, further issuances, dealing in own securities and treasury shares

Compliance with UKLR 6 and UKLR 9

11.4.1 R A *closed-ended investment fund* must comply with all of the requirements of *UKLR* 6 (Equity shares (commercial companies): continuing

obligations) and *UKLR* 9 (Equity shares (commercial companies): further issuances, dealing in own securities and treasury shares) subject to the modifications and additional requirements set out in this section.

11.4.2 R *UKLR* 6 and *UKLR* 9 are modified so that references to the *equity shares (commercial companies)* category are to the *closed-ended investment funds* category.

11.4.3 R *UKLR* 6.2.31R to *UKLR* 6.2.33G do not apply to a *close-ended investment fund*.

Investment policy

11.4.4 R A *closed-ended investment fund* must, at all times, have a published investment policy which complies with *UKLR* 11.2.8R.

11.4.5 G A *closed-ended investment fund* should have regard to the *guidance* in *UKLR* 11.2.9G at all times.

Investment activity and compliance with investment policy

11.4.6 R A *closed-ended investment fund* must, at all times, invest and manage its assets:

(1) in a way which is consistent with its object of spreading investment risk; and

(2) in accordance with its published investment policy.

11.4.7 R A *closed-ended investment fund* must comply with *UKLR* 11.2.4R at all times.

11.4.8 G A *closed-ended investment fund* should have regard to the guidance in *UKLR* 11.2.5G at all times.

Cross-holdings

11.4.9 R A *closed-ended investment fund* must, when making an acquisition of a constituent investment, observe the principles relating to cross-holdings in *UKLR* 11.2.6R.

Feeder funds

11.4.10 R If a *closed-ended investment fund* principally invests its funds in the manner set out in *UKLR* 11.2.7R, the *closed-ended investment fund* must ensure that *UKLR* 11.2.7R is complied with at all times.

11.4.11 G *UKLR* 11.2.7R and *UKLR* 11.4.10R are not intended to require the *closed-ended investment fund* to be able to control or direct the master fund or intermediary (as the case may be). But if the *closed-ended investment fund*

becomes aware that the master fund or intermediary (as the case may be) is not investing or managing its investments in accordance with that *rule*, it will need to immediately consider withdrawal of its funds from the master fund or intermediary (as the case may be) or other appropriate action so that it is no longer in breach of the *rules*.

Independence and effective management

11.4.12 R *UKLR* 11.2.10R to *UKLR* 11.2.15R apply at all times to a *closed-ended investment fund*.

11.4.13 R The board of *directors* or equivalent body of the *issuer* must effectively monitor and manage the performance of its key service providers, including any *investment manager* appointed by the *issuer*, on an ongoing basis.

Material changes to investment policy

11.4.14 R Unless *UKLR* 11.4.15R applies, a *closed-ended investment fund* must:

(1) submit any proposed material change to its published investment policy to the *FCA* for approval; and

(2) having obtained the *FCA's* approval, obtain the prior approval of its shareholders to any material change to its published investment policy.

11.4.15 R A *closed-ended investment fund* is not required to seek the *FCA's* approval for a material change to its published investment policy if:

(1) the change is proposed to enable the winding up of the *closed-ended investment fund*; and

(2) the winding up:

(a) is in accordance with the constitution of the *closed-ended investment fund*; and

(b) will be submitted for approval by the shareholders of the *closed-ended investment fund* at the same time as the proposed material change to the investment policy.

11.4.16 G In considering what is a material change to the published investment policy, the *closed-ended investment fund* should have regard to the cumulative effect of all the changes since its shareholders last had the opportunity to vote on the investment policy or, if they have never voted, since the *admission to listing*.

Conversion of an existing listed class of equity shares

11.4.17 R An existing *listed class* of *equity shares* may not be converted into a new *class* or an unlisted *class* unless prior approval has been given by the shareholders of that existing *class*.

Further issues

11.4.18 R (1) Unless authorised by its shareholders, a *closed-ended investment fund* may not issue further *shares* of the same class as existing *shares* (including issues of *treasury shares*) for cash at a price below the net asset value per *share* of those *shares* unless they are first offered pro rata to existing holders of *shares* of that class.

(2) When calculating the net asset value per *share*, *treasury shares* held by the *closed-ended investment fund* should not be taken into account.

Externally managed companies

11.4.19 R A *closed-ended investment fund* is not required to comply with *UKLR* 6.2.25R.

Controlling shareholders

11.4.20 R A *closed-ended investment fund* is not required to comply with *UKLR* 6.2.3R to *UKLR* 6.2.10R.

Notifications to the FCA

11.4.21 R (1) A *closed-ended investment fund* is not required to comply with *UKLR* 6.2.35R in so far as it relates to *UKLR* 6.2.8R and *UKLR* 6.2.9R.

(2) A *closed-ended investment fund* is not required to comply with *UKLR* 6.2.36R.

Annual financial statement

11.4.22 R A *closed-ended investment fund* is not required to comply with *UKLR* 6.6.1R(13) or *UKLR* 6.6.6R(8).

11.4.23 R When making a statement required by *UKLR* 6.6.6R(9) in its annual financial report, a *closed-ended investment fund* need not set out the following matters if they are inapplicable to the *closed-ended investment fund* and its statement sets out the reasons why those matters are inapplicable:

(1) whether the *closed-ended investment fund* has met the board diversity target in *UKLR* 6.6.6R(9)(a)(ii); and

(2) matters set out in *UKLR* 6.6.6R(9)(b) to the extent that they relate to the board diversity target in *UKLR* 6.6.6R(9)(a)(ii).

11.4.24 R When including numerical data required by *UKLR* 6.6.6R(10) in its annual financial report, a *closed-ended investment fund* need not include the fields in the first row of each of the tables in *UKLR* 6 Annex 1, and the corresponding data for those fields, that are inapplicable to the *closed-ended investment fund*, if it sets out in a statement accompanying the numerical data the reasons why those fields are inapplicable.

Voting on matters relevant to listing

11.4.25 R Where the provisions of this chapter require a shareholder vote to be taken, that vote must be decided by a resolution of the holders of the *closed-ended investment fund's equity shares* that have been *admitted* to the *closed-ended investment funds* category.

Sponsor requirements for waivers and individual guidance

11.4.26 G As set out in *UKLR* 4.2.3R and *UKLR* 4.2.4R, a *closed-ended investment fund* must appoint a sponsor where it proposes to make a request to the *FCA* to modify, waive or substitute the operation of *UKLR* 11, or proposes to make a request to the *FCA* for individual guidance.

11.5 Transactions

Significant transactions

11.5.1 R A *closed-ended investment fund* must comply with *UKLR* 7 (Equity shares (commercial companies): significant transactions and reverse takeovers), except in relation to transactions that are executed in accordance with the scope of its published investment policy.

Transactions with related parties

11.5.2 R *UKLR* 8 (Equity shares (commercial companies): related party transactions) applies to a *closed-ended investment fund*, subject to the modifications and additional requirements set out in this section.

11.5.3 R In addition to the definition in *UKLR* 8.1.11R, a *related party* includes any *investment manager* of the *closed-ended investment fund* and any member of such *investment manager's* group.

Relevant related party transactions

11.5.4 R (1) The requirements in *UKLR* 8.2.1R(1) to (4) and *UKLR* 8.2.2R to *UKLR* 8.2.8R apply where a *closed-ended investment fund* enters into a *relevant related party transaction* where any *percentage ratio* is greater than 0.25%.

(2) The requirements in *UKLR* 8.2.7R(2)(a) and (b) apply if any *percentage ratio* for aggregated *relevant related party transactions* is greater than 0.25%.

11.5.5 R If a *closed-ended investment fund* enters into a *relevant related party transaction* where any *percentage ratio* is 5% or more (or which is uncapped), the *closed-ended investment fund* must:

(1) comply with the requirements of *UKLR* 8.2.1R(1) to (4) and *UKLR* 8.2.2R to *UKLR* 8.2.3R for the *relevant related party transaction*, except that the notification is not required to include the information required by:

(a) *UKLR* 8.2.2R(4); or

(b) *UKLR* 8.2.2R(5);

(2) send a *circular* to its shareholders and obtain their prior approval in a general meeting for the transaction; and

(3) ensure that any agreement effecting the transaction is conditional on that approval being obtained.

11.5.6 R (1) The requirement to aggregate transactions or arrangements in *UKLR* 8.2.7R(1) applies to *relevant related party transactions* for the purposes of *UKLR* 11.5.5R, except that any transactions or arrangements which have been approved by shareholders are not required to be aggregated.

(2) If under this *rule* aggregation of *relevant related party transactions* results in a requirement for shareholder approval, that approval is required only for the latest *relevant related party transaction*.

Additional exemption from related party requirements

11.5.7 R (1) *UKLR* 8.2.1R to *UKLR* 8.2.8R and *UKLR* 11.5.4R to *UKLR* 11.5.6R do not apply to an arrangement between a *closed-ended investment fund* and its *investment manager* or any member of that *investment manager's* group where the arrangement is such that each invests in or provides finance to an entity or asset and the investment or provision of finance is either:

(a) made at the same time and on substantially the same economic and financial terms;

(b) referred to in the *closed-ended investment fund's* published investment policy; or

(c) made in accordance with a pre-existing agreement between the *closed-ended investment fund* and its *investment manager*.

(2) For the purposes of paragraph (1)(c), a pre-existing agreement is an agreement which was entered into at the time the *investment manager* was appointed.

Material change to terms of a relevant related party transaction

11.5.8 R If, after obtaining shareholder approval but before completion, there is a material change to the terms of a transaction subject to *UKLR* 11.5.5R, the *closed-ended investment fund* must comply again separately with *UKLR* 11.5.5R in relation to the transaction.

11.5.9 G The *FCA* would (among other things) generally consider an increase of 10% or more in the consideration payable to be a material change to the terms of the transaction.

Supplementary circular for relevant related party transaction

11.5.10 R (1) If a *closed-ended investment fund* becomes aware of a matter described in (2) after the publication of a *circular* that seeks shareholder approval for a transaction expressly requiring a vote by *UKLR* 11.5.5R, but before the date of a general meeting, it must, as soon as practicable:

(a) advise the *FCA* of the matters of which it has become aware; and

(b) send a supplementary *circular* to holders of its *listed equity shares*, providing an explanation of the matters referred to in (2).

(2) The matters referred to in (1) are:

(a) a material change affecting any matter the *closed-ended investment fund* is required to have disclosed in a *circular*; or

(b) a material new matter which the *closed-ended investment fund* would have been required to disclose in the *circular* if it had arisen at the time of its publication.

(3) The *closed-ended investment fund* must have regard to *UKLR* 10.3.1R(3) when considering the materiality of any change or new matter under (2).

11.5.11 G The circular requirements in *UKLR* 11.6 apply to a supplementary *circular* under *UKLR* 11.5.10R. It may be necessary to adjourn a convened shareholder meeting if a supplementary *circular* cannot be sent to holders of *listed equity shares* at least 7 days prior to the convened shareholder meeting as required by *UKLR* 10.1.9R as applied by *UKLR* 11.6.

Sponsor requirements for transactions

11.5.12 G As set out in *UKLR* 4.2.1R, a *closed-ended investment fund* must appoint a *sponsor* on each occasion it:

(1) is required to submit to the *FCA* a *reverse takeover circular* or a *relevant related party transaction circular* required by *UKLR* 11.5.5R; or

(2) is required by *UKLR* 8.2.1R(3), including as modified by *UKLR* 11.5.4R, to provide a *listed issuer* with a confirmation that the terms of a proposed transaction or arrangement with a *related party* are fair and reasonable.

11.6 Circular requirements

11.6.1 R A *closed-ended investment fund* must comply with *UKLR* 10, subject to the modifications and additional requirements set out in this section.

11.6.2 R A *closed-ended investment fund* is not required to comply with *UKLR* 10.6.16R (Election of independent directors).

Relevant related party transaction circulars

11.6.3 R A *closed-ended investment fund* must not circulate or publish a *circular* required by *UKLR* 11.5.5R unless it has been approved by the *FCA*.

11.6.4 R (1) *UKLR* 10.2.2R to *UKLR* 10.2.7R apply to a *circular* required by *UKLR*11.5.5R, subject to the modification in (2).

(2) *UKLR* 10.2.2R(2) is modified so that the words 'for a *reverse takeover circular*,' are deleted.

11.6.5 R The requirements in *UKLR* 10.4 (Reverse takeover circulars) apply to a *circular* required by *UKLR* 11.5.5R in the same way as they apply to a *reverse takeover circular*, except that *UKLR* 10.4.1R(5) does not apply.

Relevant related party transaction circulars

11.6.6 R A *relevant related party transaction circular* required by *UKLR* 11.5.5R must also include (to the extent not already disclosed under *UKLR* 10.4 as applied by *UKLR* 11.6.5R):

(1) in all cases the following information referred to in the *PR Regulation* relating to the *closed-ended investment fund*:

Paragraph of Annex 1 of the *PR Regulation*:

(a) Annex 1 item 4.1 – Issuer name;

(b) Annex 1 item 4.4 – Issuer address;

(c) Annex 1 item 16.1 – Major shareholders;

(d) Annex 1 item 18.7.1 – Significant changes in the issuer's financial position;

(e) Annex 1 item 20.1 – Material contracts (if it is information which shareholders of the *closed-ended investment fund* would reasonably require to make a properly informed assessment of how to vote); and

(f) Annex 1 item 21.1 – Documents available;

(2) for a transaction or arrangement where the *related party* is (or was within the 12 months before the transaction or arrangement), a *director* or *shadow director*, or an associate of a *director* or *shadow director*, of the *closed-ended investment fund* (or of any other *company* which is its *subsidiary undertaking* or *parent undertaking* or a fellow *subsidiary undertaking*) the following information referred to in the *PR Regulation* relating to that *director*:

Paragraph of Annex 1 of the *PR Regulation*:

(a) Annex 1 item 14.2 – Service contracts;

(b) Annex 1 item 15.2 – Shareholdings and stock options; and

(c) Annex 1 item 17.1 – Related party transactions;

(3) full particulars of the transaction or arrangement, including the name of the *related party* concerned and of the nature and extent of the interest of the party in the transaction or arrangement, and also a statement that the reason the shareholders are being asked to vote on the transaction or arrangement is because it is with a *related party*;

(4) a statement by the board that the transaction or arrangement is fair and reasonable as far as the shareholders of the *closed-ended investment fund* are concerned and that the *directors* have been so advised by a *sponsor*;

(5) if applicable, a statement that the *related party* will not vote on the relevant resolution, and that the *related party* has undertaken to take all reasonable steps to ensure that its *associates* will not vote on the relevant resolution, at the meeting;

(6) if *UKLR* 11.5.6R applies, details of each of the transactions or arrangements being aggregated; and

(7) if a statement or report attributed to a *person* as an expert is included in a *circular* (other than a statement or report incorporated by reference from a *prospectus* or *listing particulars*), a statement that it is included, in the form and context in which it is included, with the consent of that *person*.

11.6.7 R For the purposes of the statement by the board referred to in *UKLR* 11.6.6R(4):

(1) any *director* who is, or an *associate* of whom is, the *related party*, or who is a *director* of the *related party*, should not have taken part in the board's consideration of the matter; and

(2) the statement should specify that such persons have not taken part in the board's consideration of the matter.

11.6.8 R For the purpose of advising the *directors* under *UKLR* 11.6.6R(4), a *sponsor* may take into account but not rely on commercial assessments of the *directors*.

11.7 Notifications and periodic financial information

Changes to tax status

11.7.1 R A *closed-ended investment fund* must notify any change in its taxation status to a *RIS* as soon as possible.

Annual financial report

11.7.2 R In addition to the requirements in *UKLR* 6.6 (Annual financial report), a *closed-ended investment fund* must include in its annual financial report:

(1) a statement (including a quantitative analysis) explaining how it has invested its assets with a view to spreading investment risk in accordance with its published investment policy;

(2) a statement, set out in a prominent position, as to whether, in the opinion of the *directors*, the continuing appointment of the *investment manager* on the terms agreed is in the interests of its shareholders as a whole, together with a statement of the reasons for this view;

(3) the names of the fund's *investment managers* and a summary of the principal contents of any agreements between the *closed-ended investment fund* and each of the *investment managers*, including but not limited to:

(a) an indication of the terms and duration of their appointment;

(b) the basis for their remuneration; and

(c) any arrangements relating to the termination of their appointment, including compensation payable in the event of termination;

(4) the full text of its current published investment policy; and

(5) a comprehensive and meaningful analysis of its portfolio.

Annual financial and half yearly report

11.7.3 R In addition to the requirements in *UKLR* 6 (Equity shares (commercial companies): continuing obligations), half-yearly reports and, if applicable, preliminary statements of annual results must include information showing the split between:

(1) dividend and interest received; and

(2) other forms of income (including income of associated companies).

Annual financial report additional requirements for property investment entities

11.7.4 R A *closed-ended investment fund* that, as at the end of its financial year, has invested more than 20% of its assets in *property* must include in its annual financial report a summary of the valuation of its portfolio, carried out in accordance with *UKLR* 11.7.5R.

11.7.5 R A valuation required by *UKLR* 11.7.4R must:

(1) either:

(a) be made in accordance with the Appraisal and Valuation Standards (6th edition) issued by the Royal Institution of Chartered Surveyors; or

(b) where the valuation does not comply in all applicable respects with the Appraisal and Valuation Standards (6th edition) issued by the Royal Institution of Chartered

Surveyors, include a statement which sets out a full explanation of such non-compliance; and

(2) be carried out by an external valuer as defined in the Appraisal and Valuation Standards (6th edition) issued by the Royal Institution of Chartered Surveyors.

11.7.6 R The summary described in *UKLR* 11.7.4R must include:

(1) the total value of *properties* held at the year end;

(2) totals of the cost of *properties* acquired;

(3) the net book value of *properties* disposed of during the year; and

(4) an indication of the geographical location and type of *properties* held at the year end.

Statement regarding compliance with UK Corporate Governance Code

11.7.7 R (1) This *rule* applies to a *closed-ended investment fund* that has no executive *directors*.

(2) A *closed-ended investment fund's* statement required by *UKLR* 6.6.6R(6) need not include details about Principles P, Q and R and Provisions 32 to 41 of the *UK Corporate Governance Code*, except to the extent that those principles or provisions relate specifically to non-executive *directors*.

Notification of cross-holdings

11.7.8 R A *closed-ended investment fund* must notify to a *RIS* within 5 *business days* of the end of each quarter a list of all investments in other *listed closed-ended investment funds*, as at the last *business day* of that quarter, which themselves do not have stated investment policies to invest no more than 15% of their total assets in other *listed closed-ended investment funds*.

12 Open-ended investment companies: requirements for listing and continuing obligations

12.1 Application

Application

12.1.1 R This chapter applies to an *open-ended investment company* applying for, or with, a *listing* of *securities* in the *open-ended investment companies* category.

12.2 Requirements for listing and listing applications

Requirements for listing

12.2.1 R To be *listed*, an *applicant* must be an *open-ended investment company* which is:

(1) an *ICVC* that has been granted an *authorisation order* by the *FCA*; or

(2) an *overseas collective investment scheme* that is a *recognised scheme*.

Listing applications

12.2.2 G The *FCA* will admit to *listing* such number of *securities* as the *applicant* may request for the purpose of future issues. At the time of issue, the *securities* will be designated to the relevant *class*.

Multi-class fund or umbrella fund

12.2.3 R An *applicant* which is a multi-class or umbrella fund is not required to make a further *listing application* when creating a new *class* of *security* if the *applicant*:

(1) does not increase its share capital for which *listing* has previously been granted; and

(2) provides the *FCA* with details of the new *class*.

12.3 Requirements with continuing application

Authorisation or recognition

12.3.1 R An *open-ended investment company* must comply with *UKLR* 12.2.1R at all times.

Admission to trading

12.3.2 R Other than in regard to *securities* to which *UKLR* 23 applies, the *listed equity shares* of an *open-ended investment company* must be admitted to trading on a *regulated market* for *listed securities*.

Further issues

12.3.3 R Where *shares* of the same *class* as *shares* that are *listed* are allotted, an application for *admission to listing* of such *shares* must be made as soon as possible and in any event within one year of the allotment.

Copies of documents

12.3.4 R An *open-ended investment company* must forward to the *FCA*, for publication, by uploading to the *national storage mechanism*, a copy of:

(1) all *circulars*, notices, reports or other documents to which the *listing rules* apply, at the same time as any such documents are issued; and

(2) all resolutions passed by the *open-ended investment company*, other than resolutions concerning ordinary business at an annual general meeting, as soon as possible after the relevant general meeting.

12.3.5 R (1) An *open-ended investment company* must notify a *RIS* as soon as possible when a document has been forwarded to the *FCA* under *UKLR* 12.3.4R unless the full text of the document is provided to the *RIS*.

(2) A notification made under (1) must set out where copies of the relevant document can be obtained.

First point of contact details

12.3.6 R An *open-ended investment company* must ensure that the *FCA* is provided with up-to-date contact details of at least one appropriate *person* nominated by it to act as the first point of contact with the *FCA* in relation to the *open-ended investment company's* compliance with the *listing rules*, the *disclosure requirements* and the *transparency rules*, as applicable.

Compliance with the disclosure requirements and corporate governance rules

12.3.7 G An *open-ended investment company* whose *equity shares* are admitted to trading on a *regulated market* in the *United Kingdom* should consider its obligations under the *disclosure requirements*.

12.3.8 R An *open-ended investment company* that is not already required to comply with *DTR* 7.2 (Corporate governance statements) must comply with *DTR* 7.2 as if it were an *issuer* to which that section applies.

Changes to tax status

12.3.9 R An *open-ended investment company* must notify any change in its taxation status to a *RIS* as soon as possible.

13 Equity shares (shell companies): requirements for listing and continuing obligations

13.1 Application

13.1.1 R This chapter applies to a *shell company* with, or applying for, a *listing* of *equity shares* in the *equity shares* (*shell companies)* category. It does not apply to *securities* of:

(1) a *closed-ended investment fund*;

(2) an *open-ended investment company*; or

(3) an *investment entity* that is not a *closed-ended investment fund* or an *open ended-investment company*.

Meaning of 'shell company'

13.1.2 R A *shell company* is an *issuer* whose:

(1) assets consist solely or predominantly of cash or short-dated *securities*; or

(2) predominant purpose or objective is to undertake an acquisition or merger, or a series of acquisitions or mergers.

13.1.3 G An *issuer* should consider the *guidance* in *UKLR* 21.2.5G and contact the *FCA* as soon as possible if at any time an *issuer* no longer meets the definition of a *shell company* as a result of completing an *initial transaction* to request a cancellation of *listing*.

Meaning of 'founding shareholder', 'public shareholder' and 'shell company sponsor'

13.1.4 R For *shell companies* that fall within *UKLR* 13.1.2R(2):

(1) 'founding shareholder' means a shareholder who founded or established a *shell company*;

(2) 'public shareholder' means a shareholder who is not a *founding shareholder*, a *shell company sponsor* or a *director*; and

(3) 'shell company sponsor' means a person who provides any of the following to a *shell company*:

(a) capital or other finance to support the operating costs of the *shell company*;

(b) financial, advisory, consultancy or legal services;

(c) facilities or support services; or

(d) any other material contribution to the establishment and ongoing operation of the *shell company*.

When a sponsor must be appointed

13.1.5 G An *issuer* should consider its obligation to appoint a *sponsor* under *UKLR* 4.2.1R and the requirement to obtain a *sponsor's* guidance under *UKLR* 4.2.6R.

13.1.6 G An *issuer* should consider its obligation to appoint a *sponsor* under *UKLR* 4.2.2R(2), (6) and (9) where it is applying to transfer its category of *listing* to the *equity shares (shell companies)* category from one of the following *listing* categories:

(1) the *equity shares (commercial companies)* category;

(2) the *equity shares (international commercial companies secondary listing)* category; or

(3) the *equity shares (transition)* category.

13.1.7 G An *issuer* should consider the obligations to contact the *FCA*, through its sponsor, under *UKLR* 13.2.2G (relating to transfer of listing category), *UKLR* 13.4.4R (Requirement for a suspension), *UKLR* 13.4.21R (relating to where the shell company no longer satisfies the conditions for which a suspension is not required) and *UKLR* 13.4.24R (Cancellation of listing).

13.2 Requirements for listing

Time period for initial transaction to be completed

13.2.1 R The *constitution* of a *shell company* applying for a *listing* of *equity shares* in the *equity shares* (*shell companies)* category:

(1) must provide that if the *shell company* has not completed an *initial transaction* on or before the date which is 24 months from the date of *admission*, it will cease operations on the date which is 24 months from the date of *admission*;

(2) may provide that the period of 24 months referred to in (1) can be extended before the end of the period referred to in (1) by 3 further periods of 12 months, up to a total of 36 months, provided that:

(a) the first 12-month extension to the period referred to in (1) is approved by the *public shareholders* of the *shell company* before the end of the period referred to in (1); and

(b) any further 12-month extension periods are approved by the *public shareholders* before the end of the prior 12-month period; and

(3) may provide that the period of 24 months referred to in (1), or the extended period referred to in (2), can be extended for a further period of up to 6 months where, before the end of the period referred to in (1) or each of the extended periods in (2), as applicable:

(a) the approval of shareholders for an *initial transaction*, where such approval is sought by an *issuer* for the purposes of satisfying the conditions in *UKLR* 13.4.17G, has been obtained but the *initial transaction* has not completed;

(b) a general meeting has been convened to obtain the approval of shareholders for an *initial transaction*, where such approval is sought by an *issuer* for the purposes of satisfying the conditions in *UKLR* 13.4.17G;

(c) the *shell company* has made an announcement that:

(i) a general meeting to obtain the approval of shareholders for an *initial transaction*, where such approval is sought by an *issuer* for the purposes of satisfying the conditions in *UKLR* 13.4.17G, will be convened for a date which is specified in the announcement; and

(ii) a notice to convene the general meeting referred to in (i) will be sent to shareholders, within a specified time following the announcement; or

(d) an agreement for an *initial transaction* has been entered into but the *initial transaction* has not been completed and the *shell company* has not made an announcement in accordance with (c),

provided that any such extension is notified to a *RIS* before the end of the period referred to in (1), (2) or (3), as applicable.

13.2.2 G An *issuer* which becomes a *shell company* and an *issuer* which is applying to transfer its category of *listing* to the *equity shares (shell companies)* category from the *equity shares (commercial companies)* category, the *equity shares (transition)* category or the *equity shares (international commercial companies secondary listing)* category under

UKLR 21.5.1R(10), (16) and (17) should contact the *FCA*, through its *sponsor*, as soon as possible to discuss their application.

13.2.3 G The *FCA* would generally allow a *listed company* that becomes a *shell company* a period of 12 months to comply with the requirements for *listing* under *UKLR* 13.2 and submit their application to transfer.

Equity shares in public hands

13.2.4 R (1) Where an *applicant* is applying for the *admission* of a *class* of *equity shares* to *listing* in the *equity shares (shell companies)* category, a sufficient number of *shares* of that *class* must, no later than the time of *admission*, be distributed to the public.

(2) For the purposes of paragraph (1):

(a) a sufficient number of *shares* will be taken to have been distributed to the public when 10% of the *shares* for which application for *admission* has been made are in public hands; and

(b) *treasury shares* are not to be taken into consideration when calculating the number of *shares* of the *class*.

(3) For the purposes of paragraphs (1) and (2), *shares* are not held in public hands if they are:

(a) held, directly or indirectly, by:

(i) a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(ii) a *person* connected with a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(iii) the trustees of any *employees' share scheme* or pension fund established for the benefit of any *directors* and *employees* of the *applicant* and its *subsidiary undertakings*;

(iv) any *person* who, under any agreement, has a right to nominate a *person* to the board of *directors* of the *applicant*; or

(v) any *person* or *persons* in the same *group* or *persons* acting in concert who have an interest in 5% or more of the *shares* of the relevant class; or

(b) subject to a lock-up period of more than 180 days.

13.2.5 G When calculating the number of *shares* for the purposes of *UKLR* 13.2.4R(3)(a)(v), holdings of *investment managers* in the same *group* will be disregarded where:

(1) investment decisions are made independently by the individual in control of the relevant fund; and

(2) those decisions are unfettered by the *group* to which the *investment manager* belongs.

Shares of a third country shell company

13.2.6 R The *FCA* will not admit *shares* of a *shell company* incorporated in a *third country* that are not listed either in its country of incorporation or in the country in which a majority of its *shares* are held, unless the *FCA* is satisfied that the absence of the listing is not due to the need to protect investors.

Disclosures to be published in a prospectus

13.2.7 R Except where *UKLR* 13.2.8R applies, a *shell company* must disclose in the *prospectus* published in relation to the *admission* to *listing* of the *shell company's shares* the expected length of time it will take for the *shell company* to complete an *initial transaction*.

13.2.8 R (1) An *issuer* which:

(a) is applying to transfer the category of its *listing* to the *equity shares (shell companies)* category from the *equity shares (commercial companies)* category, the *equity shares (transition)* category or the *equity shares (international commercial companies secondary listing)* category under *UKLR* 21.5.1R(10), (16) and (17); and

(b) does not have a prospectus but, where applicable, is required to produce as part of its compliance with:

(i) *UKLR* 21.5.6R(2), a circular; or

(ii) *UKLR* 21.5.7R(2), an announcement,

must comply with the specific requirement in (2) and *UKLR* 10.3.1R(1), where relevant, and have regard to the guidance in *UKLR* 21.5.12G.

(2) The requirement is that an *applicant* must disclose the expected length of time it will take for the *company* to complete an *initial transaction* in such circular or announcement once its category of

listing is transferred to the *equity shares (shell companies)* category.

Other considerations for shell companies intending to enter into an initial transaction which falls within UKLR 13.4.17G

13.2.10 G If a *shell company* intends to rely on *UKLR* 13.4.17G, it should:

(1) consider whether it has sufficient measures in place such that a suspension is not required in the event of an *initial transaction* under *UKLR* 13.4.17G; and

(2) submit a letter to the *FCA* setting out how the *shell company* satisfies or will satisfy the conditions in *UKLR* 13.4.17G.

13.3 Continuing obligations

Admission to trading

13.3.1 R Other than in regard to *securities* to which *UKLR* 23 applies, the *listed equity shares* of a *shell company* must be admitted to trading on a *regulated market* for *listed securities*.

Time period for initial transaction to be completed

13.3.2 R A *listed shell company* must comply with *UKLR* 13.2.1R at all times.

Board approval of any initial transaction

13.3.3 R A *listed shell company* must:

(1) obtain the approval of its board for an *initial transaction* before it is entered into; and

(2) ensure that the following do not take part in the board's consideration of the *initial transaction* and do not vote on the relevant board resolution:

(a) any *director* who is, or an *associate* of whom is, a *director* of the *target* or of a *subsidiary undertaking* of the *target*; and

(b) any *director* who has a conflict of interest in relation to the *target* or a *subsidiary undertaking* of the *target*.

Equity shares in public hands

13.3.4 R (1) A *listed shell company* must comply with *UKLR* 13.2.4R at all times.

(2) A *listed shell company* must notify the *FCA* without delay if it does not comply with the continuing obligation set out in *UKLR* 13.3.4R.

13.3.5 G If a *listed shell company* is contemplating any action related to its *share* capital, including purchasing or redeeming its *equity shares*, the *shell company* should consider the impact it has on its ability to comply with *UKLR* 13.3.4R(1).

13.3.6 G If a *listed shell company* makes a notification under *UKLR* 13.3.4R(2), it should consider seeking a cancellation of *listing*. In particular, the *shell company* should note *UKLR* 21.2.2G(2) and *UKLR* 21.2.3G.

Notification of non-compliance with continuing obligations

13.3.7 R A *listed shell company* must notify the *FCA* without delay if it does not comply with any continuing obligation set out in:

(1) *UKLR* 13.3.2R; or

(2) *UKLR* 13.3.3R.

Further issues

13.3.8 R Where *shares* of the same *class* as *equity shares* that are *listed* in the *equity shares (shell companies)* category are allotted, an application for *admission to listing* of such *shares* must be made as soon as possible and in any event within 1 year of the allotment.

Copies of documents

13.3.9 R A *listed shell company* must forward to the *FCA*, for publication, by uploading to the *national storage mechanism*, a copy of:

(1) all *circulars*, notices, reports or other documents to which the *listing rules* apply, at the same time as any such documents are issued; and

(2) all resolutions passed by the *shell company*, other than resolutions concerning ordinary business at an annual general meeting, as soon as possible after the relevant general meeting.

13.3.10 R (1) A *listed shell company* must notify a *RIS* as soon as possible when a document has been forwarded to the *FCA* under *UKLR* 13.3.9R unless the full text of the document is provided to the *RIS*.

(2) A notification made under (1) must set out where copies of the relevant document can be obtained.

First point of contact details

13.3.11 R A *listed shell company* must ensure that the *FCA* is provided with up-to-date contact details of at least one appropriate *person* nominated by it to act as the first point of contact with the *FCA* in relation to the *shell company's* compliance with the *listing rules*, the *disclosure requirements* and the *transparency rules*.

Temporary documents of title (including renounceable documents)

13.3.12 R A *listed shell company* must ensure that any temporary document of title (other than one issued in global form) for a *share*:

(1) is serially numbered;

(2) states, where applicable:

(a) the name and address of the first holder and the names of joint holders (if any);

(b) the pro rata entitlement;

(c) the last date on which transfers were or will be accepted for registration for participation in the issue;

(d) how the *shares* rank for dividend or interest;

(e) the nature of the document of title and the proposed date of issue;

(f) how fractions (if any) are to be treated; and

(g) for a *rights issue*, the time, being not less than 10 *business days* calculated in accordance with *UKLR* 9.4.6R, in which the *offer* may be accepted, and how *shares* not taken up will be dealt with; and

(3) if renounceable:

(a) states in a heading that the document is of value and negotiable;

(b) advises holders of *shares* who are in any doubt as to what action to take to consult appropriate independent advisers immediately;

(c) states that where all of the *shares* have been sold by the addressee (other than ex rights or ex capitalisation), the

document should be passed to the *person* through whom the sale was effected for transmission to the purchaser;

(d) has the form of renunciation and the registration instructions printed on the back of, or attached to, the document;

(e) includes provision for splitting (without fee) and for split documents to be certified by an official of the *shell company* or authorised agent;

(f) provides for the last day for renunciation to be the second *business day* after the last day for splitting; and

(g) if, at the same time as an allotment is made of *shares* issued for cash, *shares* of the same *class* are also allotted credited as fully paid to vendors or others, provides for the period for renunciation to be the same as, but no longer than, that provided for in the case of *shares* issued for cash.

Definitive documents of title

13.3.13 R A *listed shell company* must ensure that any definitive document of title for a *share* (other than a bearer *security*) includes the following matters on its face (or on the reverse in the case of (6)):

(1) the authority under which the *shell company* is constituted and the country of incorporation and registered number (if any);

(2) the number or amount of *shares* the certificate represents and, if applicable, the number and denomination of units (in the top right-hand corner);

(3) a footnote stating that no transfer of the *share* or any portion of it represented by the certificate can be registered without production of the certificate;

(4) if applicable, the minimum amount and multiples thereof in which the *share* is transferable; and

(5) the date of the certificate.

(6) for shares with preferential rights, on the face (or, if not practicable, on the reverse), a statement of the conditions thereof as to capital, dividends and (where applicable) conversion.

Disclosure requirements and transparency rules

13.3.14 G A *listed shell company* whose *shares* are admitted to trading on a *regulated market* should consider its obligations under the *disclosure requirements* and the *transparency rules*.

Disclosure of rights attached to shares

13.3.15 R Unless exempted in *UKLR* 13.3.18R, a *listed shell company* must:

(1) forward to the *FCA* for publication a copy of one or more of the following:

(a) the approved *prospectus* or *listing particulars* for its *listed shares*;

(b) the relevant agreement or document setting out the terms and conditions on which its *listed shares* were issued; or

(c) a document describing:

(i) the rights attached to its *listed shares*;

(ii) limitations on such rights; and

(iii) the procedure for the exercise of such rights,

produced in accordance with the relevant Annex of the *Prospectus Regulation* that would have applied had the *shell company* been required to produce a *prospectus* for those *listed shares*; and

(2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded in accordance with (1) is no longer accurate, forward to the *FCA* for publication a copy of either of the following:

(a) a new document in accordance with (1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *shell company's listed shares*.

13.3.16 R The documents in *UKLR* 13.3.15R must be forwarded to the *FCA* for publication by uploading them to the *national storage mechanism*.

13.3.17 G The purpose of *UKLR* 13.3.15R is to require *companies* to maintain publicly available information in relation to the rights attached to their *listed shares* so that investors can access such information.

13.3.18 R A *listed shell company* is exempt from *UKLR* 13.3.15R where:

(1) it has previously forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a document specified in *UKLR* 13.3.15R(1);

(2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded or filed in accordance with (1) is no longer accurate, it has forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a copy of either of the following:

(a) one of the documents specified in *UKLR* 13.3.15R(1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *shell company's listed shares*; and

(3) the documents in (1) and (2) have been forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, by:

(a) forwarding them for publication on a location previously identified on the *FCA* website where the public can inspect documents referred to in the *listing rules* as being documents to be made available at the document viewing facility; or

(b) uploading them to the *national storage mechanism*.

Registrar

13.3.19 R An *overseas shell company* must appoint a registrar in the *United Kingdom* if:

(1) there are 200 or more holders resident in the *United Kingdom*; or

(2) 10% or more of the *shares* are held by *persons* resident in the *United Kingdom*.

Notifications relating to capital

13.3.20 R A *listed shell company* must notify a *RIS* as soon as possible (unless otherwise indicated in this *rule*) of the following information relating to its capital:

(1) any proposed change in its capital structure, save that an announcement of a new issue may be delayed while marketing or underwriting is in progress;

(2) any redemption of *listed shares*, including details of the number of *shares* redeemed and the number of *shares* of that *class* outstanding following the redemption;

(3) any extension of time granted for the currency of temporary documents of title; and

(4) the results of any new issue of *listed equity securities* or of a public offering of existing *shares* or other *equity securities*.

13.3.21 R Where the *shares* are subject to an underwriting agreement, a *listed shell company* may, at its discretion and subject to the *disclosure requirements* and contents of *DTR* 2, delay notifying a *RIS* as required by *UKLR* 13.3.20R(4) for up to 2 *business days* until the obligation by the underwriter to take or procure others to take *shares* is finally determined or lapses. In the case of an issue or offer of *shares* which is not underwritten, notification of the result must be made as soon as it is known.

Compliance with the transparency rules and corporate governance rules

13.3.22 G A *listed shell company* whose *securities* are admitted to trading on a *regulated market* should consider its obligations under *DTR* 4 (Periodic Financial Reporting), *DTR* 5 (Vote Holder and Issuer Notification Rules) and *DTR* 6 (Continuing obligations and access to information).

13.3.23 R A *listed shell company* that is not already required to comply with the *transparency rules* must comply with *DTR* 4, *DTR* 5 and *DTR* 6 as if it were an *issuer* for the purposes of the *transparency rules*.

13.3.24 R A *listed shell company* that is not already required to comply with *DTR* 7.2 (Corporate governance statements) must comply with *DTR* 7.2 as if it were an *issuer* to which that section applies.

13.3.25 R A *listed shell company* that is not already required to comply with *DTR* 7.3 (Related party transactions) must comply with *DTR* 7.3 as if it were an *issuer* to which *DTR* 7.3 applies, subject to the modifications set out in *UKLR* 13.3.26R.

13.3.26 R For the purposes of *UKLR* 13.3.25R, *DTR* 7.3 is modified as follows:

(1) *DTR* 7.3.2R must be read as if the words 'has the meaning in *UK-adopted IFRS*' are replaced as follows:

'has the meaning:
(1) in *UK-adopted IFRS*; or

(2) Where the *listed shell company* prepares annual consolidated financial statements in accordance with accounting standards which have been determined to be equivalent to *UK-adopted IFRS* and which are set out in the *TD Equivalence Decision*:

(a) in *UK-adopted IFRS*; or

(b) in the equivalent accounting standards in accordance with which its annual consolidated financial statements are prepared,

at the choice of the *listed shell company*.'

(2) *DTR* 7.3.8R(2) and *DTR* 7.3.8R(3) do not apply.

(3) *DTR* 7.3.9R must be read as follows:

(a) as if the words 'after obtaining board approval' are replaced by 'after publishing an announcement in accordance with *DTR* 7.3.8R(1)'; and

(b) the reference to *DTR* 7.3.8R must be read as a reference to *DTR* 7.3.8R as modified by *UKLR* 13.3.26R(2).

(4) In *DTR* 7.3.13R, the references to *DTR* 7.3.8R must be read as references to *DTR* 7.3.8R as modified by *UKLR* 13.3.26R(2).

13.4 Initial transactions

Application

13.4.1 R This section applies:

(1) to a *listed shell company* that intends to enter into an *initial transaction*; and

(2) regardless of whether the *listed shell company* acquires the *equity shares* of a *target* within the same category of *listing* as the *shell company*.

Meaning of 'initial transaction'

13.4.2 R (1) In *UKLR*, an 'initial transaction' means a transaction consisting of:

(a) An acquisition of a part of or the entirety of a business, a *company* and/or assets by a *listed shell company* or a subsidiary of a *listed shell company*;

(b) the entry into a loan or any form of financing agreement by a *listed shell company* or a subsidiary of a *listed shell company*; or

(c) the entry into a joint venture agreement by a *listed shell company* or a subsidiary of a *listed shell company*.

(2) Paragraph (1)(a) applies whether such acquisition is effected:

(a) by way of a direct acquisition by the *listed shell company* or a subsidiary of the *listed shell company*;

(b) by way of the *listed shell company* introducing a new *holding company* to its corporate structure and then carrying out the acquisition through the new *holding company*; or

(c) in any other way.

13.4.3 G For the purpose of *UKLR* 13.4.2R, the *FCA* considers that:

(1) the first transaction that a *listed shell company* enters into will generally constitute an *initial transaction*; and

(2) provided that a transaction falls within *UKLR* 13.4.2R, a transaction of any size may constitute an *initial transaction*.

Requirement for a suspension

13.4.4 R A *listed shell company* must, through its *sponsor*, contact the *FCA* as early as possible in the following circumstances:

(1) before the announcement of an *initial transaction* which has been agreed or is in contemplation, to discuss whether a suspension of *listing* is appropriate; or

(2) where details of the *initial transaction* have leaked, to request a suspension.

13.4.5 G Examples of where the *FCA* will consider that an *initial transaction* is in contemplation include situations where:

(1) the *listed shell company* has approached the *target's* board;

(2) the *listed shell company* has entered into an exclusivity period with a *target*; or

(3) the *listed shell company* has been given access to begin due diligence work (whether or not on a limited basis).

13.4.6 G Generally, when an *initial transaction* between a *listed shell company* and a *target* is announced or leaked, there will be insufficient publicly available information about the proposed transaction (which includes transactions under contemplation as well as those where terms have been agreed) and the *listed shell company* will be unable to assess accurately its financial position and inform the market accordingly. In this case, the *FCA* will often consider that suspension will be appropriate, as set out in *UKLR* 21.1.2G(3) and (4). However, the *FCA* may agree with the *listed shell company*, through its *sponsor*, that a suspension is not required if the *FCA* is satisfied that:

(1) there is sufficient publicly available information about the proposed transaction (which includes transactions under contemplation as well as those where terms have been agreed); or

(2) where the *listed shell company* is an *issuer* which falls within *UKLR* 13.1.2R(2), the *listed shell company* has sufficient measures in place to protect investors and so that the smooth operation of the market is not temporarily jeopardised.

13.4.7 G *UKLR* 13.4.8G to *UKLR* 13.4.21R set out circumstances in which the *FCA* will generally be satisfied that a suspension is not required.

Initial transaction by a listed shell company: target admitted to a regulated market

13.4.8 G The *FCA* will generally be satisfied that there is sufficient information in the market about the proposed transaction if:

(1) the *target* has *equity shares* or *certificates representing equity securities* admitted to a *regulated market*; and

(2) the *listed shell company* makes an announcement stating that the *target* has complied with the disclosure requirements applicable on that *regulated market* and providing details of where information disclosed pursuant to those requirements can be obtained.

13.4.9 R An announcement made for the purpose of *UKLR* 13.4.8G(2) must be published by means of a *RIS*.

Initial transaction by a listed shell company: target subject to the disclosure regime of another market

13.4.10 G The *FCA* will generally be satisfied that there is sufficient publicly available information in the market about the proposed transaction if the *target* has *equity securities* admitted to an investment exchange or trading platform that is not a *regulated market* and the *listed shell company*:

(1) confirms, in a form acceptable to the *FCA*, that the disclosure requirements in relation to financial information and *inside information* of the investment exchange or trading platform on which the *target's securities* are admitted are not materially different from the disclosure requirements under *DTR* and the *disclosure requirements*; and

(2) makes an announcement to the effect that:

(a) the *target* has complied with the disclosure requirements applicable on the investment exchange or trading platform to which its securities are admitted and provides details of where information disclosed pursuant to those requirements can be obtained; and

(b) there are no material differences between:

(i) the disclosure requirements applicable on the investment exchange or trading platform to which its securities are admitted; and

(ii) the disclosure requirements under *DTR* and the *disclosure requirements*.

13.4.11 R A written confirmation provided for the purpose of *UKLR* 13.4.10G(1) must be given by the *sponsor*.

13.4.12 R An announcement made for the purpose of *UKLR* 13.4.10G(2) must be published by means of a *RIS*.

Initial transaction by a listed shell company: target not subject to a public disclosure regime

13.4.13 G Where the *target* in an *initial transaction* by a *listed shell company* is not subject to a public disclosure regime, or if the *target* has *securities* admitted on an investment exchange or trading platform that is not a *regulated market* but the *listed shell company* is not able to give the confirmation and make the announcement contemplated by *UKLR* 13.4.10G, the *FCA* will generally be satisfied that there is sufficient publicly available information in the market about the proposed transaction such that a suspension is not required where the *listed shell company* makes an announcement containing:

(1) financial information on the *target* covering the last 3 years. Generally, the *FCA* would consider the following information to be sufficient:

(a) profit and loss information to at least operating profit level;

(b) balance sheet information, highlighting at least net assets and liabilities;

(c) relevant cash flow information; and

(d) a description of the key differences between the *listed shell company's* accounting policies and the policies used to present the financial information on the *target*;

(2) a description of the *target*, to include key non-financial operating or performance measures appropriate to the *target's* business operations and the information as required under section 10 of Annex 1 (Trend information) of the *PR Regulation* (see *PRR* App 2) for the *target*;

(3) a declaration that the *directors* of the *listed shell company* consider that the announcement contains sufficient information about the business to be acquired to provide a properly informed basis for assessing its financial position; and

(4) a declaration confirming that the *listed shell company* has made the necessary arrangements with the *target* vendors to enable it to keep the market informed without delay of any developments concerning the *target* that would be required to be released were the *target* part of the *listed shell company*.

13.4.14 R An announcement made for the purpose of *UKLR* 13.4.13G must be published by means of a *RIS*.

13.4.15 R A *listed shell company*, through its *sponsor*, must provide written confirmation to the *FCA* that, in its opinion, it is reasonable for the *listed shell company* to provide the declarations described in *UKLR* 13.4.13G(3) and (4).

13.4.16 R Where the *FCA* has agreed that a suspension is not necessary as a result of an announcement made for the purpose of *UKLR* 13.4.13G the *listed shell company* must comply with the obligation under article 17(1) of the *Market Abuse Regulation* on the basis that the *target* already forms part of the enlarged *group*.

Initial transaction by a listed shell company which falls within *UKLR* 13.1.2R(2): other circumstances where a suspension is not required

13.4.17 G The *FCA* will generally be satisfied that a *listed shell company* which falls within *UKLR* 13.1.2R(2) has sufficient measures in place to protect investors and so that the smooth operation of the market is not temporarily jeopardised such that a suspension is not required where the following conditions are met:

(1) at the date of *admission*, the aggregate gross cash proceeds received by the *listed shell company* in consideration for the *listed shares* issued by it to *public shareholders* were at least £100 million;

(2) the *listed shell company* has adequate binding arrangements in place with an independent third party to ensure that the aggregate gross cash proceeds received in consideration for any *listed shares* that it has issued, or issues, to (where relevant) *public shareholders* are protected from being used for any purpose other than:

(a) to provide the consideration for an *initial transaction* which has been approved by:

(i) its board, in accordance with (4); and

(ii) its *public shareholders*, in accordance with (5);

(b) to redeem or purchase *listed shares* held by *public shareholders* following the exercise of the right to be redeemed or purchased referred to in (7);

(c) to be distributed to *public shareholders* if an *initial transaction* has not been completed by the date specified in *UKLR* 13.2.1R; or

(d) to return capital to *public shareholders* in the event of a winding up of the *company*;

(3) the *listed shell company's constitution* provides for the matters set out in *UKLR* 13.2.1R;

(4) the *listed shell company's constitution*:

(a) provides that the *listed shell company* must obtain the approval of its board for an *initial transaction* before it is entered into; and

(b) ensures that the following do not take part in the board's consideration of the *initial transaction* and do not vote on the relevant board resolution:

(i) any *director* who is, or an *associate* of whom is, a *director* of the *target* or of a *subsidiary undertaking* of the *target*; and

(ii) any *director* who has a conflict of interest in relation to the *target* or a *subsidiary undertaking* of the *target*;

(5) the *listed shell company's constitution*:

(a) provides that the *listed shell company* must obtain the approval of its shareholders for an *initial transaction* either:

(i) before the transaction is entered into; or

(ii) if the transaction is expressed to be conditional on that approval, before it is completed; and

(b) ensures that any *founding shareholder*, *shell company sponsor* or *director* does not vote on the relevant resolution;

(6) the *listed shell company's constitution* provides that where any *director* has a conflict of interest in relation to the *target* or a *subsidiary undertaking* of the *target*, the *listed shell company* must publish, in sufficient time before shareholder approval for an *initial transaction* is sought, a statement by the board that:

(a) the proposed transaction is fair and reasonable as far as the *public shareholders* of the *listed shell company* are concerned; and

(b) the *directors* have been so advised by an appropriately qualified and independent adviser;

(7) the holders of the *listed shares* have the right to require the *listed shell company* to redeem or otherwise purchase their *shares* for a pre-determined amount, which is exercisable:

(a) at the discretion of the holder prior to completion of an *initial transaction*; and

(b) whether or not the holder voted in favour of the *initial transaction* on any shareholder resolution to approve the transaction; and

(8) the *listed shell company* has disclosed the matters set out in (2) to (7) in the *prospectus* published in relation to the *admission to listing* of the *listed shell company's shares*.

13.4.18 G (1) A specified amount or proportion of the cash proceeds referred to in *UKLR* 13.4.17G(2) may be excluded from the amount which is protected, and may be retained to be used by the *listed shell company* for legitimate purposes prior to the completion of any proposed *initial transaction*, where that amount or proportion has been disclosed in the *prospectus* published in relation to the *admission* to *listing* of the *listed shell company's shares*.

(2) For the purposes of (1), legitimate purposes prior to the completion of any proposed *initial transaction* include:

(a) quantified costs relating to the proposed *initial transaction*;

(b) deferred underwriting costs;

(c) operating costs and taxes relating to a binding arrangement under *UKLR* 13.4.17G(2), where applicable; and

(d) due diligence costs in relation to the proposed *initial transaction*.

13.4.19 R (1) In order for the *FCA* to be satisfied for the purposes of *UKLR* 13.4.6G(2), the *listed shell company* must provide a written confirmation from the board to the *FCA* that:

(a) the conditions set out in *UKLR* 13.4.17G have been met;

(b) the *listed shell company* has complied with the requirements in *UKLR* 13.2.1R and will continue to comply with *UKLR* 13.3.2R to *UKLR* 13.3.3R until an *initial transaction* is completed; and

(c) the conditions set out in *UKLR* 13.4.17G(2) to (7) will continue to be met until an *initial transaction* is completed.

(2) A *listed shell company*, through its *sponsor*, must provide written confirmation to the *FCA* that, in its opinion, it is reasonable for the *listed shell company* to provide the confirmations set out in (1), if requested to do so.

13.4.20 R Where the *FCA* has agreed that a suspension is not necessary as a result of the *listed shell company* meeting the conditions set out in *UKLR* 13.4.17G and having provided the written confirmations set out in *UKLR* 13.4.19R, the *listed shell company* must make an announcement via a *RIS* of the *initial transaction* under *UKLR* 13.4.22R.

13.4.21 R A *listed shell company* must contact the *FCA*, through its sponsor, as soon as possible if, at any time after the written confirmations referred to in

UKLR 13.4.19R have been provided to the *FCA*, any of the conditions set out in *UKLR* 13.4.17G(2) to (7) are no longer met, to request a suspension of *listing*.

Notification of an initial transaction

13.4.22 R A *listed shell company* must, in relation to an *initial transaction*:

(1) notify a *RIS* as soon as possible after the terms of an *initial transaction* are agreed; and

(2) subject to the modifications set out in *UKLR* 13.4.23R, comply with the requirements of *UKLR* 7.3 (Significant transactions) and *UKLR* 7 Annex 2 (Notification requirements) for the *initial transaction*.

13.4.23 R For the purposes of *UKLR* 13.4 (Initial transactions), *UKLR* 7.3 (Significant transactions) and *UKLR* 7 Annex 2 (Notification requirements) are modified as follows:

(1) References to '*significant transactions*' must be read as a reference to an *initial transaction*.

(2) References to '*listed company*' must be read as a reference to a *listed shell company*.

(3) The reference in *UKLR* 7.3.1R(2)(a) to *UKLR* 7 must be read as a reference to *UKLR* 13.

(4) *UKLR* 7.3.2R, *UKLR* 7.3.5G(3), *UKLR* 7.3.13R(1)(d) and (3), *UKLR* 7.3.14R(2), and *UKLR* 7 Annex 2 1.1R(15) do not apply.

Cancellation of listing

13.4.24 R A *listed shell company* must contact the *FCA*, through its sponsor, as early as possible:

(1) before an *initial transaction* which has been agreed or is in contemplation is announced; or

(2) where details of the *initial transaction* have leaked,

to discuss whether a cancellation of the *listed shell company's listing* is appropriate on completion of the *initial transaction*.

13.4.25 G If a *listed shell company* is proposing to enter into a transaction classified as an *initial transaction*, it should consider *UKLR* 21.2.2G and *UKLR* 21.2.5G.

13.4.26 G As set out in *UKLR* 21.2.5G, where a *listed shell company* completes an *initial transaction*, the *FCA* will generally seek to cancel the *listing* of a *shell company's equity shares* and, where relevant, the *shell company's* other *listed securities*.

13.4.27 R If a *listed shell company* intends to cancel the *shell company's listing*, the *shell company* is required to notify a *RIS* in accordance with *UKLR* 21.2.17R.

13.4.28 R Where a *listed shell company's listing* is cancelled following completion of an *initial transaction*, the *shell company* must re-apply for the *listing* of the *equity shares*.

13.4.29 G Where a *shell company* re-applies for the *listing* of the *shell company* as enlarged by the *initial transaction*, the *FCA* will take into account any information it considers appropriate, including whether the *shell company* has complied with, since *listing*, its obligations under the *listing rules*, *disclosure requirements*, *transparency rules* and *corporate governance rules*.

13.4.30 G A *listed shell company* should consider the impact of an *initial transaction* on any other of its *listed securities*, such as *warrants*.

13.4.31 G On the completion of an *initial transaction*, if the *shell company's equity shares* are admitted to the *equity shares (shell companies)* category following re-application, the *FCA* will generally be satisfied that a cancellation of the *listing* of the *shell company's* other *listed securities* will not be required.

13.4.32 G Where, on completion of an *initial transaction*, the *shell company's equity shares* are not admitted to the *equity shares (shell companies)* category, a *shell company* should re-apply for the *listing* of a *shell company's listed securities*, other than its *equity shares*, and satisfy the relevant requirements for *listing*.

14 Equity shares (international commercial companies secondary listing): requirements for listing and continuing obligations

14.1 Preliminary

Application

14.1.1 R This chapter applies to a *company* with, or applying for, a *listing* of *equity shares* in the *equity shares (international commercial companies secondary listing)* category, other than those of:

(1) a *closed-ended investment fund*;

(2) an *open-ended investment company*;

(3) a *shell company*; or

(4) an *investment entity* that is not a *closed-ended investment fund* or an *open-ended investment company*.

14.2 Requirements for listing

Incorporation

14.2.1 R An *applicant* (other than an *overseas public sector issuer*) must be an *overseas company*.

Shares in public hands

14.2.2 R (1) Where an *applicant* is applying for the *admission* of a *class* of *equity shares* to *listing* in the *equity shares (international commercial companies secondary listing)* category, a sufficient number of *shares* of that *class* must, no later than the time of *admission*, be distributed to the public.

(2) For the purposes of paragraph (1):

(a) a sufficient number of *shares* will be taken to have been distributed to the public when 10% of the *shares* for which application for *admission* has been made are in public hands; and

(b) *treasury shares* are not to be taken into consideration when calculating the number of *shares* of the *class*.

(3) For the purposes of paragraphs (1) and (2), *shares* are not held in public hands if they are:

(a) held, directly or indirectly, by:

(i) a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(ii) a *person* connected with a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(iii) the trustees of any *employees' share scheme* or pension fund established for the benefit of any *directors* and *employees* of the *applicant* and its *subsidiary undertakings*;

(iv) any *person* who, under any agreement, has a right to nominate a *person* to the board of *directors* of the *applicant*; or

(v) any *person* or *persons* in the same *group* or *persons* acting in concert who have an interest in 5% or more of the *shares* of the relevant *class*; or

(b) subject to a lock-up period of more than 180 days.

14.2.3 G When calculating the number of *shares* for the purposes of *UKLR* 14.2.2R(3)(a)(v), holdings of *investment managers* in the same *group* will be disregarded where:

(1) investment decisions are made independently by the individual in control of the relevant fund; and

(2) those decisions are unfettered by the *group* to which the *investment manager* belongs.

Place of central management and control

14.2.4 R An *applicant's* place of central management and control must be situated in:

(1) its country of incorporation; or

(2) the country of its *qualifying home listing*.

14.2.5 G The *FCA* may dispense with or modify *UKLR* 14.2.4R where an *applicant's* place of central management and control is not situated in:

(1) its country of incorporation; or

(2) the country of its *qualifying home listing*,

including in circumstances where the *FCA* is satisfied that the issuer's operational and governance arrangements are not intended to reduce, and do not have the effect of reducing, the *FCA*'s ability to monitor an *issuer*'s compliance with the *listing rules*, the *disclosure requirements*, *transparency rules* and *corporate governance rules*, as applicable.

Qualifying home listing

14.2.6 R To be *listed*, *equity shares* must:

(1) have a *qualifying home listing*;

(2) be capable of being traded on the market of the *qualifying home listing*; and

(3) be in the same *class* as the *equity shares* admitted to trading pursuant to the *qualifying home listing*.

14.2.7 G The *FCA* may require written confirmation from the board that the *applicant* is compliant, and has at all times complied, with the applicable rules of the market of the *applicant's qualifying home listing*.

14.2.8 R The *FCA* will not admit *equity shares* to the *equity shares (international commercial companies secondary listing)* category that are not listed either in the *applicant's* country of incorporation or in the country in which a majority of the *applicant's equity shares* are held, unless the *FCA* is satisfied that the absence of the listing is not due to the need to protect investors.

14.2.9 G If an *applicant's qualifying home listing* is not in its country of incorporation, the *FCA* may require an explanation of the reasons for establishing that listing elsewhere.

14.3 Requirements with continuing application

Continuing obligations

14.3.1 R A *listed company* must comply with *UKLR* 3.2.3R, *UKLR* 14.2.1R, *UKLR* 14.2.2R, *UKLR* 14.2.4R and *UKLR* 14.2.6R at all times.

14.3.2 R A *listed company* must comply with the applicable rules of the market of its *qualifying home listing* at all times.

14.3.3 R A *listed company* must notify the *FCA* as soon as possible if it no longer complies with the continuing obligations set out in *UKLR* 14.3.1R or *UKLR* 14.3.2R.

Suspension or cancellation of qualifying home listing

14.3.4 R A *listed company* must notify the *FCA* as early as possible if its *qualifying home listing* has been suspended, cancelled or restored to discuss whether a suspension, cancellation or restoration of *listing* under *UKLR* 21 is appropriate.

Further issues

14.3.5 R Where *shares* of the same *class* as *equity shares* that are *listed* are allotted, an application for *admission to listing* of such *shares* must be made as soon as possible and in any event within one year of the allotment.

Copies of documents

14.3.6 R A *listed company* must forward to the *FCA*, for publication, by uploading to the *national storage mechanism*, a copy of:

(1) all *circulars*, notices, reports or other documents to which the *listing rules* apply, at the same time as any such documents are issued; and

(2) all resolutions passed by the *company*, other than resolutions concerning ordinary business at an annual general meeting, as soon as possible after the relevant general meeting.

14.3.7 R (1) A *listed company* must notify a *RIS* as soon as possible when a document has been forwarded to the *FCA* under *UKLR* 14.3.6R unless the full text of the document is provided to the *RIS*.

(2) A notification made under (1) must set out where copies of the relevant document can be obtained.

First point of contact details

14.3.8 R A *listed company* must ensure that the *FCA* is provided with up-to-date contact details of at least one appropriate *person* nominated by it to act as the first point of contact with the *FCA* in relation to the *company's* compliance with the *listing rules*, the *disclosure requirements* and the *transparency rules*, as applicable.

Temporary documents of title (including renounceable documents)

14.3.9 R A *listed company* must ensure that any temporary document of title (other than one issued in global form) for a *share*:

(1) is serially numbered;

(2) states, where applicable:

(a) the name and address of the first holder and the names of joint holders (if any);

(b) the pro rata entitlement;

(c) the last date on which transfers were or will be accepted for registration for participation in the issue;

(d) how the *shares* rank for dividend or interest;

(e) the nature of the document of title and the proposed date of issue;

(f) how fractions (if any) are to be treated; and

(g) for a *rights issue*, the time, being not less than 10 *business days* calculated in accordance with *UKLR* 9.4.6R, in which the *offer* may be accepted, and how *shares* not taken up will be dealt with; and

(3) if renounceable:

(a) states in a heading that the document is of value and negotiable;

(b) advises holders of *shares* who are in any doubt as to what action to take to consult appropriate independent advisers immediately;

(c) states that where all of the *shares* have been sold by the addressee (other than ex rights or ex capitalisation), the document should be passed to the *person* through whom the sale was effected for transmission to the purchaser;

(d) has the form of renunciation and the registration instructions printed on the back of, or attached to, the document;

(e) includes provision for splitting (without fee) and for split documents to be certified by an official of the *company* or authorised agent;

(f) provides for the last day for renunciation to be the second *business day* after the last day for splitting; and

(g) if, at the same time as an allotment is made of *shares* issued for cash, *shares* of the same *class* are also allotted credited as fully paid to vendors or others, provides for the period for renunciation to be the same as, but no longer than, that provided for in the case of *shares* issued for cash.

Definitive documents of title

14.3.10 R A *listed company* must ensure that any definitive document of title for a *share* (other than a bearer *security*) includes the following matters on its face (or on the reverse in the case of (6)):

(1) the authority under which the *company* is constituted and the country of incorporation and registered number (if any);

(2) the number or amount of *shares* the certificate represents and, if applicable, the number and denomination of units (in the top right-hand corner);

(3) a footnote stating that no transfer of the *share* or any portion of it represented by the certificate can be registered without production of the certificate;

(4) if applicable, the minimum amount and multiples thereof in which the *share* is transferable;

(5) the date of the certificate; and

(6) for shares with preferential rights, on the face (or, if not practicable, on the reverse), a statement of the conditions thereof as to capital, dividends and (where applicable) conversion.

Disclosure requirements and transparency rules

14.3.11 G A *listed company* whose *shares* are admitted to trading on a *regulated market* should consider its obligations under the *disclosure requirements* and the *transparency rules*.

Disclosure of rights attached to shares

14.3.12 R Unless exempted in *UKLR* 14.3.15R, a *listed company* must:

(1) forward to the *FCA* for publication a copy of one or more of the following:

(a) the approved *prospectus* or *listing particulars* for its *listed shares*;

(b) the relevant agreement or document setting out the terms and conditions on which its *listed shares* were issued; or

(c) a document describing:

(i) the rights attached to its *listed shares*;

(ii) limitations on such rights; and

(iii) the procedure for the exercise of such rights,

produced in accordance with the relevant Annex of the *Prospectus Regulation* that would have applied had the *listed company* been required to produce a *prospectus* for those *listed shares*; and

(2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded in accordance with (1) is no longer accurate, forward to the *FCA* for publication a copy of either of the following:

(a) a new document in accordance with (1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *company's listed shares*.

14.3.13 R The documents in *UKLR* 14.3.12R must be forwarded to the *FCA* for publication by uploading them to the *national storage mechanism*.

14.3.14 G The purpose of *UKLR* 14.3.12R is to require *companies* to maintain publicly available information in relation to the rights attached to their *listed shares* so that investors can access such information.

14.3.15 R A *listed company* is exempt from *UKLR* 14.3.12R where:

(1) it has previously forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a document specified in *UKLR* 14.3.12R(1);

(2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded or filed in accordance with (1) is no longer accurate, it has forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a copy of either of the following:

(a) one of the documents specified in *UKLR* 14.3.12R(1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *company's listed shares*; and

(3) the documents in (1) and (2) have been forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, by:

(a) forwarding them for publication on a location previously identified on the *FCA* website where the public can inspect documents referred to in the *listing rules* as being documents to be made available at the document viewing facility; or

(b) uploading them to the *national storage mechanism*.

Registrar

14.3.16 R A *listed company* must appoint a registrar in the *United Kingdom* if:

(1) there are 200 or more holders resident in the *United Kingdom*; or

(2) 10% or more of the *shares* are held by *persons* resident in the *United Kingdom*.

Notifications relating to capital

14.3.17 R A *listed company* must notify a *RIS* as soon as possible (unless otherwise indicated in this *rule*) of the following information relating to its capital:

(1) any proposed change in its capital structure, including the structure of its *listed debt securities*, save that an announcement of a new issue may be delayed while marketing or underwriting is in progress;

(2) any redemption of *listed shares*, including details of the number of *shares* redeemed and the number of *shares* of that *class* outstanding following the redemption;

(3) any extension of time granted for the currency of temporary documents of title; and

(4) the results of any new issue of *listed equity securities* or of a public offering of existing *shares* or other *equity securities*.

14.3.18 R Where the *shares* are subject to an underwriting agreement, a *listed company* may, at its discretion and subject to the *disclosure requirements* and contents of *DTR* 2, delay notifying a *RIS* as required by *UKLR* 14.3.17R(4) for up to 2 *business days* until the obligation by the underwriter to take or procure others to take *shares* is finally determined or lapses. In the case of an issue or offer of *shares* which is not underwritten, notification of the result must be made as soon as it is known.

Compliance with the transparency rules and corporate governance rules

14.3.19 G A *listed company* whose *securities* are admitted to trading on a *regulated market* should consider its obligations under *DTR* 4 (Periodic Financial Reporting), *DTR* 5 (Vote Holder and Issuer Notification Rules) and *DTR* 6 (Continuing obligations and access to information).

14.3.20 R A *listed company* that is not already required to comply with the *transparency rules* must comply with *DTR* 4, *DTR* 5 and *DTR* 6 as if it were an *issuer* for the purposes of the *transparency rules*.

14.3.21 R A *listed company* that is not already required to comply with *DTR* 7.2 (Corporate governance statements) must comply with *DTR* 7.2 as if it were an *issuer* to which that section applies.

14.3.22 R A *listed company* that is not already required to comply with *DTR* 7.3 (Related party transactions) must comply with *DTR* 7.3 as if it were an *issuer* to which *DTR* 7.3 applies, subject to the modifications set out in *UKLR* 14.3.23R.

14.3.23 R For the purposes of *UKLR* 14.3.22R, *DTR* 7.3 is modified as follows:

(1) *DTR* 7.3.2R must be read as if the words 'has the meaning in *UK-adopted IFRS*' are replaced as follows:

> 'has the meaning:
>
> (1) in *UK-adopted IFRS*; or
>
> (2) where the *listed company* prepares annual consolidated financial statements in accordance with accounting standards which have been determined to be equivalent to *UK-adopted IFRS* and which are set out in the *TD Equivalence Decision*:
>
> (a) in *UK-adopted IFRS*; or
>
> (b) in the equivalent accounting standards in accordance with which its annual consolidated financial statements are prepared,
>
> at the choice of the *listed company*.'

(2) *DTR* 7.3.8R(2) and (3) do not apply.

(3) *DTR* 7.3.9R must be read as follows:

(a) as if the words 'after obtaining board approval' are replaced by 'after publishing an announcement in accordance with *DTR* 7.3.8R(1)'; and

(b) the reference to *DTR* 7.3.8R must be read as a reference to *DTR* 7.3.8R as modified by *UKLR* 14.3.23R(2).

(4) In *DTR* 7.3.13R, the references to *DTR* 7.3.8R must be read as references to *DTR* 7.3.8R as modified by *UKLR* 14.3.23R(2).

Information to be included in annual report and accounts

14.3.24 R In addition to the requirements set out in *DTR* 4.1, a *listed company* must include a statement in its annual financial report, setting out:

(1) whether the *listed company* has included in its annual financial report climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*;

(2) in cases where the *listed company* has:

(a) made climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, but has included some or all of these

disclosures in a document other than the annual financial report:

(i) the recommendations and/or recommended disclosures for which it has included disclosures in that other document;

(ii) a description of that document and where it can be found; and

(iii) the reasons for including the relevant disclosures in that document and not in the annual financial report; or

(b) not included climate-related financial disclosures consistent with all of the *TCFD Recommendations and Recommended Disclosures* in either its annual financial report or other document as referred to in (a):

(i) the recommendations and/or recommended disclosures for which it has not included such disclosures;

(ii) the reasons for not including such disclosures; and

(iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; and

(3) where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (1) can be found.

14.3.25 G For the purposes of *UKLR* 14.3.24R, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should undertake a detailed assessment of those disclosures which takes into account:

(1) Section C of the *TCFD Annex* entitled 'Guidance for All Sectors';

(2) (where appropriate) Section D of the *TCFD Annex* entitled 'Supplemental Guidance for the Financial Sector'; and

(3) (where appropriate) Section E of the *TCFD Annex* entitled 'Supplemental Guidance for Non-Financial Groups'.

14.3.26 G For the purposes of *UKLR* 14.3.24R, in determining whether a *listed company's* climate-related financial disclosures are consistent with the

TCFD Recommendations and Recommended Disclosures, the *FCA* considers that the following documents are relevant:

(1) the *TCFD Final Report* and the *TCFD Annex*, to the extent not already referred to in *UKLR* 14.3.24R and *UKLR* 14.3.25G;

(2) the *TCFD Technical Supplement on the Use of Scenario Analysis*;

(3) the *TCFD Guidance on Risk Management Integration and Disclosure*;

(4) (where appropriate) the *TCFD Guidance on Scenario Analysis for Non-Financial Companies*; and

(5) the *TCFD Guidance on Metrics, Targets and Transition Plans*.

14.3.27 G For the purposes of *UKLR* 14.3.24R, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should consider whether those disclosures provide sufficient detail to enable users to assess the *listed company's* exposure to and approach to addressing climate-related issues.

A *listed company* should carry out its own assessment to ascertain the appropriate level of detail to be included in its climate-related financial disclosures, taking into account factors such as:

(1) the level of its exposure to climate-related risks and opportunities; and

(2) the scope and objectives of its climate-related strategy,

noting that these factors may relate to the nature, size and complexity of the *listed company's* business.

14.3.28 G (1) For the purposes of *UKLR* 14.3.24R, the *FCA* would ordinarily expect a *listed company* to be able to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, except where it faces transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities.

(2) In particular, the *FCA* would expect that a *listed company* should ordinarily be able to make disclosures consistent with:

(a) the recommendation and recommended disclosures on governance in the *TCFD Recommendations and Recommended Disclosures*;

(b) the recommendation and recommended disclosures on risk management in the *TCFD Recommendations and Recommended Disclosures*; and

(c) recommended disclosures (a) and (b) set out under the recommendation on strategy in the *TCFD Recommendations and Recommended Disclosures*, to the extent that the *listed company* does not face the transitional challenges referred to in (1) in relation to such disclosures.

14.3.29 G Where making disclosures on transition plans as part of its disclosures on strategy under the *TCFD Recommendations and Recommended Disclosures*, a *listed company* that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the *UK's* commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the *FCA* encourages a *listed company* to explain why it has not done so.

14.3.30 R In addition to the requirements set out in *DTR* 4.1, a *listed company* must include in its annual financial report:

(1) a statement setting out:

(a) whether the *listed company* has met the following targets on board diversity as at a chosen reference date within its accounting period:

(i) at least 40% of the individuals on its board of *directors* are women;

(ii) at least one of the following senior positions on its board of *directors* is held by a woman:

(A) the chair;

(B) the chief executive;

(C) the senior independent director; or

(D) the chief financial officer; and

(iii) at least one individual on its board of *directors* is from a *minority ethnic background*;

(b) in cases where the *listed company* has not met all of the targets in (a):

(i) the targets it has not met; and

(ii) the reasons for not meeting those targets;

(c) the reference date used for the purposes of (a) and, where this is different from the reference date used for the purposes of reporting this information in respect of the previous accounting period, an explanation as to why; and

(d) any changes to the board that have occurred between the reference date used for the purposes of (a) and the date on which the annual financial report is approved that have affected the *listed company's* ability to meet one or more of the targets in (a);

(2) subject to *UKLR* 14.3.31R, numerical data on the ethnic background and the gender identity or sex of the individuals on the *listed company's* board and in its *executive management* as at the reference date used for the purposes of *UKLR* 14.3.30R(1)(a), which should be set out in the format of the tables contained in *UKLR* 14 Annex 1 and contain the information prescribed by those tables; and

(3) an explanation of the *listed company's* approach to collecting the data used for the purposes of making the disclosures in *UKLR* 14.3.30R(1) and (2).

14.3.31 R In relation to *UKLR* 14.3.30R(2), where individuals on a *listed company's* board or in its *executive management* are situated *overseas*, and data protection laws in that jurisdiction prevent the collection or publication of some or all of the personal data required to be disclosed under that provision, a *listed company* may instead explain the extent to which it is unable to make the relevant disclosures.

14.3.32 G Given the range of possible approaches to data collection for reporting on gender identity or sex for the purposes of *UKLR* 14.3.30R(2), a *listed company* may add to the categories included in the first column of the table in *UKLR* 14 Annex 1R(1) in order to reflect the basis on which it has collected data.

14.3.33 G In relation to *UKLR* 14.3.30R(3), the *FCA* expects a *listed company's* approach to data collection to be:

(1) consistent for the purposes of reporting under both *UKLR* 14.3.30R(1) and (2); and

(2) consistent across all individuals in relation to whom data is being reported.

The *FCA* expects the explanation of a *listed company's* approach to data collection to include the method of collection and/or source of the data and, where data collection is done on the basis of self-reporting by the individuals concerned, a description of the questions asked.

14.3.34 G In addition to the information required under *UKLR* 14.3.30R(1) to (3) (and without prejudice to the requirements of *DTR* 7.2.8AR), a *listed company* may, if it wishes to do so, include the following in its annual financial report:

(1) a brief summary of any key policies, procedures and processes, and any wider context, that it considers contribute to improving the diversity of its board and *executive management*;

(2) any mitigating factors or circumstances which make achieving diversity on its board more challenging (for example, the size of the board or the country in which its main operations are located); and

(3) any risks it foresees in being able to meet or continue to meet the board diversity targets in *UKLR* 14.3.30R(1)(a) in the next accounting period, or any plans to improve the diversity of its board.

14.4 Reverse takeovers

Cancellation of listing

14.4.1 G If a *listed company* is proposing to enter into a transaction classified as a *reverse takeover* it should consider *UKLR* 21.2.2G and *UKLR* 21.2.5G.

14.4.2 G Where a *listed company* completes a *reverse takeover*, the *FCA* will seek to cancel the *listing* of a *listed company's equity shares* unless the *FCA* is satisfied that circumstances exist such that cancellation is not required. The *FCA* will have regard to *UKLR* 21.2.1R and the individual circumstances of the case.

14.4.3 R Where the *listed company's listing* is cancelled following completion of a *reverse takeover*, the *issuer* must re-apply for the *listing* of the *equity shares*.

14.4.4 R A *listed company* or, where a *sponsor* has been appointed in accordance with *UKLR* 4.2.2R, a *sponsor* on behalf of a *listed company* must contact the *FCA* as early as possible:

(1) before a *reverse takeover* which has been agreed or is in contemplation is announced; or

(2) where details of the *reverse takeover* have leaked,

to discuss whether a cancellation of *listing* is appropriate on completion of the *reverse takeover*.

14.4.5 G *UKLR* 14.4.6G to *UKLR* 14.4.8G set out circumstances in which the *FCA* will generally be satisfied that a cancellation is not required.

Acquisitions of targets within the same listing category (listed company maintaining its listing category)

14.4.6 G Where:

(1) a *listed company* acquires the *equity shares* of a *target*;

(2) those *equity shares* are also *listed* in the *equity shares (international commercial companies secondary listing)* category; and

(3) the *listed company* wishes to maintain its *listing* of *equity shares* in the *equity shares (international commercial companies secondary listing)* category,

the *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover*.

Acquisitions of targets from different listing categories (listed company maintaining its listing category)

14.4.7 G Where a *listed company* acquires the *equity shares* of a *target* with a different *listing* category from its own and the *listed company* wishes to maintain its *listing* in the *equity shares (international commercial companies secondary listing)* category, the *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover* if:

(1) the *listed company* will continue to be eligible for the *equity shares (international commercial companies secondary listing)* category following completion of the transaction;

(2) a *listed company* provides an eligibility letter to the *FCA* setting out how the *listed company* as enlarged by the acquisition satisfies each *listing rule* requirement that is relevant to it being eligible for the *equity shares (international commercial companies secondary listing)* category not less than 20 *business days* prior to the announcement of the *reverse takeover*; and

(3) the *listed company* makes an announcement explaining:

(a) the background and reasons for the acquisition;

(b) any changes to the acquiring *listed company's* business that have been made or are proposed to be made in connection with the acquisition;

(c) the effect of the transaction on the acquiring *listed company's* obligations under the *listing rules*;

(d) how the acquiring *listed company* will continue to meet the relevant requirements for *listing*; and

(e) any other matter that the *FCA* may reasonably require.

Acquisitions of targets from different listing categories (listed company changing listing category)

14.4.8 G The *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover* if:

(1) the *target* is *listed* with a different *listing* category from that of the *listed company*;

(2) the *listed company* wishes to transfer its *listing* to a different *listing* category in conjunction with the acquisition; and

(3) the *listed company* as enlarged by the relevant acquisition complies with the relevant requirements of *UKLR* 21.5 to transfer to a different *listing* category.

14.4.9 G A *listed company* proposing to transfer its *listing* to the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category should consider its obligation to appoint a *sponsor* under *UKLR* 4.2.2R.

14 Annex 1 Data on the diversity of the individuals on a listed company's board and in its executive management

R The following tables set out the information a *listed company* must include in its annual financial report under *UKLR* 14.3.30R(2), and the format in which it must be set out.

(1) Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO,	Number in executive management	Percentage of executive management

			CFO, SID and Chair)		
Men					
Women					
[Other categories]					
Not specified/ prefer not to say					
[**Note:** The placeholder for 'Other categories' is optional and should be used to indicate additional categories which a listed company may wish to include in accordance with *UKLR* 14.3.32G.]					

(2) Table for reporting on ethnic background

	Number of board members	**Percentage of the board**	**Number of senior positions on the board (CEO, CFO, SID and Chair)**	**Number in executive management**	**Percentage of executive management**
White British or other White (including minority-white groups)					
Mixed/ Multiple ethnic groups					
Asian/Asian British					
Black/ African/ Caribbean/					

Black British					
Other ethnic group					
Not specified/ prefer not to say					

15 Certificates representing certain securities (depositary receipts): requirements for listing and continuing obligations

15.1 Application

15.1.1 R (1) This chapter applies in respect of a *listing* of *certificates representing certain securities*, where the certificate represents a *share* in an *overseas company*.

(2) The chapter applies to:

(a) a *depositary*; and

(b) an *issuer* of the *shares* which are represented by certificates.

15.2 Requirements for listing

Issuer of shares is taken to be the issuer

15.2.1 R If an application is made for the *admission* of *certificates representing certain securities*, the *issuer* of the *shares* which the certificates represent is the *issuer* for the purpose of the *listing rules* and the application will be dealt with as if it were an application for the *admission* of the *shares*.

Certificates representing certain securities

15.2.2 R For *certificates representing certain securities* to be *admitted to listing*, an *issuer* of the *shares* which the certificates represent must comply with *UKLR* 15.2.3R to *UKLR* 15.2.7G.

15.2.3 R An *issuer* must be:

(1) duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment; and

(2) operating in conformity with its *constitution*.

15.2.4 R For the certificates to be *listed*, the *shares* which the certificates represent must:

(1) conform with the law of the *issuer's* place of incorporation;

(2) be duly authorised according to the requirements of the *issuer's constitution*; and

(3) have any necessary statutory or other consents.

15.2.5 R (1) For the certificates to be *listed*, the *shares* which the certificates represent must be freely transferable.

(2) For the certificates to be *listed*, the *shares* which the certificates represent must be fully paid and free from all liens and from any restriction on the right of transfer (except any restriction imposed for failure to comply with a notice under section 793 of the Companies Act 2006 (Notice by company requiring information about interests in its shares)).

15.2.6 G The *FCA* may modify *UKLR* 15.2.5R to allow partly paid *shares* if it is satisfied that their transferability is not restricted and investors have been provided with appropriate information to enable dealings in the *shares* to take place on an open and proper basis.

15.2.7 G The *FCA* may, in exceptional circumstances, modify or dispense with *UKLR* 15.2.5R where the *issuer* has the power to disapprove the transfer of *shares* if the *FCA* is satisfied that this power would not disturb the market in those *shares*.

Admission to trading on overseas market

15.2.8 R For the certificates to be *listed*, the *shares* which the certificates represent must be admitted to trading on an *overseas* regulated, regularly operating, recognised open market.

Certificates in public hands

15.2.9 R (1) If an application is made for the *admission* of a *class* of *certificates representing shares*, a sufficient number of certificates must, no later than the time of *admission*, be distributed to the public.

(2) For the purposes of paragraph (1), a sufficient number of certificates will be taken to have been distributed to the public when 10% of the certificates for which application for *admission* has been made are in public hands.

(3) For the purposes of paragraphs (1) and (2), certificates are not held in public hands if they are:

(a) held, directly or indirectly, by:

(i) a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(ii) a *person* connected with a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(iii) the trustees of any *employees' share scheme* or pension fund established for the benefit of any *directors* and *employees* of the *applicant* and its *subsidiary undertakings*;

(iv) any *person* who, under any agreement, has a right to nominate a *person* to the board of *directors* of the *applicant*; or

(v) any *person* or *persons* in the same *group* or *persons* acting in concert who have an interest in 5% or more of the certificates of the relevant *class*; or

(b) subject to a lock-up period of more than 180 calendar days.

15.2.10 G When calculating the number of certificates for the purposes of *UKLR* 15.2.9R(3)(a)(v), holdings of *investment managers* in the same *group* will be disregarded where:

(1) investment decisions are made independently by the individual in control of the relevant fund; and

(2) those decisions are unfettered by the *group* to which the *investment manager* belongs.

Certificates representing securities of an investment entity

15.2.11 R Certificates representing *equity securities* of an *investment entity* will be *admitted to listing* only if the *equity securities* they represent are already *listed* or are the subject of an application for *listing* at the same time.

Additional requirements for the certificates

15.2.12 R To be *listed*, the *certificates representing certain securities* must satisfy the requirements set out in *UKLR* 3.2.2R to *UKLR* 3.2.11R. For this purpose, in those *rules*, references to *securities* are to be read as references to the *certificates representing certain securities* for which application for *listing* is made.

15.2.13 R To be *listed*, the *certificates representing certain securities* must not impose obligations on the *depositary* that issues the certificates except to the extent necessary to protect the certificate holders' rights to, and the transmission of entitlements of, the *shares*.

Additional requirements for a depositary

15.2.14 R A *depositary* that issues *certificates representing certain securities* must maintain adequate arrangements to safeguard certificate holders' rights to the *shares* to which the certificates relate, and to all rights relating to the *shares* and all money and benefits that it may receive in respect of them, subject only to payment of the remuneration and proper expenses of the *issuer* of the certificates.

15.3 Continuing obligations

15.3.1 R An *issuer* of the *equity shares* which the certificates represent must comply with:

(1) the requirements of this section (*UKLR* 15.3);

(2) *UKLR* 3.2.3R, *UKLR* 15.2.8R and *UKLR* 15.2.9R at all times;

(3) the continuing obligations set out in *UKLR* 14.3 (Requirements with continuing application) (other than in *UKLR* 14.3.1R to *UKLR* 14.3.4R, *UKLR* 14.3.16R, *UKLR* 14.3.22R and *UKLR* 14.3.23R); and

(4) the obligations in articles 17 and 18 of the *Market Abuse Regulation* as if it were an *issuer* for the purposes of those obligations and the *transparency rules*, subject to article 22 of the *Market Abuse Regulation*.

15.3.2 R For the purposes of *UKLR* 15.3.1R(3):

(1) a reference to complying with the obligations in *UKLR* 14.3 is to be read as a reference to complying with those obligations in respect of the certificates; and

(2) references to *listed shares* in *UKLR* 14.3.12R to *UKLR* 14.3.15R must be read as references to:

(a) *listed certificates* representing the *equity shares*; and

(b) the *equity shares* which the *listed certificates* represent.

Annual accounts

15.3.3 R (1) An *issuer* of the *equity shares* which the certificates represent must publish its annual report and annual accounts as soon as possible after they have been approved.

(2) An *issuer* of the *equity shares* which the certificates represent must approve and publish its annual report and accounts within 6 months of the end of the financial period to which they relate.

(3) The annual report and accounts must:

(a) have been prepared in accordance with the *issuer's* national law and, in all material respects, with national accounting standards or *UK-adopted IFRS*; and

(b) have been independently audited and reported on, in accordance with:

(i) the auditing standards applicable in the *United Kingdom*; or

(ii) an equivalent auditing standard.

Change of depositary

15.3.4 R Prior to any change of the *depositary* of *certificates representing certain securities*, the new *depositary* must satisfy the *FCA* that it meets the requirements of *UKLR* 15.2.12R to *UKLR* 15.2.14R.

Notification of change of depositary

15.3.5 R (1) An *issuer* of *shares* represented by *listed certificates representing certain securities* must notify a *RIS* of any change of *depositary*.

(2) The notification required by paragraph (1) must be made as soon as possible, and in any event by 7.30am on the *business day* following the change of *depositary*, and contain the following information:

(a) the name, registered office and principal administrative establishment, if different from the registered office of the *depositary*;

(b) the date of incorporation and length of life of the *depositary*, except where indefinite;

(c) the legislation under which the *depositary* operates and the legal form which it has adopted under the legislation; and

(d) any changes to the information regarding the *certificates representing certain securities*.

Documents of title

15.3.6 R An *issuer* must comply with the requirements in *UKLR* 9.4.18R (Temporary documents of title (including renounceable documents)) and *UKLR* 9.4.19R (Definitive documents of title) so far as relevant to *certificates representing equity securities*.

Compliance with transparency rules

15.3.7 G An *issuer* whose *shares* are admitted to trading on a *regulated market* should consider its obligations under *DTR* 4 (Periodic Financial Reporting), *DTR* 5 (Vote Holder and Issuer Notification Rules) and *DTR* 6 (Continuing obligations and access to information).

15.3.8 R An *issuer* that is not already required to comply with the *transparency rules* must comply with *DTR* 6.3 as if it were an *issuer* for the purposes of the *transparency rules*.

15.4 Reverse takeovers

15.4.1 R *UKLR* 14.4 (Reverse takeovers) applies to an *issuer* of the *shares* which the certificates represent.

16 Non-equity shares and non-voting equity shares: requirements for listing and continuing obligations

16.1 Application

16.1.1 R (1) This chapter applies to a *company* with, or applying for, a *listing* of:

(a) *non-equity shares*; and

(b) *non-voting equity shares*.

(2) Paragraph (1) does not include:

(a) *non-voting equity shares* issued by a *company* that is a *closed-ended investment fund* unless it has a *listing* of *equity shares* in the *closed-ended investment funds* category;

(b) *non-voting equity shares* issued by an *open-ended investment company*;

(c) *non-equity shares* and *non-voting equity shares* issued by a *company* that is an *investment entity* but not a *closed-ended investment fund* or an *open-ended investment company*; and

(d) *preference shares* that are *specialist securities*.

16.2 Requirements for listing

Shares in public hands

16.2.1 R (1) Where an *applicant* is applying for the *admission* of a *class* of *shares* to *listing* in the *non-equity shares and non-voting equity shares* category, a sufficient number of *shares* of that *class* must, no later than the time of *admission*, be distributed to the public.

(2) For the purposes of paragraph (1):

(a) a sufficient number of *shares* will be taken to have been distributed to the public when 10% of the *shares* for which application for *admission* has been made are in public hands; and

(b) *treasury shares* are not to be taken into consideration when calculating the number of *shares* of the *class*.

(3) For the purposes of paragraphs (1) and (2), *shares* are not held in public hands if they are:

(a) held, directly or indirectly, by:

(i) a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(ii) a *person* connected with a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(iii) the trustees of any *employees' share scheme* or pension fund established for the benefit of any *directors* and *employees* of the *applicant* and its *subsidiary undertakings*;

(iv) any *person* who, under any agreement, has a right to nominate a *person* to the board of *directors* of the *applicant*; or

(v) any *person* or *persons* in the same *group* or *persons* acting in concert who have an interest in 5% or more of the *shares* of the relevant *class*; or

(b) subject to a lock-up period of more than 180 days.

16.2.2 G When calculating the number of *shares* for the purposes of *UKLR* 16.2.1R(3)(a)(v), holdings of *investment managers* in the same *group* will be disregarded where:

(1) investment decisions are made independently by the individual in control of the relevant fund; and

(2) those decisions are unfettered by the *group* to which the *investment manager* belongs.

Shares of a third country company

16.2.3 R The *FCA* will not admit *shares* of a *company* incorporated in a *third country* that are not listed either in its country of incorporation or in the country in which a majority of its *shares* are held, unless the *FCA* is satisfied that the absence of the listing is not due to the need to protect investors.

16.3 Continuing obligations

Admission to trading

16.3.1 R A *listed company* must comply with *UKLR* 3.2.3R at all times.

Shares in public hands

16.3.2 R (1) A *listed company* must comply with *UKLR* 16.2.1R at all times.

(2) A *listed company* that no longer complies with *UKLR* 16.2.1R must notify the *FCA* as soon as possible of its non-compliance.

16.3.3 G A *listed company* should consider *UKLR* 21.2.2G(2) in relation to its compliance with *UKLR* 16.2.1R.

Further issues

16.3.4 R Where *shares* of the same *class* as *shares* that are *listed* are allotted, an application for *admission to listing* of such *shares* must be made as soon as possible and in any event within one year of the allotment.

Copies of documents

16.3.5 R A *listed company* must forward to the *FCA*, for publication, by uploading to the *national storage mechanism*, a copy of:

(1) all *circulars*, notices, reports or other documents to which the *listing rules* apply, at the same time as any such documents are issued; and

(2) all resolutions passed by the *company*, other than resolutions concerning ordinary business at an annual general meeting, as soon as possible after the relevant general meeting.

16.3.6 R (1) A *listed company* must notify a *RIS* as soon as possible when a document has been forwarded to the *FCA* under *UKLR* 16.3.5R unless the full text of the document is provided to the *RIS*.

(2) A notification made under (1) must set out where copies of the relevant document can be obtained.

First point of contact details

16.3.7 R A *listed company* must ensure that the *FCA* is provided with up-to-date contact details of at least one appropriate *person* nominated by it to act as the first point of contact with the *FCA* in relation to the *company's* compliance with the *listing rules*, the *disclosure requirements* and the *transparency rules*, as applicable.

Temporary documents of title (including renounceable documents)

16.3.8 R A *listed company* must ensure that any temporary document of title (other than one issued in global form) for a *share*:

(1) is serially numbered;

(2) states, where applicable:

(a) the name and address of the first holder and the names of joint holders (if any);

(b) the pro rata entitlement;

(c) the last date on which transfers were or will be accepted for registration for participation in the issue;

(d) how the *shares* rank for dividend or interest;

(e) the nature of the document of title and the proposed date of issue;

(f) how fractions (if any) are to be treated; and

(g) for a *rights issue*, the time, being not less than 10 *business days* calculated in accordance with *UKLR* 9.4.6R, in which

the *offer* may be accepted, and how *shares* not taken up will be dealt with; and

(3) if renounceable:

(a) states in a heading that the document is of value and negotiable;

(b) advises holders of *shares* who are in any doubt as to what action to take to consult appropriate independent advisers immediately;

(c) states that where all of the *shares* have been sold by the addressee (other than ex rights or ex capitalisation), the document should be passed to the *person* through whom the sale was effected for transmission to the purchaser;

(d) has the form of renunciation and the registration instructions printed on the back of, or attached to, the document;

(e) includes provision for splitting (without fee) and for split documents to be certified by an official of the *company* or authorised agent;

(f) provides for the last day for renunciation to be the second *business day* after the last day for splitting; and

(g) if, at the same time as an allotment is made of *shares* issued for cash, *shares* of the same *class* are also allotted credited as fully paid to vendors or others, provides for the period for renunciation to be the same as, but no longer than, that provided for in the case of *shares* issued for cash.

Definitive documents of title

16.3.9 R A *listed company* must ensure that any definitive document of title for a *share* (other than a bearer *security*) includes the following matters on its face (or on the reverse in the case of (6) and (7)):

(1) the authority under which the *company* is constituted and the country of incorporation and registered number (if any);

(2) the number or amount of *shares* the certificate represents and, if applicable, the number and denomination of units (in the top right-hand corner);

(3) a footnote stating that no transfer of the *share* or any portion of it represented by the certificate can be registered without production of the certificate;

(4) if applicable, the minimum amount and multiples thereof in which the *share* is transferable;

(5) the date of the certificate;

(6) for a fixed income *security*, the interest payable and the interest payment dates and, on the reverse (with reference shown on the face), an easily legible summary of the rights as to redemption or repayment and (where applicable) conversion; and

(7) for *shares* with preferential rights, on the face (or, if not practicable, on the reverse), a statement of the conditions thereof as to capital, dividends and (where applicable) conversion.

Disclosure requirements and transparency rules

16.3.10 G A *listed company* whose *shares* are admitted to trading on a *regulated market* should consider its obligations under the *disclosure requirements* and the *transparency rules*.

Disclosure of rights attached to shares

16.3.11 R Unless exempted in *UKLR* 16.3.14R, a *listed company* must:

(1) forward to the *FCA* for publication a copy of one or more of the following:

(a) the approved *prospectus* or *listing particulars* for its *listed shares*;

(b) the relevant agreement or document setting out the terms and conditions on which its *listed shares* were issued; or

(c) a document describing:

(i) the rights attached to its *listed shares*;

(ii) limitations on such rights; and

(iii) the procedure for the exercise of such rights,

produced in accordance with the relevant Annex of the *Prospectus Regulation* that would have applied had the *listed company* been required to produce a *prospectus* for those *listed shares*; and

(2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded in accordance with (1) is no longer accurate, forward to the *FCA* for publication a copy of either of the following:

(a) a new document in accordance with (1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *company's listed shares*.

16.3.12 R The documents in *UKLR* 16.3.11R must be forwarded to the *FCA* for publication by uploading them to the *national storage mechanism*.

16.3.13 G The purpose of *UKLR* 16.3.11R is to require *companies* to maintain publicly available information in relation to the rights attached to their *listed shares* so that investors can access such information.

16.3.14 R A *listed company* is exempt from *UKLR* 16.3.11R where:

(1) it has previously forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a document specified in *UKLR* 16.3.11R(1);

(2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded or filed in accordance with (1) is no longer accurate, it has forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a copy of either of the following:

(a) one of the documents specified in *UKLR* 16.3.11R(1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *company's listed shares*; and

(3) the documents in (1) and (2) have been forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, by:

(a) forwarding them for publication on a location previously identified on the *FCA* website where the public can inspect documents referred to in the *listing rules* as being documents to be made available at the document viewing facility; or

(b) uploading them to the *national storage mechanism*.

Registrar

16.3.15 R An *overseas company* must appoint a registrar in the *United Kingdom* if:

(1) there are 200 or more holders resident in the *United Kingdom*; or

(2) 10% of more of the *shares* are held by *persons* resident in the *United Kingdom*.

Notifications relating to capital

16.3.16 R A *listed company* must notify a *RIS* as soon as possible (unless otherwise indicated in this *rule*) of the following information relating to its capital:

(1) any proposed change in its capital structure, including the structure of its *listed debt securities*, save that an announcement of a new issue may be delayed while marketing or underwriting is in progress;

(2) any redemption of *listed shares*, including details of the number of *shares* redeemed and the number of *shares* of that *class* outstanding following the redemption;

(3) any extension of time granted for the currency of temporary documents of title; and

(4) the results of any new issue of *listed equity securities* or of a public offering of existing *shares* or other *equity securities*.

16.3.17 R Where the *shares* are subject to an underwriting agreement, a *listed company* may, at its discretion and subject to the *disclosure requirements* and contents of *DTR* 2, delay notifying a *RIS* as required by *UKLR* 16.3.16R(4) for up to 2 *business days* until the obligation by the underwriter to take or procure others to take *shares* is finally determined or lapses. In the case of an issue or offer of *shares* which is not underwritten, notification of the result must be made as soon as it is known.

Compliance with the transparency rules and corporate governance rules

16.3.18 G A *listed company* whose *securities* are admitted to trading on a *regulated market* should consider its obligations under *DTR* 4 (Periodic Financial Reporting), *DTR* 5 (Vote Holder and Issuer Notification Rules) and *DTR* 6 (Continuing obligations and access to information).

16.3.19 R A *listed company* that is not already required to comply with the *transparency rules* must comply with *DTR* 4, *DTR* 5 and *DTR* 6 as if it were an *issuer* for the purposes of the *transparency rules*.

16.3.20 R A *listed company* that is not already required to comply with *DTR* 7.2 (Corporate governance statements) must comply with *DTR* 7.2 as if it were an *issuer* to which that section applies.

16.3.21 R A *listed company* with a *listing* of *non-voting equity shares* that is not already required to comply with *DTR* 7.3 (Related party transactions) must comply with *DTR* 7.3 as if it were an *issuer* to which *DTR* 7.3 applies, subject to the modifications set out in *UKLR* 16.3.22R.

16.3.22 R For the purposes of *UKLR* 16.3.21R, *DTR* 7.3 is modified as follows:

(1) *DTR* 7.3.2R must be read as if the words 'has the meaning in *UK-adopted IFRS*' are replaced as follows:

> 'has the meaning:
>
> (1) in *UK-adopted IFRS*; or
>
> (2) where the *listed company* prepares annual consolidated financial statements in accordance with accounting standards which have been determined to be equivalent to *UK-adopted IFRS* and which are set out in the *TD Equivalence Decision*:
>
> (a) in *UK-adopted IFRS*; or
>
> (b) in the equivalent accounting standards in accordance with which its annual consolidated financial statements are prepared,
>
> at the choice of the *listed company*.'

(2) *DTR* 7.3.8R(2) and (3) do not apply.

(3) *DTR* 7.3.9R must be read as follows:

(a) as if the words 'after obtaining board approval' are replaced by 'after publishing an announcement in accordance with *DTR* 7.3.8R(1)'; and

(b) the reference to *DTR* 7.3.8R must be read as a reference to *DTR* 7.3.8R as modified by *UKLR* 16.3.22R(2).

(4) In *DTR* 7.3.13R, the references to *DTR* 7.3.8R must be read as references to *DTR* 7.3.8R as modified by *UKLR* 16.3.22R(2).

Information to be included in annual report and accounts

16.3.23 R In addition to the requirements set out in *DTR* 4.1, a *listed company* (other than an *investment entity* or a *shell company*) must include a statement in its annual financial report, setting out:

(1) whether the *listed company* has included in its annual financial report climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*;

(2) in cases where the *listed company* has:

(a) made climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, but has included some or all of these disclosures in a document other than the annual financial report:

(i) the recommendations and/or recommended disclosures for which it has included disclosures in that other document;

(ii) a description of that document and where it can be found; and

(iii) the reasons for including the relevant disclosures in that document and not in the annual financial report; or

(b) not included climate-related financial disclosures consistent with all of the *TCFD Recommendations and Recommended Disclosures* in either its annual financial report or other document as referred to in (a):

(i) the recommendations and/or recommended disclosures for which it has not included such disclosures;

(ii) the reasons for not including such disclosures; and

(iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; and

(3) where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (1) can be found.

16.3.24 G For the purposes of *UKLR* 16.3.23R, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should undertake a detailed assessment of those disclosures which takes into account:

(1) Section C of the *TCFD Annex* entitled 'Guidance for All Sectors';

(2) (where appropriate) Section D of the *TCFD Annex* entitled 'Supplemental Guidance for the Financial Sector'; and

(3) (where appropriate) Section E of the *TCFD Annex* entitled 'Supplemental Guidance for Non-Financial Groups'.

16.3.25 G For the purposes of *UKLR* 16.3.23R, in determining whether a *listed company's* climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, the *FCA* considers that the following documents are relevant:

(1) the *TCFD Final Report* and the *TCFD Annex*, to the extent not already referred to in *UKLR* 16.3.23R and *UKLR* 16.3.24G;

(2) the *TCFD Technical Supplement on the Use of Scenario Analysis*;

(3) the *TCFD Guidance on Risk Management Integration and Disclosure*;

(4) (where appropriate) the *TCFD Guidance on Scenario Analysis for Non-Financial Companies*; and

(5) the *TCFD Guidance on Metrics, Targets and Transition Plans*.

16.3.26 G For the purposes of *UKLR* 16.3.23R, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should consider whether those disclosures provide sufficient detail to enable users to assess the *listed company's* exposure to and approach to addressing climate-related issues.

A *listed company* should carry out its own assessment to ascertain the appropriate level of detail to be included in its climate-related financial disclosures, taking into account factors such as:

(1) the level of its exposure to climate-related risks and opportunities; and

(2) the scope and objectives of its climate-related strategy,

noting that these factors may relate to the nature, size and complexity of the *listed company's* business.

16.3.27 G (1) For the purposes of *UKLR* 16.3.23R, the *FCA* would ordinarily expect a *listed company* to be able to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, except where it faces transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities.

(2) In particular, the *FCA* would expect that a *listed company* should ordinarily be able to make disclosures consistent with:

(a) the recommendation and recommended disclosures on governance in the *TCFD Recommendations and Recommended Disclosures*;

(b) the recommendation and recommended disclosures on risk management in the *TCFD Recommendations and Recommended Disclosures*; and

(c) recommended disclosures (a) and (b) set out under the recommendation on strategy in the *TCFD Recommendations and Recommended Disclosures*, to the extent that the *listed company* does not face the transitional challenges referred to in (1) in relation to such disclosures.

16.3.28 G Where making disclosures on transition plans as part of its disclosures on strategy under the *TCFD Recommendations and Recommended Disclosures*, a *listed company* that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the *UK's* commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the *FCA* encourages a *listed company* to explain why it has not done so.

16.3.29 R In addition to the requirements set out in *DTR* 4.1, a *company* with a *listing* of *non-voting equity shares* (other than a *shell company*) must include in its annual financial report:

(1) a statement setting out:

(a) whether the *listed company* has met the following targets on board diversity as at a chosen reference date within its accounting period:

(i) at least 40% of the individuals on its board of *directors* are women;

(ii) at least one of the following senior positions on its board of *directors* is held by a woman:

(A) the chair;

(B) the chief executive;

(C) the senior independent director; or

(D) the chief financial officer; and

(iii) at least one individual on its board of *directors* is from a *minority ethnic background*;

(b) in cases where the *listed company* has not met all of the targets in (a):

(i) the targets it has not met; and

(ii) the reasons for not meeting those targets;

(c) the reference date used for the purposes of (a) and, where this is different from the reference date used for the purposes of reporting this information in respect of the previous accounting period, an explanation as to why; and

(d) any changes to the board that have occurred between the reference date used for the purposes of (a) and the date on which the annual financial report is approved that have affected the *listed company's* ability to meet one or more of the targets in (a);

(2) subject to *UKLR* 16.3.30R, numerical data on the ethnic background and the gender identity or sex of the individuals on the *listed company's* board and in its *executive management* as at the reference date used for the purposes of *UKLR* 16.3.29R(1)(a), which should be set out in the format of the tables contained in *UKLR* 16 Annex 1 and contain the information prescribed by those tables; and

(3) an explanation of the *listed company's* approach to collecting the data used for the purposes of making the disclosures in *UKLR* 16.3.29R(1) and (2).

16.3.30 R In relation to *UKLR* 16.3.29R(2), where individuals on a *listed company's* board or in its *executive management* are situated *overseas*, and data

protection laws in that jurisdiction prevent the collection or publication of some or all of the personal data required to be disclosed under that provision, a *listed company* may instead explain the extent to which it is unable to make the relevant disclosures.

16.3.31 G Given the range of possible approaches to data collection for reporting on gender identity or sex for the purposes of *UKLR* 16.3.29R(2), a *listed company* may add to the categories included in the first column of the table in *UKLR* 16 Annex 1R(1) in order to reflect the basis on which it has collected data.

16.3.32 G In relation to *UKLR* 16.3.29R(3), the *FCA* expects a *listed company's* approach to data collection to be:

(1) consistent for the purposes of reporting under both *UKLR* 16.3.29R(1) and (2); and

(2) consistent across all individuals in relation to whom data is being reported.

The *FCA* expects the explanation of a *listed company's* approach to data collection to include the method of collection and/or source of the data and, where data collection is done on the basis of self-reporting by the individuals concerned, a description of the questions asked.

16.3.33 G In addition to the information required under *UKLR* 16.3.29R(1) to (3) (and without prejudice to the requirements of *DTR* 7.2.8AR), a *listed company* may, if it wishes to do so, include the following in its annual financial report:

(1) a brief summary of any key policies, procedures and processes, and any wider context, that it considers contribute to improving the diversity of its board and *executive management*;

(2) any mitigating factors or circumstances which make achieving diversity on its board more challenging (for example, the size of the board or the country in which its main operations are located); and

(3) any risks it foresees in being able to meet or continue to meet the board diversity targets in *UKLR* 16.3.29R(1)(a) in the next accounting period, or any plans to improve the diversity of its board.

16.3.34 R When making a statement required by *UKLR* 16.3.29R(1) in its annual financial report, a *closed-ended investment fund* need not set out the following matters if they are inapplicable to the *closed-ended investment*

fund and its statement sets out the reasons why those matters are inapplicable:

(1) whether the *closed-ended investment fund* has met the board diversity target in *UKLR* 16.3.29R(1)(a)(ii); and

(2) matters set out in *UKLR* 16.3.29R(1)(b) to the extent that they relate to the board diversity target in *UKLR* 16.3.29R(1)(a)(ii).

16.3.35 R When including numerical data required by *UKLR* 16.3.29R(2) in its annual financial report, a *closed-ended investment fund* need not include the fields in the first row of each of the tables in *UKLR* 16 Annex 1, and the corresponding data for those fields, that are inapplicable to the *closed-ended investment fund*, if it sets out in a statement accompanying the numerical data the reasons why those fields are inapplicable.

16.4 Reverse takeovers

Cancellation of listing

16.4.1 G If a *listed company* is proposing to enter into a transaction classified as a *reverse takeover* it should consider *UKLR* 21.2.2G and *UKLR* 21.2.5G.

16.4.2 G Where a *listed company* completes a *reverse takeover*, the *FCA* will seek to cancel the *listing* of a *listed company's shares* unless the *FCA* is satisfied that circumstances exist such that cancellation is not required. The *FCA* will have regard to *UKLR* 21.2.1R and the individual circumstances of the case.

16.4.3 R Where the *listed company's listing* is cancelled following completion of a *reverse takeover*, the *issuer* must re-apply for the *listing* of the *shares*.

16.4.4 R A *listed company* must contact the *FCA* as early as possible:

(1) before a *reverse takeover* which has been agreed or is in contemplation is announced; or

(2) where details of the *reverse takeover* have leaked,

to discuss whether a cancellation of *listing* is appropriate on completion of the *reverse takeover*.

16 Annex 1 Data on the diversity of the individuals on a listed company's board and in its executive management

R The following tables set out the information that a *listed company* must include in its annual financial report under *UKLR* 16.3.29R(2), and the format in which it must be set out.

(1) Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men					
Women					
[Other categories]					
Not specified/ prefer not to say					
[**Note:** The placeholder for 'Other categories' is optional and should be used to indicate additional categories which a listed company may wish to include in accordance with *UKLR* 16.3.31G.]					

(2) Table for reporting on ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)					

Mixed/ multiple ethnic groups					
Asian/Asian British					
Black/ African/ Caribbean/ Black British					
Other ethnic group					
Not specified/ prefer not to say					

17 Debt and debt-like securities: continuing obligations

17.1 Application

17.1.1 R This chapter applies to an *issuer* of any of the following types of *securities*:

(1) *debt securities*;

(2) *asset backed securities*;

(3) *certificates representing debt securities*; and

(4) *specialist securities* of the following types:

(a) *convertible securities* which convert to *debt securities*;

(b) *convertible securities* which convert to *equity securities*;

(c) *convertible securities* which are exchangeable for *securities* of another *company*; and

(d) *preference shares*.

17.1.2 G An *issuer*, as described in *UKLR* 17.1.1R, includes:

(1) a *state monopoly*;

(2) a *state finance organisation*;

(3) a statutory body; and

(4) an *OECD state guaranteed issuer*.

17.1.3 G A state, a regional or local authority or a *public international body* with *listed debt securities* should see *UK*LR 17.3 for its continuing obligations.

17.2 Requirements with continuing application

Copies of documents

17.2.1 R (1) An *issuer* must forward to the *FCA*, for publication, a copy of any document required by *UKLR* 17.2 at the same time the document is issued, by uploading it to the *national storage mechanism*.

(2) An *issuer* must notify a *RIS* as soon as possible when a document has been forwarded to the *FCA* under (1) unless the full text of the document is provided to the *RIS*.

(3) A notification made under (2) must set out where copies of the relevant document can be obtained.

Admission to trading

17.2.2 R (1) An *issuer's securities* must be admitted to trading on a *RIE's* market for *listed securities* at all times.

(2) An *issuer* must inform the *FCA* in writing without delay if it has:

(a) requested a *RIE* to admit or re-admit any of its *listed securities* to trading;

(b) requested a *RIE* to cancel or suspend trading of any of its *listed securities*; or

(c) been informed by a *RIE* that the trading of any of its *listed securities* will be cancelled or suspended.

Annual accounts

17.2.3 R *UKLR* 17.2.4R to *UKLR* 17.2.6R apply to an *issuer* that is not already required to comply with *DTR* 4.

17.2.4 R (1) An *issuer* must publish its annual report and annual accounts as soon as possible after they have been approved.

(2) An *issuer* must approve and publish its annual report and accounts within 6 months of the end of the financial period to which they relate.

(3) The annual report and accounts must:

(a) have been prepared in accordance with the *issuer's* national law and, in all material respects, with national accounting standards or *UK-adopted IFRS*; and

(b) have been independently audited and reported on, in accordance with:

(i) the auditing standards applicable in the *United Kingdom*; or

(ii) an equivalent auditing standard.

17.2.5 G (1) If an *issuer* prepares both own and consolidated annual accounts, it may publish either form, provided that the unpublished accounts do not contain any significant additional information.

(2) If the annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits or losses of the *issuer* or *group*, additional information must be provided to the satisfaction of the *FCA*.

(3) An *issuer* incorporated or established in a *third country* which is not required to draw up its accounts so as to give a true and fair view, but is required to draw them up to an equivalent standard, may draw up its accounts to this equivalent standard.

17.2.6 R An *issuer* that meets the following criteria is not required to comply with *UKLR* 17.2.4R:

(1) the *issuer* is an *issuer* of *asset backed securities* and would, if it were a debt *issuer* to which *DTR* 4 applied, be relieved of the obligations to draw up and publish annual and half-yearly financial reports in accordance with *DTR* 4.4.2R, provided the *issuer* is not otherwise required to comply with any other requirement for the publication of annual reports and accounts; or

(2) (a) the *issuer*:

(i) is a wholly owned subsidiary of a *listed company*;

(ii) issues *listed securities* that are unconditionally and irrevocably guaranteed by the *issuer's listed*

holding *company* or equivalent arrangements are in place;

(iii) is included in the consolidated accounts of its *listed* holding *company*; and

(iv) is not required to comply with any other requirement for the preparation of annual report and accounts; and

(b) non-publication of the *issuer's* accounts would not be likely to mislead the public with regard to facts and circumstances that are essential for assessing the *securities*.

Disclosure requirements and transparency rules

17.2.7 G An *issuer* whose *securities* are admitted to trading on a *regulated market* should consider the obligations referred to under articles 17 and 18 of the *Market Abuse Regulation*.

17.2.8 R An *issuer* that is not already required to comply with the obligations under articles 17 and 18 of the *Market Abuse Regulation* must comply with those obligations as if it were an *issuer* for the purposes of articles 17 and 18 of the *Market Abuse Regulation* and the *transparency rules*, subject to article 22 of the *Market Abuse Regulation*.

17.2.9 G An *issuer* whose *securities* are admitted to trading on a *regulated market* should consider its obligations under *DTR* 4 (Periodic Financial Reporting), *DTR* 5 (Vote Holder and Issuer Notification Rules) and *DTR* 6 (Continuing obligations and access to information).

17.2.10 R An *issuer* that is not already required to comply with the *transparency rules* must comply with *DTR* 6.3 as if it were an *issuer* for the purposes of the *transparency rules*.

Disclosure of rights attached to securities

17.2.11 R Unless exempted in *UKLR* 17.2.14R, an *issuer* must:

(1) forward to the *FCA* for publication a copy of one or more of the following:

(a) the approved *prospectus* or *listing particulars* for its *listed securities*;

(b) the relevant agreement or document setting out the terms and conditions on which its *listed securities* were issued; or

(c) a document describing:

(i) the rights attached to its *listed securities*;

(ii) limitations on such rights; and

(iii) the procedure for the exercise of such rights,

produced in accordance with the relevant Annex of the *Prospectus Regulation* that would have applied had the *issuer* been required to produce a *prospectus* for those *listed securities*; and

(2) if the information in relation to the rights attached to its *listed securities* set out in the document previously forwarded in accordance with (1) is no longer accurate, forward to the *FCA* for publication a copy of either of the following:

(a) a new document in accordance with (1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *issuer's listed securities*.

17.2.12 R The documents in *UKLR* 17.2.11R must be forwarded to the *FCA* for publication by uploading them to the *national storage mechanism*.

17.2.13 G The purpose of *UKLR* 17.2.11R is to require *issuers* to maintain publicly available information in relation to the rights attached to their *listed securities* so that investors can access such information.

17.2.14 R An *issuer* is exempt from *UKLR* 17.2.11R where:

(1) it has previously forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a document specified in *UKLR* 17.2.11R(1);

(2) if the information in relation to the rights attached to its *listed securities* set out in the document previously forwarded or filed in accordance with (1) is no longer accurate, it has forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a copy of either of the following:

(a) one of the documents specified in *UKLR* 17.2.11R(1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *issuer's listed securities*; and

(3) the documents in (1) and (2) have been forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, by:

(a) forwarding them for publication on a location previously identified on the *FCA* website where the public can inspect documents referred to in the *listing rules* as being documents to be made available at the document viewing facility; or

(b) uploading them to the *national storage mechanism*.

Amendments to trust deeds

17.2.15 R An *issuer* must ensure that any *circular* it issues to holders of its *listed securities* about proposed amendments to a *trust deed* includes:

(1) an explanation of the effect of the proposed amendments; and

(2) either the full terms of the proposed amendments, or a statement that they will be available for inspection:

(a) at the place of the general meeting for at least 15 minutes before and during the meeting; and

(b) on the *national storage mechanism*.

Early redemptions

17.2.16 R (1) An *issuer* must ensure that any *circular* it issues to holders of its *listed securities* relating to a resolution proposing to redeem *listed securities* before their due date for redemption includes:

(a) an explanation of the reasons for the early redemption;

(b) a statement of the market values for the *securities* on the first dealing day in each of the 6 months before the date of the *circular* and on the latest practicable date before sending the *circular*;

(c) a statement of any interests of any *director* in the *securities*;

(d) if there is a trustee, or other representative, of the holders of the *securities* to be redeemed, a statement that the trustee, or other representative, has given its consent to the issue of the *circular* or stated that it has no objection to the resolution being put to a meeting of the *securities* holders;

(e) the timetable for redemption; and

(f) an explanation of the procedure to be followed by the *securities* holders.

(2) The *circular* must not contain specific advice about whether or not to accept the proposal for redemption.

(3) The timetable for redemption in the *circular* must have been approved by the *RIE* on which the *listed securities* are traded.

Definitive documents of title

17.2.17 R An *issuer* must ensure that any definitive document of title for a *security* (other than a bearer *security*) includes the following matters on its face (or on the reverse in the case of paragraph (5)):

(1) the authority under which the *issuer* is constituted and the country of incorporation and registered number (if any);

(2) the number or amount of *securities* the certificate represents and, if applicable, the number and denomination of units (in the top right-hand corner);

(3) a footnote stating that no transfer of the *security* or any portion of it represented by the certificate can be registered without production of the certificate;

(4) if applicable, the minimum amount and multiples thereof in which the *security* is transferable; and

(5) the interest payable and the interest payment dates and, on the reverse (with reference shown on the face), an easily legible summary of the rights as to redemption or repayment and (where applicable) conversion.

Disclosure: guaranteed and convertible securities

17.2.18 R In the case of *debt securities* guaranteed by another *company*, an *issuer* must submit to the *FCA* the annual report and accounts of the *company* that is providing the guarantee unless that *company* is *listed* or adequate information is otherwise available.

17.2.19 R In the case of *convertible securities* which are exchangeable for *securities* of another *company*, an *issuer* must submit to the *FCA* the annual report and accounts of that other *company* unless that *company* is *listed* or adequate information is otherwise available.

Disclosure: asset backed securities

17.2.20 R Where an *issuer* proposes to issue further *debt securities* that are:

(1) backed by the same assets; and

(2) not fungible with existing classes of *debt securities*; or

(3) not subordinated to existing classes of *debt securities*,

the *issuer* must inform the holders of the existing classes of *debt securities*.

17.3 Requirements for states, regional and local authorities and public international bodies

17.3.1 R This chapter does not apply to a state, a regional or local authority or a *public international body* with *listed debt securities* except that such an *issuer* must comply with *UKLR* 17.2.2R (Admission to trading) and *UKLR* 17.3.2R (Compliance with transparency rules).

Compliance with transparency rules

17.3.2 R (1) This *rule* applies to a state, a regional or local authority and a *public international body* with *listed debt securities*.

(2) An *issuer* referred to in (1) that is not already required to comply with the *transparency rules* must comply with:

(a) *DTR* 5.6.3R (Disclosures by issuers);

(b) *DTR* 6.1.3R(2) (Equality of treatment);

(c) *DTR* 6.2 (Filing information and use of language); and

(d) *DTR* 6.3 (Dissemination of information).

18 Securitised derivatives: requirements for listing and continuing obligations

18.1 Application

18.1.1 R This chapter applies to an *issuer* of:

(1) *retail securitised derivatives*;

(2) *specialist securitised derivatives*; and

(3) other derivative products if the *FCA* has specifically approved their *listing* under this chapter.

Other derivative products

18.1.2 R For the purposes of this chapter, an *issuer* of other derivative products that have received the specific approval of the *FCA* to be *listed* under this chapter must comply with the *rules* applicable to an *issuer* of *specialist securitised derivatives*, unless otherwise stated.

18.1.3 R The *FCA* will not admit to *listing*, under this chapter, other derivative products that are likely to be bought and traded by investors who are not *specialist investors*, unless the derivative product falls within the scope of *specified investments* in Part III of the *Regulated Activities Order*.

18.2 Requirements for listing

Requirements for listing: the issuer

18.2.1 R An *applicant* for the *admission* of *securitised derivatives* must:

(1) have *permission* under the *Act* to carry on its activities relating to *securitised derivatives* and be either a *bank* or a *securities and futures firm*;

(2) if the *applicant* is an *overseas company*:

(a) be regulated by an overseas *regulator* responsible for the regulation of banks, securities firms or futures firms and which has a lead regulation agreement for financial supervision with the *FCA*; and

(b) be carrying on its activities relating to *securitised derivatives* within the approved scope of its business; or

(3) arrange for its obligations in relation to the *securitised derivatives* to be unconditionally and irrevocably *guaranteed* by, or benefit from an arrangement which is equivalent in its effect to such a *guarantee* provided by, an entity which satisfies paragraph (1) or (2).

Requirements for listing

18.2.2 R For a *securitised derivative* to be *listed*, its *underlying instrument* must be traded on a regulated, regularly operating, recognised open market, unless it is:

(1) a currency;

(2) an index;

(3) an interest rate; or

(4) a basket of any of the above.

18.2.3 R The *FCA* may modify or dispense with the requirement in *UKLR* 18.2.2R for other derivative products.

Requirements for listing: retail products

18.2.4 R To be *listed*, a *retail securitised derivative* must:

(1) satisfy the requirements set out in *UKLR* 18.2.2R; and

(2) not be a *contingent liability investment*.

18.2.5 R To be *listed*, if a *retail securitised derivative* gives its holder a right of exercise, its terms and conditions must provide that:

(1) for cash settled *securitised derivatives* that are *in the money* at the *exercise time* on the *expiration date*, the exercise of the *securitised derivative* is automatic; or

(2) for physically settled *securitised derivatives* that are *in the money* at the *exercise time* on the *expiration date*, if the holder fails to deliver an *exercise notice* by the time stipulated in the terms and conditions, the *issuer* will, irrespective of the failure to exercise, pay to the holder an amount in cash in lieu of the holder's failure to deliver the *exercise notice*, the amount and method of calculation of this amount to be determined by the *issuer*.

18.3 Continuing obligations

Application

18.3.1 R An *issuer* that has only *securitised derivatives listed* is subject to the continuing obligations set out in this chapter.

18.3.2 R An *issuer* that has both *securitised derivatives* and other *securities listed* is subject to the continuing obligations set out in this chapter and the continuing obligations that are applicable to the other *securities* so *listed*.

Admission to trading

18.3.3 R (1) An *issuer's listed securitised derivatives* must be admitted to trading on a *RIE's* market for *listed securities* at all times.

(2) An *issuer* must inform the *FCA* in writing as soon as possible if it has:

(a) requested a *RIE* to admit or re-admit any of its *listed securitised derivatives* to trading;

(b) requested a *RIE* to cancel or suspend trading of any of its *listed securitised derivatives*; or

(c) been informed by a *RIE* that the trading of any of its *listed securitised derivatives* will be cancelled or suspended.

18.3.4 R If an issue is *guaranteed* by an unlisted *company*, an *issuer* must submit the guarantor's accounts to the *FCA*.

Settlement arrangements

18.3.5 R (1) An *issuer* must ensure that appropriate settlement arrangements for its *listed securitised derivatives* are in place.

(2) *Listed securitised derivatives* must be eligible for electronic settlement, which includes settlement by a relevant system, as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755).

Disclosure requirements and transparency rules

18.3.6 R An *issuer* must comply with the obligations referred to under articles 17 and 18 of the *Market Abuse Regulation* as if it were an *issuer* for the purposes of those obligations and the *transparency rules*, subject to article 22 of the *Market Abuse Regulation*.

18.3.7 G An *issuer* whose *securities* are admitted to trading on a *regulated market* should consider its obligations under *DTR* 4 (Periodic Financial Reporting), *DTR* 5 (Vote Holder and Issuer Notification Rules) and *DTR* 6 (Continuing obligations and access to information).

18.3.8 R For the purposes of compliance with the *transparency rules*, the *FCA* considers that an *issuer* of *securitised derivatives* should comply with *DTR* 4, *DTR* 5 and *DTR* 6 as if it were an *issuer* of *debt securities* as defined in the *transparency rules*.

18.3.9 G An *issuer* that is not already required to comply with the *transparency rules* must comply with *DTR* 6.3 as if it were an *issuer* for the purposes of the *transparency rules*.

Disclosure of rights attached to securitised derivatives

18.3.10 R Unless exempted in *UKLR* 18.3.13R, an *issuer* must:

(1) forward to the *FCA* for publication a copy of one or more of the following:

(a) the approved *prospectus* or *listing particulars* for its *listed securitised derivatives*;

(b) the relevant agreement or document setting out the terms and conditions on which its *listed securitised derivatives* were issued; or

(c) a document describing:

(i) the rights attached to its *listed securitised derivatives*;

(ii) limitations on such rights; and

(iii) the procedure for the exercise of such rights,

produced in accordance with the relevant Annex of the *Prospectus Regulation* that would have applied had the *company* been required to produce a *prospectus* for those *listed securitised derivatives*; and

(2) if the information in relation to the rights attached to its *listed securitised derivatives* set out in the document previously forwarded in accordance with paragraph (1) is no longer accurate, forward to the *FCA* for publication a copy of either of the following:

(a) a new document in accordance with paragraph (1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *issuer's listed securitised derivatives*.

18.3.11 R The documents in *UKLR* 18.3.10R must be forwarded to the *FCA* for publication by uploading them to the *national storage mechanism*.

18.3.12 G The purpose of *UKLR* 18.3.10R is to require *issuers* to maintain publicly available information in relation to the rights attached to their *listed securitised derivatives* so that investors can access such information.

18.3.13 R An *issuer* is exempt from *UKLR* 18.3.10R where:

(1) it has previously forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a document specified in *UKLR* 18.3.10R(1);

(2) if the information in relation to the rights attached to its *listed securitised derivatives* set out in the document previously forwarded or filed in accordance with paragraph (1) is no longer

accurate, it has forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a copy of either of the following:

(a) one of the documents specified in *UKLR* 18.3.10R(1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *issuer's listed securitised derivatives*; and

(3) the documents in paragraph (1) and (2) have been forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, by:

(a) forwarding them for publication on a location previously identified on the *FCA* website where the public can inspect documents referred to in the *listing rules* as being documents to be made available at the document viewing facility; or

(b) uploading them to the *national storage mechanism*.

Documents of title

18.3.14 R An *issuer* must comply with the requirements in *UKLR* 9.4.18R (Temporary documents of title (including renounceable documents)) and *UKLR* 9.4.19R (Definitive documents of title) so far as relevant to *securitised derivatives*.

18.4 Disclosures

18.4.1 R An *issuer* must submit to the *FCA* a copy of any document required by *UKLR* 18.4.2R to *UKLR* 18.4.4R at the same time as the document is issued, by uploading it to the *national storage mechanism*.

18.4.2 R An *issuer* must notify a *RIS* of all notices to holders of *listed securitised derivatives* no later than the date of despatch or publication.

Underlying instruments

18.4.3 R An *issuer* must notify a *RIS* of any adjustment or modification it makes to the *securitised derivative* as a result of any change in or to the *underlying instrument*, including details of the underlying event that necessitated the adjustment or modification.

Suspension of listing

18.4.4 R An *issuer* must inform the *FCA* immediately if it becomes aware that an *underlying instrument* that is *listed* or traded outside the *United Kingdom* has been suspended.

19 Warrants, options and other miscellaneous securities: continuing obligations

19.1 Application

19.1.1 R This chapter applies to an *issuer* of *miscellaneous securities*.

19.1.2 G *Miscellaneous securities* include *warrants* and *options* and other similar *securities*.

19.2 Continuing obligations

Application

19.2.1 R An *issuer* that has only *miscellaneous securities listed* is subject to the continuing obligations set out in this chapter.

19.2.2 R An *issuer* that has both *miscellaneous securities* and other *securities listed* is subject to the continuing obligations set out in this chapter and the continuing obligations that are applicable to the other *securities* so *listed*.

Admission to trading

19.2.3 R (1) An *issuer's listed miscellaneous securities* must be admitted to trading on a *RIE's* market for *listed securities* at all times.

(2) An *issuer* must inform the *FCA* in writing as soon as possible if it has:

(a) requested a *RIE* to admit or re-admit any of its *listed miscellaneous securities* to trading;

(b) requested a *RIE* to cancel or suspend trading of any of its *listed miscellaneous securities*; or

(c) been informed by a *RIE* that the trading of any of its *listed miscellaneous securities* will be cancelled or suspended.

19.2.4 R An *issuer* with *listed miscellaneous securities* must comply with *UKLR* 3.2.12R at all times.

Disclosure requirements and transparency rules

19.2.5 R An *issuer* must comply with the obligations referred to under articles 17 and 18 of the *Market Abuse Regulation* as if it were an *issuer* for the purposes of those obligations and the *transparency rules*, subject to article 22 of the *Market Abuse Regulation*.

19.2.6 G An *issuer* whose *miscellaneous securities* are admitted to trading on a *regulated market* should consider its obligations under *DTR* 4 (Periodic Financial Reporting), *DTR* 5 (Vote Holder and Issuer Notification Rules), *DTR* 6 (Continuing obligations and access to information) and *DTR* 7 (Corporate governance).

19.2.7 R An *issuer* that is not already required to comply with the *transparency rules* must comply with *DTR* 6.3 as if it were an *issuer* for the purposes of the *transparency rules*.

Disclosure of rights attached to miscellaneous securities

19.2.8 R Unless exempted in *UKLR* 19.2.11R, an *issuer* must:

(1) forward to the *FCA* for publication a copy of one or more of the following:

(a) the approved *prospectus* or *listing particulars* for its *listed miscellaneous securities*;

(b) the relevant agreement or document setting out the terms and conditions on which its *listed miscellaneous securities* were issued; or

(c) a document describing:

(i) the rights attached to its *listed miscellaneous securities*;

(ii) limitations on such rights; and

(iii) the procedure for the exercise of such rights,

produced in accordance with the relevant Annex of the *Prospectus Regulation* that would have applied had the *issuer* been required to produce a *prospectus* for those *listed miscellaneous securities*; and

(2) if the information in relation to the rights attached to its *listed miscellaneous securities* set out in the document previously forwarded in accordance with paragraph (1) is no longer accurate, forward to the *FCA* for publication a copy of either of the following:

(a) a new document in accordance with paragraph (1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *issuer's listed miscellaneous securities*.

19.2.9 R The documents in *UKLR* 19.2.8R must be forwarded to the *FCA* for publication by uploading them to the *national storage mechanism*.

19.2.10 G The purpose of *UKLR* 19.2.8R is to require *issuers* to maintain publicly available information in relation to the rights attached to their *listed miscellaneous securities* so that investors can access such information.

19.2.11 R An *issuer* is exempt from *UKLR* 19.2.8R where:

(1) it has previously forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a document specified in *UKLR* 19.2.8R(1);

(2) if the information in relation to the rights attached to its *listed miscellaneous securities* set out in the document previously forwarded or filed in accordance with paragraph (1) is no longer accurate, it has forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a copy of either of the following:

(a) one of the documents specified in *UKLR* 19.2.8R(1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *issuer's listed miscellaneous securities*; and

(3) the documents in paragraphs (1) and (2) have been forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, by:

(a) forwarding them for publication on a location previously identified on the *FCA* website where the public can inspect documents referred to in the *listing rules* as being documents to be made available at the document viewing facility; or

(b) uploading them to the *national storage mechanism*.

Documents of title

19.2.12 R An *issuer* must comply with the requirements in *UKLR* 9.4.18R (Temporary documents of title (including renounceable documents)) and *UKLR* 9.4.19R (Definitive documents of title) so far as relevant to *miscellaneous securities*.

19.3 Disclosures

19.3.1 R An *issuer* must submit to the *FCA* a copy of any document required by *UKLR* 19.3.2R and *UKLR* 19.3.3R at the same time as the document is issued, by uploading it to the *national storage mechanism*.

19.3.2 R An *issuer* must notify a *RIS* of all notices to holders of *listed miscellaneous securities* no later than the date of despatch or publication.

Underlying securities

19.3.3 R An *issuer* must notify a *RIS* of any adjustment or modification it makes to a *miscellaneous security* as a result of any change to a *security* over which the *listed miscellaneous security* carries a right to buy or subscribe.

Suspension of listing

19.3.4 R An *issuer* must inform the *FCA* immediately if it becomes aware that any *security* over which the *listed miscellaneous security* carries a right to buy or subscribe that is *listed* or traded outside the *United Kingdom* has been suspended.

20 Admission to listing: processes and procedures

20.1 Application

20.1.1 R This chapter applies to an *applicant* for the *admission* of *securities*.

20.2 Application for admission to listing

Location of official list

20.2.1 G The *FCA* will maintain the *official list* on its website.

Method of application

20.2.2 R An *applicant* for *admission* must apply to the *FCA* by:

(1) submitting, in final form:

(a) the document described in *UKLR* 20.3 in the case of an *applicant* which is making an application for *admission* for the first time;

(b) the documents described in *UKLR* 20.4 in the case of an application in respect of *shares*;

(c) the documents described in *UKLR* 20.5 in the case of an application in respect of *debt securities* or other *securities*; and

(d) the documents described in *UKLR* 20.6 in the case of a block listing;

(2) submitting all additional documents, explanations and information as required by the *FCA*;

(3) submitting verification of any information in such manner as the *FCA* may specify; and

(4) paying the fee set out in *FEES* 3 by the required date.

20.2.3 G Before submitting the documents referred to in *UKLR* 20.2.2R(1), an *applicant* should contact the *FCA* to agree the date on which the *FCA* will consider the application.

20.2.4 R All documents must be submitted to Issuer Management at the *FCA's* address.

Grant of an application for admission to listing

20.2.5 G The *FCA* will admit *securities* to *listing* if all relevant documents required by *UKLR* 20.2.2R have been submitted to the *FCA*.

20.2.6 G When considering an application for *admission to listing*, the *FCA* may:

(1) carry out any enquiries and request any further information which it considers appropriate, including consulting with other regulators or exchanges;

(2) request that an *applicant*, or its specified representative, answer questions and explain any matter the *FCA* considers relevant to the application for *listing*;

(3) take into account any information which it considers appropriate in relation to the application for *listing*;

(4) request that any information provided by the *applicant* be verified in such manner as the *FCA* may specify;

(5) impose any additional conditions on the *applicant* as the *FCA* considers appropriate; and

(6) take into account any concerns the *FCA* may have that the *applicant* has not responded satisfactorily to any queries by the *FCA* or has not been open and cooperative in its dealings with the *FCA*.

20.2.7 G The *admission* becomes effective only when the *FCA's* decision to admit the *securities* to *listing* has been announced by being either:

(1) disseminated by a *RIS*; or

(2) posted on a noticeboard designated by the *FCA*, should the electronic systems be unavailable.

20.3 All securities

Board confirmation

20.3.1 R (1) Where an *applicant* is making an application for *admission* for the first time, the *applicant* must provide confirmation from the board that the *applicant* has taken reasonable steps to establish adequate procedures, systems and controls to enable it to comply with its obligations under the *listing rules*, the *disclosure requirements*, the *transparency rules* and the *corporate governance rules* following *admission*.

(2) The board confirmation in (1) must be provided using the Procedures, Systems and Controls Confirmation form.

[**Note:** The Procedures, Systems and Controls Confirmation Form can be found on the Primary Markets section of the *FCA's* website.]

20.3.2 G An *applicant* must provide the board confirmation required under *UKLR* 20.3.1R on the first occasion on which it makes an application for an *admission* of *securities* to *listing*. Accordingly, a *listed company* is not required to provide the board confirmation where it makes:

(1) an application for the *admission* of *securities* of the same *class* as *securities* that are already *listed*; or

(2) an application for the *admission* of a new *class* of *securities*.

20.3.3 G The *FCA* will not grant an application for *admission* if an *issuer* is unable to provide the board confirmation required under *UKLR* 20.3.1R. When considering an application for *admission*, the *FCA* would expect the *applicant* to be able to demonstrate its readiness to comply with its obligations under the *listing rules*, the *disclosure requirements*, the *transparency rules* and the *corporate governance rules* following *admission*.

20.4 Shares

Application

20.4.1 R *UKLR* 20.4.2R to *UKLR* 20.4.9R apply to an *applicant* which is applying for a *listing* of its *shares* except for *preference shares* that are *specialist securities*.

Documents to be provided 2 business days in advance

20.4.2 R The following documents must be submitted, in final form, to the *FCA* by midday 2 *business days* before the *FCA* is to consider the application:

(1) a completed Application for Admission of Securities to the Official List;

(2) the *prospectus* or *listing particulars* that have been approved by the *FCA*;

(3) any *circular* that has been published in connection with the application, if applicable;

(4) any approved *supplementary prospectus* or approved *supplementary listing particulars*, if applicable;

(5) written confirmation of the number of *shares* to be allotted (pursuant to a board resolution allotting the *shares*);

(6) if a *prospectus* or *listing particulars* have not been produced, a copy of the *RIS* announcement detailing the number and type of *shares* that are the subject of the application and the circumstances of their issue; and

(7) written confirmation of:

(a) (i) the contact details of at least 2 of its executive *directors* (or, where the *issuer* has no executive *directors*, at least 2 of its *directors*); or

(ii) where the issuer has only 1 executive *director* or has only 1 *director*, the contact details of that *director*,

as required under *UKLR* 1.3.5R;

(b) the contact details of a nominated person at the *issuer* as required under *UKLR* 1.3.7R and *UKLR* 1.3.8R; and

(c) the contact details of appropriate persons nominated by the *issuer* to act as the first point of contact with the *FCA* in relation to the *issuer's* compliance with the *listing rules*, the *disclosure requirements* and the *transparency rules* following *admission* under *UKLR* 6, *UKLR* 11, *UKLR* 12, *UKLR* 13, *UKLR* 14 or *UKLR* 16 (as appropriate).

[**Note:** The Application for Admission of Securities to the Official List form can be found on the Primary Markets section of the *FCA's* website.]

20.4.3 R If a *prospectus* or *listing particulars* have not been produced, the Application for Admission of Securities to the Official List must contain confirmation that a *prospectus* or *listing particulars* are not required and details of the reasons why they are not required.

Documents to be provided on the day

20.4.4 R The following documents, signed by a *sponsor* (if a *sponsor* is required under *UKLR* 4) or by a duly authorised officer of the *applicant* (if a

sponsor is not required under *UKLR* 4), must be submitted, in final form, to the *FCA* before 9am on the day the *FCA* is to consider the application:

(1) a completed Shareholder Statement, in the case of an *applicant* that is applying for a *listing* of a class of *shares* for the first time; or

(2) a completed Pricing Statement, in the case of a *placing*, *open offer*, *vendor consideration placing*, *offer for subscription* of *equity shares* or an issue out of treasury of *equity shares* of a *class* already *listed*.

[**Note:** The Shareholder Statement and the Pricing Statement forms can be found on the Primary Markets section of the *FCA's* website.]

20.4.5 R If written confirmation of the number of *shares* to be allotted pursuant to a board resolution cannot be submitted to the *FCA* by the deadline set out in *UKLR* 20.4.2R or the number of *shares* to be *admitted* is lower than the number notified under *UKLR* 20.4.2R, written confirmation of the number of *shares* to be allotted or *admitted* must be provided to the *FCA* by the *applicant* or its *sponsor* at least 1 hour before the *admission to listing* is to become effective.

20.4.6 R If the *FCA* has considered an application for *listing* and the *shares* the subject of the application are not all allotted and *admitted* following the initial allotment of the *shares* (for example, under an *offer for subscription*), further allotments of *shares* may be *admitted* if, before 4pm on the day before *admission* is sought, the *FCA* has been provided with:

(1) written confirmation of the number of *shares* allotted pursuant to a board resolution; and

(2) a copy of the *RIS* announcement detailing the number and type of *shares* and the circumstances of their issue.

Other documents to be submitted

20.4.7 R Written confirmation of the number of *shares* that were allotted (pursuant to a board resolution allotting the *shares*) must be submitted to the *FCA* as soon as practicable after *admission* if the number is lower than the number that was announced under *UKLR* 20.2.7G as being *admitted to listing*.

Documents to be kept

20.4.8 R An *applicant* must keep copies of the following for 6 years after the *admission to listing*:

(1) any agreement to acquire any assets, business or *shares* in consideration for or in relation to which the company's *shares* are being issued;

(2) any letter, report, valuation, contract or other documents referred to in the *prospectus*, *listing particulars*, *circular* or other document issued in connection with those *shares*;

(3) the *applicant's constitution* as at the date of *admission*;

(4) the annual report and accounts of the *applicant* and of any guarantor, for each of the periods which form part of the *applicant's* financial record contained in the *prospectus* or *listing particulars*;

(5) any interim accounts made up since the date to which the last annual report and accounts were made up and prior to the date of *admission*;

(6) any temporary and definitive documents of title;

(7) in the case of an application in respect of *shares* issued pursuant to an *employees' share scheme*, the scheme document;

(8) where *listing particulars* or another document are published in connection with any scheme requiring court approval, any court order and the certificate of registration issued by the Registrar of Companies; and

(9) copies of board resolutions of the *applicant* allotting or issuing the *shares*.

20.4.9 R An *applicant* must provide to the *FCA* the documents set out in *UKLR* 20.4.8R, if requested to do so.

20.5 Debt and other securities

Application – debt securities etc

20.5.1 R *UKLR* 20.5.4R to *UKLR* 20.5.7R apply to an *applicant* that is seeking *admission* of any of the following types of *securities*:

(1) *debt securities*;

(2) *asset backed securities*;

(3) *certificates representing certain securities*;

(4) *convertible securities*;

(5) *miscellaneous securities*;

(6) *preference shares* that are *specialist securities*; and

(7) *securitised derivatives*.

Application – issuance programmes

20.5.2 R *UKLR* 20.5.10R to *UKLR* 20.5.12R apply to an *applicant* for the *admission* of an issuance programme in respect of any of the following types of *securities*:

(1) *debt securities*;

(2) *asset backed securities*;

(3) *miscellaneous securities*;

(4) *securitised derivatives*; and

(5) *certificates representing certain securities*.

Application – public sector issuers

20.5.3 R *UKLR* 20.5.13R to *UKLR* 20.5.19R apply to an *applicant* that is a *public sector issuer*.

Documents to be provided 2 business days in advance

20.5.4 R An *applicant* must submit, in final form, to the *FCA* by midday 2 *business days* before the *FCA* is to consider the application:

(1) a completed Application for Admission of Securities to the Official List;

(2) the *prospectus* or *listing particulars* that have been approved by the *FCA*;

(3) any approved *supplementary prospectus* or approved *supplementary listing particulars*, if applicable;

(4) written confirmation of the number of *securities* to be issued (pursuant to a board resolution); and

(5) written confirmation of:

(a) (i) the contact details of at least 2 of its executive *directors* (or, where the *issuer* has no executive *directors*, at least 2 of its *directors*); or

(ii) where the issuer has only 1 executive *director* or has only 1 *director*, the contact details of that *director*,

as required under *UKLR* 1.3.5R; and

(b) the contact details of a nominated person at the *issuer* as required under *UKLR* 1.3.7R and *UKLR* 1.3.8R.

[**Note:** The Application for Admission of Securities to the Official List form can be found on the Primary Markets section of the *FCA's* website.]

Documents to be provided on the day of admission

20.5.5 R If confirmation of the number of *securities* to be issued pursuant to a board resolution cannot be submitted to the *FCA* by the deadline set out in *UKLR* 20.5.4R or the number of *securities* to be admitted is lower than the number notified under *UKLR* 20.5.4R, written confirmation of the number of *securities* to be issued or admitted must be provided to the *FCA* by the *applicant* at least 1 hour before the *admission to listing* is to become effective.

Documents to be provided: supplementary obligation for certificates representing certain securities

20.5.6 R An *applicant* for *admission* of *certificates representing certain securities* must submit a letter to the *FCA* setting out how it satisfies the requirements in *UKLR* 3 (Requirements for listing: all securities) and *UKLR* 15.2 (Requirements for listing) no later than when the first draft of a *prospectus* for the certificates is submitted or, if the *FCA* is not approving a *prospectus*, at a time agreed with the *FCA*.

Documents to be kept

20.5.7 R An *applicant* must keep, for 6 years after the *admission to listing*, a copy of the items set out in *UKLR* 20.4.8R(1) to (6) and *UKLR* 20.4.8R(9) and must provide any of those documents to the *FCA* if requested to do so.

20.5.8 R In addition to the documents referred to in *UKLR* 20.5.7R, an *applicant* for *admission* of *securitised derivatives* must keep a copy of the securitised derivative agreement or securitised derivative instrument or similar document for 6 years after the *admission* of the relevant *securitised derivatives*.

20.5.9 R In addition to the documents referred to in *UKLR* 20.5.7R, an *applicant* for *admission* of *certificates representing certain securities* must keep a copy of the executed deposit agreement for 6 years after the *admission* of the relevant certificates.

Procedure for issuance programmes: initial offering and increase to programme size

20.5.10 R An *applicant* must comply with *UKLR* 20.5.4R to *UKLR* 20.5.7R with the following modifications:

(1) if the *FCA* approves the application, it will admit to listing all *securities* which may be issued under the programme within 12 months after the publication of the *base prospectus* or *listing particulars*, subject to the *FCA*:

(a) being advised of the *final terms* of each issue for which a *listing* is sought; and

(b) receiving and approving for publication any supplementary documents that may be appropriate.

(2) an *applicant* must submit a *supplementary prospectus* or *supplementary listing particulars* instead of the document required by *UKLR* 20.5.4R(2) in the case of an increase in the maximum amount of *securities* which may be in issue and *listed* at any one time under an issuance programme.

20.5.11 G An *applicant* for the *admission* of *securities* under an issuance programme must confirm in its Application for Admission of Securities to the Official List that, at *admission*, all of the *securities* the subject of the application will be in issue pursuant to board resolutions authorising the issue.

Issuance programmes: final terms

20.5.12 R (1) The *final terms* must be submitted in writing to the *FCA* as soon as possible after they have been agreed and no later than 2pm on the day before *listing* is to become effective.

(2) The *final terms* may be submitted by:

(a) the *applicant*; or

(b) a duly authorised officer of the *applicant*.

[**Note:** For further details on *final terms*, see article 8(5) of the *Prospectus Regulation*.]

Exempt public sector issuers

20.5.13 R An *issuer* that seeks *admission* of *debt securities* referred to in article 1(2)(b) and (d) of the *Prospectus Regulation* must submit to the *FCA* in final form a completed Application for Admission of Securities to the Official List.

[**Note:** The Application for Admission of Securities to the Official List form can be found on the Primary Markets section of the *FCA's* website.]

20.5.14 G An application referred to in *UKLR* 20.5.13R should be made in accordance with the timetable referred to in *UKLR* 20.5.12R.

20.5.15 G An *issuer* referred to in *UKLR* 20.5.13R that is not required to produce a *prospectus* or *listing particulars* must confirm on its application form that no *prospectus* or *listing particulars* are required.

20.5.16 G Apart from *UKLR* 20.5.13R, *UKLR* 20.5.14G and *UKLR* 20.5.15G, no other provisions in *UKLR* 20.5 apply to the *admission* of *debt securities* referred to in article 1(2)(b) and (d) of the *Prospectus Regulation*.

Other public sector issuers

20.5.17 R *UKLR* 20.5.10R, *UKLR* 20.5.12R, *UKLR* 20.5.18R and *UKLR* 20.5.19R apply to applications for *admission to listing* of *debt securities* by a *public sector issuer* other than one referred to in *UKLR* 20.5.13R.

20.5.18 R An *applicant* referred to in *UKLR* 20.5.17R must submit the items set out in *UKLR* 20.5.4R to the *FCA* in final form by midday 2 *business days* before the *FCA* is to consider the application.

20.5.19 R An *applicant* referred to in *UKLR* 20.5.17R must keep, for 6 years after the *admission to listing*, a copy of the items set out in *UKLR* 20.4.8R(1) to (6) and *UKLR* 20.4.8R(9).

20.6 Block listing

Application

20.6.1 R This section applies to an *applicant* that wishes to apply for *admission* of *securities* using a block listing.

When a block listing can be used

20.6.2 G If the process of applying for *admission* of *securities* is likely to be very onerous due to the frequent or irregular nature of allotments and if no *prospectus* or *listing particulars* are required for the *securities*, an *applicant* may apply for a block listing of a specified number of the *securities*.

20.6.3 G The grant of a block listing constitutes *admission to listing* for the *securities* that are the subject of the block. Separately, the *applicant* will need to consider the provisions of article 1(4) of the *Prospectus Regulation* when the *securities* that are the subject of the block listing are being issued.

20.6.4 R An *applicant* applying for *admission to listing* by way of a block listing must submit in final form, at least 2 *business days* before the *FCA* is to consider the application, a completed Application for Admission of Securities to the Official List. An application in respect of multiple schemes must identify the schemes but need not set out separate block listing amounts for each scheme.

[**Note:** The Application for Admission of Securities to the Official List form can be found on the Primary Markets section of the *FCA's* website.]

20.6.5 R (1) An *applicant* applying for *admission to listing* by way of a block listing must notify a *RIS* of the number and type of *securities* that

are the subject of the block listing application and the circumstances of their issue.

(2) The notification in paragraph (1) must be made by 9am on the *day* the *FCA* is to consider the application.

20.6.6 R Every 6 months, the *applicant* must notify a *RIS* of the details of the number of *securities* covered by the block listing which have been allotted in the previous 6 months, using the Block Listing Six Monthly Return.

[**Note:** A copy of the Block Listing Six Monthly Return can be found on the Primary Markets section of the *FCA's* website.]

20.6.7 G An *issuer* that wishes to synchronise block listing 6-monthly returns for a number of block listing facilities may do so by providing the return required by *UKLR* 20.6.6R earlier than required to move the timing of returns onto a different 6-monthly cycle. An *issuer* with multiple block listing facilities should ensure that allotments under each facility are separately stated.

21 Suspending, cancelling and restoring listing and transfer between listing categories: all securities

21.1 Suspending listing

FCA may suspend listing

21.1.1 R (1) The *FCA* may suspend, with effect from such time as it may determine, the *listing* of any *securities* if the smooth operation of the market is, or may be, temporarily jeopardised or it is necessary to protect investors.

(2) An *issuer* that has the *listing* of any of its *securities* suspended must continue to comply with all *listing rules* applicable to it.

(3) If the *FCA* suspends the *listing* of any *securities*, it may impose such conditions on the procedure for lifting the suspension as it considers appropriate.

Examples of when FCA may suspend

21.1.2 G Examples of when the *FCA* may suspend the *listing* of *securities* include (but are not limited to) situations where it appears to the *FCA* that:

(1) the *issuer* has failed to meet its continuing obligations for *listing*;

(2) the *issuer* has failed to publish financial information in accordance with the *listing rules*;

(3) the *issuer* is unable to assess accurately its financial position and inform the market accordingly;

(4) there is insufficient information in the market about a proposed transaction;

(5) the *issuer's securities* have been suspended elsewhere;

(6) the *issuer* has appointed administrators or receivers, or is an *investment trust* and is winding up;

(7) for a *securitised derivative* that relates to a single *underlying instrument*, the *underlying instrument* is suspended;

(8) for a *securitised derivative* that relates to a basket of *underlying instruments*, one or more *underlying instruments* of the basket are suspended; or

(9) for a *miscellaneous security* that carries a right to buy or subscribe for another *security*, the *security* over which the *listed miscellaneous security* carries a right to buy or subscribe has been suspended.

21.1.3 G The *FCA* will not suspend the *listing* of a *security* to fix its price at a particular level.

Suspension at issuer's request

21.1.4 G An *issuer* that intends to request the *FCA* to suspend the *listing* of its *securities* will need to comply with *UKLR* 21.3. The *FCA* will not suspend the *listing* if it is not satisfied that the circumstances justify the suspension.

Securities suspended for 6 months or more

21.1.5 R Where the *listing* of an *issuer's securities* has been suspended for 6 months, the *issuer* must contact the *FCA* as soon as possible after the end of that period to discuss whether a cancellation of *listing* is appropriate or whether the *securities* can remain suspended for a further period to be agreed with the *FCA*.

21.2 Cancelling listing

FCA may cancel listing

21.2.1 R The *FCA* may cancel the *listing* of *securities* if it is satisfied that there are special circumstances that preclude normal regular dealings in them.

Examples of when FCA may cancel

21.2.2 G Examples of when the *FCA* may cancel the *listing* of *securities* include (but are not limited to) situations where it appears to the *FCA* that:

(1) the *securities* are no longer admitted to trading as required by these *rules*;

(2) the *issuer* no longer satisfies its continuing obligations for *listing* – for example, if the percentage of *shares* in public hands falls below 10% (the *FCA* may, however, allow a reasonable time to restore the percentage, unless this is precluded by the need to maintain the smooth operation of the market or to protect investors);

(3) the *securities' listing* has been suspended for more than 6 months;

(4) the *securities* are:

(a) *equity shares* with a *listing* in the *non-equity shares and non-voting equity shares* category; or

(b) *equity shares* with a *listing* in the *equity shares (transition)* category,

and in either case were issued by a *closed-ended investment fund* where the *closed-ended investment fund* no longer has a *listing* of *equity shares* in the *closed-ended investment funds* category;

(5) the *issuer* has completed a *reverse takeover* or *initial transaction*;

(6) the *issuer* has failed to comply with the requirements in *UKLR* 7.5.1R (including as applied by *UKLR* 11.5.1R) or *UKLR* 13.4.22R; or

(7) the *securities* are:

(a) *equity shares* with a *listing* in the *non-equity shares and non-voting equity shares* category; or

(b) *equity shares* with a *listing* in the *equity shares (transition)* category,

and in either case were issued by a *shell company* where the *shell company* no longer has a *listing* of *equity shares* in the *equity shares (shell companies)* category.

21.2.3 G Where the percentage of *shares* in a *shell company* in public hands falls below 10%, the *FCA* will seek to cancel the *listing* of those *securities* unless the *FCA* is satisfied that circumstances exist such that cancellation is not required. The *FCA* will have regard to *UKLR* 21.2.1R and the individual circumstances of the case.

21.2.4 G Where the *listing* of an *issuer's securities* has been suspended for 6 months, the *issuer* should note *UKLR* 21.1.5R.

21.2.5 G Where an *issuer* of:

(1) *equity shares*;

(2) *non-equity shares*; or

(3) *certificates representing certain securities*,

completes a *reverse takeover* or an *initial transaction*, the *FCA* will seek to cancel the *listing* of those *securities* unless the *FCA* is satisfied that circumstances exist such that cancellation is not required. The *FCA* will have regard to *UKLR* 21.2.1R and the individual circumstances of the case.

Cancellation at issuer's request

21.2.6 R An *issuer* must satisfy the requirements applicable to it in *UKLR* 21.2.8R to *UKLR* 21.2.18R and *UKLR* 21.3 before the *FCA* will cancel the *listing* of its *securities* at its request.

21.2.7 G *UKLR* 21.2.6R applies even if the *listing* of the *securities* is suspended.

Cancellation of listing of equity shares in the equity shares (commercial companies) category and the closed-ended investment funds category

21.2.8 R Subject to *UKLR* 21.2.9R, *UKLR* 21.2.11R, *UKLR* 21.2.14R and *UKLR* 21.2.19R, an *issuer* with a *listing* of *equity shares* in the *equity shares (commercial companies)* category or the *closed-ended investment funds* category that wishes the *FCA* to cancel the *listing* of any of its *equity shares* with a *listing* in either of those categories must:

(1) send a *circular* to the holders of the relevant *shares*. The *circular* must:

(a) comply with the requirements of *UKLR* 10.3.1R and *UKLR* 10.3.3R (Contents of all circulars);

(b) be submitted to the *FCA* for approval prior to publication; and

(c) include the anticipated date of cancellation (which must be not less than 20 *business days* following the passing of the resolution referred to in paragraph (2));

(2) obtain, at a general meeting, the prior approval of a resolution for the cancellation from:

(a) a majority of not less than 75% of the votes attaching to the *shares* voted on the resolution; and

(b) where an *issuer* has a *controlling shareholder*, a majority of the votes attaching to the *shares* of *independent shareholders* voted on the resolution;

(3) notify a *RIS*, at the same time as the *circular* is despatched to the relevant holders of the *shares*, of the intended cancellation and of the notice period and meeting; and

(4) notify a *RIS* of the passing of the resolution in accordance with *UKLR* 6.4.13R (including as applied by *UKLR* 11.4.1R).

21.2.9 R *UKLR* 21.2.8R(2) will not apply where an *issuer* of *securities* notifies a *RIS*:

(1) that the financial position of the *issuer* or its *group* is so precarious that, but for the proposal referred to in paragraph (2), there is no reasonable prospect that the *issuer* will avoid going into formal insolvency proceedings;

(2) that there is a proposal for a transaction, arrangement or other form of reconstruction of the *issuer* or its *group* which is necessary to ensure the survival of the *issuer* or its *group* and the continued *listing* would jeopardise the successful completion of the proposal;

(3) explaining;

(a) why the cancellation is in the best interests of those to whom the *issuer* or its *directors* have responsibilities (including the bodies of *securities* holders and creditors, taken as a whole); and

(b) why the approval of shareholders will not be sought prior to the cancellation of *listing*; and

(4) giving at least 20 *business days'* notice of the intended cancellation.

21.2.10 R Where a *closed-ended investment fund* no longer has a *listing* of *equity shares* in the *closed-ended investment funds* category, it must apply under *UKLR* 21.2.17R for *cancellation* of the *listing* of any other class of *equity shares listed* in the *non-equity shares and non-voting equity shares* category or the *equity shares (transition)* category.

Cancellation in relation to takeover offers: offeror interested in 50% or less of voting rights

21.2.11 R *UKLR* 21.2.8R does not apply to the cancellation of *listing* of *equity shares* in the *equity shares (commercial companies)* category or the *closed-ended investment funds* category in the case of a takeover offer if:

(1) the *offeror* or any *controlling shareholder* who is an *offeror* is interested in 50% or less of the voting rights of an *issuer* before announcing its firm intention to make its takeover offer;

(2) the *offeror* has, by virtue of its shareholdings and acceptances of its takeover offer, acquired or agreed to acquire issued *share* capital carrying 75% of the voting rights of the *issuer*; and

(3) the *offeror* has stated, in the offer document or any subsequent *circular* sent to the holders of the shares, that a notice period of not less than 20 *business days* prior to cancellation will commence either on the *offeror* obtaining the required 75% as described in paragraph (2) or on the first date of issue of compulsory acquisition notices under section 979 of the Companies Act 2006 (Right of offeror to buy out minority shareholder).

21.2.12 R For the purposes of *UKLR* 21.2.11R(3), the offer document or *circular* must make clear that the notice period begins only when the *offeror* has announced that it has acquired or agreed to acquire *shares* representing 75% of the voting rights.

21.2.13 R Where *UKLR* 21.2.11R applies, the *issuer* must notify shareholders:

(1) by stating:

(a) that the *offeror* has reached the threshold described in *UKLR* 21.2.11R(2);

(b) that the notice period has therefore commenced; and

(c) the anticipated date of cancellation; or

(2) by stating in the explanatory letter or other material accompanying the section 979 notice:

(a) that the notice period has commenced; and

(b) the anticipated date of cancellation.

Cancellation in relation to takeover offers: offeror interested in more than 50% of voting rights

21.2.14 R *UKLR* 21.2.8R does not apply to the cancellation of *listing* of *equity shares* in the *equity shares (commercial companies)* category or the *closed-ended investment funds* category in the case of a takeover offer if:

(1) the *offeror* or any *controlling shareholder* who is an *offeror* is interested in more than 50% of the voting rights of an *issuer* before announcing its firm intention to make its takeover offer;

(2) the *offeror* has, by virtue of its shareholdings and acceptances of its takeover offer, acquired or agreed to acquire issued *share* capital carrying 75% of the voting rights of the *issuer*;

(3) the *offeror* has obtained acceptances of its takeover offer or acquired or agreed to acquire *shares* from *independent shareholders* that represent a majority of the voting rights held by the *independent shareholders* on the date its firm intention to make its takeover offer was announced; and

(4) the *offeror* has stated, in the offer document or any subsequent *circular* sent to the holders of the *shares*, that a notice period of not less than 20 *business days* prior to cancellation will commence either on the *offeror* obtaining the relevant shareholding and acceptances as described in paragraphs (2) and (3) or on the first date of issue of compulsory acquisition notices under section 979 of the Companies Act 2006.

21.2.15 R For the purposes of *UKLR* 21.2.14R(4), the offer document or *circular* must make clear that the notice period begins only when the *offeror* has announced that it has acquired or agreed to acquire *shares* representing 75% of the voting rights and, if relevant, has obtained acceptances of its takeover offer or acquired or agreed to acquire *shares* from *independent shareholders* that represent a majority of the voting rights held by the *independent shareholders*.

21.2.16 R Where *UKLR* 21.2.14R applies, the *issuer* must notify shareholders:

(1) by stating:

(a) that the relevant thresholds described in *UKLR* 21.2.14R(2) and (3) have been reached;

(b) that the notice period has therefore commenced; and

(c) the anticipated date of cancellation; or

(2) by stating in the explanatory letter or other material accompanying the section 979 notice:

(a) that the notice period has commenced; and

(b) the anticipated date of cancellation.

Requirements for cancellation of other securities

21.2.17 R An *issuer* that wishes the *FCA* to cancel the *listing* of *securities listed* in a category other than one of those specified in *UKLR* 21.2.8R must notify a *RIS*, giving at least 20 *business days'* notice of the intended cancellation, but is not required to obtain the approval of the holders of those *securities* contemplated in *UKLR* 21.2.8R(2).

21.2.18 R *Issuers* with *debt securities* falling under *UKLR* 21.2.17R must also notify, in accordance with the terms and conditions of the *issue* of those *securities*, holders of those *securities* or a representative of the holders, such as a trustee, of the intended cancellation of those *securities*, but the prior approval of the holders of those *securities* in a general meeting need not be obtained.

Cancellation as a result of schemes of arrangement etc

21.2.19 R *UKLR* 21.2.8R and *UKLR* 21.2.17R do not apply to the cancellation of *equity shares* and *certificates representing shares* as a result of:

(1) a takeover or restructuring of the *issuer* effected by a scheme of arrangement under Part 26 or Part 26A of the Companies Act 2006;

(2) an administration or liquidation of the *issuer* pursuant to a court order under the Insolvency Act 1986, Building Societies Act 1986, Water Industry Act 1991, Banking Act 2009, Energy Act 2011 or the Investment Bank Special Administration Regulations 2011;

(3) the appointment of an administrator under paragraphs 14 (appointment of administrator by holder of floating charge) or 22 (appointment of administrator by company or directors) of Schedule B1 to the Insolvency Act 1986;

(4) a resolution for winding up being passed under section 84 of the Insolvency Act 1986;

(5) the appointment of a provisional liquidator by the court under section 135 of the Insolvency Act 1986;

(6) a company voluntary arrangement pursuant to Part 1 of the Insolvency Act 1986, subject to the time limits for the challenge of decisions made set out in Part 1 of the Insolvency Act 1986 having expired; or

(7) statutory winding up or reconstruction measures in relation to an *overseas issuer* under equivalent *overseas* legislation having similar effect to those set out in (1) to (6).

21.2.20 G In determining whether the statutory winding up or reconstruction measures in relation to an *overseas issuer* under equivalent *overseas* legislation have a similar effect to those set out in *UKLR* 21.2.19R(1) to (6), the *FCA* will in particular have regard to whether those procedures require a court order, the approval of 75% of the shareholders entitled to vote on the resolution, or a formal declaration of the *overseas issuer's* insolvency or inability to pay its debts.

21.3 Requests to cancel or suspend

Information to be included in request to suspend or cancel

21.3.1 R A request by an *issuer* for the *listing* of its *securities* to be suspended or cancelled must be in writing and must include:

(1) the *issuer's* name;

(2) details of the *securities* to which it relates and the *RIEs* on which they are traded;

(3) a clear explanation of the background and reasons for the request;

(4) the date on which the *issuer* requests the suspension or cancellation to take effect;

(5) for a suspension, the time the *issuer* wants the suspension to take effect;

(6) if relevant, a copy of any *circular* or announcement or other document upon which the *issuer* is relying;

(7) if relevant, evidence of any resolution required under *UKLR* 21.2.8R;

(8) if being made by an agent on behalf of the *issuer*, confirmation that the agent has the *issuer's* authority to make it;

(9) the name and contact details of the *person* at the *issuer* (or, if appropriate, an agent) with whom the *FCA* should liaise in relation to the request;

(10) if the *issuer* is making a conditional request, a clear statement of the applicable conditions;

(11) a copy of any announcement the *issuer* proposes to notify to a *RIS* that it is relying on in making its request to suspend or cancel; and

(12) a copy of any announcement the *issuer* proposes to notify to a *RIS* announcing the suspension or cancellation.

21.3.2 R The *issuer* must also include, with a request to cancel the *listing* of its *securities*, the following:

(1) if the cancellation is to take effect after the completion of the compulsory acquisition procedures under Chapter 3 of Part 28 of the Companies Act 2006, a copy of the notice sent to dissenting shareholders of the offeree, together with written confirmation that no objections have been made to the court within the prescribed period;

(2) for a cancellation referred to in *UKLR* 21.2.11R or *UKLR* 21.2.14R an extract from, or a copy of, the offer document or

relevant circular, clearly showing the intention to cancel the offeree's *listing*, and a copy of the announcement stating the date on which the cancellation was expected to take effect; and

(3) if a cancellation is to take place after a scheme of arrangement becomes effective under section 899 of the Companies Act 2006 and a new *company* is to be *listed* as a result of that scheme, either:

(a) a copy of the certificate from the Registrar of Companies that the scheme has become effective; or

(b) documents which demonstrate adequately that the scheme will become effective on a specified date in the future.

21.3.3 G Announcements referred to in *UKLR* 21.3.1R(12) should be issued after the dealing notice issued on a *RIS* announcing the suspension or cancellation.

Timing of suspension requests

21.3.4 G A written request by an *issuer* to have the *listing* of its *securities* suspended should be made as soon as practicable. Suspension requests received for the opening of the market should allow sufficient time for the *FCA* to deal with the request before trading starts.

Timing of cancellation requests

21.3.5 R A written request by an *issuer* to have the *listing* of its *securities* cancelled must be made not less than 24 hours before the cancellation is expected to take effect.

21.3.6 G Cancellations will only be specified to take effect when the market opens on a specified day. An *issuer* should therefore ensure that all accompanying information has been provided to the *FCA* well before the date on which the *issuer* wishes the cancellation to take effect and at the very latest by 3pm on the *business day* before it is to take effect. If the information is received after 3pm on the *business day* before the *issuer* wishes the cancellation to take effect, it will normally be specified to take effect at the start of the *business day* following the next *business day*.

Withdrawing request

21.3.7 G (1) If an *issuer* requests the *FCA* to suspend or cancel the *listing* of its *securities*, it may withdraw its request at any time before the suspension or cancellation takes effect. The withdrawal request should initially be made by telephone and should then be confirmed in writing as soon as possible, with an explanation of the reasons for the withdrawal.

(2) Even if an *issuer* withdraws its request, the *FCA* may still suspend or cancel the *listing* of the *securities* if it considers it is necessary to do so.

(3) If an *issuer* has published either a statement or a *circular* that states that the *issuer* is seeking, or intends to seek, a suspension or cancellation and the *issuer* no longer intends to do so, it should, as soon as possible, notify a *RIS* with a statement to that effect.

Notice of cancellation or suspension

21.3.8 G If an *issuer* requests the *FCA* to suspend or cancel the *listing* of its *securities* under *UKLR* 21.3.1R and the *FCA* agrees to do so, the notification given by the *FCA* to the *issuer* will include the following information:

(1) the date on which the suspension or cancellation took effect or will take effect;

(2) details of the suspension or cancellation; and

(3) in relation to requests for suspension, details of the *issuer's* right to apply for the suspension of its *listed securities* to be cancelled.

21.4 Restoring listing

Revoking a cancellation of listing

21.4.1 G If an *issuer* has the *listing* of its *securities* cancelled, it may only have them readmitted to the *official list* by re-applying for their listing.

Restoring a listing that is suspended

21.4.2 R The *FCA* may restore the *listing* of any *securities* that have been suspended if it considers that the smooth operation of the market is no longer jeopardised or if the suspension is no longer required to protect investors. The *FCA* may restore the *listing* even though the *issuer* does not request it.

Requests to restore

21.4.3 G (1) An *issuer* that has the *listing* of any of its *securities* suspended may request the *FCA* to have them restored.

(2) The request should be made sufficiently in advance of the time and date on which the *issuer* wishes the *securities* to be restored.

(3) Requests received for when the market opens should allow sufficient time for the *FCA* to deal with the request.

(4) The request may be an oral request. The *FCA* may require:

(a) documentary evidence that the events that led to the suspension are no longer current (for example, financial reports have been published or an appropriate announcement has been made); and

(b) written confirmation from the board that the *issuer* is otherwise in compliance with its obligations under the *listing rules*, the *disclosure requirements*, the *transparency rules* and the *corporate governance rules*,

to process the request.

(5) The *FCA* will issue a dealing notice on a *RIS* announcing the restoration.

Refusal of request to restore

21.4.4 R The *FCA* will refuse a request to restore the *listing* of *securities* if it is not satisfied of the matters set out in *UKLR* 21.4.2R.

Withdrawal of a request to restore securities

21.4.5 G (1) If an *issuer* has requested the *FCA* to restore the *listing* of any *securities*, it may withdraw its request at any time while the *securities* are still suspended. The withdrawal request should initially be made by telephone and should then be confirmed in writing as soon as possible.

(2) Even if a request to restore has been withdrawn, the *FCA* may restore the *listing* of *securities* if it believes the circumstances justify it.

Restoring listing of securitised derivatives

21.4.6 G (1) If an *underlying instrument* is restored, the *securitised derivative's listing* will normally be restored.

(2) For a *securitised derivative* relating to a basket of *underlying instruments* that has been suspended, the *securitised derivative's listing* may be restored by the *FCA*, irrespective of whether the *underlying instrument* has been restored, if:

(a) the *issuer* of the *securitised derivative* confirms to the *FCA* that, despite the relevant *underlying instrument(s)'* suspension, a market in the *securitised derivative* will continue to be made; and

(b) the *FCA* is satisfied that restoring the *securitised derivative* is not inconsistent with either the protection of investors or the smooth operation of the market.

21.4.7 G For a *miscellaneous security* that carries a right to buy or subscribe for another *security*, the *miscellaneous security's listing* will be restored if the *security* over which the *miscellaneous security* carries a right to buy or subscribe is restored.

Restoring listing of a shell company

21.4.8 R Where the *listing* of a *shell company's equity shares* has been suspended in accordance with *UKLR* 13.4, a *shell company* must contact the *FCA* as soon as possible in the event that the *initial transaction* is no longer in contemplation or will not be proceeding to completion.

21.5 Transfer between listing categories

Application

21.5.1 R This section applies to an *issuer* that wishes to transfer the category of its *listing* from:

(1) the *equity shares (international commercial companies secondary listing*) category to the *equity shares (commercial companies)* category;

(2) the *equity shares (transition)* category to the *equity shares (commercial companies)* category;

(3) the *equity shares (international commercial companies secondary listing)* category to the *closed-ended investment funds* category;

(4) the *equity shares (transition)* category to the *closed-ended investment funds* category;

(5) the *equity shares (international commercial companies secondary listing)* category to the *open-ended investment companies* category;

(6) the *equity shares (transition)* category to the *open-ended investment companies* category;

(7) the *open-ended investment companies* category to the *equity shares (international commercial companies secondary listing)* category;

(8) the *open-ended investment companies* category to the *equity shares (commercial companies)* category;

(9) the *equity shares (commercial companies)* category to the *equity shares (international commercial companies secondary listing)* category;

(10) the *equity shares (commercial companies)* category to the *equity shares (shell companies)* category;

(11) the *equity shares (commercial companies)* category to the *closed-ended investment funds* category;

(12) the *equity shares (commercial companies)* category to the *open-ended investment companies* category;

(13) the *closed-ended investment funds* category to the *equity shares (commercial companies)* category;

(14) the *closed-ended investment funds* category to the *equity shares (international commercial companies secondary listing)* category;

(15) the *equity shares (transition)* category to the *equity shares (international commercial companies secondary listing)* category;

(16) the *equity shares (transition)* category to the *equity shares (shell companies)* category; or

(17) the *equity shares (international commercial companies secondary listing)* category to the *equity shares (shell companies)* category.

21.5.2 G An *issuer* will only be able to transfer a *listing* of its *equity shares* from the *closed-ended investment funds* category to the *equity shares (international commercial companies secondary listing)* or the *equity shares (commercial companies)* category if it has ceased to be a *closed-ended investment fund* (for example, if it has become a commercial company). This is because *UKLR* 5.1.1R(1) and *UKLR* 14.1.1R(1) provide that *UKLR* 5 and *UKLR* 14 do not apply to an *applicant* for *admission* of the *equity shares* of a *closed-ended investment fund*.

21.5.3 G An *issuer* will only be able to transfer a *listing* of its *securities* from the *open-ended investment companies* category to the *equity shares (international commercial companies secondary listing)* or the *equity shares (commercial companies)* category if it has ceased to be an *open-ended investment company* (for example, if it has become a commercial company). This is because *UKLR* 5.1.1R(2) and *UKLR* 14.1.1R(2) provide that *UKLR* 5 and *UKLR* 14 do not apply to an *applicant* for the *admission* of *equity shares* of an *open-ended investment company*.

21.5.4 G An *applicant* which is applying to transfer its category of *listing* to the *equity shares (shell companies)* category from the *equity shares (commercial companies)* category, the *equity shares (transition)* category or the *equity shares (international commercial companies secondary listing)* category under *UKLR* 21.5.1R(10), (16) and (17) should consider the *guidance* in *UKLR* 13.2.2G to *UKLR* 13.2.3G.

Initial notification to the FCA

21.5.5 R (1) If an *issuer* wishes to transfer the category of its *listing*, it must notify the *FCA* of the proposal.

(2) The notification must be made as early as possible and in any event not less than 20 *business days* before it sends the *circular* required under *UKLR* 21.5.6R(2)(a) or publishes the announcement required under *UKLR* 21.5.7R(2).

(3) The notification must include:

(a) an explanation of why the *issuer* is seeking the transfer;

(b) if a *sponsor's* letter is not required under *UKLR* 24.3.12R, an eligibility letter setting out how the *issuer* satisfies each *listing rule* requirement relevant to the category of *listing* to which it wishes to transfer;

(c) a proposed timetable for the transfer; and

(d) if an announcement is required to be published under *UKLR* 21.5.7.R(2), a draft of that announcement.

Shareholder approval required in certain cases

21.5.6 R (1) This *rule* applies to a transfer of the *listing* of:

(a) *equity shares* out of the *closed-ended investment funds* category; or

(b) *equity shares* out of the *equity shares (commercial companies)* category.

(2) The *issuer* must:

(a) send a *circular* to the holders of the *equity shares*;

(b) notify a *RIS*, at the same time as the *circular* is despatched to the relevant holders of the *equity shares*, of the intended transfer and of the notice period and meeting date; and

(c) notify a *RIS* of the passing of the resolution required under (3) below.

(3) In the case of:

(a) a transfer of the *listing* of *equity shares* out of the *closed-ended investment funds* category, the *issuer* must obtain at a general meeting the prior approval of a resolution for the transfer from a majority of not less than 75% of the votes attaching to the *shares* voted on the resolution; or

(b) a transfer of *equity shares* out of the *equity shares (commercial companies)* category, the *issuer* must obtain at a general meeting the prior approval of a resolution for the transfer from:

(i) a majority of not less than 75% of the votes attaching to the *shares* voted on the resolution; and

(ii) where an *issuer* has a *controlling shareholder*, a majority of the votes attaching to the *shares* of *independent shareholders* voted on the resolution.

Announcement required in other cases

21.5.7 R (1) This *rule* applies to any transfer of a *listing* of *equity shares* other than a transfer referred to in *UKLR* 21.5.6R(1).

(2) The *issuer* must publish an announcement on a *RIS* giving notice of its intention to transfer its *listing* category.

Approval and contents of circular

21.5.8 R The *circular* referred to in *UKLR* 21.5.6R must:

(1) comply with the requirements of *UKLR* 10.1, *UKLR* 10.2 and *UKLR* 10.3;

(2) be approved by the *FCA* before it is circulated or published; and

(3) include the anticipated transfer date (which must be not less than 20 *business days* after the passing of the resolution under *UKLR* 21.5.6R).

Approval and contents of announcement

21.5.9 R The announcement referred to in *UKLR* 21.5.7R(2) must:

(1) contain the same substantive information as would be required under *UKLR* 10.1 and *UKLR* 10.3 if it were a *circular* but modified as necessary so it is clear that no vote of holders of the relevant *securities* is required; and

(2) include the anticipated transfer date (which must be not less than 20 *business days* after the date the announcement is published).

21.5.10 R In the case of a transfer of the *listing* of *equity shares* into the *equity shares (commercial companies)* category, where:

(1) the *issuer* is a *sovereign controlled commercial company*; and

(2) the State which is a *sovereign controlling shareholder* is either:

(a) recognised by the government of the *UK* as a State at the time the announcement is made; or

(b) the *UK*,

the announcement referred to in *UKLR* 21.5.7R(2) must include the information specified in *UKLR* 6.4.19R.

21.5.11 R The announcement must be approved by the *FCA* before it is published.

Specific information required in circular or announcement

21.5.12 G Information required under *UKLR* 10.3.1R(1) (Contents of all circulars) to be included in the *circular* or announcement should include an explanation of:

(1) the background and reasons for the proposed transfer;

(2) any changes to the *issuer's* business that have been made or are proposed to be made in connection with the proposal;

(3) the effect of the transfer on the *issuer's* obligations under the *listing rules*;

(4) how the *issuer* will meet any new eligibility requirements that the *FCA* must be satisfied of under *UKLR* 21.5.15R(3); and

(5) any other matter that the *FCA* may reasonably require.

Applying for the transfer

21.5.13 R If an *issuer* has initially notified the *FCA* under *UKLR* 21.5.5R, it may apply to the *FCA* to transfer the *listing* of its *securities* from one category to another. The application must include:

(1) the *issuer's* name;

(2) details of the *securities* to which the transfer relates;

(3) the date on which the *issuer* wishes the transfer to take effect;

(4) a copy of any *circular*, announcement or other document on which the *issuer* is relying;

(5) if relevant, evidence of any resolution required under *UKLR* 21.5.6R;

(6) if an agent is making the application on the *issuer's* behalf, confirmation that the agent has the *issuer's* authority to do so;

(7) the name and contact details of the *person* at the *issuer* (or, if appropriate, an agent) with whom the *FCA* should liaise in relation to the application; and

(8) a copy of any announcement the *issuer* proposes to notify to a *RIS*, informing the market that the transfer has taken place.

Issuer must comply with eligibility requirements

21.5.14 R (1) An *issuer* applying for a transfer of its *securities* must comply with all eligibility requirements that would apply if the *issuer* was seeking admission to *listing* of the *securities* to the category of *listing* to which it wishes to transfer.

(2) For the purposes of applying the eligibility requirements referred to in (1) to a transfer, unless the context otherwise requires, a reference in such a requirement:

(a) to the admission of *securities* is to be taken to be a reference to the transfer of the *securities*; and

(b) to a *prospectus* or *listing particulars* is to be taken to be a reference to the *circular* or announcement.

Approval of transfer

21.5.15 R If an *issuer* applies for a transfer under *UKLR* 21.5.13R, the *FCA* may approve the transfer if it is satisfied that:

(1) the *issuer* has complied with *UKLR* 21.5.6R or *UKLR* 21.5.7R (whichever is relevant);

(2) the 20-*business day* period referred to in *UKLR* 21.5.8R or *UKLR* 21.5.9R (whichever is relevant) has elapsed; and

(3) the *issuer* and the *securities* will comply with all eligibility requirements that would apply if the *issuer* was seeking admission to *listing* of the *securities* to the category of *listing* to which it wishes to transfer.

21.5.16 G The *FCA* will not generally reassess compliance with eligibility requirements if the *issuer* has previously been assessed by the *FCA* as meeting those requirements under its existing *listing* category when its *securities* were *listed*.

When transfer takes effect

21.5.17 R (1) If the *FCA* approves a transfer of a *listing*, it must announce its decision on a *RIS*.

(2) The transfer becomes effective when the *FCA's* decision to approve is announced on the *RIS*.

(3) The *issuer* must continue to comply with the requirements of its existing category of *listing* until the decision is announced on the *RIS*.

(4) After the decision is announced, the *issuer* must comply with the requirements of the category of *listing* to which it has transferred.

Obligations under the Act and Prospectus Rules

21.5.18 G An *issuer* may take steps, in connection with a transfer, which require it to consider whether a *prospectus* is necessary – for example, if the *company* or its capital is reconstituted in a way that could amount to an *offer of transferable securities to the public*. The *issuer* and its advisers should consider whether obligations under the *Act* and the *prospectus rules* may be triggered.

Transfer as an alternative to cancellation

21.5.19 G There may be situations in which an *issuer's* business has changed over a period of time so that it no longer meets the requirements of the applicable *listing* category against which it was initially assessed for *listing*. In those situations, the *FCA* may consider cancelling the *listing* of the *equity shares* or suggest to the *issuer* that, as an alternative, it applies for a transfer of its *listing* category. For example, for an *issuer* with *equity shares listed* in the *equity shares (commercial company)* category that becomes a *shell company*, the *FCA* may consider cancelling the *listing* of the *equity shares* or suggest to the *issuer* that, as an alternative, it applies for a transfer of its *listing* category to the *equity shares (shell companies)* category.

21.6 Miscellaneous

Decision-making procedures for suspension, cancellation etc

21.6.1 G The decision-making procedures that the *FCA* will follow when it cancels, suspends or refuses a request by an *issuer* to suspend, cancel or restore *listing* are set out in *DEPP*.

Suspension, cancellation or restoration by overseas exchange or authority

21.6.2 R An *issuer* must inform the *FCA* if its listing has been suspended, cancelled or restored by an *overseas* exchange or *overseas* authority.

21.6.3 G (1) The *FCA* will not automatically suspend, cancel or restore the *listing* of *securities* at the request of an *overseas* exchange or *overseas* authority (for example, if listing of a *listed issuer's securities* are suspended, cancelled or restored on its home exchange).

(2) The *FCA* will not normally suspend the *listing* of *securities* where there is a trading halt for the *security* on its home exchange.

(3) If a *listed issuer* requests a suspension, cancellation or restoration of the *listing* of its *securities* after a suspension, cancellation or restoration on its home exchange, the *issuer* should send to the *FCA* written confirmation:

(a) that the suspension, cancellation or restoration of listing on its home exchange has become effective; or

(b) if it has not yet become effective, of the time and date it is proposed to become effective.

(4) If an *overseas* exchange or *overseas* authority requests the *FCA* to suspend, cancel or restore the *listing* of *securities*, the *FCA* will, wherever practical, contact the *issuer* or its *sponsor* before it suspends, cancels or restores the *listing*. Therefore, *issuers* are encouraged to contact the *FCA* at the same time as they contact their home exchange.

(5) If the *FCA* is unable to contact the *issuer* or *sponsor*, it will suspend, cancel or restore the *listing* of the *securities* when it is satisfied that the listing of the relevant *securities* has been, or will be, suspended, cancelled or restored on their home exchange.

21.6.4 G Where the *issuer* has a *listing* of *equity shares* in the *equity shares (international commercial companies secondary listing)* category, the *issuer* should note *UKLR* 14.2.6R, *UKLR* 14.3.1R and *UKLR* 14.3.4R.

22 Equity shares (transition): continuing obligations

22.1 Application

22.1.1 R (1) This chapter applies to a *listed company* which:

(a) prior to 29 July 2024, had a *listing* of *equity shares* in what was previously known as the 'standard listing (shares)' category under the Listing Rules sourcebook as it applied immediately prior to 29 July 2024; or

(b) satisfies the following:

(i) falls within the definition of an "in-flight applicant" in *UKLR* TP 1.1R;

(ii) prior to 29 July 2024, had applied for a *listing* in what was previously known as the 'standard listing (shares)' category under the Listing Rules

sourcebook as it applied immediately prior to 29 July 2024; and

(iii) has been admitted to listing prior to 29 July 2025,

other than a *listing* of *equity shares* that would be eligible for *admission* to the *listing* categories in (2).

(2) For the purposes of (1), the listing categories are:

(a) the *equity shares (international commercial companies secondary listing)* category;

(b) the *equity shares (shell companies)* category; or

(c) the *non-equity shares and non-voting equity shares* category.

22.1.2 R A *company's equity shares* will not be eligible for *admission* to the *equity shares (transition) category* where those *equity shares* are eligible for *admission* to any of the *listing* categories set out in *UKLR* 22.1.1R(2)(a) to (c).

22.1.3 R A *company* with a *listing* of *equity shares* in the *equity shares (transition) category* will not be eligible for re-admission to the *equity shares (transition) category* on completion of a *reverse takeover*.

22.1.4 G A *company* will not be required to appoint a *sponsor* under this *listing* category unless the *company* is applying to transfer to a *listing* category which requires the appointment of a *sponsor*.

22.2 Continuing obligations

Admission to trading

22.2.1 R Other than in regard to *securities* to which *UKLR* 23 applies, the *listed equity shares* of a *company* must be admitted to trading on a *regulated market* for *listed securities*.

Shares in public hands

22.2.2 R (1) For a *class* of *equity shares* admitted to *listing*, a sufficient number of equity shares of that class must continue to be distributed to the public.

(2) For the purposes of paragraph (1):

(a) a sufficient number of *shares* will be taken to have been distributed to the public when 10% of the *shares* for which

application for *admission* has been made are in public hands; and

(b) *treasury shares* are not to be taken into consideration when calculating the number of *shares* of the *class*.

(3) For the purposes of paragraphs (1) and (2), *shares* are not held in public hands if they are:

(a) held, directly or indirectly, by:

(i) a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(ii) a *person* connected with a *director* of the *applicant* or of any of its *subsidiary undertakings*;

(iii) the trustees of any *employees' share scheme* or pension fund established for the benefit of any *directors* and *employees* of the *applicant* and its *subsidiary undertakings*;

(iv) any *person* who, under any agreement, has a right to nominate a *person* to the board of *directors* of the *applicant*; or

(v) any *person* or *persons* in the same *group* or *persons* acting in concert who have an interest in 5% or more of the *shares* of the relevant *class*; or

(b) subject to a lock-up period of more than 180 days.

22.2.3 G When calculating the number of *shares* for the purposes of *UKLR* 22.2.2R (3)(a)(v), holdings of *investment managers* in the same *group* will be disregarded where:

(1) investment decisions are made independently by the individual in control of the relevant fund; and

(2) those decisions are unfettered by the *group* to which the *investment manager* belongs.

22.2.4 R A *listed company* that no longer complies with *UKLR* 22.2.2R must notify the *FCA* as soon as possible of its non-compliance.

Further issues

22.2.5 R Where *shares* of the same *class* as *equity shares* that are *listed* are allotted, an application for *admission to listing* of such *shares* must be made as soon as possible and in any event within one year of the allotment.

Copies of documents

22.2.6 R A *listed company* must forward to the *FCA*, for publication, by uploading to the *national storage mechanism*, a copy of:

(1) all *circulars*, notices, reports or other documents to which the *listing rules* apply, at the same time as any such documents are issued; and

(2) all resolutions passed by the *company*, other than resolutions concerning ordinary business at an annual general meeting, as soon as possible after the relevant general meeting.

22.2.7 R (1) A *listed company* must notify a *RIS* as soon as possible when a document has been forwarded to the *FCA* under *UKLR* 22.2.6R unless the full text of the document is provided to the *RIS*.

(2) A notification made under (1) must set out where copies of the relevant document can be obtained.

First point of contact details

22.2.8 R A *listed company* must ensure that the *FCA* is provided with up-to-date contact details of at least one appropriate *person* nominated by it to act as the first point of contact with the *FCA* in relation to the *company's* compliance with the *listing rules*, the *disclosure requirements* and the *transparency rules*, as applicable.

Temporary documents of title (including renounceable documents)

22.2.9 R A *listed company* must ensure that any temporary document of title (other than one issued in global form) for a *share*:

(1) is serially numbered;

(2) states, where applicable:

(a) the name and address of the first holder and the names of joint holders (if any);

(b) the pro rata entitlement;

(c) the last date on which transfers were or will be accepted for registration for participation in the issue;

(d) how the *shares* rank for dividend or interest;

(e) the nature of the document of title and the proposed date of issue;

(f) how fractions (if any) are to be treated; and

(g) for a *rights issue*, the time, being not less than 10 *business days* calculated in accordance with *UKLR* 9.4.6R, in which the *offer* may be accepted, and how *shares* not taken up will be dealt with; and

(3) if renounceable:

(a) states in a heading that the document is of value and negotiable;

(b) advises holders of *shares* who are in any doubt as to what action to take to consult appropriate independent advisers immediately;

(c) states that where all of the *shares* have been sold by the addressee (other than ex rights or ex capitalisation), the document should be passed to the *person* through whom the sale was effected for transmission to the purchaser;

(d) has the form of renunciation and the registration instructions printed on the back of, or attached to, the document;

(e) includes provision for splitting (without fee) and for split documents to be certified by an official of the *company* or authorised agent;

(f) provides for the last day for renunciation to be the second *business day* after the last day for splitting; and

(g) if at the same time as an allotment is made of *shares* issued for cash, *shares* of the same *class* are also allotted credited as fully paid to vendors or others, provides for the period for renunciation to be the same as, but no longer than, that provided for in the case of *shares* issued for cash.

Definitive documents of title

22.2.10 R A *listed company* must ensure that any definitive document of title for a *share* (other than a bearer *security*) includes the following matters on its face (or on the reverse in the case of (6)):

(1) the authority under which the *company* is constituted and the country of incorporation and registered number (if any);

(2) the number or amount of *shares* the certificate represents and, if applicable, the number and denomination of units (in the top right-hand corner);

(3) a footnote stating that no transfer of the *share* or any portion of it represented by the certificate can be registered without production of the certificate;

(4) if applicable, the minimum amount and multiples thereof in which the *share* is transferable;

(5) the date of the certificate;

(6) for *shares* with preferential rights, on the face (or, if not practicable, on the reverse), a statement of the conditions thereof as to capital, dividends and (where applicable) conversion.

Disclosure requirements and transparency rules

22.2.11 G A *listed company* whose *shares* are admitted to trading on a *regulated market* should consider its obligations under the *disclosure requirements* and the *transparency rules*.

Disclosure of rights attached to shares

22.2.12 R Unless exempted in *UKLR* 22.2.15R, a *listed company* must:

(1) forward to the *FCA* for publication a copy of one or more of the following:

(a) the approved *prospectus* or *listing particulars* for its *listed shares*;

(b) the relevant agreement or document setting out the terms and conditions on which its *listed shares* were issued; or

(c) a document describing:

(i) the rights attached to its *listed shares*;

(ii) limitations on such rights; and

(iii) the procedure for the exercise of such rights,

produced in accordance with the relevant Annex of the *Prospectus Regulation* that would have applied had the *company* been required to produce a *prospectus* for those *listed shares*; and

(2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded in accordance with (1) is no longer accurate, forward to the *FCA* for publication a copy of either of the following:

(a) a new document in accordance with (1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *company's listed shares*.

22.2.13 R The documents in *UKLR* 22.2.12R must be forwarded to the *FCA* for publication by uploading them to the *national storage mechanism*.

22.2.14 G The purpose of *UKLR* 22.2.12R is to require *companies* to maintain publicly available information in relation to the rights attached to their *listed shares* so that investors can access such information.

22.2.15 R A *listed company* is exempt from *UKLR* 22.2.12R where:

(1) it has previously forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a document specified in *UKLR* 22.2.12R(1);

(2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded or filed in accordance with (1) is no longer accurate, it has forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a copy of either of the following:

(a) one of the documents specified in *UKLR* 22.2.12R(1); or

(b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *company's listed shares*; and

(3) the documents in (1) and (2) have been forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, by:

(a) forwarding them for publication on a location previously identified on the *FCA* website where the public can inspect documents referred to in the *listing rules* as being documents to be made available at the document viewing facility; or

(b) uploading them to the *national storage mechanism*.

Registrar

22.2.16 R An *overseas company* must appoint a registrar in the *United Kingdom* if:

(1) there are 200 or more holders resident in the *United Kingdom*; or

(2) 10% of more of the *shares* are held by *persons* resident in the *United Kingdom*.

Notifications relating to capital

22.2.17 R A *listed company* must notify a *RIS* as soon as possible (unless otherwise indicated in this *rule*) of the following information relating to its capital:

(1) any proposed change in its capital structure, including the structure of its *listed debt securities*, save that an announcement of a new issue may be delayed while marketing or underwriting is in progress;

(2) any redemption of *listed shares*, including details of the number of *shares* redeemed and the number of *shares* of that *class* outstanding following the redemption;

(3) any extension of time granted for the currency of temporary documents of title; and

(4) the results of any new issue of *listed equity securities* or of a public offering of existing *shares* or other *equity securities*.

22.2.18 R Where the *shares* are subject to an underwriting agreement, a *listed company* may, at its discretion and subject to the *disclosure requirements* and contents of *DTR* 2, delay notifying a *RIS* as required by *UKLR* 22.2.17(4) for up to 2 *business days* until the obligation by the underwriter to take or procure others to take *shares* is finally determined or lapses. In the case of an issue or offer of *shares* which is not underwritten, notification of the result must be made as soon as it is known.

Compliance with the transparency rules and corporate governance rules

22.2.19 G A *listed company* whose *securities* are admitted to trading on a *regulated market* should consider its obligations under *DTR* 4 (Periodic Financial Reporting), *DTR* 5 (Vote Holder and Issuer Notification Rules) and *DTR* 6 (Continuing obligations and access to information).

22.2.20 R A *listed company* that is not already required to comply with the *transparency rules* must comply with *DTR* 4, *DTR* 5 and *DTR* 6 as if it were an *issuer* for the purposes of the *transparency rules*.

22.2.21 R A *listed company* that is not already required to comply with *DTR* 7.2 (Corporate governance statements) must comply with *DTR* 7.2 as if it were an *issuer* to which that section applies.

22.2.22 R A *listed company* (other than an *open-ended investment company*) that is not already required to comply with *DTR* 7.3 (Related party transactions) must comply with *DTR* 7.3 as if it were an *issuer* to which *DTR* 7.3 applies, subject to the modifications set out in *UKLR* 22.2.23R.

22.2.23 R For the purposes of *UKLR* 22.2.22R, *DTR* 7.3 is modified as follows:

(1) *DTR* 7.3.2R must be read as if the words 'has the meaning in *UK-adopted IFRS*' are replaced as follows:

> 'has the meaning:
>
> (1) in *UK-adopted IFRS*; or
>
> (2) where the *listed company* prepares annual consolidated financial statements in accordance with accounting standards which have been determined to be equivalent to *UK-adopted IFRS* and which are set out in the *TD Equivalence Decision*:
>
> (a) in *UK-adopted IFRS*; or
>
> (b) in the equivalent accounting standards in accordance with which its annual consolidated financial statements are prepared,
>
> at the choice of the *listed company*.'

(2) *DTR* 7.3.8R(2) and (3) do not apply.

(3) *DTR* 7.3.9R must be read as follows:

(a) as if the words 'after obtaining board approval' are replaced by 'after publishing an announcement in accordance with *DTR* 7.3.8R(1)'; and

(b) the reference to *DTR* 7.3.8R must be read as a reference to *DTR* 7.3.8R as modified by *UKLR* 22.2.23R(2).

(4) In *DTR* 7.3.13R the references to *DTR* 7.3.8R must be read as references to *DTR* 7.3.8R as modified by *UKLR* 22.2.23R(2).

Information to be included in annual report and accounts

22.2.24 R In addition to the requirements set out in *DTR* 4.1, a *listed company* (other than an *investment entity* or a *shell company*) must include a statement in its annual financial report, setting out:

(1) whether the *listed company* has included in its annual financial report climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*;

(2) in cases where the *listed company* has:

(a) made climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, but has included some or all of these disclosures in a document other than the annual financial report:

(i) the recommendations and/or recommended disclosures for which it has included disclosures in that other document;

(ii) a description of that document and where it can be found; and

(iii) the reasons for including the relevant disclosures in that document and not in the annual financial report; or

(b) not included climate-related financial disclosures consistent with all of the *TCFD Recommendations and Recommended Disclosures* in either its annual financial report or other document as referred to in (a):

(i) the recommendations and/or recommended disclosures for which it has not included such disclosures;

(ii) the reasons for not including such disclosures; and

(iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; and

(3) where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (1) can be found.

22.2.25 G For the purposes of *UKLR* 22.2.24R, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should undertake a detailed assessment of those disclosures which takes into account:

(1) Section C of the *TCFD Annex* entitled 'Guidance for All Sectors';

(2) (where appropriate) Section D of the *TCFD Annex* entitled 'Supplemental Guidance for the Financial Sector'; and

(3) (where appropriate) Section E of the *TCFD Annex* entitled 'Supplemental Guidance for Non-Financial Groups'.

22.2.26 G For the purposes of *UKLR* 22.2.24R, in determining whether a *listed company's* climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, the *FCA* considers that the following documents are relevant:

(1) the *TCFD Final Report* and the *TCFD Annex*, to the extent not already referred to in *UKLR* 22.2.24R and *UKLR* 22.2.25G;

(2) the *TCFD Technical Supplement on the Use of Scenario Analysis*;

(3) the *TCFD Guidance on Risk Management Integration and Disclosure*;

(4) (where appropriate) the *TCFD Guidance on Scenario Analysis for Non-Financial Companies*; and

(5) the *TCFD Guidance on Metrics, Targets and Transition Plans*.

22.2.27 G For the purposes of *UKLR* 22.2.24R, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should consider whether those disclosures provide sufficient detail to enable users to assess the *listed company's* exposure to and approach to addressing climate-related issues.

A *listed company* should carry out its own assessment to ascertain the appropriate level of detail to be included in its climate-related financial disclosures, taking into account factors such as:

(1) the level of its exposure to climate-related risks and opportunities; and

(2) the scope and objectives of its climate-related strategy,

noting that these factors may relate to the nature, size and complexity of the *listed company's* business.

22.2.28 G (1) For the purposes of *UKLR* 22.2.24R, the *FCA* would ordinarily expect a *listed company* to be able to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, except where it faces transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities.

(2) In particular, the *FCA* would expect that a *listed company* should ordinarily be able to make disclosures consistent with:

(a) the recommendation and recommended disclosures on governance in the *TCFD Recommendations and Recommended Disclosures*;

(b) the recommendation and recommended disclosures on risk management in the *TCFD Recommendations and Recommended Disclosures*; and

(c) recommended disclosures (a) and (b) set out under the recommendation on strategy in the *TCFD Recommendations and Recommended Disclosures*, to the extent that the *listed company* does not face the transitional challenges referred to in (1) in relation to such disclosures.

22.2.29 G Where making disclosures on transition plans as part of its disclosures on strategy under the *TCFD Recommendations and Recommended Disclosures*, a *listed company* that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the *UK*'s commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the *FCA* encourages a *listed company* to explain why it has not done so.

22.2.30 R In addition to the requirements set out in *DTR* 4.1, a *listed company* (other than an *open-ended investment company* or *shell company*) must include in its annual financial report:

(1) a statement setting out:

(a) whether the *listed company* has met the following targets on board diversity as at a chosen reference date within its accounting period:

(i) at least 40% of the individuals on its board of *directors* are women;

(ii) at least one of the following senior positions on its board of *directors* is held by a woman;

(A) the chair;

(B) the chief executive;

(C) the senior independent director; or

(D) the chief financial officer; and

(iii) at least one individual on its board of *directors* is from a *minority ethnic background*;

(b) in cases where the *listed company* has not met all of the targets in (a):

(i) the targets it has not met; and

(ii) the reasons for not meeting those targets;

(c) the reference date used for the purposes of (a) and, where this is different from the reference date used for the purposes of reporting this information in respect of the previous accounting period, an explanation as to why; and

(d) any changes to the board that have occurred between the reference date used for the purposes of (a) and the date on which the annual financial report is approved that have affected the *listed company's* ability to meet one or more of the targets in (a);

(2) subject to *UKLR* 22.2.31R, numerical data on the ethnic background and the gender identity or sex of the individuals on the *listed company's* board and in its *executive management* as at the reference date used for the purposes of (1)(a), which should be set out in the format of the tables contained in *UKLR* 22 Annex 1 and contain the information prescribed by those tables; and

(3) an explanation of the *listed company's* approach to collecting the data used for the purposes of making the disclosures in (1) and (2).

22.2.31 R In relation to *UKLR* 22.2.30R(2), where individuals on a *listed company's* board or in its *executive management* are situated *overseas*, and data protection laws in that jurisdiction prevent the collection or publication of some or all of the personal data required to be disclosed under that

provision, a *listed company* may instead explain the extent to which it is unable to make the relevant disclosures.

22.2.32 G Given the range of possible approaches to data collection for reporting on gender identity or sex for the purposes of *UKLR* 22.2.30R(2), a *listed company* may add to the categories included in the first column of the table in *UKLR* 22 Annex 1.1R(1) in order to reflect the basis on which it has collected data.

22.2.33 G In relation to *UKLR* 22.2.30R(3), the *FCA* expects a *listed company's* approach to data collection to be:

(1) consistent for the purposes of reporting under both *UKLR* 22.2.30R(1) and (2); and

(2) consistent across all individuals in relation to whom data is being reported.

The *FCA* expects the explanation of a *listed company's* approach to data collection to include the method of collection and/or source of the data, and, where data collection is done on the basis of self-reporting by the individuals concerned, a description of the questions asked.

22.2.34 G In addition to the information required under *UKLR* 22.2.30R(1) to (3) (and without prejudice to the requirements of *DTR* 7.2.8AR), a *listed company* may, if it wishes to do so, include the following in its annual financial report:

(1) a brief summary of any key policies, procedures and processes, and any wider context, that it considers contribute to improving the diversity of its board and *executive management*;

(2) any mitigating factors or circumstances which make achieving diversity on its board more challenging (for example, the size of the board or the country in which its main operations are located); and

(3) any risks it foresees in being able to meet or continue to meet the board diversity targets in *UKLR* 22.2.30R(1)(a) in the next accounting period, or any plans to improve the diversity of its board.

22.2.35 R When making a statement required by *UKLR* 22.2.30R(1) in its annual financial report, a *closed-ended investment fund* need not set out the following matters if they are inapplicable to the *closed-ended investment fund* and its statement sets out the reasons why those matters are inapplicable:

(1) whether the *closed-ended investment fund* has met the board diversity target in *UKLR* 22.2.30R(1)(a)(ii); and

(2) matters set out in *UKLR* 22.2.30R(1)(b) to the extent that they relate to the board diversity target in *UKLR* 22.2.30R(1)(a)(ii).

22.2.36 R When including numerical data required by *UKLR* 22.2.30R(2) in its annual financial report, a *closed-ended investment fund* need not include the fields in the first row of each of the tables in *UKLR* 22 Annex 1, and the corresponding data for those fields, that are inapplicable to the *closed-ended investment fund*, if it sets out in a statement accompanying the numerical data the reasons why those fields are inapplicable.

22.3 Reverse takeovers

Cancellation of listing

22.3.1 G If a *listed company* is proposing to enter into a transaction classified as a *reverse takeover*, it should consider *UKLR* 21.2.2G and *UKLR* 21.2.5G.

22.3.2 G Where a *listed company* completes a *reverse takeover*, the *FCA* will seek to cancel the *listing* of an *issuer's equity shares* unless the *FCA* is satisfied that circumstances exist such that cancellation is not required. The *FCA* will have regard to *UKLR* 21.2.1R and the individual circumstances of the case.

22.3.3 R Where the *listed company's listing* is cancelled following completion of a *reverse takeover*, the *issuer* must re-apply for the *listing* of the *shares* in a different *listing* category.

22.3.4 G *UKLR* 22.3.6G sets out circumstances in which the *FCA* will generally be satisfied that a cancellation is not required.

Acquisitions of targets (issuer to change its listing category from the equity shares (transition) category if issuer wishes to remain listed)

22.3.5 R Where a *listed company* completes a *reverse takeover* (regardless of whether those acquired *shares* are also *listed* in the *equity shares (transition)* category):

(1) Unless the *FCA* is satisfied that the circumstances exist such that cancellation is not required, the *FCA* will seek to cancel the *listing* of the *listed company's equity shares*; and

(2) the *listed company* would be required to re-apply for *admission* to a different *listing* category.

22.3.6 G The *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover* if:

(1) the *target* is *listed* with a different *listing* category from that of the *listed company*;

(2) the *listed company* wishes to transfer its *listing* to a different *listing* category in conjunction with the acquisition; and

(3) the *listed company* as enlarged by the relevant acquisition complies with the relevant requirements of *UKLR* 21.5 to transfer to a different *listing* category.

22.3.7 G A *listed company* proposing to transfer its *listing* to the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category should consider its obligation to appoint a *sponsor* under *UKLR* 4.2.2R.

22.3.8 R A *listed company* or, where a *sponsor* has been appointed in accordance with *UKLR* 4.2.2R, a *sponsor* on behalf of a *listed company*, must contact the *FCA* as early as possible:

(1) before a *reverse takeover* which has been agreed or is in contemplation is announced; or

(2) where details of the *reverse takeover* have leaked,

to discuss whether a cancellation of *listing* is appropriate on completion of the *reverse takeover*.

22 Annex 1 Data on the diversity of the individuals on a listed company's board and in its executive management

R The following tables set out the information a *listed company* must include in its annual financial report under *UKLR* 22.2.30R(2), and the format in which it must be set out.

(1) Table for reporting on gender identity or sex

	Number of board members	**Percentage of the board**	**Number of senior positions on the board (CEO, CFO, SID and Chair)**	**Number in executive management**	**Percentage of executive management**
Men					
Women					

[Other categories]					
Not specified/ prefer not to say					
[**Note:** The placeholder for 'Other categories' is optional and should be used to indicate additional categories which a listed company may wish to include in accordance with *UKLR* 22.2.32G.]					

(2) Table for reporting on ethnic background

	Number of board members	**Percentage of the board**	**Number of senior positions on the board (CEO, CFO, SID and Chair)**	**Number in executive management**	**Percentage of executive management**
White British or other White (including minority-white groups)					
Mixed/ multiple ethnic groups					
Asian/Asian British					
Black/ African/ Caribbean/ Black British					

Other ethnic group					
Not specified/ prefer not to say					

23 Listing particulars for professional securities market and certain other securities: all securities

23.1 Application and purpose

Application

23.1.1 R This chapter applies to an *issuer* that has applied for the *admission* of:

(1) *securities* specified in article 1(2) of the *Prospectus Regulation* (other than *securities* specified in article 1(2)(a), (b) or (d) of that regulation); or

(2) any other *specialist securities* for which a *prospectus* is not required under the *Act* or the *Prospectus Regulation*.

Purpose

23.1.2 G The purpose of this chapter is to require *listing particulars* to be prepared and published for *securities* that are the subject of an application for *listing* in the circumstances set out in *UKLR* 23.1.1R where a *prospectus* is not required under the *Prospectus Regulation*.

Listing particulars to be approved and published

23.1.3 R An *issuer* must ensure that *listing particulars* for *securities* referred to in *UKLR* 23.1.1R are approved by the *FCA* and published in accordance with *UKLR* 23.3.5R.

[**Note:** Under *UKLR* 3.2.11R, the *securities* will only be *listed* if *listing particulars* for the *securities* have been approved by the *FCA* and published.]

23.2 Contents and format of listing particulars

General contents of listing particulars

23.2.1 G Section 80(1) of the *Act* (General duty of disclosure in listing particulars) requires *listing particulars* submitted to the *FCA* to contain all such information as investors and their professional advisers would reasonably

require, and reasonably expect to find there, for the purpose of making an informed assessment of:

(1) the assets and liabilities, financial position, profits and losses, and prospects of the *issuer* of the *securities*; and

(2) the rights attaching to the *securities*.

Summary

23.2.2 R (1) The *listing particulars* must contain a summary that complies with the requirements in article 7 of the *Prospectus Regulation*, *PRR* 4.1.2R and Chapter I of the *Prospectus RTS Regulation* (as if those requirements applied to the *listing particulars*).

(2) Paragraph (1) does not apply:

(a) in relation to *specialist securities* referred to in *UKLR* 23.1.1R(2); or

(b) if, in accordance with article 7(1) of the *Prospectus Regulation*, no *summary* would be required in relation to the *securities*.

Format of listing particulars

23.2.3 R The *listing particulars* must be in a format that complies with the relevant requirements in the *Prospectus Regulation* and the *PR Regulation* (as if those requirements applied to the *listing particulars*).

Minimum information to be included

23.2.4 R The following minimum information from the *PR Regulation* must be included in *listing particulars*:

(1) for an issue of bonds, including bonds convertible into the *issuer's shares* or exchangeable into a third-party *issuer's shares* or derivative *securities*, irrespective of the denomination of the issue, the minimum information required by Annexes 7 and 15 of the *PR Regulation*;

(2) the additional information required by Annexes 17 and 18 of the *PR Regulation*, where relevant;

(3) for an issue of *asset backed securities*, irrespective of the denomination per unit of the issue, the minimum information required by Annexes 9, 15 and 19 of the *PR Regulation*;

(4) for an issue of *certificates representing shares*, irrespective of the denomination per unit of the issue, the minimum information

required by Annexes 5 and 13 (for a primary issuance) of the *PR Regulation*;

(5) for an issue of *securities* by the government of a *third country* or a local or regional authority of a *third country*, the minimum information required by Annexes 10 and 15 of the *PR Regulation*; and

(6) for all issues that are guaranteed, the minimum information required by Annex 21 of the *PR Regulation*.

23.2.5 G For all other issues, the *FCA* would expect *issuers* to follow the most appropriate Annexes in the *PR Regulation* to determine the minimum information to be included in *listing particulars*.

Incorporation by reference

23.2.6 R An *issuer* may incorporate information by reference in the *listing particulars* as if article 19 of the *Prospectus Regulation* and the *PR Regulation* applied to the *listing particulars*.

Equivalent information

23.2.7 R An *issuer* may include equivalent information in *listing particulars* as if article 18(2) of the *Prospectus Regulation* applied to the *listing particulars*.

English language

23.2.8 R *Listing particulars* must be in English.

Omission of information

23.2.9 G Under section 82 of the *Act* (Exemptions from disclosure) the *FCA* may authorise the omission from *listing particulars* of information on specified grounds.

23.2.10 R A request to the *FCA* to authorise the omission of specific information in a particular case must:

(1) be in writing from the *issuer*;

(2) identify the specific information concerned and the specific reasons for the omission; and

(3) state why in the *issuer's* opinion one or more of the grounds in section 82 of the *Act* applies.

23.2.11 R For the purposes of section 82(1)(c) of the *Act*, *specialist securities* are specified.

Responsibility for listing particulars

23.2.12 G Part 3 of the Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001 (SI 2001/2956) sets out the *persons* responsible for *listing particulars*. In particular, in those regulations:

(1) regulation 6 specifies who is generally responsible for *listing particulars*; and

(2) regulation 9 modifies the operation of regulation 6 in relation to *specialist securities*.

23.2.13 R (1) In the case of *listing particulars* for *specialist securities*:

(a) the *issuer* must state in the *listing particulars* that it accepts responsibility for the *listing particulars*;

(b) the *directors* may state in the *listing particulars* that they accept responsibility for the *listing particulars*; and

(c) other *persons* may state in the *listing particulars* that they accept responsibility for all or part of the *listing particulars* and, in that case, the statement by the *issuer* or *directors* may be appropriately modified.

(2) An *issuer* that is a government or a local or regional authority is not required under paragraph (1)(a) to state that it accepts responsibility for the *listing particulars*.

23.3 Approval and publication of listing particulars

Approval of listing particulars

23.3.1 R An application for approval of *listing particulars* or *supplementary listing particulars* must comply with the procedures in *PRR* 3.1 (as if those procedures applied to the application), except that the *applicant* does not need to submit a completed Form A.

23.3.2 R The *FCA* will approve *listing particulars* or *supplementary listing particulars* if it is satisfied that the requirements of the *Act* and this chapter have been complied with.

23.3.3 G The *FCA* will generally seek to notify the *applicant* of its decision on an application for approval of *listing particulars* or *supplementary listing particulars* within the same time limits as are specified in article 20 of the

Prospectus Regulation for an application for approval of a *prospectus* or *supplementary prospectus*.

23.3.4 R An *issuer* must ensure that *listing particulars* or *supplementary listing particulars* are not published until they have been approved by the *FCA*.

Filing and publication of listing particulars

23.3.5 R An *issuer* must ensure that after *listing particulars* or *supplementary listing particulars* are approved by the *FCA*, the *listing particulars* or *supplementary listing particulars* are filed and published as if the relevant requirements in *PRR* 3.2, article 21 of the *Prospectus Regulation*, the *PR Regulation* and the *Prospectus RTS Regulation* applied to them.

23.4 Miscellaneous

Supplementary listing particulars

23.4.1 G Section 81 of the *Act* (Supplementary listing particulars) requires an *issuer* to submit *supplementary listing particulars* to the *FCA* for approval if at any time after *listing particulars* have been submitted to the *FCA* and before the commencement of dealings in the *securities* following their *admission* to the *official list*:

(1) there is a significant change affecting any matter contained in those *listing particulars*, the inclusion of which was required by:

(a) section 80 of the *Act* (General duty of disclosure in listing particulars);

(b) *listing rules*; or

(c) the *FCA*; or

(2) a significant new matter arises, the inclusion of information in respect of which would have been so required if it had arisen when those *listing particulars* were prepared.

23.4.2 R An *issuer* must ensure that after *supplementary listing particulars* are approved by the *FCA*, the *supplementary listing particulars* are filed and published as if the requirements in *PRR* 3.2, article 21 of the *Prospectus Regulation*, the *PR Regulation* and the *Prospectus RTS Regulation* applied to them.

Final terms

23.4.3 R If the final terms of the offer are not included in the *listing particulars*:

(1) the final terms must be provided to investors and filed with the *FCA*, and made available to the public, as if the relevant

requirements in *PRR* 3.2, article 21 of the *Prospectus Regulation*, the *PR Regulation* and the *Prospectus RTS Regulation* applied to them; and

(2) the *listing particulars* must disclose the criteria and/or the conditions in accordance with which the above elements will be determined or, in the case of price, the maximum price.

24 Sponsors

24.1 Application

24.1.1 R A *sponsor* must comply with *UKLR* 24.

24.1.2 R A *person* applying for approval as a *sponsor* must comply with *UKLR* 24.4 (Criteria for approval as a sponsor).

[**Note:** *UKLR* 4.2 sets out the various circumstances in which an *issuer* must appoint or obtain guidance from a *sponsor*.]

24.2 Role of a sponsor: general

Responsibilities of a sponsor

24.2.1 R A *sponsor* must, in relation to a *sponsor service*:

(1) provide assurance to the *FCA*, when required, that the applicable requirements of the *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares* under the *listing rules* and the *Prospectus Rules* have been met;

(2) provide to the *FCA* any explanation or confirmation in such form and within such time limit as the *FCA* reasonably requires for the purposes of ensuring that the applicable requirements of the *listing rules*, the *Prospectus Rules*, the *disclosure requirements* and the *transparency rules* are being complied with by an *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares*; and

(3) guide the *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares* in understanding and meeting its responsibilities under the *listing rules*, the *Prospectus Rules*, the *disclosure requirements* and the *transparency rules*.

24.2.2 R A *sponsor* must, for so long as it provides a *sponsor service*:

(1) take such reasonable steps as are sufficient to ensure that any communication or information it provides to the *FCA* in carrying out the *sponsor service* is, to the best of its knowledge and belief, accurate and complete in all material respects; and

(2) as soon as possible provide to the *FCA* any information of which it becomes aware that materially affects the accuracy or completeness of information it has previously provided.

24.2.3 G Where a *sponsor* provides information to the *FCA* which is or is based on information it has received from a third party in assessing whether a *sponsor* has complied with its obligations in *UKLR* 24.2.2R(1), the *FCA* will have regard, among other things, to whether a *sponsor* has appropriately used its own knowledge, judgement and expertise to review and challenge the information provided by the third party.

24.2.4 G The *sponsor* will be the main point of contact with the *FCA* for any matter referred to in *UKLR* 4.2. The *FCA* expects to discuss all issues relating to a transaction and any draft or final document directly with the *sponsor*. However, in appropriate circumstances, the *FCA* will communicate directly with the *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares*, or its advisers.

24.2.5 G A *sponsor* remains responsible for complying with *UKLR* 24.2 even where a *sponsor* relies on the *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares* or a third party when providing assurance or confirmation to the *FCA*.

Principles for sponsors: due care and skill

24.2.6 R A *sponsor* must, in relation to a *sponsor service*, act with due care and skill.

Principles for sponsors: honesty and integrity

24.2.7 R A *sponsor* must, in relation to a *sponsor service*, act with honesty and integrity.

Principles for sponsors: duty regarding directors of issuers

24.2.8 R Where, in relation to a *sponsor service*, a *sponsor* gives any guidance or advice to a *listed issuer* or *applicant* on the application or interpretation of the *listing rules*, the *disclosure requirements* or the *transparency rules*, the *sponsor* must take reasonable steps to satisfy itself that the *director* or *directors* of the *listed issuer* or *applicant* understand their responsibilities and obligations under the *listing rules*, the *disclosure requirements* and the *transparency rules*.

Principles for sponsors: relations with the FCA

24.2.9 R A *sponsor* must at all times (whether in relation to a *sponsor service* or otherwise):

(1) deal with the *FCA* in an open and cooperative way; and

(2) deal with all enquiries raised by the *FCA* promptly.

24.2.10 R If, in connection with the provision of a *sponsor service*, a *sponsor* becomes aware that it, or an *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares*, is failing or has failed to comply with its obligations under the *listing rules*, the *disclosure requirements* or the *transparency rules*, the *sponsor* must promptly notify the *FCA*.

Principles for sponsors: identifying and managing conflicts

24.2.11 G The purpose of *UKLR* 24.2.12R to *UKLR* 24.2.17G is to ensure that conflicts of interest do not adversely affect:

(1) the ability of a *sponsor* to perform its functions properly under this chapter; or

(2) market confidence in *sponsors*.

24.2.12 R A *sponsor* must, for so long as it provides a *sponsor service*, take all reasonable steps to identify conflicts of interest that could adversely affect its ability to perform its functions properly under this chapter.

24.2.13 G In identifying conflicts of interest, *sponsors* should also take into account circumstances that could:

(1) create a perception in the market that a *sponsor* may not be able to perform its functions properly; or

(2) compromise the ability of a *sponsor* to fulfil its obligations to the *FCA* in relation to the provision of a *sponsor service*.

24.2.14 R A *sponsor* must, for so long as it provides a *sponsor service*, take all reasonable steps to put in place and maintain effective organisational and administrative arrangements that ensure conflicts of interest do not adversely affect its ability to perform its functions properly under this chapter.

24.2.15 G Disclosure of a conflict of interest will not usually be considered to be an effective organisational or administrative arrangement for the purpose of *UKLR* 24.2.14R.

24.2.16 R A *sponsor* must, for so long as it provides a *sponsor service*, be reasonably satisfied that its organisational and administrative arrangements will ensure that its ability to perform its functions properly under this chapter will not be adversely affected by a conflict of interest. If a *sponsor* is not so reasonably satisfied in relation to a *sponsor service*, it must decline or cease to provide such *sponsor service*.

24.2.17 G *UKLR* 24.2.16R recognises that there will be some conflicts of interest that cannot be effectively managed. Providing *sponsor services* in those cases could adversely affect both a *sponsor's* ability to perform its functions properly and market confidence in *sponsors*. If in doubt about

whether a conflict can be effectively managed, a *sponsor* should discuss the issue with the *FCA* before it decides whether it can provide a *sponsor service*.

Principles for sponsors: joint sponsors

24.2.18 R If a *listed issuer* or *applicant* appoints more than one *sponsor* to provide a *sponsor service*:

(1) the appointment does not relieve any of the appointed *sponsors* of their obligations under *UKLR* 24; and

(2) the *sponsors* are each responsible for complying with the obligations under *UKLR* 24.

24.2.19 G If a *listed issuer* or *applicant* appoints more than one *sponsor* to provide a *sponsor service*, the *FCA* expects the *sponsors* to cooperate with each other in relation to the *sponsor service*, including by establishing arrangements for the sharing of information as appropriate, having regard to the *sponsor service*.

24.3 Role of a sponsor: transactions

Application for admission

24.3.1 R *UKLR* 24.3.2R to *UKLR* 24.3.4G apply in relation to an application for *admission* of *equity shares* to the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category if:

(1) an *applicant* does not have *equity shares* already admitted to *listing*;

(2) the conditions in *UKLR* 5.1.2R(1) or *UKLR* 5.1.2R(2) do not apply; and

(3) in connection with the application, the *applicant* is required:

(a) to publish a document under article 1(4)(f) or (g) or (5)(e) or (f) of the *Prospectus Regulation*; or

(b) to submit to the *FCA*:

(i) a *prospectus* or *supplementary prospectus*;

(ii) a summary document under article 1(5)(j) of the *Prospectus Regulation*; or

(iii) for an *issuer* that is a *closed-ended investment fund*, *listing particulars* or *supplementary listing particulars*.

24.3.2 R A *sponsor* must not submit to the *FCA* an application on behalf of an *applicant*, in accordance with *UKLR* 20, unless it has come to a reasonable opinion, after having made due and careful enquiry, that:

(1) the *applicant* has satisfied all requirements of the *listing rules* relevant to an application for *admission*;

(2) the *applicant* has satisfied all applicable requirements set out in the *Prospectus Rules*;

(3) the *directors* of the *applicant* have a reasonable basis on which to make any working capital statement included in the document referred to in *UKLR* 24.3.1R;

(4) the *directors* of the *applicant* have established procedures which enable the *applicant* to comply with the *listing rules*, the *disclosure requirements* and the *transparency rules* on an ongoing basis; and

(5) the *directors* of the *applicant* have established procedures which provide a reasonable basis for them to make proper judgements on an ongoing basis as to the financial position and prospects of the *applicant* and its *group*.

New applicants: procedure

24.3.3 R A *sponsor* must:

(1) submit a completed Sponsor's Declaration on an Application for Listing to the *FCA* either:

(a) on the day the *FCA* is to consider the application for approval of a document referred to in *UKLR* 4.2.1R(1) and prior to the time such document is approved; or

(b) at a time agreed with the *FCA*, if the *FCA* is not approving such document;

(2) submit a completed Shareholder Statement or Pricing Statement, as applicable, to the *FCA* by 9am on the day the *FCA* is to consider the application;

(3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FCA* in considering:

(a) the application for *admission*; and

(b) whether the *admission* of the *equity shares* would be detrimental to investors' interests,

have been disclosed with sufficient prominence in the document referred to in *UKLR* 4.2.1R(1) or *UKLR* 4.2.1R(2), or otherwise in writing to the *FCA*; and

(4) submit a letter to the *FCA* setting out how the *applicant* satisfies the criteria in *UKLR* 3 and, if applicable, *UKLR* 5, *UKLR* 11 or *UKLR* 13, no later than when the first draft of the document referred to in *UKLR* 4.2.1R(1) or *UKLR* 4.2.1R(2) is submitted (or, if the *FCA* is not approving such document, at a time to be agreed with the *FCA*).

[**Note:** The Sponsor's Declaration on an Application for Listing, the Shareholder Statement and the Pricing Statement forms can be found on the Primary Markets section of the *FCA's* website.]

24.3.4 G Depending on the circumstances of the case, a *sponsor* providing *sponsor services* to an *applicant* on an application for *admission* may have to confirm in writing to the *FCA* the number of *equity shares* to be allotted or admitted.

[**Note:** See *UKLR* 20.4.5R.]

Application for admission: further issues

24.3.5 R *UKLR* 24.3.6R to *UKLR* 24.3.8G apply in relation to an application for *admission* of *equity shares* to the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category of an *applicant* that has *securities* already *admitted* to listing or in circumstances in which *UKLR* 5.1.2R(1) or *UKLR* 5.1.2R(2) apply.

24.3.6 R A *sponsor* appointed in accordance with *UKLR* 4.2.1R must not submit to the *FCA* an application on behalf of an *applicant*, in accordance with *UKLR* 20, unless it has come to a reasonable opinion, after having made due and careful enquiry, that:

(1) the *applicant* has satisfied all requirements of the *listing rules* relevant to an application for *admission*;

(2) the *applicant* has satisfied all applicable requirements set out in the *Prospectus Rules*; and

(3) the *directors* of the *applicant* have a reasonable basis on which to make any working capital statement included in the document referred to in *UKLR* 4.2.1R(1).

Further issues: procedure

24.3.7 R A *sponsor* must:

(1) submit a completed Sponsor's Declaration on an Application for Listing to the *FCA* either:

(a) on the day the *FCA* is to consider the application for approval of the document referred to in *UKLR* 4.2.1R(1) and prior to the time such document is approved; or

(b) at a time agreed with the *FCA* if the *FCA* did not approve the document referred to in *UKLR* 4.2.1R(1);

(2) submit a completed Shareholder Statement or Pricing Statement, as applicable, to the *FCA* by 9am on the day the *FCA* is to consider the application; and

(3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FCA* in considering the application for *admission* have been disclosed with sufficient prominence in the document referred to in *UKLR* 4.2.1R(1) or *UKLR* 4.2.1R(2), or otherwise in writing to the *FCA*.

[**Note:** The Sponsor's Declaration on an Application for Listing, the Shareholder Statement and the Pricing Statement forms can be found on the Primary Markets section of the *FCA's* website.]

24.3.8 G Depending on the circumstances of the case, a *sponsor* providing *sponsor services* to an *applicant* on an application for *admission* may have to confirm, in writing to the *FCA*, the number of *equity shares* to be allotted or admitted.

[**Note:** See *UKLR* 20.4.5R.]

Circulars: reverse takeovers or relevant related party transactions by closed-ended investment funds

24.3.9 R *UKLR* 24.3.10R to *UKLR* 24.3.13R apply in relation to transactions involving an *issuer* with *equity shares* admitted to *listing* that is required to submit to the *FCA* for approval a *reverse takeover circular* or a *relevant related party transaction circular* required by *UKLR* 11.

24.3.10 R A *sponsor* must not submit to the *FCA*, on behalf of a *listed issuer*, a *reverse takeover circular* or a *relevant related party transaction circular* required by *UKLR* 11 for approval, unless the *sponsor* has come to a reasonable opinion, after having made due and careful enquiry, that:

(1) the *listed issuer* has satisfied all requirements of the *listing rules* relevant to the production of a *reverse takeover circular* or a *relevant related party transaction circular* required by *UKLR* 11; and

(2) the transaction will not have an adverse impact on the *listed issuer's* ability to comply with the *listing rules*, the *disclosure requirements* or the *transparency rules*.

Circulars: procedure

24.3.11 R A *sponsor* acting on a transaction falling within *UKLR* 24.3.9R must:

(1) submit a completed Sponsor's Declaration for the Production of a Circular to the *FCA* on the day the *circular* is to be approved by the *FCA* and prior to the time the *circular* is approved;

(2) submit a Pricing Statement, if applicable, to the *FCA* by 9am on the day the *FCA* is to consider the application; and

(3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FCA* in considering the transaction have been disclosed with sufficient prominence in the documentation or otherwise in writing to the *FCA*.

[**Note:** The Sponsor's Declaration for the Production of a Circular, the Shareholder Statement and the Pricing Statement forms can be found on the Primary Markets section of the *FCA's* website.]

Applying for transfer between listing categories

24.3.12 R In relation to a proposed transfer under *UKLR* 21.5.1R, if a *sponsor* is appointed in accordance with *UKLR* 4.2.2R, it must:

(1) submit a letter to the *FCA* setting out how the *issuer* satisfies each *listing rule* requirement relevant to the category of listing to which it wishes to transfer, by no later than when the first draft of the document referred to in *UKLR* 21.5.6R(2)(a) or *UKLR* 21.5.7R(2) is submitted;

(2) submit a completed Sponsor's Declaration for a Transfer of Listing to the *FCA* for the proposed transfer on the day the document referred to in *UKLR* 21.5.6R(2)(a) or *UKLR* 21.5.7R(2) is to be approved by the *FCA* and before it is approved; and

(3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FCA* in considering the transfer between listing categories have been disclosed with sufficient prominence in the document referred to in *UKLR* 21.5.6R(2)(a) or *UKLR* 21.5.7R(2) or otherwise in writing to the *FCA*.

[**Note:** The Sponsor's Declaration for a Transfer of Listing form can be found on the Primary Markets section of the *FCA* website.]

24.3.13 R A *sponsor* must not submit to the *FCA* on behalf of an *issuer* a final *circular* or announcement for approval or a Sponsor's Declaration for a Transfer of Listing, unless it has come to a reasonable opinion, after having made due and careful enquiry, that:

(1) the *issuer* satisfies all eligibility requirements of the *listing rules* that are relevant to the new category to which it is seeking to transfer;

(2) the *issuer* has satisfied all requirements relevant to the production of the *circular* required under *UKLR* 21.5.6R(2)(a) or the announcement required under *UKLR* 21.5.7R(2) (whichever is relevant);

(3) the *directors* of the *issuer* have established procedures which enable the *issuer* to comply with the *listing rules*, the *disclosure requirements* and the *transparency rules* on an ongoing basis; and

(4) the *directors* of the *issuer* have established procedures which provide a reasonable basis for them to make proper judgements on an ongoing basis as to the financial position and prospects of the *issuer* and its *group*.

24.3.14 R *UKLR* 24.3.13R(3) and *UKLR* 24.3.13R(4) do not apply in relation to an *issuer* that was required to meet these requirements under its existing listing category.

Initial transactions

24.3.15 R A *sponsor* acting on an *initial transaction* by an *issuer* with *equity shares admitted* to the *equity shares (shell companies)* category must provide such written confirmations to the *FCA* as may be required in connection with the *initial transaction* as specified in *UKLR* 13.4 before the *issuer* makes an announcement in respect of such *initial transaction* under *UKLR* 13.4.

24.4 Criteria for approval as a sponsor

List of sponsors

24.4.1 G The *FCA* will maintain a *list of sponsors* on its website.

Application for approval as a sponsor

24.4.2 R A *person* wanting to provide *sponsor services*, and to be included on the *list of sponsors*, must apply to the *FCA* for approval as a *sponsor* by submitting the following to the Primary Market Specialist Supervision Team at the *FCA's* address:

(1) a completed Sponsor Firm Application form;

(2) details of any matter in the past 5 years that would have been notifiable to the *FCA* pursuant to *UKLR* 24.5.12R(2), (3), (4) or (5), had the *person* been approved as a *sponsor*; and

(3) the application fee set out in *FEES* 3.

[**Note:** The Sponsor's Firm Application form can be found on the Primary Markets section of the *FCA's* website.]

24.4.3 R A *person* wanting to provide *sponsor services* and be included on the *list of sponsors* must also submit:

(1) all additional documents, explanations and information as required by the *FCA*; and

(2) verification of any information in such a manner as the *FCA* may specify.

24.4.4 G When considering an application for approval as a *sponsor*, the *FCA* may:

(1) carry out any enquiries and request any further information which it considers appropriate, including consulting other regulators;

(2) request that the applicant or its specified representative answer questions and explain any matter the *FCA* considers relevant to the application; and

(3) take into account any information which it considers appropriate in relation to the application.

[**Note:** The decision-making procedures that the *FCA* will follow when it considers whether to refuse an application for approval as a *sponsor* are set out in *DEPP*.]

Criteria for approval as a sponsor

24.4.5 R The *FCA* will approve a *person* as a *sponsor* only if it is satisfied that the *person*:

(1) is an *authorised person* or a *member* of a *designated professional body*;

(2) is competent to provide *sponsor services* in accordance with *UKLR* 24; and

(3) has appropriate systems and controls in place to carry out its role as a *sponsor* in accordance with *UKLR* 24.

24.4.6 G In assessing whether a *person* wanting to provide *sponsor services* satisfies *UKLR* 24.4.5R(2), the *FCA* will consider a variety of factors, including any matters notified to it pursuant to *UKLR* 24.4.2R(2).

24.4.7 R The *FCA* may impose restrictions or limitations on the *sponsor services* a *sponsor* can provide at the time of granting a *sponsor's* approval.

24.4.8 G Situations when the *FCA* may impose restrictions or limitations on the *sponsor services* a *sponsor* can provide, include (but are not limited to) where it appears to the *FCA* that:

(1) the *employees* of the *person* applying to be a *sponsor* whom it is proposed will perform *sponsor services* have no or limited relevant experience and expertise of the kind described in *UKLR* 24.4.12R(1) in relation to certain types of *sponsor services* or in relation to certain types of *company*; or

(2) the *person* applying to be a *sponsor* does not have systems and controls in place which are appropriate for the nature of the *sponsor services* which the *person* applying to be a *sponsor* proposes to undertake.

[**Note:** A *statutory notice* may be required under section 88 of the *Act*. Where this is the case, the procedure for giving a *statutory notice* is set out in *DEPP*.]

24.4.9 G Where a *person* wishes to apply for approval as a *sponsor* to provide a limited range of *sponsor services*, it may do so on the basis that the *FCA* will impose a limitation or restriction on its approval (in accordance with section 88 of the *Act*). In such circumstances, the *FCA* will assess whether the *person* satisfies *UKLR* 24.4.5R(2) and *UKLR* 24.4.5R(3) taking into consideration the *sponsor services* to which the approval, as formally limited or restricted by the *FCA*, will relate.

Continuing obligations

24.4.10 R A *sponsor* must comply, at all times, with the criteria set out in *UKLR* 24.4.5R.

24.4.11 G In assessing whether a *sponsor* satisfies *UKLR* 24.4.10R, the *FCA* will consider a variety of factors, including any matters notified to it pursuant to *UKLR* 24.5.12R.

Competence of a sponsor

24.4.12 R A *sponsor*, or a *person* applying for approval as a *sponsor*, will not satisfy *UKLR* 24.4.5R(2) unless it has:

(1) a sufficient amount of relevant experience and expertise, demonstrated by having:

(a) submitted a *sponsor declaration* to the *FCA*:

(i) for a *person* applying for approval as a *sponsor*, within 5 years of the date of its application; and

(ii) for a *sponsor*, within the previous 5 years; or

(b) provided sufficient relevant corporate finance advisory services within the previous 5 years to *persons*:

(i) with securities admitted to trading on, or applying for admission of securities to trading on, a *UK RIE* or a market established under the rules of a *UK RIE*; and

(ii) each having an aggregate market value or expected aggregate market value of at least the amount specified in *UKLR* 3.2.7R(1)(a) or, where the *sponsor* or *person* applying for approval as a *sponsor* is doing so on the basis of providing *sponsor services* to *closed-ended investment funds* only, *UKLR* 3.2.7R(2),

at the time such services were provided; and

(2) a sufficient number of *employees* with the skills and knowledge necessary for it to:

(a) provide *sponsor services* in accordance with *UKLR* 24.2;

(b) understand:

(i) the *rules* and *guidance* directly relevant to *sponsor services*;

(ii) the procedural requirements and processes of the *FCA*;

(iii) the due diligence process required in order to provide *sponsor services* in accordance with *UKLR* 24.2 and *UKLR* 24.3;

(iv) the responsibilities and obligations of a *sponsor* in *UKLR* 24; and

(v) specialist industry sectors and/or certain types of *company*, if relevant to the *sponsor services* it provides or intends to provide; and

(c) be able to comply with the key contact requirements in *UKLR* 24.4.28R.

24.4.13 G In assessing whether a *sponsor*, or a *person* applying for approval as a *sponsor*, satisfies *UKLR* 24.4.12R, the *FCA* will consider a variety of factors, including:

(1) the nature, scale and complexity of its business;

(2) the diversity of its operations;

(3) the volume and size of transactions it undertakes;

(4) the volume and size of transactions it anticipates undertaking in the following year; and

(5) the degree of risk associated with the transactions it undertakes or anticipates undertaking in the following year.

24.4.14 G To determine whether a *sponsor*, or a *person* applying for approval as a *sponsor*, satisfies *UKLR* 24.4.12R(1)(a), the *FCA* may consider whether any of the *sponsor's* or *person's employees* have had material involvement in the provision of *sponsor services* that have required the submission of a *sponsor declaration* within the previous 5 years.

24.4.15 G For the purposes of *UKLR* 24.4.12R(1)(a), any declaration or confirmation given by a *sponsor* to the *FCA* that is not a *sponsor declaration* will not be accepted as demonstrating relevant experience and expertise.

24.4.16 G To determine whether a *sponsor*, or a *person* applying for approval as a *sponsor*, satisfies *UKLR* 24.4.12R(1)(b), the *FCA* may consider a variety of factors, including:

(1) the cumulative body of its experience and expertise providing relevant corporate finance advisory services, including any *sponsor services* provided where no *sponsor declaration* has been required;

(2) the range of skills and knowledge evidenced through its provision of relevant corporate finance advisory services, including:

(a) advising on the rules and guidance issued by a regulator or exchange;

(b) adhering to the procedural requirements and processes of a regulator or exchange; and

(c) undertaking due diligence to:

(i) support assurances or information delivered to a regulator or exchange; and

(ii) verify public statements made by an issuer; and

(3) the extent of the *sponsor services* intended to be provided.

24.4.17 G To determine whether a *sponsor*, or a *person* applying for approval as a *sponsor*, satisfies *UKLR* 24.4.12R(1)(b), the *FCA* may consider whether any of the *sponsor's* or *person's employees* have within the previous 5 years had material involvement in the provision of relevant corporate finance advisory services to *persons*:

(1) with securities admitted to trading on, or applying for admission of securities to trading on, a *UK RIE* or a market established under the rules of a *UK RIE*; and

(2) each having an aggregate market value or expected aggregate market value of at least the amount specified in:

(a) *UKLR* 3.2.7R(1)(a); or

(b) where the sponsor or *person* applying for approval as a *sponsor* is doing so on the basis of providing *sponsor services* to *closed-ended investment funds* only, *UKLR* 3.2.7R(2),

at the time such services were provided.

24.4.18 G In exceptional circumstances, the *FCA* may consider dispensing with, or modifying, the requirement in *UKLR* 24.4.12R(1) in accordance with *UKLR* 1.2.1R.

24.4.19 G Notwithstanding *UKLR* 24.4.13G, when considering whether a *sponsor* satisfies *UKLR* 24.4.12R(2)(c) the *FCA* expects a *sponsor* to have no fewer than 2 *employees* who are able to satisfy the key contact requirements in *UKLR* 24.4.28R(2).

24.4.20 G In assessing whether a *sponsor*, or a *person* applying for approval as a *sponsor*, can demonstrate it is competent in the areas required under *UKLR* 24.4.12R(2), the *FCA* may also take into account, where relevant, the guidance or advice on the *listing rules*, the *disclosure requirements* and the *transparency rules* the *sponsor* or *person* has given in circumstances other than in providing *sponsor services*.

Systems and controls: general

24.4.21 R A *sponsor*, or a *person* applying for approval as a *sponsor*, will not satisfy *UKLR* 24.4.5R(3) unless it has in place:

(1) clear and effective reporting lines for the provision of *sponsor services* (including clear and effective management responsibilities);

(2) effective systems and controls which require *employees* with management responsibilities for the provision of *sponsor services* to understand and apply the requirements of *UKLR* 24;

(3) effective systems and controls for the appropriate supervision of *employees* engaged in the provision of *sponsor services* by the *sponsor*;

(4) effective systems and controls for compliance with all applicable *listing rules* at all times, including when performing *sponsor services*;

(5) effective systems and controls which require appropriate staffing arrangements for providing each *sponsor service* in line with the principles for *sponsors* in *UKLR* 24.2;

(6) effective systems and controls for *employees* engaged in the provision of *sponsor services* to receive appropriate guidance and training to provide each *sponsor service* in line with the principles for *sponsors* in *UKLR* 24.2;

(7) effective systems and controls to identify and manage conflicts of interest;

(8) effective systems and controls for compliance with each of the requirements in *UKLR* 24.4.12R(2)(b); and

(9) systems and controls which comply with the requirements of *UKLR* 24.4.25R.

24.4.22 G When considering a *sponsor's* ability to comply with *UKLR* 24.4.21R, the *FCA* will consider a variety of factors, including:

(1) the nature, scale and complexity of its business;

(2) the diversity of its operations;

(3) the volume and size of the transactions it undertakes;

(4) the volume and size of the transactions it anticipates undertaking in the following year; and

(5) the degree of risk associated with the transactions it undertakes or anticipates undertaking in the following year.

Systems and controls: conflicts of interest

24.4.23 G A *sponsor* will generally be regarded as having appropriate systems and controls for identifying and managing conflicts if it has in place effective policies and procedures:

(1) to ensure that decisions taken on managing conflicts of interest are taken by appropriately senior staff and on a timely basis;

(2) to monitor whether arrangements put in place to manage conflicts are effective; and

(3) to ensure that individuals within the *sponsor* are appropriately trained to enable them to identify, escalate and manage conflicts of interest.

24.4.24 G The policies and procedures referred to in *UKLR* 24.4.23G are distinct from the actual organisational and administrative arrangements that a *sponsor* is required to put in place and maintain under *UKLR* 24.2.14R to manage specific conflicts.

Systems and controls: record management

24.4.25 R A *sponsor* must have effective arrangements to create and retain for 6 years accessible records which are sufficient to be capable of demonstrating that it has provided *sponsor services* and otherwise complied with its obligations under *UKLR* 24, including:

(1) where a declaration is to be submitted to the *FCA*:

(a) under *UKLR* 24.3.3R(1), *UKLR* 24.3.7R(1), *UKLR* 24.3.11R(1) or *UKLR* 24.3.12R(2); or

(b) pursuant to an appointment under *UKLR* 4.2.1R(5),

the basis of each declaration given;

(2) where any opinion, assurance or confirmation is provided by a *sponsor* to the *FCA* or an *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares* in relation to a *sponsor service*, the basis of that opinion, assurance or confirmation;

(3) where a sponsor submits a request to the *FCA*:

(a) to modify, waive or substitute the operation of *UKLR* 7, *UKLR* 8 or *UKLR* 11 pursuant to *UKLR* 4.2.3R; or

(b) for individual guidance pursuant to *UKLR* 4.2.4R,

the basis upon which any guidance, judgements or opinions made or given by the *sponsor* to an *issuer* which underlie the request have been made or given;

(4) where a *sponsor* provides guidance to an *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares* pursuant to *UKLR* 4.2.6R or *UKLR* 24.2.1R(3), the basis upon

which the guidance is given and upon which any judgements or opinions underlying the guidance have been made or given; and

(5) the steps taken to comply with its obligations under *UKLR* 24.2.12R, *UKLR* 24.2.14R, *UKLR* 24.2.16R and *UKLR* 24.4.10R.

24.4.26 G Records should:

(1) be capable of timely retrieval; and

(2) include material communications which relate to the provision of *sponsor services*, including any advice or guidance given to an *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares* in relation to its responsibilities under the *listing rules*, the *disclosure requirements* and the *transparency rules*.

24.4.27 G In considering whether a *sponsor* has satisfied the requirements regarding sufficiency of records in *UKLR* 24.4.25R, the *FCA* will consider whether the records would enable a person with general knowledge of the sponsor regime and a basic understanding of a transaction to which a *sponsor service* relates to understand and verify the basis upon which material judgements have been made throughout the provision of the *sponsor service*.

Key contact

24.4.28 R For each *sponsor service* requiring the submission of a document to the *FCA* or contact with the *FCA*, a *sponsor* must:

(1) at the time of submission or on first making contact with the *FCA* in connection with the *sponsor service*, notify the *FCA* of the name and contact details of a key contact within the *sponsor* for that matter; and

(2) ensure that its key contact:

(a) has sufficient knowledge about the *listed issuer* or *applicant* and the proposed matter to be able to answer queries from the *FCA* about it;

(b) is available to answer queries from the *FCA* on any *business day* between 7am and 6pm;

(c) is authorised to make representations to the *FCA* for and on behalf of the *sponsor*;

(d) possesses technical knowledge of *rules* and *guidance* directly relevant to the *sponsor service*; and

(e) understands the responsibilities and obligations of the *sponsor* under *UKLR* 24 in relation to the *sponsor service*.

24.5 Supervision of sponsors

24.5.1 G The *FCA* expects to have an open, cooperative and constructive relationship with a *sponsor* to enable it to have a broad picture of the *sponsor's* activities and its ability to satisfy the criteria for approval as a *sponsor* as set out in *UKLR* 24.4.5R.

Requirement to provide information

24.5.2 R (1) The *FCA* may, by notice in writing given to a *sponsor*, require it to provide specified documents or specified information to the *FCA*.

(2) The *sponsor* must, as soon as practicable, provide to the *FCA* any documents or information that it has been required to provide under (1).

(3) This *rule* applies only to documents or information reasonably required by the *FCA* in connection with the performance of its functions in relation to a *sponsor* or a *person* that has appointed a *sponsor*.

Supervisory tools

24.5.3 G The *FCA* uses a variety of tools to monitor whether a *sponsor*:

(1) continues to satisfy the criteria for approval as a *sponsor* as set out in *UKLR* 24.4.5R; and

(2) remains in compliance with all applicable *listing rules*.

24.5.4 R The *FCA* may impose restrictions or limitations on the *sponsor services* a *sponsor* can provide at any time following the grant of a *sponsor's* approval.

24.5.5 G Situations when the *FCA* may impose restrictions or limitations on the *sponsor services* a *sponsor* can provide include (but are not limited to) where it appears to the *FCA* that:

(1) the *sponsor* has no or limited relevant experience and expertise of providing certain types of *sponsor services* or of providing *sponsor services* to certain types of *company*; or

(2) the *sponsor* does not have systems and controls in place which are appropriate for the nature of the *sponsor services* which the *sponsor* is undertaking or proposing to undertake.

[**Note:** A *statutory notice* may be required under section 88 of the *Act*. Where this is the case, the procedure for giving a *statutory notice* is set out in *DEPP*.]

24.5.6 G *FCA* staff, after notifying the *sponsor*, may make supervisory visits to a *sponsor* on a periodic and an ad hoc basis.

24.5.7 G The *FCA* will give reasonable notice to a *sponsor* of requests for meetings or requests for access to a *sponsor's* documents and records.

Requests from other regulators

24.5.8 G The *FCA*, on behalf of other regulators, may request information from a *sponsor* or pass information on to other regulators to enable such regulators to discharge their functions.

Fees

24.5.9 R A *sponsor* must pay the annual fee set out in *FEES* 4 in order to remain on the *list of sponsors*.

Annual notifications

24.5.10 R A *sponsor* must provide to the *FCA* on or after the first *business day* of January each year but no later than the last *business day* of January each year:

(1) written confirmation that it continues to satisfy the criteria for approval as a *sponsor* as set out in *UKLR* 24.4.5R; and

(2) for each of the criteria in that *rule*, evidence of the basis upon which it considers that it meets that criterion.

24.5.11 R Written confirmation must be provided by submitting a completed Sponsor Annual Notification form to the *FCA* by electronic mail to the address specified by the *sponsor's* usual supervisory contact at the *FCA*.

[**Note:** The Sponsor Annual Notification form can be found on the Primary Markets section of the *FCA's* website.]

General notifications

24.5.12 R A *sponsor* must notify the *FCA* in writing as soon as possible if:

(1) (a) the *sponsor* ceases to satisfy the criteria for approval as a *sponsor* set out in *UKLR* 24.4.5R or becomes aware of any matter which, in its reasonable opinion, would be relevant to the *FCA* in considering whether the *sponsor* continues to comply with *UKLR* 24.4.10R; or

(b) the *sponsor* becomes aware of any fact or circumstance relating to the *sponsor* or any of its *directors*, partners or *employees* engaged in the provision of *sponsor services* by the *sponsor* which, in its reasonable opinion, would be likely to adversely affect market confidence in *sponsors*;

(2) the *sponsor*, or any of its *directors*, partners or *employees* engaged in the provision of *sponsor services* by the *sponsor*, are:

(a) convicted of any offence involving fraud, theft or other dishonesty; or

(b) the subject of a bankruptcy proceeding, a receiving order or an administration order;

(3) any of its *directors*, partners or *employees* engaged in the provision of *sponsor services* by the *sponsor* are disqualified by a court from acting as a *director* of a *company* or from acting in a management capacity or conducting the affairs of any *company*;

(4) the *sponsor*, or any of its *directors*, partners or *employees* engaged in the provision of *sponsor services* by the *sponsor*, are subject to any public criticism, regulatory intervention or disciplinary action:

(a) by the *FCA*;

(b) by any *UK RIE*;

(c) by any *designated professional body*;

(d) by any body that is comparable to the *FCA* or a *designated professional body*; or

(e) under any comparable legislation in any jurisdiction outside the *United Kingdom*;

(5) the *sponsor* resigns or is dismissed by a *listed issuer* or *applicant*, giving details of any relevant facts or circumstances;

(6) the *sponsor* changes its name;

(7) a *listed issuer* or *applicant* denies the *sponsor* access to documents or information that have been the subject of a reasonable request by the *sponsor*;

(8) it identifies or otherwise becomes aware of any material deficiency in the *sponsor's* systems and controls;

(9) there is intended to be a change of control of the *sponsor*, any restructuring of the *sponsor's group*, or a re-organisation of or a substantial change to the *directors*, partners or *employees* engaged in the provision of *sponsor services* by the *sponsor*; or

(10) there is expected to be a change in the financial position of the *sponsor* or any of its *group companies* that would be likely to adversely affect the *sponsor's* ability to perform *sponsor services* or otherwise comply with *UKLR* 24.

24.5.13 R Where a *sponsor* is of the opinion that, notwithstanding the circumstances giving rise to a notification obligation under *UKLR* 24.5.12R, it continues to satisfy the ongoing criteria for approval as a *sponsor* in accordance with *UKLR* 24.4.10R, it must include in its notification to the *FCA* a statement to that effect and the basis for its opinion.

24.5.14 G General notifications may be made in the first instance by telephone but must be confirmed promptly in writing.

24.5.15 G Written notifications should be sent to the Primary Market Specialist Supervision Team at the *FCA's* address.

Non-delegation of sponsor functions

24.5.16 R A *sponsor* must not delegate any of its functions as such, or permit another *person* to perform those functions.

Discipline of sponsors

24.5.17 G The *FCA* may take action against a *sponsor* under section 88A of the *Act* if it considers that the *sponsor* has contravened a requirement or restriction imposed on the *sponsor* by the *listing rules*. *EG* sets out the *FCA's* policy on when and how it will use its disciplinary powers, including in relation to a *sponsor*.

[**Note:** A *statutory notice* may be required under section 88A of the *Act*. Where this is the case, the procedure for giving a *statutory notice* is set out in *DEPP*.]

Cancellation of a sponsor's approval at the sponsor's request

24.5.18 G A *sponsor* that intends to request the *FCA* to cancel its approval as a *sponsor* should comply with *UKLR* 24.5.20R.

24.5.19 G Examples of when a *sponsor* should submit a cancellation request pursuant to *UKLR* 24.5.20R include, but are not limited to:

(1) situations where the *sponsor* ceases to satisfy the ongoing criteria for approval as a *sponsor* in accordance with *UKLR* 24.4.10R and, following a notification made under *UKLR* 24.5.12R, there are no ongoing discussions with the *FCA* which could lead to the conclusion that the *sponsor* remains eligible; or

(2) where there is a change of control of the *sponsor* or any restructuring of the *sponsor's group* that will result in *sponsor services* being provided by a different *person*, in which case the *person* that is intended to provide the *sponsor services* should apply for approval as a *sponsor* under *UKLR* 24.4 before it provides any *sponsor services*.

24.5.20 R A request by a *sponsor* for its approval as a *sponsor* to be cancelled must be in writing and must include:

(1) the *sponsor's* name;

(2) a clear explanation of the background and reasons for the request;

(3) the date on which the *sponsor* requests the cancellation to take effect;

(4) a signed confirmation that the *sponsor* will not provide any *sponsor services* as of the date the request is submitted to the *FCA*; and

(5) the name and contact details of the *person* at the *sponsor* with whom the *FCA* should liaise in relation to the request.

24.5.21 G A *sponsor* may withdraw its request at any time before the cancellation takes effect. The withdrawal request should initially be made by telephone and then confirmed in writing as soon as possible, with an explanation of the reasons for the withdrawal.

Suspension of a sponsor's approval at the sponsor's request

24.5.22 R A request by a *sponsor* for its approval as a *sponsor* to be suspended must be in writing and must include:

(1) the *sponsor's* name;

(2) a clear explanation of the background and reasons for the request;

(3) the date on which the *sponsor* requests the suspension to take effect;

(4) a signed confirmation that the *sponsor* will not provide any *sponsor services* as of the date the request is submitted to the *FCA*; and

(5) the name and contact details of the *person* at the *sponsor* with whom the *FCA* should liaise with in relation to the request.

24.5.23 G A *sponsor* may withdraw its request at any time before the suspension takes effect. The withdrawal request should initially be made by telephone and then confirmed in writing as soon as possible, with an explanation of the reasons for the withdrawal.

24.5.24 G A *sponsor* may wish to consider submitting a suspension request under *UKLR* 24.5.22R where the *sponsor*:

(1) ceases to satisfy the ongoing criteria for approval as a *sponsor* in accordance with *UKLR* 24.4.10R;

(2) has notified the *FCA* in accordance with *UKLR* 24.5.12R;

(3) is having ongoing discussions with the *FCA* regarding remedial action; and

(4) is undertaking remedial action which may result in the *sponsor* being able to satisfy the ongoing criteria for approval in accordance with *UKLR* 24.4.10R.

Sponsors: advancing the FCA's operational objectives

24.5.25 G The *FCA* may impose restrictions or limitations on the services a *sponsor* can provide or suspend a *sponsor's* approval under section 88E of the *Act* if the *FCA* considers it desirable to do so in order to advance one or more of its *operational objectives*.

[**Note:** A *statutory notice* may be required under section 88F of the *Act*. Where this is the case, the procedure for giving a *statutory notice* is set out in *DEPP*.]

UKLR TP 1 Transitional provisions: general

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
Definition of 'inflight applicant'						
1.		R	In these transitional provisions, 'inflight applicant' means an *applicant* for the *admission* of *securities*:		From 29 July 2024	29 July 2024
			(1)	that has made a complete submission to the *FCA* for an eligibility review for *listing* by 4pm on the date on which the UK Listing Rules Instrument 2024 (FCA 2024/23) is published and where the *securities* have not been *admitted to listing* prior to 29 July 2024; and		

			(2)	whose submission for an eligibility review for *listing* has not been withdrawn or lapsed.		
Transitional provision in relation to waivers and modifications						
2.	*UKLR*	R	(1)	This transitional provision applies where:	Indefinitely	29 July 2024
				(a) a *rule* contained in the Listing Rules sourcebook as it applied immediately before 29 July 2024 (the 'predecessor rule') has been dispensed with or modified in accordance with section 101(2) of the *Act* in a way that has continuing effect; and		
				(b) the predecessor rule is substantively the same as a *rule* contained in the *UKLR* sourcebook (the 'successor rule').		
			(2)	Where this transitional provision applies, the dispensation or modification given in relation to the predecessor rule is treated as a dispensation or modification given in relation to the successor rule, until the dispensation or modification ceases to have effect on its terms, or is revoked, whichever is the earlier.		
Transitional provisions in relation to contact details under UKLR 1						

3.	*UKLR* 1.3.5R, *UKLR* 1.3.7R and *UKLR* 1.3.8R	R	(1)	This transitional provision applies to an *issuer* which:		From 29 July 2024 up to and including 29 January 2025	29 July 2024
				(a)	is a *listed company* which had a *listing* of *securities* immediately before 29 July 2024;		
				(b)	is a *listed company* which was an inflight applicant; or		
				(c)	is an inflight applicant.		
			(2)	*UKLR* 1.3.5R, *UKLR* 1.3.7R and *UKLR* 1.3.8R are not applicable to an issuer to which this transitional provision applies.			
Transitional provisions in relation to Listing Principles under UKLR 2							
4.	*UKLR* 2.1.1R and *UKLR* 2.2.1R	R	(1)	This transitional provision applies to an *issuer* which:		From 29 July 2024 up to and including 29 January 2025	29 July 2024
				(a)	is a *listed company* which had *securities admitted* to what was previously known as 'standard listing' under the Listing Rules sourcebook (as it applied immediately before 29 July 2024) immediately before 29 July 2024; or		
				(b)	is a *listed company* which was an inflight applicant whose submission for an eligibility review related to an application for the *admission* of *securities* to what		

					was previously known as 'standard listing' under the Listing Rules sourcebook as it applied immediately before 29 July 2024.		
			(2)	Listing Principles 3 to 6 are not applicable to an *issuer* to which this transitional provision applies.			
Transitional provisions in relation to eligibility requirements for inflight applicants							
5.	*UKLR* 13.2 *UKLR* 14.2 *UKLR* 22	R	(1)	This provision applies to an inflight applicant:		From 29 July 2024 up to and including 29 July 2025	29 July 2024
				(a)	which, prior to 29 July 2024 was applying for the *admission* of *equity shares* to what was previously known as the 'standard listing (shares)' category under the Listing Rules sourcebook as it applied immediately before 29 July 2024; and		
				(b)	where there has not been a material change to the *applicant's* overall business proposition during the period since the date on which the *applicant* made its complete submission for eligibility review for *listing*.		
			(2)	The requirements for listing in *UKLR* 13.2 and *UKLR* 14.2 are not applicable to an *issuer* to			

				which this transitional provision applies.			
			(3)	The requirements for listing set out in section 14.2 of the Listing Rules sourcebook (as it applied immediately before 29 July 2024) shall apply to an *issuer* to which this transitional provision applies.			
			(4)	The application for *admission to listing* of the *equity shares* will otherwise be treated as an application for the *admission* of *equity shares* to the following *listing* categories:			
				(a)	in the case of an *issuer* which is a *shell company*, the *equity shares (shell companies)* category;		
				(b)	in the case of an *issuer* where the *FCA* has agreed that the *equity shares* will be *listed* in the *equity shares (international commercial companies secondary listing)* category, the *equity shares (international commercial companies secondary listing)* category; and		

				(c)	in any other case, the *equity shares (transition)* category.			
			(5)	For the purposes of (4)(b), the *FCA* will generally agree that the *equity shares* will be *listed* in the *equity shares (international commercial companies secondary listing*) category where the following characteristics are met:				
				(a)	the *issuer* is an *overseas company* or an *overseas public sector issuer*; and			
				(b)	the *equity shares*:			
					(i)	are admitted to trading on an overseas regulated, regularly operating, recognised open market;		
					(ii)	are capable of being traded on the overseas public market referred to in (i); and		
					(iii)	are in the same *class* as the *equity shares* admitted to trading on the overseas public market referred to in (i).		

Transitional provisions in relation to modifications for sovereign controlled commercial companies under UKLR 6, UKLR 8 and UKLR 9						
6.	*UKLR* 6.2.34R *UKLR* 6.6.22R *UKLR* 8.2.9R *UKLR* 9.5.2R	R	(1)	This provision applies to a *company* that has:	Indefinitely	29 July 2024
				(a) a *listing* of *equity shares* in the *equity shares (commercial companies)* category where the *equity shares* were admitted to what was previously known as 'premium listing' under the Listing Rules sourcebook (as it applied immediately before 29 July 2024) immediately before 29 July 2024; and		
				(b) a *sovereign controlling shareholder* which was a *sovereign controlling shareholder* before 29 July 2024.		
			(2)	The modifications to:		
				(a) *UKLR* 6 set out in *UKLR* 6.2.34R and *UKLR* 6.6.22R;		
				(b) *UKLR* 8 set out in *UKLR* 8.2.9R; and		
				(c) *UKLR* 9 set out in *UKLR* 9.5.2R,		
				apply to a *listed company* to which this transitional provision applies where the *listed company* has complied with (3).		

			(3)	The conditions in (2) are that the *listed company* has:			
				(a)	made a notification to a *RIS* which includes the information set out in *UKLR* 6.4.19R(1) to (3) and		
				(b)	notified the *FCA* that it has made a notification in accordance with (a).		
Transitional provisions for UKLR 14							
7.	*UKLR* 14.3	R	(1)	This provision applies to a *listed company* which has:		Indefinitely	29 July 2024
				(a)	a *listing* of *equity shares* in the *equity shares (international commercial companies secondary listing)* category where the *equity shares* were admitted to what was previously known as 'standard listing' under the Listing Rules sourcebook (as it applied immediately before 29 July 2024) immediately before 29 July 2024; and		
				(b)	a *listing* of *equity shares* in the *equity shares (international commercial companies secondary listing)* category where the *listed company* was an inflight applicant.		

			(2)	The modifications in (3) apply to a *listed company* to which this transitional provision applies.			
			(3)	*UKLR* 14.3.1R is modified as follows:			
				(a)	as if the words '*UKLR* 14.2.4R' are omitted; and		
				(b)	as if the reference to '*UKLR* 14.2.6R' is modified so that, in the definition of *qualifying home listing*, paragraphs (1) and (2) are omitted.		
Transitional provisions for UKLR 15							
8.	*UKLR* 15.3.1R(2) in so far as it applies *UKLR* 15.2.8R (Admission to trading on overseas market)	R	An *issuer* of *equity shares* represented by *certificates representing certain securities* that were *admitted to listing* prior to 29 July 2024 is not required to comply with *UKLR* 15.3.1R(2) in so far as it applies *UKLR* 15.2.8R (Admission to trading on overseas market).			Indefinitely	29 July 2024
Transitional provisions for UKLR 20							
9.	*UKLR* 20.3.1R	R	(1)	This transitional provision applies to an inflight applicant.		From 29 July 2024 up to and including 29 January 2025	29 July 2024
			(2)	*UKLR* 20.3.1R is not applicable to an *issuer* to which this transitional provision applies.			

UKLR TP 2 Transfer between listing categories transitional provisions – transfers from the equity shares (transition) category into the equity shares (commercial companies) category

	Application			
2.1	R	*UKLR* TP 2 applies to an *issuer* with a *listing* of *equity shares* in the *equity shares (transition)* category which:		
		(1)	has had a *listing* of *equity shares* for a continuous period of at least 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;	
		(2)	does not have the *listing* of any of its *securities* suspended and has not had the *listing* of any of its *securities* suspended during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;	
		(3)	has complied with its obligations under the *listing rules*, the *disclosure requirements*, the *transparency rules* and the *corporate governance rules* during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;	
		(4)	is not undergoing, and has not undergone during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*, a significant change to its business; and	
		(5)	is applying to transfer the *listing* of its *equity shares* to the *equity shares (commercial companies)* category.	
	Duration of transitional arrangements			
2.2	R	*UKLR* TP 2 applies from 29 July 2024.		
	Specific information required in circular or announcement			
2.3	R	(1)	*UKLR* 21.5.12G(2) does not apply.	
		(2)	In *UKLR* 21.5.12G(4), the reference to *UKLR* 21.5.15R(3) must be read as a reference to *UKLR* 21.5.15R(3) as modified by *UKLR* TP 2.6R.	
	Compliance with eligibility requirements			
2.4	R	(1)	*UKLR* 21.5.14R(1) does not apply.	
		(2)	An *issuer* applying for a transfer of its *securities* must comply with the eligibility requirements set out in:	
			(a)	*UKLR* 5.2 (Externally managed companies);
			(b)	*UKLR* 5.3 (Controlling shareholders); and
			(c)	*UKLR* 5.4 (Constitutional arrangements).

2.5	G	When considering an application for a transfer of *listing* to the *equity shares (commercial companies)* category, the *FCA* will consider whether the *issuer* has adequate procedures, systems and controls in place to comply with the continuing obligations set out in *UKLR* 6 to *UKLR* 10 which do not apply to the *issuer* under *UKLR* 22, including in relation to:	
		(1)	identifying whether any obligations arise under *UKLR* 7 (Equity shares (commercial companies): significant transactions and reverse takeovers) and *UKLR* 8 (Equity shares (commercial companies): related party transactions); and
		(2)	complying with the requirements in *UKLR* 6.6 (Annual financial report).
	Approval of transfer		
2.6	R	*UKLR* 21.5.15R(3) must be read as if the words 'all eligibility requirements that would apply if the *issuer* was seeking admission to *listing* of the *securities* to the category of *listing* to which it wishes to transfer' are replaced by 'the eligibility requirements set out in *UKLR* 5.2 (Externally managed companies), *UKLR* 5.3 (Controlling shareholders) and *UKLR* 5.4 (Constitutional arrangements)'.	
	Sponsor		
2.7	R	The *sponsor* must take reasonable steps to satisfy itself that the *director* or *directors* of the *issuer* understand the responsibilities and obligations under *UKLR* 6 to *UKLR* 10 which do not apply to the *issuer* under *UKLR* 22.	
2.8	R	*UKLR* 24.3.12R is modified as follows:	
		(1)	*UKLR* 24.3.12R(1) must be read as if the words 'each *listing rule* requirement relevant to the category of listing to which it wishes to transfer' are replaced by 'the eligibility requirements set out in *UKLR* 5.2 (Externally managed companies), *UKLR* 5.3 (Controlling shareholders) and *UKLR* 5.4 (Constitutional arrangements)';
		(2)	*UKLR* 24.3.12R(2) must be read as if the words 'Sponsor's Declaration for a Transfer of Listing' are replaced by 'Sponsor's Declaration for a Transfer of Listing: modified transfer process'; and
		(3)	*UKLR* 24.3.12R(3) must be read as if the words 'in considering the transfer between listing categories' are replaced by 'in considering the transfer between listing categories as modified by *UKLR* TP 2'.
		[**Note:** The 'Sponsor's Declaration for a Transfer of Listing: modified transfer process' can be found on the Primary Markets section of the *FCA's* website.]	
2.9	R	*UKLR* 24.3.13R is modified as follows:	

		(1)	the reference to 'a Sponsor's Declaration for a Transfer of Listing' is replaced by 'a Sponsor's Declaration for a Transfer of Listing: modified transfer process';
		(2)	*UKLR* 24.3.13R(1) must be read as if the words 'all eligibility requirements of the *listing rules* that are relevant to the new category to which it is seeking to transfer' are replaced by 'the eligibility requirements set out in *UKLR* 5.2 (Externally managed companies), *UKLR* 5.3 (Controlling shareholders) and *UKLR* 5.4 (Constitutional arrangements)';
		(3)	*UKLR* 24.3.13R(3) must be read as if the words 'the *listing rules*' are replaced by 'the obligations set out in *UKLR* 6 to *UKLR* 10 which do not apply to the *issuer* under *UKLR* 22'; and
		(4)	*UKLR* 24.3.13R(4) does not apply.
2.10	R	A *sponsor* must provide confirmation to the *FCA* that it has not identified any adverse information that would lead it to conclude that the *issuer* would not be able to comply with its obligations under the *listing rules*, the *disclosure requirements* and the *transparency rules*.	
2.11	R	*UKLR* 24.3.14R must be read as if the words '*UKLR* 24.3.13R(3) and *UKLR* 24.3.13R(4) do not' are replaced by '*UKLR* 24.3.13R(3) as modified by *UKLR* TP 2.9R(3) does not'.	

UKLR TP 3 Transfer between listing categories transitional provisions – transfers from the equity shares (transition) category into the equity shares (shell companies) category

	Application		
3.1	R	*UKLR* TP 3 applies to an *issuer* with a *listing* of *equity shares* in the *equity shares (transition)* category which:	
		(1)	has had a *listing* of *equity shares* for a continuous period of at least 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;
		(2)	does not have the *listing* of any of its *securities* suspended and has not had the *listing* of any of its *securities* suspended during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;
		(3)	has complied with its obligations under the *listing rules*, the *disclosure requirements*, the *transparency rules* and the *corporate governance rules* during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*; and

		(4)	is applying to transfer the *listing* of its *equity shares* to the *equity shares (shell companies)* category.	
	Duration of transitional arrangements			
3.2	R	*UKLR* TP 3 applies from 29 July 2024.		
	Specific information required in circular or announcement			
3.3	R	(1)	*UKLR* 21.5.12G(2) does not apply.	
		(2)	In *UKLR* 21.5.12G(4), the reference to *UKLR* 21.5.15R(3) must be read as a reference to *UKLR* 21.5.15R(3) as modified by *UKLR* TP 3.6R.	
	Compliance with eligibility requirements			
3.4	R	(1)	*UKLR* 21.5.14R(1) does not apply.	
		(2)	An *issuer* applying for a transfer of its *securities* must comply with the eligibility requirements set out in *UKLR* 13.2 (Requirements for listing) except for:	
			(a)	*UKLR* 13.2.4R (Equity shares in public hands); and
			(b)	*UKLR* 13.2.6R (Shares of a third country shell company).
3.5	G	When considering an application for a transfer of *listing* to the *equity shares (shell companies)* category, the *FCA* will consider whether the *issuer* has adequate procedures, systems and controls in place to comply with the continuing obligations set out in *UKLR* 13.3 which do not apply to the *issuer* under *UKLR* 22.		
	Approval of transfer			
3.6	R	*UKLR* 21.5.15R(3) must be read as if the words 'all eligibility requirements that would apply if the *issuer* was seeking admission to *listing* of the *securities* to the category of *listing* to which it wishes to transfer' are replaced by 'the eligibility requirements set out in *UKLR* 13.2 (Requirements for listing) except for *UKLR* 13.2.4R (Equity shares in public hands) and *UKLR* 13.2.6R (Shares of a third country shell company)'.		
	Sponsor			
3.7	R	The *sponsor* must take reasonable steps to satisfy itself that the *director* or *directors* of the *issuer* understand the responsibilities and obligations under *UKLR* 13 which do not apply to the *issuer* under *UKLR* 22.		
3.8	R	*UKLR* 24.3.12R is modified as follows:		
		(1)	*UKLR* 24.3.12R(1) must be read as if the words 'each *listing rule* requirement relevant to the category of listing to which it wishes to	

			transfer' are replaced by 'the eligibility requirements set out in *UKLR* 13.2 (Requirements for listing) except for *UKLR* 13.2.4R (Equity shares in public hands) and *UKLR* 13.2.6R (Shares of a third country shell company)';
		(2)	*UKLR* 24.3.12R(2) must be read as if the words 'Sponsor's Declaration for a Transfer of Listing' are replaced by 'Sponsor's Declaration for a Transfer of Listing: modified transfer process'; and
		(3)	*UKLR* 24.3.12R(3) must be read as if the words 'in considering the transfer between listing categories' are replaced by 'in considering the transfer between listing categories as modified by *UKLR* TP 3'.
		[**Note:** The 'Sponsor's Declaration for a Transfer of Listing: modified transfer process can be found on the Primary Markets section of the *FCA's* website.]	
3.9	R	*UKLR* 24.3.13R is modified as follows:	
		(1)	the reference to 'a Sponsor's Declaration for a Transfer of Listing' is replaced by 'a Sponsor's Declaration for a Transfer of Listing: modified transfer process';
		(2)	*UKLR* 24.3.13R(1) must be read as if the words 'all eligibility requirements of the *listing rules* that are relevant to the new category to which it is seeking to transfer' are replaced by 'the eligibility requirements set out in *UKLR* 13.2 (Requirements for listing) except for *UKLR* 13.2.4R (Equity shares in public hands) and *UKLR* 13.2.6R (Shares of a third country shell company)';
		(3)	*UKLR* 24.3.13R(3) must be read as if the words 'the *listing rules*' are replaced by 'the obligations set out in *UKLR* 13.3 which do not apply to the *issuer* under *UKLR* 22'; and
		(4)	*UKLR* 24.3.13R(4) does not apply.
3.10	R	A *sponsor* must provide confirmation to the *FCA* that it has not identified any adverse information that would lead it to conclude that the *issuer* would not be able to comply with its obligations under the *listing rules*, the *disclosure requirements* and the *transparency rules*.	
3.11	R	*UKLR* 24.3.14R must be read as if the words '*UKLR* 24.3.13R(3) and *UKLR* 24.3.13R(4) do not' are replaced by '*UKLR* 24.3.13R(3) as modified by *UKLR* TP 3.9R(3) does not'.	

UKLR TP 4 Transfer between listing categories transitional provisions – transfers from the equity shares (transition) category into the equity shares (international commercial companies secondary listing) category

	Application			
4.1	R	*UKLR* TP 4 applies to an *issuer* with a *listing* of *equity shares* in the *equity shares (transition)* category which:		
		(1)	has had a *listing* of *equity shares* for a continuous period of at least 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;	
		(2)	does not have the *listing* of any of its *securities* suspended and has not had the *listing* of any of its *securities* suspended during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;	
		(3)	has complied with its obligations under the *listing rules*, the *disclosure requirements*, the *transparency rules* and the *corporate governance rules* during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;	
		(4)	is not undergoing, and has not undergone during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*, a significant change to its business; and	
		(5)	is applying to transfer the *listing* of its *equity shares* to the *equity shares (international commercial companies secondary listing)* category.	
	Duration of transitional arrangements			
4.2	R	*UKLR* TP 4 applies from 29 July 2024.		
	Specific information required in circular or announcement			
4.3	R	(1)	*UKLR* 21.5.12G(2) does not apply.	
		(2)	In *UKLR* 21.5.12G(4), the reference to *UKLR* 21.5.15R(3) must be read as a reference to *UKLR* 21.5.15R(3) as modified by *UKLR* TP 4.6R.	
	Compliance with eligibility requirements			
4.4	R	(1)	*UKLR* 21.5.14R(1) does not apply.	
		(2)	An *issuer* applying for a transfer of its *securities* must comply with the eligibility requirements set out in:	
			(a)	*UKLR* 14.2.1R (Incorporation);
			(b)	*UKLR* 14.2.4R (Place of central management and control); and
			(c)	*UKLR* 14.2.6 (Qualifying home listing).

4.5	G	When considering an application for a transfer of *listing* to the *equity shares (international commercial companies secondary listing)* category, the *FCA* will consider whether the *issuer* has adequate procedures, systems and controls in place to comply with the continuing obligations set out in *UKLR* 14.3 which do not apply to the *issuer* under *UKLR* 22.
	Approval of transfer	
4.6	R	*UKLR* 21.5.15R(3) must be read as if the words 'all eligibility requirements that would apply if the *issuer* was seeking admission to *listing* of the *securities* to the category of *listing* to which it wishes to transfer' are replaced by 'the eligibility requirements set out in *UKLR* 14.2.1R (Incorporation), *UKLR* 14.2.4R (Place of central management and control) and *UKLR* 14.2.6 (Qualifying home listing)'.

UKLR TP 5 Transfer between listing categories transitional provisions – transfers from the equity shares (international commercial companies secondary listing) category into the equity shares (commercial companies) category

	Application			
5.1	R	*UKLR* TP 5 applies to an *issuer* with a *listing* of *equity shares* in the *equity shares (international commercial companies secondary listing)* category which:		
		(1)	is a *listed company* which:	
			(a)	had *equity shares* admitted to what was previously known as 'standard listing' under the Listing Rules sourcebook (as it applied immediately before 29 July 2024) immediately before 29 July 2024; or
			(b)	was an inflight applicant as defined in *UKLR* TP 1R(1);
		(2)	has had a *listing* of *equity shares* for a continuous period of at least 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;	
		(3)	does not have the *listing* of any of its *securities* suspended and has not had the *listing* of any of its *securities* suspended during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;	
		(4)	has complied with its obligations under the *listing rules*, the *disclosure requirements*, the *transparency rules* and the *corporate governance rules* during the period of 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*;	

		(5)	is not undergoing, and has not undergone during the previous 18 months prior to the date on which it notifies the *FCA* of its proposal to transfer the category of its *listing*, a significant change to its business; and	
		(6)	is applying to transfer the *listing* of its *equity shares* to the *equity shares (commercial companies)* category.	
	Duration of transitional arrangements			
5.2	R	*UKLR* TP 5 applies from 29 July 2024.		
	Specific information required in circular or announcement			
5.3	R	(1)	*UKLR* 21.5.12G(2) does not apply.	
		(2)	In *UKLR* 21.5.12G(4), the reference to *UKLR* 21.5.15R(3) must be read as a reference to *UKLR* 21.5.15R(3) as modified by *UKLR* TP 5.6R.	
	Compliance with eligibility requirements			
5.4	R	(1)	*UKLR* 21.5.14R(1) does not apply.	
		(2)	An *issuer* applying for a transfer of its *securities* must comply with the eligibility requirements set out in:	
			(a)	*UKLR* 5.2 (Externally managed companies);
			(b)	*UKLR* 5.3 (Controlling shareholders); and
			(c)	*UKLR* 5.4 (Constitutional arrangements).
5.5	G	When considering an application for a transfer of *listing* to the *equity shares (commercial companies)* category, the *FCA* will consider whether the *issuer* has adequate procedures, systems and controls in place to comply with the continuing obligations set out in *UKLR* 6 to *UKLR* 10 which do not apply to the *issuer* under *UKLR* 14, including in relation to:		
		(1)	identifying whether any obligations arise under *UKLR* 7 (Equity shares (commercial companies): significant transactions and reverse takeovers) and *UKLR* 8 (Equity shares (commercial companies): related party transactions); and	
		(2)	complying with the requirements in *UKLR* 6.6 (Annual financial report).	
	Approval of transfer			
5.6	R	*UKLR* 21.5.15R(3) must be read as if the words 'all eligibility requirements that would apply if the *issuer* was seeking admission to *listing* of the *securities* to the category of *listing* to which it wishes to transfer' are replaced by 'the eligibility requirements set out in *UKLR* 5.2 (Externally managed companies),		

		UKLR 5.3 (Controlling shareholders) and *UKLR* 5.4 (Constitutional arrangements)'.	
	Sponsor		
5.7	R	The *sponsor* must take reasonable steps to satisfy itself that the *director* or *directors* of the *issuer* understand the responsibilities and obligations under *UKLR* 6 to *UKLR* 10 which do not apply to the *issuer* under *UKLR* 14.	
5.8	R	*UKLR* 24.3.12R is modified as follows:	
		(1)	*UKLR* 24.3.12R(1) must be read as if the words 'each *listing rule* requirement relevant to the category of listing to which it wishes to transfer' are replaced by 'the eligibility requirements set out in *UKLR* 5.2 (Externally managed companies), *UKLR* 5.3 (Controlling shareholders) and *UKLR* 5.4 (Constitutional arrangements)';
		(2)	*UKLR* 24.3.12R(2) must be read as if the words 'Sponsor's Declaration for a Transfer of Listing' are replaced by 'Sponsor's Declaration for a Transfer of Listing: modified transfer process'; and
		(3)	*UKLR* 24.3.12R(3) must be read as if the words 'in considering the transfer between listing categories' are replaced by 'in considering the transfer between listing categories as modified by *UKLR* TP 5'.
		[**Note:** The 'Sponsor's Declaration for a Transfer of Listing: modified transfer process' can be found on the Primary Markets section of the *FCA's* website.]	
5.9	R	*UKLR* 24.3.13R is modified as follows:	
		(1)	the reference to 'a Sponsor's Declaration for a Transfer of Listing' is replaced by 'a Sponsor's Declaration for a Transfer of Listing: modified transfer process';
		(2)	*UKLR* 24.3.13R(1) must be read as if the words 'all eligibility requirements of the *listing rules* that are relevant to the new category to which it is seeking to transfer' are replaced by 'the eligibility requirements set out in *UKLR* 5.2 (Externally managed companies), *UKLR* 5.3 (Controlling shareholders) and *UKLR* 5.4 (Constitutional arrangements)';
		(3)	*UKLR* 24.3.13R(3) must be read as if the words 'the *listing rules*' are replaced by 'the obligations set out in *UKLR* 6 to *UKLR* 10 which do not apply to the *issuer* under *UKLR* 14'; and
		(4)	*UKLR* 24.3.13R(4) does not apply.
5.10	R	A *sponsor* must provide confirmation to the *FCA* that it has not identified any adverse information that would lead it to conclude that the *issuer* would not be able to comply with its obligations under the *listing rules*, the *disclosure requirements* and the *transparency rules*.	

5.11	R	*UKLR* 24.3.14R must be read as if the words '*UKLR* 24.3.13R(3) and *UKLR* 24.3.13R(4) do not' are replaced by '*UKLR* 24.3.13R(3) as modified by *UKLR* TP 5.9R(3) does not'.

UKLR TP 6 Transitional provisions for mid-flight transactions by former premium listed issuers

		Application		
6.1	R	*UKLR* TP 6 applies to an *issuer* which:		
		(1)	had what was previously known as 'premium listing' under the Listing Rules sourcebook (as it applied immediately before 29 July 2024) immediately before 29 July 2024; and	
		(2)	has a *listing* of *equity shares* in the *equity shares (commercial companies)* category or the *closed-ended investment funds* category from 29 July 2024.	
		Definitions		
6.2	R	For the purposes of this transitional provision, a 'mid-flight transaction' is a transaction which:		
		(1)	was underway immediately prior to 29 July 2024 (the 'transition date');	
		(2)	had not completed prior to that date; and	
		(3)	is classified as one of the following under the *UKLR* sourcebook:	
			(a)	a *significant transaction*;
			(b)	an indemnity or similar arrangement subject to *UKLR* 7.4.1R;
			(c)	an issue by a *major subsidiary undertaking* subject to *UKLR* 7.4.4R;
			(d)	a *reverse takeover*; or
			(e)	a *related party transaction*.
		Purpose		
6.3	G	(1)	The purpose of this transitional provision is to set out how the obligations in the *UKLR* sourcebook apply to mid-flight transactions which were subject to the premium listing rules in the Listing Rules sourcebook immediately before the transition date.	

		(2)	From the transition date, a transaction will be classified in accordance with the criteria specified in the *UKLR* sourcebook rather than the Listing Rules sourcebook. Furthermore, a mid-flight transaction that remains in scope of *UKLR* requirements will not be required to comply with any obligations in the Listing Rules sourcebook that have not been carried forward to the *UKLR* sourcebook.
		(3)	For example, this means that an *issuer* can cease to treat a transaction as a *significant transaction*, a *related party transaction* or a *reverse takeover* from the transition date if it does not qualify as such under the *UKLR* sourcebook, and cease complying with relevant obligations accordingly. Transactions which are not within the scope of *UKLR* 7 or *UKLR* 8 are also not required to be aggregated under the relevant *UKLR* requirements. An *issuer* may no longer be required to maintain the appointment of a *sponsor*, if the obligation to appoint a sponsor has not been included in the *UKLR* sourcebook.
		(4)	However, mid-flight transactions will generally have to comply in full with all obligations relevant to the transaction in the *UKLR* sourcebook, including, for example, the *UKLR* notification requirements (even where the transaction has previously been notified to a *RIS* under the Listing Rules sourcebook). This avoids information gaps arising because of the more substantial notification requirements in the *UKLR* sourcebook and ensures that all relevant information is contained in a single notification or can easily be located from a single notification in the case of *significant transactions*. An *issuer* will generally be required to make the new, *UKLR*-compliant *RIS* notification as soon as reasonably practicable after the transition date and prior to completion.
		(5)	We make an exception if an *issuer* has sent a *circular* to shareholders about a mid-flight transaction under the Listing Rules sourcebook. The transitional provision allows such a *circular* to be treated as meeting comparable *circular* requirements under the *UKLR* sourcebook, or (to the extent the *circular* requirements have been replaced by *RIS* notifications) the *RIS* notification requirements under the *UKLR* sourcebook. This reduces duplication and ensures that new *UKLR* requirements apply proportionately.
		(6)	Where an obligation has not in substance changed from the Listing Rules sourcebook to the *UKLR* sourcebook, an *issuer* does not need to comply twice. For example, if a *reverse takeover* has already received shareholder approval but has not yet completed on the transition date, it does not need to re-obtain approval after the transition date unless the terms of the transaction materially change.
		Mid-flight transactions subject to UKLR sourcebook	

6.4	R	An *issuer* must comply with all obligations relevant to a mid-flight transaction in the *UKLR* sourcebook, subject to the modifications in *UKLR* TP 6.5R to *UKLR* TP 6.7R.		
		RIS notification obligations		
6.5	R	(1)	The obligations to notify a *RIS* under *UKLR* 7.3.1R, *UKLR* 7.4.1R, *UKLR* 7.4.3R, *UKLR* 7.5.1R and *UKLR* 8.2.1R(4) are modified as set out in (2) and (3).	
		(2)	The obligation to notify a *RIS* under *UKLR* 7.3.1R (including as applied by *UKLR* 7.4.1R, *UKLR* 7.4.4R and *UKLR* 7.5.1R) is modified so that an *issuer* that has already made an *RIS* notification for a mid-flight transaction under the Listing Rules sourcebook is required to make a new notification under the *UKLR* sourcebook in respect of the mid-flight transaction as soon as reasonably practicable after 29 July 2024, but in any event prior to completion of the transaction. The new notification must include:	
			(a)	all information required by *UKLR* 7.3.1R which has not been included in the *RIS* notification made under the Listing Rules sourcebook; and
			(b)	a hyperlink to the *RIS* notification made under the Listing Rules sourcebook.
		(3)	The obligation to notify a *RIS* under *UKLR* 8.2.1R(4) is modified so that an *issuer* that has already made an *RIS* notification for a mid-flight transaction under the Listing Rules sourcebook is required to make a new notification under the *UKLR* sourcebook in respect of the mid-flight transaction as soon as reasonably practicable after 29 July 2024, but in any event prior to completion of the transaction. The new notification must include all information required by *UKLR* 8.2.2R and *UKLR* 8.2.3R.	
		Significant transactions and related party transactions		
6.6	R	(1)	An *issuer* may treat a *significant transaction circular* or *related party transaction circular* sent to shareholders in accordance with all relevant requirements of the Listing Rules sourcebook as fulfilling its obligation to notify a *RIS* under:	
			(a)	*UKLR* 7.3.1R, *UKLR* 7.4.1R, *UKLR* 7.4.4R or *UKLR* 8.2.1R(4), as modified by *UKLR* TP 6.5R;
			(b)	*UKLR* 7.3.2R; or

			(c)	*UKLR* 7.3.4R (if applicable).
		(2)	If an *issuer* becomes aware of any matter specified in *UKLR* 7.3.13R(1) or *UKLR* 8.2.8R(1) (as appropriate) as it affects the *circular* in (1), it must make a supplementary *RIS* notification in accordance with the relevant requirements in the *UKLR* sourcebook.	
		Reverse takeovers circulars and relevant related party transaction circulars		
6.7	R	(1)	An *issuer* may treat a *reverse takeover circular* sent to shareholders in accordance with all relevant requirements of the Listing Rules sourcebook as fulfilling its obligation to notify a *RIS* and send a *reverse takeover circular* to shareholders under *UKLR* 7.5.1R.	
		(2)	A *closed-ended investment fund* may treat a *relevant related party transaction circular* sent to shareholders in accordance with all relevant requirements of the Listing Rules sourcebook as fulfilling its obligation to notify an *RIS* and send a *relevant related party transaction circular* to shareholders under *UKLR* 11.5.5R.	
		(3)	If an *issuer* becomes aware of any matter specified in *UKLR* 7.5.5R(2) or *UKLR* 11.5.10R(2) (as appropriate) as it affects the *circular* in (1) or (2), it must advise the *FCA* and send a supplementary *circular* to shareholders in accordance with the relevant requirements in the *UKLR* sourcebook.	
		Interpretation		
6.8	R	Where this transitional provision modifies provisions in *UKLR*, or allows an *issuer* to treat compliance with an obligation in the Listing Rules sourcebook as fulfilling a comparable obligation in the *UKLR* sourcebook, other provisions must be interpreted accordingly so as to ensure that they operate appropriately.		
6.9	R	In this transitional provision, references to provisions in *UKLR* 7 and *UKLR* 8 include references to these provisions as applied and modified by *UKLR* 11.		

UKLR TP 7 Transitional provisions in relation to shell companies under UKLR 13 and consequential amendments for shell companies under UKLR 4 and UKLR 24 (relating to sponsors)

	Purpose		
7.1	G	(1)	The purpose of this transitional provision is to set out how the *listing rules* apply to former standard and premium listed *issuers* with, or inflight applicants (as defined in *UKLR* TP 1R(1)) applying for, a *listing*

			of *equity shares* before 29 July 2024 (the 'transition date') that are *listed* in the *equity shares* (*shell companies)* category from 29 July 2024.		
		(2)	From the transition date, *shell companies* and inflight applicants described in (1) will have 1 year from 29 July 2024 as a transitional period (as defined in *UKLR* TP 7.3R) to complete their operations if they can be completed during the transition period or make the necessary changes to comply with the proposed additional requirements set out in *UKLR* 13. For *shell companies* and inflight applicants this means, from the transition date, together with the 1-year transitional period above, they may have up to a maximum of 6.5 years to complete an *initial transaction*, provided the requirements in *UKLR* 13.2.1R are met.		
		(3)	While inflight applicants may be admitted to the *equity shares* (*shell companies)* category at any point within 1 year of 29 July 2024, the transitional period in (2) will still apply to inflight applicants, so the transitional period may be shorter in the case of such inflight applicants.		
		(4)	Further non-exhaustive examples of how *UKLR* TP 7 applies in practice are set out below:		
			(a)	Where an inflight applicant or *shell company* under (1) has, prior to 29 July 2024, satisfied the following rule and guidance provisions in the Listing Rules sourcebook (or in the case of UKLR TP 7.1(4)(a)(v) continues to satisfy the relevant requirement) as it applied immediately before 29 July 2024:	
				(i)	5.6.18AG (relating to conditions);
				(ii)	5.6.18CR (relating to the confirmation requirements);
				(iii)	5.6.18DR (relating to announcement requirement);
				(iv)	5.6.18ER (relating to the publication requirement); and
				(v)	5.6.18FR (relating to the requirement to contact the *FCA*),
				the *FCA* will generally be satisfied that the *shell company* has sufficient measures in place to protect investors and so that the smooth operation of the market is not temporarily jeopardised such that a suspension is not required under *UKLR* 13.	

			(b)	Where an inflight applicant or *shell company* under (1) has, prior to 29 July 2024, not yet satisfied *UKLR* TP 7.1(4)(a)(ii) to (v) above, but satisfies *UKLR* TP 7.1G(4)(a)(i) during the transitional period, subject to the inflight applicant or *shell company* meeting *UKLR* TP 7.1G(4)(a)(ii) to (v) at the required time under the Listing Rules sourcebook (as it applied immediately before 29 July 2024), the *FCA* will generally be satisfied that the *shell company* has sufficient measures in place to protect investors and so that the smooth operation of the market is not temporarily jeopardised such that a suspension is not required under *UKLR* 13.
			(c)	A *shell company* under (1) is not required to comply with the requirements in relation to an *initial transaction* under *UKLR* 13.4.22R where, prior to 29 July 2024, the *shell company* was required under the Listing Rules sourcebook (as it applied immediately before 29 July 2024) to announce the reverse takeover on a *RIS*. In any event, a *shell company* will need to comply with its obligations under the *listing rules* and the *disclosure requirements* and *transparency rules*, as applicable.
	Application			
7.2	R	(1)	This transitional provision applies to an *issuer* which:	
			(a)	is a *shell company* which had *securities* admitted to what was previously known as ‘standard listing’ or ‘premium listing’ under the Listing Rules sourcebook (as it applied immediately before 29 July 2024); or
			(b)	is a *shell company* which is an inflight applicant (as defined in *UKLR* TP 1.1R) whose submission for an eligibility review related to an application for the *admission* of *securities* to what was previously known as ‘standard listing’ under the Listing Rules sourcebook (as it applied immediately before 29 July 2024), and
			is *listed* in the *equity shares* (*shell companies)* category in the case of (1)(a) or would be listed, in the case of (1)(b), if its application for admission to the *equity shares* (*shell companies)* category was approved, from 29 July 2024.	
		(2)	An *issuer* under *UKLR* TP 7.2R must comply with all obligations in the *UKLR* sourcebook, subject to the modifications in *UKLR* TP 7.4R to *UKLR* TP 7.8R.	
	Length of transitional period			

7.3	R	For the purposes of *UKLR* TP 7, 'transitional period' means 1 year from 29 July 2024.	
	UKLR 13 requirements not applicable to issuers under UKLR TP 7.2R		
7.4	R	During the transitional period, an *issuer* under *UKLR* TP 7.2R is not required to comply with:	
		(1)	*UKLR* 13.1.5G and *UKLR* 13.1.7G (When a sponsor must be appointed);
		(2)	*UKLR* 13.2.1R and *UKLR* 13.3.2R (Time period for initial transaction to be completed);
		(3)	*UKLR* 13.2.7R and *UKLR* 13.2.8R (Disclosures to be published in a prospectus);
		(4)	*UKLR* 13.3.3R (Board approval of any initial transaction) ;
		(5)	*UKLR* 13.3.7R (Notification of non-compliance with continuing obligations);
		(6)	*UKLR* 13.4.4R (contact requirements in relation to requirement for a suspension), *UKLR* 13.4.11R and *UKLR* 13.4.15R (relating to a written confirmation that must be given by a sponsor);
		(7)	*UKLR* 13.4.22R and *UKLR* 13.4.23R (Notification of an initial transaction); or
		(8)	*UKLR* 13.4.24R (Cancellation of listing).
	Listing Rules sourcebook requirements that apply where UKLR TP 7.4R(7) applies		
7.5	G	For an *initial* transaction, where *UKLR* TP 7.4R(7) applies, the *FCA* would expect a *shell company* to comply with the disclosure and notification requirements under section 5.6 of the Listing Rules sourcebook (as it applied immediately before 29 July 2024).	
	Where the FCA will be satisfied that a suspension is not required where an issuer has met comparable Listing Rules conditions and obligations and consequential amendments		
7.6	R	(1)	During the transitional period, where a *shell company* or an inflight applicant under *UKLR* TP 7.2R has satisfied the provisions in (2) (or, in the case of *UKLR* TP 7.6R(2)(e), continues to satisfy the relevant requirement), the *FCA* will generally be satisfied that the *shell company* has sufficient measures in place to protect investors and so that the smooth operation of the market is not temporarily jeopardised such that:

			(a)	a suspension is not required under *UKLR* 13.4.17G; and
			(b)	the relevant confirmation under *UKLR* 13.4.19R(2) will not be required.
		(2)	The provisions in (1) are the following rule and guidance provisions in the Listing Rules sourcebook as it applied immediately before 29 July 2024:	
			(a)	5.6.18AG (relating to conditions);
			(b)	5.6.18CR (relating to the confirmation requirements);
			(c)	5.6.18DR (relating to the announcement requirement);
			(d)	5.6.18ER (relating to the publication requirement); and
			(e)	5.6.18FR (relating to the requirement to contact the *FCA*).
		(3)	During the transitional period, where an inflight applicant or *shell company* under *UKLR* TP 7.2R has prior to 29 July 2024 not yet satisfied *UKLR* TP 7.6R(2)(b) to (e), but satisfies *UKLR* TP 7.6R(2)(a) during the required time under the Listing Rules sourcebook as it applied immediately before 29 July 2024, the *FCA* will generally be satisfied that the *shell company* has sufficient measures in place to protect investors and so that the smooth operation of the market is not temporarily jeopardised such that:	
			(a)	a suspension is not required under *UKLR* 13.4.17G; and
			(b)	the relevant confirmation under *UKLR* 13.4.19R(2) will not be required,
			subject to the inflight applicant or *shell company* under *UKLR* TP 7.2R satisfying *UKLR* TP 7.6R(2)(b) to (e) at the required time under the Listing Rules (as it applied immediately before 29 July 2024).	
		(4)	*UKLR* 13.4.20R must be read as follows:	
			(a)	the reference to *UKLR* 13.4.17G must be read as a reference to 5.6.18AG in the Listing Rules sourcebook as it applied immediately before 29 July 2024; and
			(b)	the reference to *UKLR* 13.4.19R must be read as a reference to 5.6.18CR(1) in the Listing Rules sourcebook as it applied immediately before 29 July 2024.

		(5)	*UKLR* 13.4.21R must be read as if the references to 'sponsor' are replaced by 'issuer'.	
	Certain UKLR 4 requirements not applicable to issuers under UKLR TP 7.2R			
7.7	R	During the transitional period, an *issuer* under *UKLR* TP 7.2R is not required to comply with:		
		(1)	*UKLR* 4.2.1R (When a sponsor must be appointed); or	
		(2)	*UKLR* 4.2.6R (Other transactions where an issuer must obtain a sponsor's guidance).	
	Certain UKLR 24 requirements not applicable to sponsors			
7.8	R	(1)	During the transitional period, an *issuer* under *UKLR* TP 7.2R(1)(b) is not required to comply with the *UKLR* 4 requirements in *UKLR* TP 7.7R and, as a result, a *sponsor* is not required to comply with *UKLR* 24.3.1R to *UKLR* 24.3.3R (relating to a sponsor's role in an application for admission and the procedure for new applicants).	
		(2)	During the transitional period, an *issuer* under *UKLR* TP 7.2R is not required to comply with the *UKLR* 4 requirements in *UKLR* TP 7.7R and, as a result, a *sponsor* is not required to comply with:	
			(a)	*UKLR* 24.3.5R to *UKLR* 24.3.7R (relating to a sponsor's role in further issues relating to an application and the procedure for admission); or
			(b)	*UKLR* 24.3.15R (Initial transactions).
		Interpretation		
7.9	R	Where *UKLR* TP 7 modifies provisions in *UKLR*, or allows an *issuer* to treat compliance with a historic obligation in the Listing Rules sourcebook (as it applied immediately before 29 July 2024) as fulfilling a corresponding obligation in the *UKLR* sourcebook, other provisions in the *UKLR* sourcebook must be interpreted accordingly so as to ensure that the relevant regulatory requirements operate appropriately.		

UKLR TP 8 Transitional provisions: Companies Act 2006 transitional provisions – class consent for purchase of own equity shares

(1)	(2) Material to which the transitional	(3)	(4) Transitional provision	(5) Transitional provision:	(6) Handbook provision:

	provision applies			dates in force	coming into force
1.	*UKLR* 9.6.7R(2)	R	A *company* may obtain the approval required by *UKLR* 9.6.7R(2) by extraordinary resolution (rather than a special resolution) if there is a reference to an extraordinary resolution in the *company's* memorandum and articles which requires or permits it and which continues to have effect by virtue of article 9 and paragraph 23 of Schedule 3 of The Companies Act 2006 (Commencement No.3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.	From 29 July 2024 until further notice	29 July 2024

UKLR TP 9 Transitional provisions for a prospectus approved before IP completion day

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1.	*UKLR* 7.3.6R, 7.3.7R, *UKLR* 10.1.3R, *UKLR* 10.4.1R and *UKLR* 20.4.8R	R	For the purposes of these rules, references to a *prospectus* include:		For *UKLR* 20.4.8R, a period of 6 years following *IP completion day*. For *UKLR* 7.3.6R, UKLR 7.3.7R, *UKLR* 10.1.3R and *UKLR* 10.4.1R, an indefinite period of time.	29 July 2024
			(1)	a prospectus referred to under regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019; and		
			(2)	a prospectus approved by the *FCA* before *IP completion day*.		

UKLR TP 10 Transitional provisions in relation to market capitalisation under UKLR 3.2.7R(1)

Transitional provisions for applications for admission to listing

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1.	*UKLR* 3.2.7R(1)	R	These transitional provisions apply to an *applicant* for the *admission* of *shares*:		Indefinitely	29 July 2024
			(1)	that made a complete submission to the *FCA* for an eligibility review for *listing* by 4pm on 2 December 2021;		
			(2)	whose submission for an eligibility review for *listing* has not been withdrawn or lapsed;		
			(3)	that made an application for *listing* in accordance with chapter 3 of the Listing Rules sourcebook on or before 2 June 2023; and		
			(4)	whose overall business proposition had not materially changed between its submission in (1) and when it applied for *listing* in (3).		
			[**Note:** Guidance on submissions for an eligibility review for listing can be accessed on the *FCA's* Knowledge Base at https://www.fca.org.uk/mar			

			kets/ primary-markets/knowledge-base.]		
2.	*UKLR* 3.2.7R(1)	R	The expected aggregate market value of all *shares* (excluding *treasury shares*) to be *listed* must be at least £700,000.	Indefinitely	29 July 2024

Transitional provisions for shell companies

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1.	*UKLR* 3.2.7R(1)	R	These transitional provisions apply to a *shell company*:		Indefinitely	29 July 2024
			(1)	that had a *listing* of *shares* or certificates representing equity securities immediately before 3 December 2021; and		
			(2)	that made complete submissions to the *FCA* for an eligibility review for *listing* and a *prospectus* review in relation to its proposed application for *listing* in accordance with rule 5.6.21 of the Listing Rules sourcebook by 4pm on 1 December 2023; and		
			(3)	whose submissions for an eligibility review for *listing* and a *prospectus* review have not been withdrawn or lapsed.		
			[**Note:** Guidance on submissions for an eligibility review for			

			listing and a *prospectus* review can be accessed on the *FCA's* Knowledge Base at https://www.fca.org.uk/markets/primary-markets/knowledge-base.]		
2.	*UKLR* 3.2.7R(1)	R	The expected aggregate market value of all *shares* (excluding *treasury shares*) to be *listed* must be at least £700,000.	Indefinitely	29 July 2024

Transitional provisions for issuers of listed shares

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1.	*UKLR* 3.2.7R(1)	R	These transitional provisions apply to an *issuer* (except a *closed-ended investment fund* or an *open-ended investment company*) that:		Indefinitely	29 July 2024
			(1)	had at least 1 *class* of *listed shares* immediately before 3 December 2021;		
			(2)	continues to have at least 1 *class* of *listed shares*; and		
			(3)	is applying for another *class* of *shares* to be *listed*.		
2.	*UKLR* 3.2.7R(1)	R	The expected aggregate market value of all *shares* (excluding *treasury shares*) to be *listed* must be at least £700,000.		Indefinitely	29 July 2024

Appendix 2

Made rules (legal instrument – consequential changes)

UK LISTING RULES (CONSEQUENTIAL AMENDMENTS) INSTRUMENT 2024

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the following powers and related provisions:

(1) the following sections of the Financial Services and Markets Act 2000 ("the Act"):

(a) section 73A (Part 6 Rules);
(b) section 89A (Transparency rules);
(c) section 89O (Corporate governance rules);
(d) section 89P (Primary information providers);
(e) section 137A (The FCA's general rules);
(f) section 137D (FCA general rules: product intervention);
(g) section 137H (General rules about remuneration);
(h) section 137R (Financial promotion rules);
(i) section 137T (General supplementary powers);
(j) section 138D (Actions for damages);
(k) section 139A (Power of the FCA to give guidance);
(l) section 238(5) (Restrictions on promotion); and
(m) paragraph 23 (Fees) of Part 3 (Penalties and fees) of Schedule 1ZA (The Financial Conduct Authority); and

(2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA's Handbook.

B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 29 July 2024, immediately after the UK Listing Rules Instrument 2024 (FCA 2024/23) comes into force.

Amendments to the Handbook

D. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Code of Conduct sourcebook (COCON)	Annex B
Statements of Principle and Code of Practice for Approved Persons sourcebook (APER)	Annex C
Fees manual (FEES)	Annex D

Conduct of Business sourcebook (COBS)	Annex E
Environmental, Social and Governance sourcebook (ESG)	Annex F
Decision Procedure and Penalties manual (DEPP)	Annex G
Disclosure Guidance and Transparency Rules sourcebook (DTR)	Annex H

Amendments to material outside the Handbook

E. The Enforcement Guide (EG) is amended in accordance with Annex I to this instrument.

Notes

F. In the Annexes to this instrument, the notes (indicated by "**Note:**") are included for the convenience of readers but do not form part of the legislative text.

Citation

G. This instrument may be cited as the UK Listing Rules (Consequential Amendments) Instrument 2024.

By order of the Board
27 June 2024

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

Amend the following definitions as shown.

mineral expert's report	~~(in *LR*)~~ a competent person's report prepared in accordance with paragraph 133 of section III.2 of the *technical note on PR disclosure and specialist issuers*.
venture capital trust	~~(in *LR*)~~ a *company* which is, or which is seeking to become, approved as a venture capital trust under section 842AA of the Income and Corporation Taxes Act 1988.
significant transaction	(1) (in *FEES*) a transaction where: (a) the *issuer* has a market capitalisation of less than £1.5billion and has submitted to the *FCA* for approval or review a *document* in relation to ~~a *reverse takeover*, hostile takeover or significant restructuring; or~~: (i) a *reverse takeover* by an *issuer* that does not have a *listing* in the *equity shares (commercial companies)* category and is not a *closed-ended investment fund*; (ii) an *initial transaction*; (iii) a hostile takeover; or (iv) a significant restructuring; or (b) the *issuer* has a market capitalisation that is equal to or more than £500million and less than £5billion and has submitted to the *FCA* for approval or review: (i) a *prospectus* for *equity securities* or *specified exempted documents*; ~~or~~ (ii) a *prospectus* or *listing particulars* in relation to a *certificate representing certain securities*; ~~or~~ (iii) a *document* in relation to a ~~*class 1 transaction.*~~ *reverse takeover* by an *issuer* with a *listing* in the *equity shares (commercial companies)* category; or

(iv) a *document* in relation to a *reverse takeover* by a *closed-ended investment fund*.

…

super transaction a transaction where:

(a) the *issuer* has a market capitalisation that is equal to or more than £1.5billion; and

(i) the *issuer* is a new *applicant* for a ~~*premium listing*~~ *listing* in the *equity shares (commercial companies)* category or the *closed-ended investment funds* category; or

(ii) it has submitted to the *FCA* for approval or review a document in relation to ~~a *reverse takeover*, hostile takeover or significant restructuring; or~~:

(A) a *reverse takeover* by an *issuer* that does not have a *listing* in the *equity shares (commercial companies)* category and is not a *closed-ended investment fund*;

(B) an *initial transaction*;

(C) a hostile takeover; or

(D) a significant restructuring; or

(b) the *issuer* has a market capitalisation that is equal to or more than £5billion and has submitted to the *FCA* for approval or review:

(i) a *prospectus* for *equity securities* or *specified exempted documents*; ~~or~~

(ii) a *prospectus* or *listing particulars* in relation to a *certificate representing certain securities*; ~~or~~

(iii) a *document* in relation to a ~~*class 1 transaction*.~~ *reverse takeover* by an *issuer* with a *listing* in the *equity shares (commercial companies)* category; or

(iv) a *document* in relation to a *reverse takeover* by a *closed-ended investment fund*.

Annex B

Amendments to the Code of Conduct sourcebook (COCON)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3 General factors for assessing compliance

3.1 General factors for assessing compliance

…

3.1.7 G *UK domestic firms* with a ~~*premium listing*~~ *listing* in the *equity shares (commercial companies)* category or the *closed-ended investment funds* category are subject to the *UK Corporate Governance Code*, whose internal control Provisions are explained in the publication entitled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014)' issued by the Financial Reporting Council. Therefore, *firms* ~~in this *category*~~ with a *listing* in these categories will be subject to that code, as well as to the *rules* in *COCON*. In forming an opinion as to whether a *senior conduct rules staff member* has complied with the *rules* in *COCON*, the *FCA* will give due credit if they followed corresponding Provisions in the *UK Corporate Governance Code* and related guidance.

Annex C

Amendments to the Statements of Principle and Code of Practice for Approved Persons sourcebook (APER)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3 Code of Practice for Approved Persons: general

3.1 Introduction

…

3.1.9 G (1) An *APER employer* that has its registered office (or, if it has no registered office, its head office) in the *United Kingdom* with a ~~*premium listing*~~ *listing* in the *equity shares (commercial companies)* category or the *closed-ended investment funds* category is subject to the *UK Corporate Governance Code*, whose *internal control* Provisions are amplified in the publication entitled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014)' issued by the Financial Reporting Council. An *APER employer* ~~in this category~~ with a *listing* in these categories will be subject to that code as well as to the requirements and standards of the *regulatory system*.

(2) Where (1) applies, in forming an opinion whether *approved persons* have complied with the requirements of the *regulatory system*, the *FCA* will give due credit for their following corresponding Provisions in the *UK Corporate Governance Code* and related *guidance*.

…

Annex D

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Fees Manual

1.1 Application and Purpose

…

Application

1.1.2 R This manual applies in the following way:

…

(2) *FEES* 1, 2 and 4 apply to:

…

(g) under the ~~Listing Rules~~ *listing rules* every *issuer* of *shares*, depositary receipts and *securitised derivatives*;

(h) under the ~~Listing Rules (*LR*)~~ *listing rules* every *sponsor*;

…

…

…

3 Application, Notification and Vetting Fees

…

3.2 Obligation to pay fees

…

3.2.7 R Table of application, notification, vetting and other fees payable to the FCA

…		
Part 2: ~~UKLA fees~~ Primary market fees		
…		

…

3 Annex 1R Authorisation fees payable

…

Part 7 – Change of legal status – sponsors fees

An application involving only a simple change of legal status for the purposes of *FEES* 3.2.7R Part 2(1)(b) is from an applicant:	
…	
(2)	which (subject to any changes required only as a result of the change in legal status) is to:
	…
	(b) make no changes to the systems and controls of the existing *sponsor* which ensure that the existing *sponsor* can carry out its role as *sponsor* in accordance with ~~*LR* 8 (Sponsors: Premium listing)~~ *UKLR* 24 (Sponsors);
	…
	(d) otherwise continue to comply in all respects with the criteria for approval as a *sponsor* set out in ~~*LR* 8.6.5R~~ *UKLR* 24.4.5R.

…

3 Annex 12R ~~UKLA transaction~~ Primary market transaction fees

…

For the purposes of *FEES* 3 Annex 12R:

Category A1 includes:

(a) applying for eligibility for *listing* of *securities* under ~~*LR* 17~~ *UKLR* 17; or

(b) applying for eligibility for *listing* of *miscellaneous securities* under ~~*LR* 20~~ *UKLR* 19; or

(c) applying for eligibility for *listing* of *equity shares* where ~~*LR* 6.1.1R(1) or (2)~~ *UKLR* 5.1.2R(1) or (2) applies; or

(ca) ~~applying for eligibility for *listing* of *equity shares* where *LR* 21.2.5R(1) or (2) applies; or~~ [deleted]

(cb) ~~applying for eligibility for *listing* of *certificates representing shares* where *LR* 21.6.13R(1) or (2) applies; or~~ [deleted]

…

(e) applying for the approval of a material change to the published investment policy of a *closed-ended investment fund* under ~~*LR* 15.4.8R~~ *UKLR* 11.4.14R; or

…

Category A3 includes:

(a) applying for eligibility for *listing* of *equity shares* under ~~*LR* 15~~ *UKLR* 11; or

(b) applying for eligibility for *listing* of ~~*equity shares*~~ *securities* under ~~*LR* 16A~~ *UKLR* 12; or

…

Category A4 includes:

(a) applying for eligibility for *listing* of *equity shares* under ~~*LR* 6~~ *UKLR* 5; or

(b) applying for eligibility for *listing* of ~~*shares*~~ *equity shares* under ~~*LR* 14~~ *UKLR* 13; or

(ba) applying for eligibility for *listing* of *equity shares* under *UKLR* 14; or

(c) applying for eligibility for *listing* of *securities* representing certain *securities* under ~~*LR* 18~~ *UKLR* 15; or

(ca) applying for eligibility for *listing* of *non-equity shares* or *non-voting equity shares* under *UKLR* 16; or

(d) applying for eligibility for *listing* of *securities* under ~~*LR* 19~~ *UKLR* 18; or

(da) ~~applying for eligibility for *listing* of *equity shares* under *LR* 21; or~~ [deleted]

(db) ~~applying for eligibility for *listing* of *certificates representing shares* under *LR* 21; or~~ [deleted]

…

…

4 Periodic fees

…

4.2 Obligation to pay periodic fees

…

Extension of Time

…

4.2.11 R Table of periodic fees payable to the *FCA*

1 Fee payer	2 Fee payable	3 Due date	4 Events occurring during the period leading to modified periodic fee
…			
A *listed issuer* (in ~~*LR*~~ *UKLR*) of *shares* and *certificates representing certain securities*.	*FEES* 4 Annex 14R	Within 30 *days* of the date of the invoice	*Listed issuer* (in ~~*LR*~~ *UKLR*) becomes subject to *listing rules*
…			

…

4 Annex 14R ~~UKLA~~ Primary market periodic fees for the period from 1 April 2024 to 31 March 2025

Part 1 Base fee			
Activity group or invoice code (Note 1)		Description	Base fee payable (£)
…			

E.2	~~Premium listed issuer~~ Issuer in the equity shares (commercial companies) or closed-ended investment funds category	A *listed issuer* of *equity shares* ~~and *certificates representing shares* with a *premium listing*~~ with a *listing* in the *equity shares (commercial companies)* or *closed-ended investment funds* category (see Note 2)		…
E.3	~~Standard listed issuer~~ Listed issuer of shares and certificates representing certain securities	A *listed issuer* of *shares* and *certificates representing certain securities* ~~with a *standard listing* and not with a *premium listing* (see Note 2)~~:		…
		(1)	with a *listing* in one of the following categories: *equity shares (international commercial companies secondary listing)*, *open-ended investment companies*, *equity shares (transition)*, *equity shares (shell companies)*, *non-equity shares and non-voting equity shares* or *certificates representing certain securities* (see Note 2); and	
		(2)	that does not have a *listing* in the *equity shares (commercial companies)* or *closed-ended investment funds* categories.	
…				

…

Part 2 Variable fee additional to base fee		
Activity Group	Market capitalisation as at the last *business day* of the September prior to	Fee payable in £per £million or £part million

		the *fee-year* in which the fee is payable in £million	
E.2	~~Premium listed issuer~~ Issuer in the equity shares (commercial companies) or closed-ended investment funds category (as described in Part 1)	0 – 100	…
		> 100 – 250	…
		> 250 – 1,000	…
		> 1,000 – 5,000	…
		> 5,000 – 25,000	…
		> 25,000	…

Annex E

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

4 Communicating with clients, including financial promotions

…

4.12B Promotion of non-mass market investments

…

Purpose and overview of the rules

4.12B.5 G …

(7) The table below explains how the *rules* apply and to which *non-mass market investments* the *rules* apply, after the provisions in *COBS* 4.12B.4R have been applied.

Handbook provision	Description of the provision	Which investments does the provision apply to	When does the provision apply
…			
COBS 4.12B.14R and *COBS* 4.12B.15R	*Firms* must ensure that a personalised risk warning and summary of the risks is made available to the *client* and a period of at least 24 hours (the 'cooling off period') is applied before the *financial promotion* is *communicated*	All *non-mass market investments* except for *securities* in a *closed-ended investment fund* (i) applying for, or with, a ~~*premium listing*~~ *listing* in the *closed-ended investment funds* category and (ii) which complies with the requirement of ~~*LR* 15~~ *UKLR* 11	Before the *financial promotion* is *communicated* to a certified high net worth investor, self-certified sophisticated investor or certified sophisticated investor, in reliance on the relevant exemption in *COBS* 4.12B.7R(5)

…			
COBS 4.12B.20R, *COBS* 4.12B.21R, *COBS* 4.12B.24R and *COBS* 4.12B.26R	*Firms* must ensure that a risk warning is provided to the *client*	All *non-mass market investments* except for *securities* in a *closed-ended investment fund* (i) applying for, or with, a ~~*premium listing*~~ *listing* in the *closed-ended investment funds* category; and (ii) which complies with the requirements of ~~*LR 15*~~ *UKLR* 11	At the time the *financial promotion* is *communicated* to a certified high net worth investor, self-certified sophisticated investor or certified sophisticated investor, in reliance on the relevant exemption in *COBS* 4.12B.7R(5)
…			

…

…

Prior conditions for communication to certified high net worth investors, certified sophisticated investors or self-certified sophisticated investors

4.12B.14 R …

(6) This *rule* does not apply to a *financial promotion* of a *closed-ended investment fund* applying for, or with, a ~~*premium listing*~~ *listing* in the *closed-ended investment funds* category and which complies with the requirements of ~~*LR 15*~~ *UKLR* 11.

…

4.12B.15 R (1) The second condition applies if a *retail client* requests to view a *financial promotion* of a *non-mass market investment* (including of a *security* in a *closed-ended investment fund* applying for, or with, a ~~*premium listing*~~ *listing* in the *closed-ended investment funds* category and which complies with the requirements of ~~*LR 15*~~ *UKLR* 11).

…

Risk warning to be included in the financial promotion

…

4.12B.21 R …

(6) This *rule* does not apply to a *financial promotion* of a *closed-ended investment fund* applying for, or with, a ~~*premium listing*~~ *listing* in the *closed-ended investment funds* category and which complies with the requirements of ~~*LR* 15~~ *UKLR* 11.

…

…

Annex F

Amendments to the Environmental, Social and Governance sourcebook (ESG)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 Disclosure of climate related financial information

…

2.2 TCFD entity report

…

Approach to relevant climate-related financial disclosures contained in other reports at an entity-level

…

2.2.6 R (1) If a *firm* or a member of its *group* produces a document, other than its annual financial report, which includes climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures* in compliance with ~~*LR* 9.8.6R(8)~~ *UKLR* 6.6.6R(8) for its *TCFD in-scope business*, the *firm* may cross-refer to these disclosures in its *TCFD entity report* where this information is relevant to *clients* or a *person* who is an investor in an *unauthorised AIF* managed by a *UK AIFM*, including hyperlinks to where the relevant disclosures are available.

…

…

Annex G

Amendments to the Decision Procedure and Penalties manual (DEPP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 Statutory notices and the allocation of decision making

…

2 Annex 1 Warning notices and decision notices under the Act and certain other enactments

…

Section of the Act	Description	Handbook reference	Decision maker
…			
76(4)/(5)	when the *FCA* is proposing or deciding to refuse an application for *listing* of ~~securities~~ *securities*	~~*LR* 2 and *LR 3*~~ *UKLR* 3 and *UKLR* 20	*Executive procedures*
78(10)/(11)(a)	when the *FCA* has suspended, on its own initiative, the *listing* of *securities* and is proposing or deciding to refuse an application by an ~~issuer~~ *issuer* for cancellation of the suspension	~~*LR 5*~~ *UKLR* 21	*Executive procedures*
78A(4)/(5)	When the *FCA* is proposing or deciding to refuse an application by the *issuer* of the *securities* for the discontinuance or suspension of the *listing* of the *securities*	~~*LR 5*~~ *UKLR* 21	*Executive procedures*
78A(7)/(8)(a)	When the *FCA* has suspended the *listing* of *securities* on the application of the *issuer*	~~*LR 5*~~ *UKLR* 21	*Executive procedures*

	of the *securities* and is proposing or deciding to refuse an application by the *issuer* for the cancellation of the suspension		
…			
88(4)(a) 88(6)(a) 88(8)(a)	when the *FCA* is proposing or deciding to refuse a *person's* application for approval as a *sponsor*	~~*LR* 8~~ *UKLR* 24	*Executive procedures*
…			

…

2 Annex 2 Supervisory notices

Section of the Act	Description	Handbook reference	Decision maker
…			
78(2)/(5)	when the *FCA* is proposing to discontinue or discontinues the *listing* of a ~~security~~ *security*	~~LR 5~~ *UKLR* 21	*Executive procedures* See *DEPP* 2.5.9G(4) and *DEPP* 2.5.10G
78(2)/(5)	when the *FCA* is proposing to suspend or suspends the *listing* of a *security*	~~LR 5~~ *UKLR* 21	*Executive procedures*
78A(2)/(8)(b)	when the *FCA* discontinues or suspends the *listing* of a *security* on the application of the *issuer* of the *security*	~~LR 5~~ *UKLR* 21	*Executive procedures*
…			

…

…

6 Penalties

…

6.2 Deciding whether to take action

…

Action against an SMF manager under section 66A(5) of the Act

…

6.2.9-E G When determining under section 66A(5)(d) of the *Act* whether or not an *SMF manager* has taken such steps as a person in their position could reasonably be expected to take to avoid the contravention of a relevant requirement by the *firm* occurring (or continuing), additional considerations to which the *FCA* would expect to have regard include, but are not limited to:

…

(7) whether the *SMF manager* acted in accordance with their statutory, common law and other legal obligations, including, but not limited to, those set out in the Companies Act 2006, the *Handbook* (including *COCON*), and, if the *firm* had a ~~*premium listing*~~ *listing* in the *equity shares (commercial companies)* or *closed-ended investment funds* category, the *UK Corporate Governance Code* and related guidance;

…

…

Discipline for breaches of the Listing Principles ~~and Premium Listing Principles~~

6.2.16 G The Listing Principles ~~and Premium Listing Principles are set out in *LR* 7. The Listing Principles set out in *LR* 7.2.1R~~ are set out in *UKLR* 2 and are a general statement of the fundamental obligations of all *listed companies*. ~~In addition to the Listing Principles, the Premium Listing Principles set out in *LR* 7.2.1AR are a general statement of the fundamental obligations of all *listed companies* with a *premium listing*.~~ The Listing Principles ~~and Premium Listing Principles~~ derive their authority from the *FCA's* rule making powers set out in section 73A(1) (Part 6 Rules) of the *Act*. A

breach of a Listing Principle ~~or, if applicable, a Premium Listing Principle,~~ will make a *listed company* liable to disciplinary action by the *FCA*.

6.2.17 G In determining whether a Listing Principle ~~or Premium Listing Principle~~ has been broken, it is necessary to look to the standard of conduct required by the Listing Principle ~~or Premium Listing Principle~~ in question. Under each of the Listing Principles ~~and Premium Listing Principles~~, the onus will be on the *FCA* to show that a *listed company* has been at fault in some way. This requirement will differ depending upon the relevant Listing Principle ~~or Premium Listing Principle~~.

6.2.18 G In certain cases, it may be appropriate to discipline a *listed company* on the basis of ~~the~~ a Listing Principle ~~or, if applicable, a Premium Listing Principle,~~ alone. Examples include the following:

(1) where there is no detailed *listing rule* which prohibits the *behaviour* in question, but the *behaviour* clearly contravenes a Listing Principle ~~or, if applicable, a Premium Listing Principle~~; and

(2) where a *listed company* has committed a number of breaches of detailed *rules* which individually may not merit disciplinary action, but the cumulative effect of which indicates the breach of a Listing Principle ~~or, if applicable, a Premium Listing Principle~~.

…

Annex H

Amendments to the Disclosure Guidance and Transparency Rules sourcebook (DTR)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1B Introduction (Corporate governance)

1B.1 Application and purpose (Corporate governance)

…

Application: Corporate governance statements

…

1B.1.5A G ~~*LR* 9.8.7AR, *LR* 14.3.24R and *LR* 18.4.3R(2)~~ *UKLR* 6.6.18R, *UKLR* 13.3.24R, *UKLR* 14.3.21R, *UKLR* 15.3.1R(3), *UKLR* 16.3.20R and *UKLR* 22.2.21R extend the application of *DTR* 7.2 (Corporate governance statements) for certain *overseas companies* which have *securities* admitted to the *official list* maintained by the *FCA* in accordance with section 74 (The official list) of the *Act*.

Exemptions

…

1B.1.8 G *DTR* 7.2.8AR does not apply to a *listed company* which:

(1) is required to comply with *DTR* 7.2 as if it were an *issuer* by ~~*LR* 9.8.7AR, *LR* 14.3.24R or *LR* 18.4.3R(2)~~ *UKLR* 6.6.18R, *UKLR* 13.3.24R, *UKLR* 14.3.21R, *UKLR* 15.3.1R(3), *UKLR* 16.3.20R or *UKLR* 22.2.21R; and

…

…

Application: Related party transactions

1B.1.10 R Except as set out in *DTR* 1B.1.12R, *DTR* 7.3 applies to an *issuer*:

…

1B.1.11 G ~~*LR* 9.2.6CR, *LR* 14.3.25R, *LR* 15.4.1R, *LR* 21.4.1R and *LR* 21.8.17AR~~ *UKLR* 13.3.25R, *UKLR* 14.3.22R, *UKLR* 16.3.21R and *UKLR* 22.2.22R extend the application of *DTR* 7.3 (Related party transactions) for certain *listed companies* which have *equity shares* or *certificates representing*

shares admitted to the *official list* maintained by the *FCA* in accordance with section 74 (The official list) of the *Act*.

Exemptions

1B.1.12 R *DTR* 1B.1.10R does not apply to an *issuer* which is required to comply with the requirements in *UKLR* 8 (Equity shares (commercial companies): related party transactions).

…

1C Introduction (Primary information providers)

1C.1 Application and purpose (Primary information providers)

…

1C.1.2 G The purpose of the requirements in *DTR* 8 is to make the *Part 6 rules* permitted under section 89P of the *Act* in relation to *primary information providers* and *persons* applying for approval as *primary information providers*.

~~[**Note**: When exercising its functions under Part VI of the *Act*, the *FCA* may use the name: the UK Listing Authority.]~~

…

…

2 Disclosure and control of inside information by issuers

…

2.5 Delaying disclosure of inside information

…

Selective disclosure

…

2.5.7 G …

(2) Selective disclosure cannot be made to any *person* simply because they owe the *issuer* a duty of confidentiality. An *issuer* may, however, depending on the circumstances, be justified in disclosing *inside information* to certain categories of recipient (in addition to those employees of the *issuer* who require the information to perform their functions) as long as the recipients are bound by a duty of confidentiality. For example, an *issuer* contemplating a

major transaction ~~which requires shareholder support or which could significantly impact its lending arrangements or credit rating~~ may selectively disclose details of the proposed transaction to major shareholders in order to ensure the viability of the transaction (whether or not the proposed transaction requires prior shareholder approval), or to its lenders and/or credit-rating agency where the transaction could significantly impact its lending or credit rating, as long as the recipients are bound by a duty of confidentiality. ~~An *issuer* may, depending on the circumstances, be justified in disclosing *inside information* to certain categories of recipient in addition to those employees of the *issuer* who require the information to perform their functions~~. The categories of recipient may include, but are not limited to, the following:

…

…

5 Vote Holder and Issuer Notification Rules

…

5.5 Acquisition or disposal by issuer of shares

…

5.5.3 G Additional requirements in relation to a *listed company* which purchases its own *equity shares* are contained in ~~*LR* 12.4.6 R~~ *UKLR* 9.6.6R.

…

6 Continuing obligations and access to information

…

6 Annex 1 Classes and sub-classes of regulated information

	Classification of regulated information	Description
…		
3.	Additional regulated information required to be disclosed under the laws of the United Kingdom	
3.1	Additional regulated information required to be	all information not falling within the sub-classes set out in points 1.1 to 1.3 and in points 2.1 to 2.6, but which the

	disclosed under the laws of the United Kingdom	*issuer*, or any other *person* who has applied for the admission of securities to trading on a *regulated market* without the *issuer's* consent, has disclosed under ~~*LR*~~ *UKLR* or *DTR*

7 Corporate governance

…

7.2 Corporate governance statements

…

7.2.4 G A *listed company* which complies with ~~*LR* 9.8.6R(6)~~ *UKLR* 6.6.6R(5) and (6) (applying the Principles and the comply or explain ~~rule~~ rules in relation to the *UK Corporate Governance Code*) will satisfy the requirements of *DTR* 7.2.2R and *DTR* 7.2.3R.

…

7.3 Related party transactions

…

Requirements for material related party transactions

…

7.3.11 G ~~(1) An *issuer* which complies with *LR* 11.1.7R (Requirements for related party transactions) in relation to a *material related party transaction* will satisfy the requirements of *DTR* 7.3.8R in respect of that transaction or arrangement.~~

~~(2) An *issuer* which complies with *LR* 11.1.10R (Modified requirements for smaller related party transactions) in relation to a *material related party transaction* will satisfy the requirements of *DTR* 7.3.8R(1) in respect of that transaction or arrangement.~~

~~(3) An *issuer* which complies with *LR* 11.1.7R as modified by *LR* 21.5.2R (Transactions with related parties: Equity shares) or *LR* 21.10.4R (Transactions with related parties: certificates representing shares) in relation to a *material related party transaction* will satisfy the requirements of *DTR* 7.3.8R(1) in respect of that transaction or arrangement.~~

~~(4) An *issuer* which complies with *LR* 11.1.10R as modified by *LR* 21.5.2R or *LR* 21.10.4R in relation to a *material related party*~~

~~*transaction* will satisfy the requirements of *DTR* 7.3.8R(1) in respect of that transaction or arrangement.~~ [deleted]

…

7 Annex 1 The related party tests

…

The gross assets test

…

7 Annex 3 G The *issuer* should consider, when calculating the assets the subject of the transaction, whether further amounts, such as contingent assets or arrangements referred to in ~~*LR* 10.2.4R~~ *UKLR* 7.4.1R (indemnities and similar arrangements), should be included to ensure that the size of the transaction is properly reflected in the calculation.

…

Figures used to classify assets and profits

7 Annex 9 R …

(3) (a) The figures of the *issuer* must be adjusted to take account of transactions completed during the period to which the figures referred to in (1) or (2) relate, and subsequent completed transactions ~~which the *issuer* would have been required to notify under *LR* 10.4 or *LR* 10.5 if the *issuer* had a *premium listing*~~ where any *percentage ratio* was 5% or more at the time the terms of the relevant transaction were agreed, provided that for such subsequent completed transactions the figures for the transactions are reasonably available to the *issuer*.

(b) The figures of the target company or business must be adjusted to take account of transactions completed during the period to which the figures referred to in (1) or (2) relate, and subsequent completed transactions ~~which would have been a class 2 transaction or greater for the purposes of the *listing rules* when classified against the target as a whole~~ where any *percentage ratio* was 5% or more at the time the terms of the relevant transaction were agreed, provided that for such subsequent completed transactions the figures for the transactions are reasonably available to the target.

…

…

8 Primary Information Providers

…

8 Annex 2R Headline codes and categories

Headline code	Headline Category	Description
…		
Medium priority		
…		
~~CMC~~	~~Compliance with Model Code~~	~~Statement by a closed-ended investment fund under *LR* 15.5.1R confirming it is satisfied that all inside information has been previously notified.~~
…		
Low priority		
…		
RDN	Director Declaration	Notification regarding any of the matters in ~~*LR* 9.6.13R~~ *UKLR* 6.4.8R
…		

Annex I

Amendments to the Enforcement Guide (EG)

In this Annex, underlining indicates new text and striking through indicates deleted text.

18 Cancellation of approval as sponsor or primary information provider

18.1 Cancellation on the FCA's own-initiative

18.1.1 The *FCA* may cancel a *sponsor's* approval under section 88 of the *Act* if it considers that a *sponsor* has failed to meet the criteria for approval as a *sponsor* as set out in ~~*LR* 8.6.5R~~ *UKLR* 24.4.5R.

18.1.2 When considering whether to cancel a *sponsor's* approval on its own initiative, the *FCA* will take into account all relevant factors, including, but not limited to, the following:

…

(4) the nature, seriousness and duration of the suspected failure of the *sponsor* to meet (at all times) the criteria for approval as a *sponsor* set out in ~~*LR* 8.6.5R~~ *UKLR* 24.4.5R;

…

…

Appendix 3

Sponsor declarations and other forms (ie, the 'Procedures, systems and controls confirmation form' and the 'Issuer contact details form')

SPONSOR'S DECLARATION ON AN APPLICATION FOR LISTING

(Note: Italicised terms have the meaning given in the UK Listing Rules sourcebook)

To: The *FCA* Date: _____20____

Full name of sponsor:

_____

We request that you will allow _____ (number) securities of _____ (denomination) each of _____ (name of applicant) to be admitted to the *official list*.

Type of issue for which the application is being made_____

_____

We confirm that:

• we have acted with due care and skill in relation to the provision of *sponsor services*;

• we have taken reasonable steps to satisfy ourselves that the *director* or *directors* of the *applicant* understand their responsibilities and obligations under the *listing rules*, the *disclosure requirements* and the *transparency rules*;

• we have come to a reasonable opinion, after having made due and careful enquiry, that:

1. the *applicant* has satisfied all requirements of the *listing rules* relevant to an application for admission to listing;

2. the *applicant* has satisfied all applicable requirements set out in the *prospectus rules*;

3. the directors of the applicant have a reasonable basis on which to make any working capital statement included in the document referred to in UKLR 24.3.1R;

4. the *directors* of the *applicant* have established procedures which enable the *applicant* to comply with the *listing rules*, the *disclosure requirements* and the *transparency rules* on an ongoing basis*; and

5. the *directors* of the *applicant* have established procedures which provide a reasonable basis for them to make proper judgments on an ongoing basis as to the financial position and prospects of the *applicant* and its *group**.

• we have maintained accessible records which are sufficient to be capable of demonstrating that the *sponsor* has provided *sponsor services* and otherwise complied with its obligations under UKLR 24 in accordance with the *listing rules*, including the basis of each confirmation set out above;

• all matters known to us which, in our reasonable opinion, should be taken into account by the *FCA* in considering:

a) the application for listing; and

b) whether the admission of the securities would be detrimental to investors' interests;** have been disclosed with sufficient prominence in the prospectus or equivalent document or otherwise in writing to the *FCA*; and that

• for so long as we provide a *sponsor service*, we will:

a) take such reasonable steps as are sufficient to ensure that any communication or information we provide to the *FCA* in carrying out the *sponsor service* is, to the best of our knowledge and belief, accurate and complete in all material respects; and

b) as soon as possible provide to the *FCA* any information of which we become aware that materially affects the accuracy or completeness of the information we have previously provided.

SIGNED BY:

_____

for and on behalf of:

_____

Name of sponsor

*Paragraphs 3 and 4 may be deleted if the applicant is not a new applicant.

**Paragraph (b) may be deleted if the applicant is not a new applicant.

To be completed in all cases:

Application to be heard on:
_____20___

Admission expected to become effective on:
_____20___

Name of contact at sponsor regarding application:

_____

Telephone number:

_____

SPONSOR'S DECLARATION FOR THE PRODUCTION OF A CIRCULAR

(Note: Italicised terms have the meaning given in the UK Listing Rules sourcebook)

To: The *FCA*

Date: _____20____

Full name of sponsor:

_____

Full name of *listed company*:

_____

Transaction being undertaken:

_____
_____

We confirm that:

- we have acted with due care and skill in relation to the provision of *sponsor services*
- we have taken reasonable steps to satisfy ourselves that the director or directors of the *listed company* understand their responsibilities and obligations under the *listing rules*, the *disclosure requirements* and the *transparency rules*
- we have come to a reasonable opinion, after having made due and careful enquiry, that:

  1. the *listed company* has satisfied all requirements of the *listing rules* relevant to the production of a *reverse takeover circular** or a *relevant related party transaction circular**; and

  2. the transaction will not have an adverse impact on the *listed company's* ability to comply with the *listing rules*, the *disclosure requirements* or the *transparency rules*

- we have maintained accessible records which are sufficient to be capable of demonstrating that the *sponsor* has provided *sponsor services* and otherwise complied with its obligations under *UKLR* 24 in accordance with the *listing rules*, including the basis of each confirmation set out above
- all matters known to us which, in our reasonable opinion, should be taken into account by the *FCA* in considering this transaction have been disclosed with sufficient prominence in the documentation or otherwise in writing to the *FCA*; and

- for so long as we provide a *sponsor service*, we will:

  a) take such reasonable steps as are sufficient to ensure that any communication or information we provide to the *FCA* in carrying out the *sponsor service* is, to the best of our knowledge and belief, accurate and complete in all material respects; and

  b) as soon as possible provide to the *FCA* any information of which we become aware that materially affects the accuracy or completeness of the information we have previously provided.

SIGNED BY:

_____

for and on behalf of:

_____

Name of sponsor

*Please delete as appropriate

SPONSOR'S DECLARATION FOR TRANSFER OF LISTING CATEGORY

(Note: Italicised terms have the meaning given in the UK Listing Rules sourcebook)

To: The *FCA*

Date: _____20____

Full name of sponsor:

_____

We request that you will allow_____ (number) securities of _____ (denomination) each of _____ (name of issuer) to be transferred from a _____ (current listing category) to a _____ (proposed listing category) on _____ (date).

We, confirm that:

• we have acted with due care and skill in relation to the provision of *sponsor services*

• we have taken reasonable steps to satisfy ourselves that the director or directors of the *issuer* understand their responsibilities and obligations under the *listing rules*, the *disclosure requirements* and the *transparency rules*

• we have come to a reasonable opinion, after having made due and careful enquiry, that:

1. the *issuer* satisfies all eligibility requirements of the *listing rules* that are relevant to the new category to which it is seeking to transfer

2. the *issuer* has satisfied all requirements relevant to the production of the *circular* required under *UKLR* 21.5.6R 2(a) or the announcement required under *UKLR* 21.5.7 (2) (whichever is relevant)

3. the *directors* of the *issuer* have established procedures which enable the *issuer* to comply with the *listing rules*, the *disclosure requirements* and the *transparency rules* on an ongoing basis*

4. the *directors* of the *issuer* have established procedures which provide a reasonable basis for them to make proper judgments on

an ongoing basis as to the financial position and prospects of the *issuer* and its *group**.

• we have maintained accessible records which are sufficient to be capable of demonstrating that the *sponsor* has provided *sponsor services* and otherwise complied with its obligations under *UKLR* 24 in accordance with the *listing rules*, including the basis of each confirmation set out above

• all matters known to us which, in our reasonable opinion, should be taken into account by the *FCA* in considering the transfer between listing categories have been disclosed with sufficient prominence in the *circular* or announcement referred to in *UKLR* 21.5 or otherwise in writing to the *FCA*; and

• for so long as we provide a *sponsor service*, we will:

a) take such reasonable steps as are sufficient to ensure that any communication or information we provide to the *FCA* in carrying out the *sponsor service* is, to the best of our knowledge and belief, accurate and complete in all material respects; and

b) as soon as possible provide to the *FCA* any information of which we become aware that materially affects the accuracy or completeness of the information we have previously provided.

SIGNED BY:

_____ for and on behalf of

_____ Name of sponsor

*Paragraphs 3 and 4 do not apply in relation to an issuer that was required to meet these requirements under its existing listing category.

Transfer to take place on:

_____20___

Name of contact at sponsor regarding application:

_____

Telephone number:

_____

SPONSOR'S DECLARATION FOR A REVERSE TAKEOVER ANNOUNCEMENT

(Note: Italicised terms have the meaning given in the UK Listing Rules sourcebook)

To: The FCA

Date: _____20____

Full name of sponsor:

_____

Full name of shell company:

_____

Proposed *reverse takeover* which is the subject of the announcement:

_____

_____

We confirm that:

- we have acted with due care and skill in relation to the provision of *sponsor services*
- we have taken reasonable steps to satisfy ourselves that the *director* or *directors* of the *shell company* understand their responsibilities and obligations under the *listing rules*, the *disclosure requirements* and the *transparency rules*
- we have come to a reasonable opinion, after having made due and careful enquiry, that:

  1. the *shell company* has satisfied the requirements of *UKLR* 13.4.13G (3) and (4) in relation to the announcement of the proposed *reverse takeover*; and

  2. it is reasonable for the *shell company* to provide the declarations described in *UKLR* 13.4.13G(3) and (4).

- we have maintained accessible records which are sufficient to be capable of demonstrating that the *sponsor* has provided *sponsor services* and otherwise complied with its obligations under *UKLR* 24 in accordance with the *listing rules*, including the basis of each confirmation set out above
- all matters known to us which, in our reasonable opinion, should be taken into account by the *FCA* in considering a proposed disclosure announcement under *UKLR* 13.4.13G have been disclosed with

sufficient prominence in the announcement or otherwise in writing to the *FCA*; and

- for so long as we provide a *sponsor service*, we will:

  a) take such reasonable steps as are sufficient to ensure that any communication or information we provide to the *FCA* in carrying out the *sponsor service* is, to the best of our knowledge and belief, accurate and complete in all material respects; and

  b) as soon as possible provide to the *FCA* any information of which we become aware that materially affects the accuracy or completeness of the information we have previously provided.

SIGNED For and on behalf of:

_____

Name of sponsor

SPONSOR'S DECLARATION FOR TRANSFER OF LISTING – MODIFIED TRANSFER PROCESS UNDER UKLR TP2

(Note: Italicised terms have the meaning given in the UK Listing Rules sourcebook)

To: The *FCA* Date: _____20_____

Full name of sponsor:

_____

We request that you will allow _____ (number) securities of _____ (denomination) each of _____ (name of issuer) to be transferred from the *equity shares (transition)* category into the *equity shares (commercial companies)* category on _____ (date).

We, confirm that:

• we have acted with due care and skill in relation to the provision of *sponsor services*

• we have taken reasonable steps to satisfy ourselves that the *director* or *directors* of the *issuer* understand their responsibilities and obligations under *UKLR 6 to UKLR 10 which do not apply to the issuer under UKLR 22*

• we have come to a reasonable opinion, after having made due and careful enquiry, that:

1. the *issuer* satisfies the eligibility requirements set out in *UKLR* 5.2 (Externally managed companies), *UKLR* 5.3 (Controlling shareholders) and *UKLR* 5.4 (Constitutional arrangements)

2. the *issuer* has satisfied all requirements relevant to the production of the *circular* required under *UKLR* 21.5.6R2(a) or the announcement required under *UKLR* 21.5.7(2) (whichever is relevant)

3. the *directors* of the *issuer* have established procedures which enable the *issuer* to comply with the obligations set out in *UKLR* 6 to *UKLR* 10 which do not apply to the *issuer* under *UKLR* 22*

• we have not identified any adverse information that would lead us to conclude that the *issuer* would not be able to comply with its obligations under the *listing rules*, *disclosure requirements* and *transparency rules*

• we have maintained accessible records which are sufficient to be capable of demonstrating that the *sponsor* has provided *sponsor services*

and otherwise complied with its obligations under *UKLR* 24 in accordance with the *listing rules*, including the basis of each confirmation set out above

• all matters known to us which, in our reasonable opinion, should be taken into account by the *FCA* in considering the transfer between listing categories as modified by *UKLR* TP2 have been disclosed with sufficient prominence in the *circular* or announcement referred to in *UKLR* 21.5 or otherwise in writing to the *FCA*; and

• for so long as we provide a *sponsor service*, we will:

a) take such reasonable steps as are sufficient to ensure that any communication or information we provide to the *FCA* in carrying out the *sponsor service* is, to the best of our knowledge and belief, accurate and complete in all material respects; and

b) as soon as possible provide to the *FCA* any information of which we become aware that materially affects the accuracy or completeness of the information we have previously provided.

SIGNED BY:

_____

for and on behalf of

_____

Name of sponsor

*Paragraph 3 does not apply in relation to an *issuer* that was required to meet these requirements under its existing listing category.

Transfer to take place on:

_____20___

Name of contact at sponsor regarding application:

_____

Telephone number:

_____

SPONSOR'S DECLARATION FOR TRANSFER OF LISTING – MODIFIED TRANSFER PROCESS UNDER UKLR TP3

(Note: Italicised terms have the meaning given in the UK Listing Rules sourcebook)

To: The *FCA* Date: _____20____

Full name of sponsor:

_____

We request that you will allow _____ (number) securities of _____ (denomination) each of _____ (name of issuer) to be transferred from the e*quity shares (transition)* category into the *equity shares (shell companies)* category on _____ (date).

We confirm that:

• we have acted with due care and skill in relation to the provision of *sponsor services*

• we have taken reasonable steps to satisfy ourselves that the *director* or *directors* of the *issuer* understand their responsibilities and obligations under *UKLR 13 which do not apply to the issuer under UKLR 22*

• we have come to a reasonable opinion, after having made due and careful enquiry, that:

1. the *issuer* satisfies the eligibility requirements set out in *UKLR* 13.2 (requirements for listing) except for *UKLR* 13.2.4R (Equity shares in public hands) and *UKLR* 13.2.6R (Shares of third country shell compan*y)*

2. the *issuer* has satisfied all requirements relevant to the production of the *circular* required under *UKLR* 21.5.6R2(a) or the announcement required under *UKLR* 21.5.7(2) (whichever is relevant)

3. the *directors* of the *issuer* have established procedures which enable the *issuer* to comply with the obligations set out in *UKLR* 13.3 which do not apply to the issuer under *UKLR* 22*

• we have not identified any adverse information that would lead us to conclude that the *issuer* would not be able to comply with its obligations under the *listing rules*, *disclosure requirements* and *transparency rules*

• we have maintained accessible records which are sufficient to be capable of demonstrating that the *sponsor* has provided *sponsor services* and otherwise complied with its obligations under *UKLR* 24 in accordance

with the *listing rules*, including the basis of each confirmation set out above

• all matters known to us which, in our reasonable opinion, should be taken into account by the *FCA* in considering the transfer between listing categories as modified by *UKLR* TP3 have been disclosed with sufficient prominence in the *circular* or announcement referred to in *UKLR* 21.5 or otherwise in writing to the *FCA*; and

• for so long as we provide a *sponsor service*, we will:

a) take such reasonable steps as are sufficient to ensure that any communication or information we provide to the *FCA* in carrying out the *sponsor service* is, to the best of our knowledge and belief, accurate and complete in all material respects; and

b) as soon as possible provide to the *FCA* any information of which we become aware that materially affects the accuracy or completeness of the information we have previously provided.

SIGNED BY:

_____

for and on behalf of

_____

Name of sponsor

*Paragraph 3 does not apply in relation to an *issuer* that was required to meet these requirements under its existing listing category.

Transfer to take place on:

_____20___

Name of contact at sponsor regarding application:

_____

Telephone number:

_____

SPONSOR'S DECLARATION FOR TRANSFER OF LISTING – MODIFIED TRANSFER PROCESS UNDER UKLR TP5

(Note: Italicised terms have the meaning given in the UK Listing Rules sourcebook)

To: The *FCA* Date: _____20____

Full name of sponsor:

_____

We request that you will allow _____ (number) securities of _____ (denomination) each of _____ (name of issuer) to be transferred from the *equity shares (international commercial companies secondary listing)* category into the *equity shares (commercial companies)* category on _____ (date).

We confirm that:

• we have acted with due care and skill in relation to the provision of *sponsor services*

• we have taken reasonable steps to satisfy ourselves that the *director* or *directors* of the *issuer* understand their responsibilities and obligations under *UKLR 6 to UKLR 10 which do not apply to the issuer under UKLR 14*

• we have come to a reasonable opinion, after having made due and careful enquiry, that:

1. the *issuer* satisfies the eligibility requirements set out in *UKLR* 5.2 (Externally managed companies), *UKLR* 5.3 (Controlling shareholders) and *UKLR* 5.4 (Constitutional arrangements)

2. the *issuer* has satisfied all requirements relevant to the production of the *circular* required under *UKLR* 21.5.6R2(a) or the announcement required under *UKLR* 21.5.7 (2) (whichever is relevant)

3. the *directors* of the *issuer* have established procedures which enable the *issuer* to comply with the obligations set out in *UKLR* 6 to *UKLR* 10 which do not apply to the *issuer* under *UKLR 14**

• we have not identified any adverse information that would lead us to conclude that the *issuer* would not be able to comply with its obligations under the l*isting rules*, *disclosure requirements* and *transparency rules*

• we have maintained accessible records which are sufficient to be capable of demonstrating that the *sponsor* has provided *sponsor services* and otherwise complied with its obligations under *UKLR* 24 in accordance

with the *listing rules*, including the basis of each confirmation set out above

• all matters known to us which, in our reasonable opinion, should be taken into account by the *FCA* in considering the transfer between listing categories as modified by *UKLR* TP5 have been disclosed with sufficient prominence in the *circular* or announcement referred to in *UKLR* 21.5 or otherwise in writing to the *FCA*; and

• for so long as we provide a *sponsor service*, we will:

a) take such reasonable steps as are sufficient to ensure that any communication or information we provide to the *FCA* in carrying out the *sponsor service* is, to the best of our knowledge and belief, accurate and complete in all material respects; and

b) as soon as possible provide to the *FCA* any information of which we become aware that materially affects the accuracy or completeness of the information we have previously provided.

SIGNED BY:

_____

for and on behalf of

_____

Name of sponsor

*Paragraph 3 does not apply in relation to an *issuer* that was required to meet these requirements under its existing listing category.

Transfer to take place on:

_____20___

Name of contact at sponsor regarding application:

_____

Telephone number:

_____

APPLICATION FOR LISTING (FIRST ADMISSION ONLY): PROCEDURES, SYSTEMS AND CONTROLS CONFIRMATION FORM
(Note: Italicised terms have the meaning given in the *listing rules*)

To: The *FCA*

Date: _____20____

Full name of *applicant*:
_____

The *applicant* has requested that _____ (number) of _____ (*security* description) of _____ (denomination) each of _____ (name of *applicant*) be admitted to the *Official List*.

I, _____, a member of the *applicant*'s Board (or equivalent) that is duly authorised on behalf of the *applicant*'s Board (or equivalent) to give this declaration, confirm that:

- the *applicant* has taken reasonable steps to establish adequate procedures, systems and controls to enable the *applicant* to comply with its obligations arising from the *listing rules*, the *disclosure requirements*, the *transparency rules* and *corporate governance rules* (Listing Principle 1);

- the *applicant* has taken into account the guidance on Listing Principle 1 in *UKLR* 2.2.2G to *UKLR* 2.2.5G, that the *applicant*'s procedures, systems and controls should address the following:

    a. identifying whether any obligations arise under *UKLR* 7 (Equity shares (commercial companies): significant transactions and reverse takeovers) and *UKLR* 8 (Equity shares (commercial companies): related party transactions) (*UKLR* 2.2.2G(1)); *

    b. the timely and accurate disclosure of information to the market (*UKLR* 2.2.2G(2));

    c. the provision of information to the *FCA* in accordance with *UKLR* 1.3.1R, and to their *sponsor* in accordance with *UKLR* 4.5.1R (*UKLR* 2.2.2G(3));*

    d. *directors* should take reasonable steps to ensure that adequate governance arrangements are established and

maintained at all times to enable the *listed company* to comply with Listing Principle 1 (*UKLR* 2.2.3G);

e. the ability to ensure that the *listed company* can properly identify information which requires disclosure under the *listing rules*, *disclosure requirements*, *transparency rules* or *corporate governance rules* in a timely manner and ensure that any information identified is properly considered by the *directors* and that such consideration encompasses whether the information should be disclosed (*UKLR* 2.2.4G);

f. the ability to explain to the *FCA* where information is held and how it can be accessed, and to access easily from the UK information that may be held outside the UK (*UKLR* 2.2.5G)

SIGNED BY:

_____

Duly authorised member of the Board of

_____

[add full name of *applicant*]

* Can be deleted where not applicable

To be completed in all cases:

Application to be heard on:

_____20___

Admission expected to become effective on:

_____20___

Name of contact at *applicant* regarding application:

_____

Telephone number:

_____

ISSUER CONTACT DETAILS

(Note: Italicised terms have the meaning given in the *listing rules*)

This form is for use by *issuers* or those acting on their behalf to provide the *FCA* with contact details as required in the *UK Listing Rules (UKLR)*.

Where an *issuer* is applying for a listing, this form must be submitted, in final form, to the *FCA* by midday 2 *business days* before the *FCA* is to consider the application under *UKLR* 20.4.2R(7) or UKLR 20.5.4R(5).

Once completed, please send this form to:

Issuer Management, Market Oversight Directorate
The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Or email it to listingapplications@fca.org.uk

Please note, we are unable to provide *issuers* with the details previously provided. If an *issuer* is unsure which details have previously been provided to the *FCA* then please complete a new form and send it to the *FCA* with the *issuer's* preferred contact details.

Name of *issuer*	

Key persons contact details

Under *UKLR* 1.3.5R an *issuer* must ensure that the *FCA* is provided, at all times, with up-to-date contact details of at least 2 of its executive *directors* or, if an issuer does not have executive *directors*, at least 2 *directors*. Details must include their name, business telephone number and business email address. Where an issuer only has 1 executive *director* or has only 1 *director*, then they need only provide the contact details of that person. An *issuer* must notify the *FCA* of any changes to these contact details as soon as possible.

An *issuer* should consider *UKLR* 1.3.6G when providing *director*(s)' details.

Please complete all fields (please use more than one form if providing contact details of more than 2 key persons).

Contact details – key person 1

Name	
Business telephone number	
Business email address	

Contact details – key person 2

Name	
Business telephone number	
Business email address	

Service of notices

Under *UKLR* 1.3.7R an *issuer* must ensure that the *FCA* is provided, at all times, with up-to-date contact details of a nominated person at the *issuer*, including their address for the purposes of receiving service of *relevant documents*.

Under *UKLR* 1.3.8R the address referred to in *UKLR* 1.3.7R must be:

1) an email address where the *issuer* provides written consent to receive service of *relevant documents* by email; or
2) a postal address in the *UK* where written consent to email service mentioned in (1) above is not given.

Please complete the fields where relevant.

Name (person)	
Business email address	
Postal address (where consent to email service not given)	

First point of contact details

Under *UKLR* 6.2.19R (including as applied by *UKLR* 11.4.1R), *UKLR* 12.3.6R, *UKLR* 13.3.11R, *UKLR* 14.3.8R (including as applied by *UKLR* 15.3.1R), *UKLR* 16.3.7R and *UKLR* 22.2.8R a *listed company* must ensure that the *FCA* is provided with up-to-date contact details of at least one appropriate person nominated by it to act as the first point of contact with the *FCA* in relation to the *company's* compliance with the *listing rules*, the *disclosure requirements* and the *transparency rules*.

A *listed company* with a listing in the equity shares (commercial companies) category or the closed-ended investment funds category should consider *UKLR* 6.2.20G when nominating a person. All persons nominated should be contactable on *business days* between the hours of 7am and 7pm.

Please complete all fields.

Name

Company name
(if different to *listed company*)

Direct line

Mobile

Email address

Additional contact details (if applicable)

Name

Company name
(if different to *listed company*)

Direct line

Mobile

Email address

Pub ref: 1-008301

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