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# UK Primary Market Reforms Tracker

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The purpose of this document is to provide an overview of the key developments around reforming the UK capital markets regime following Lord Hill's UK Listings Review, launched on 19 November 2020 as part of the UK government's plan to strengthen the UK's position as a leading global financial centre. This document includes comparisons to illustrate how the proposals contrast with the existing regime.

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## A. Listing Regime Structure

### Current UK Listing Regime Structure

<b>Listing Segments</b>	<b>Premium</b>			<b>Standard</b>					
<b>Listing Categories</b>	Commercial Companies (Equity Shares)	Closed Ended Investment Funds (Equity Shares)	Sovereign Controlled Commercial Companies (Equity Shares and GDRs)	Shares	OEICs (Equity Shares)	Debt & Debt Like Securities	Certificates Representing Certain Securities	Securitised Derivatives	Miscellaneous Securities

## Proposed New UK Listing Regime Structure<sup>1</sup>

												New listing category								
												Retained listing category								
												Commercial Company Categories			Equity shares		Other			
Listing Categories	Commercial Companies (Equity Shares)	International Secondary Listings (Equity Shares)	Transition (Equity Shares)	Closed Ended Investment Funds (Equity Shares)	OEICs (Equity Shares)	Shell Companies (Equity Shares)	Non-Equity Shares and Non-Voting Equity Shares	Debt & Debt Like Securities	Certificates Representing Certain Securities (depository receipts)	Securitised Derivatives	Warrants, Options, and other Miscellaneous Securities									
Description	<p>This new category would replace the existing premium and standard listing segments for equity shares in commercial companies.</p> <p>This category would encompass sovereign controlled commercial companies.</p> <p>See section B of this document for further detail.</p>	<p>New category for overseas incorporated companies with a secondary listing in the UK.</p> <p>Requirements would largely replicate the standard listing requirements under LR 14.</p>	<p>New transition category which would be closed to new applicants. Carries forward existing standard listing requirements under LR 14.</p>	Retained category.	Retained category.	<p>New category. Requirements would largely be based on the standard listing requirements under LR 14. Retains the SPAC provisions introduced in 2021.</p>	<p>New category. Requirements would be based on the standard listing requirements under LR 14.</p>	Retained category.	Retained category.	Retained category.	Retained category.									

<sup>1</sup> Source: [FCA CP23/31](#)– Primary Markets Effectiveness Review: Feedback to CP23/10 and detailed proposals for listing rules reforms.

	Commercial Company Categories			Equity shares		Other					
Listing Categories	Commercial Companies (Equity Shares)	International Secondary Listings (Equity Shares)	Transition (Equity Shares)	Closed Ended Investment Funds (Equity Shares)	OEICs (Equity Shares)	Shell Companies (Equity Shares)	Non-Equity Shares and Non-Voting Equity Shares	Debt & Debt Like Securities	Certificates Representing Certain Securities (depository receipts)	Securitised Derivatives	Warrants, Options, and other Miscellaneous Securities
Transitional arrangements	Existing premium listed issuers (other than shell companies) would be “mapped” to this category.	Certain existing overseas incorporated issuers (with a primary listing overseas) on the standard segment would be “mapped” to this new category.	Certain existing standard listings (other than shell companies or companies with a UK secondary listing) would be “mapped” to this category.  These companies can apply to transfer to the single segment when they are ready. No deadline for such transfers.	n/a	n/a	Certain existing premium/standard listed shell companies would be “mapped” to this category.  These companies would have three years (from implementation date) to either complete operations or make necessary changes to comply with the additional requirements.	Certain existing securities on the standard segment would be “mapped” to this new category.	n/a	n/a	n/a	

## B. Listing Reforms Comparison Chart

	Premium Listing	Standard Listing	Single Listing Segment <sup>2</sup>
			Reflects existing premium listing requirements
			Modified premium listing requirements
			Reflects requirements applicable to existing standard or both listing segments
<b>Minimum market capitalisation</b>	£30 million	£30 million	£30 million
<b>Accounts requirement</b>	Must have published or filed accounts that represent at least 75% of the issuer's business and cover at least the last three years ending no more than six months before the date of the prospectus and not more than nine months before the date of the listing. These accounts must have been independently audited and reported on by the auditors without modification	Must have audited historical information covering the latest three financial years (or such shorter period as the issuer has been in operation) and the audit report for each year	Must have audited historical information covering the latest three financial years (or such shorter period as the issuer has been in operation) and the audit report for each year
<b>Accounting standards</b>	UK-adopted IFRS or (if non-UK issuer) EU IFRS or other national accounting standards determined to be equivalent to UK-adopted IFRS	UK-adopted IFRS or (if non-UK issuer) EU IFRS or other national accounting standards determined to be equivalent to UK-adopted IFRS	UK-adopted IFRS or (if non-UK issuer) EU IFRS or other national accounting standards determined to be equivalent to UK-adopted IFRS
<b>Revenue earning track record</b>	☑	⊗	⊗
<b>Independent business requirement</b>	The issuer must demonstrate that it carries on an independent business as its main activity	⊗	⊗ – but note requirements on controlling shareholders below
<b>Control of business</b>	The issuer must demonstrate that it exercises operational control over the business it carries on as its main activity	⊗	⊗ – save that premium listing requirements in relation to externally managed companies would be retained
<b>Free float</b>	At least 10% of the shares must be in “public hands”	At least 10% of the shares must be in “public hands”	At least 10% of the shares must be in “public hands”

<sup>2</sup> This chart provides a comparison of the key eligibility and continuing obligations for the new single segment for equity shares in commercial companies, against the existing premium and standard listing segments.

Source: [FCA CP23/31](#)– Primary Markets Effectiveness Review: Feedback to CP23/10 and detailed proposals for listing rules reforms.

	Premium Listing	Standard Listing	Single Listing Segment <sup>2</sup>
<b>Shareholder pre-emption rights</b>	✓	⊗	✓
<b>Constitutional requirements</b>	Constitution must allow compliance with the Listing Rules, in particular voting on matters relating to the premium listing and electing/re-electing independent directors by shareholders	⊗	Constitution must allow compliance with the Listing Rules, in particular voting on matters that must be decided by the listed company's shareholders and electing/re-electing independent directors by shareholders
<b>Adviser(s) requirement</b>	Sponsor required on listing (including listing category transfers to the premium segment) and post-listing for certain transactions	No sponsor required	Sponsor required on listing (including certain listing category transfers such as transfers from the transition segment to the single segment) but for fewer transactions post-listing (i.e. further issuances requiring a prospectus, fair and reasonable opinions for RPTs and reverse takeovers)
<b>Controlling shareholder requirements</b>	Relationship agreement and certain constitutional provisions required if issuer has a controlling shareholder (i.e., 30%+)	⊗	Relationship agreement and certain constitutional provisions required if issuer has a controlling shareholder (i.e., 30%+)
<b>Prospectus/admission document</b>	FCA-approved prospectus required	FCA-approved prospectus required	FCA-approved prospectus required
<b>Working capital statement</b>	✓ (must be a clean statement)	✓ (but can be qualified)	✓ (but can be qualified)
<b>Restrictions on issue of warrants and options</b>	✓ listing eligibility requirement that warrants or options (excluding rights under employee share schemes) must not exceed 20% of the issued equity share capital (excluding treasury shares) at the time of issue of the warrants or options	⊗	⊗
<b>FTSE UK Series indexation</b>	✓	⊗	Anticipated that the single segment (and the closed ended investment fund segment) would be eligible for the FTSE UK Index Series. FTSE Russell does not intend to introduce additional inclusion requirements <sup>3</sup>
<b>Shareholder approval for significant transactions</b>	✓	⊗	⊗ (disclosure needed for significant transactions ≥25% in class tests)

<sup>3</sup> Source: FTSE Russell - Proposed Changes to the UK Listing Regime - Indicative Impact to the FTSE UK Index Series (March 2024).

	Premium Listing	Standard Listing	Single Listing Segment <sup>2</sup>
<b>Shareholder approval for related party transactions</b>	☑	☒	☒ (disclosure and fair and reasonable opinion needed for RPTs ≥5% in class tests)
<b>Reverse takeovers</b>	Shareholder approval required. Securities suspended in limited circumstances (other than shell companies). Listing is cancelled and enlarged group will need to reapply for admission. Sponsor guidance required	No shareholder approval required, save for certain large SPACs. Securities suspended in limited circumstances (other than shell companies). Listing is cancelled and enlarged group will need to reapply for admission	Shareholder approval required. Listing is cancelled and enlarged group will need to reapply for admission. Sponsor guidance required
<b>Shareholder approval for discounted (&gt;10%) share issuances</b>	☑	☒	☑
<b>Share buybacks</b>	Buybacks of 15% or more of class of shares must be by way of a tender offer, unless specifically approved by shareholders	No specific requirements	Buybacks of 15% or more of class of shares must be by way of a tender offer, unless specifically approved by shareholders
<b>Shareholder approval for voluntary delisting</b>	☑ (plus additional requirements if controlling shareholder involved)	☒	☑ (plus additional requirements if controlling shareholder involved. Cannot exercise weighted voting rights for such vote)
<b>Comply-or-explain against UK Corporate Governance Code</b>	☑	☒	☑
<b>TCFD and boardroom diversity reporting</b>	☑	☑	☑
<b>Dual class share structures (DCSS)</b>	☑ (permits a limited form of DCSS subject to certain parameters, including: (i) weighted votes may only be exercised following a change of control (to deter takeovers) or prevent director removal, (ii) maximum weighted voting of 20:1 and (iii) five year sunset)	☑ (no regulatory restrictions)	☑ (DCSSs permitted subject to limited conditions. May be held by directors, employees and natural persons who are shareholders at the time of listing. No time-based sunset restrictions. Weighted votes may not be exercised on certain matters that adversely impact holders of listed shares)



**Key dates:**

- 3 May 2023 – FCA published a consultation paper (CP23/10) with a blueprint for changes to the UK listing regime.
- 20 December 2023 – FCA published a further consultation paper (CP23/31) with detailed proposals for changes to the UK listing regime.
- 16 February 2024 – deadline for responses to CP23/31 regarding sponsor competence.
- 7 March 2024 – FCA published UK Listing Rules Instrument 2024 which contains the complete draft of the new UK listing rules.
- 15 March 2024 – FTSE Russell announced proposed changes to the FTSE UK Index Series Ground Rules.
- 22 March 2024 – deadline for responses to CP23/31 regarding listing reform proposals.
- Mid-May 2024 onwards – FCA expected to notify issuers of the category their securities would be mapped to.
- June/July 2024 – FCA expected to publish final rules for the new UK listing regime.

## C. Listing Reforms Transitional Arrangements<sup>4</sup>

Transitional arrangement	Description	Timing														
1. Mapping to new listing categories	<p>Premium and standard listed issuers would be “mapped” to the following new listing categories:</p> <table border="1" data-bbox="497 368 1585 874"> <thead> <tr> <th data-bbox="497 368 1025 416">Existing issuer type</th> <th data-bbox="1025 368 1585 416">New listing category</th> </tr> </thead> <tbody> <tr> <td data-bbox="497 416 1025 456">Premium listed commercial companies</td> <td data-bbox="1025 416 1585 456">Commercial companies category</td> </tr> <tr> <td data-bbox="497 456 1025 496">Premium listed shell companies</td> <td data-bbox="1025 456 1585 496">Shell companies category</td> </tr> <tr> <td data-bbox="497 496 1025 560">Standard listed equity shares in commercial companies</td> <td data-bbox="1025 496 1585 560">Transition category</td> </tr> <tr> <td data-bbox="497 560 1025 679">Standard listed SPACs and other shell companies</td> <td data-bbox="1025 560 1585 679">Shell companies category (only if in the FCA’s view they meet the specified definition of a shell company for the purposes of this category, otherwise they move to the Transition category)</td> </tr> <tr> <td data-bbox="497 679 1025 799">Standard listed secondary listing (of equity shares in commercial companies)</td> <td data-bbox="1025 679 1585 799">International secondary listing category (only if in the FCA’s view they meet the specified scope of this category, otherwise they move to the Transition category)</td> </tr> <tr> <td data-bbox="497 799 1025 874">Standard listed Non-equity shares and non-voting equity shares</td> <td data-bbox="1025 799 1585 874">Non-equity shares and non-voting equity shares category</td> </tr> </tbody> </table> <p>Issuers in the six retained listing categories (see section A - “Listing Regime Structure”) would remain in their existing categories.</p>	Existing issuer type	New listing category	Premium listed commercial companies	Commercial companies category	Premium listed shell companies	Shell companies category	Standard listed equity shares in commercial companies	Transition category	Standard listed SPACs and other shell companies	Shell companies category (only if in the FCA’s view they meet the specified definition of a shell company for the purposes of this category, otherwise they move to the Transition category)	Standard listed secondary listing (of equity shares in commercial companies)	International secondary listing category (only if in the FCA’s view they meet the specified scope of this category, otherwise they move to the Transition category)	Standard listed Non-equity shares and non-voting equity shares	Non-equity shares and non-voting equity shares category	<p>Mapping to occur on the implementation date of the new listing regime.</p> <p>The FCA would communicate the proposed mapping to issuers prior to the new rules coming into force. Issuers who think they have been incorrectly allocated would have a period of four weeks to respond and discuss with the FCA.</p>
Existing issuer type	New listing category															
Premium listed commercial companies	Commercial companies category															
Premium listed shell companies	Shell companies category															
Standard listed equity shares in commercial companies	Transition category															
Standard listed SPACs and other shell companies	Shell companies category (only if in the FCA’s view they meet the specified definition of a shell company for the purposes of this category, otherwise they move to the Transition category)															
Standard listed secondary listing (of equity shares in commercial companies)	International secondary listing category (only if in the FCA’s view they meet the specified scope of this category, otherwise they move to the Transition category)															
Standard listed Non-equity shares and non-voting equity shares	Non-equity shares and non-voting equity shares category															
2. In-flight listing applications	<p>A complete listing eligibility submission made to the FCA by 4 pm on the date the new listing rules are published (“in-flight listing applications”) would be treated as an application for the corresponding new listing category (see table within the row above under “mapping to new listing categories”).</p> <p>In-flight listing applications for standard listed shares would be assessed against the existing eligibility requirements rather than the additional eligibility requirements under the new regime (unless there has been a material change to the applicant’s business).</p> <p>Existing transfers between listing categories underway at the point the new regime is implemented would be dealt with in the same way as in-flight applications.</p>	<p>In-flight standard listing applications that correspond to either the transition category, the shell companies category or the international secondary listings category have a period of 1-year to complete the admission process from the date of implementation of the new rules, after which time the application would lapse.</p>														

<sup>4</sup> This section provides an overview of key transitional provisions under the new UK listing regime as described in CP23/31 and UK Listing Rules Instrument 2024.

Transitional arrangement	Description	Timing
3. Post implementation listing transfers from the transition or international secondary listing categories	<p>Certain qualifying standard listed commercial companies (broadly, issuers who are continually listed for prior 18 months and have no significant changes to their business) mapped to the transition or international secondary listing category would be able to apply to transfer to the equity shares in commercial companies category through a modified listing transfer process.</p> <p>This modified process focuses on the additional requirements for the new single segment. No shareholder approval would be required for such transfer.</p> <p>The process would require the appointment of a sponsor who would undertake a targeted sponsor service. The sponsor would submit a modified sponsor declaration focusing on the additional obligations for the single segment rather than a broader assessment of the issuer's ability to satisfy all the requirements under the single segment (e.g. no need to confirm procedures relating to financial position and prospects).</p> <p>Modified transfer processes would also apply to listing transfers from the transition category to the shell or international secondary listing categories (note that a sponsor would not be required for transfers to the international secondary listing category).</p>	This transitional arrangement applies from the implementation date and would not be time-limited.
4. Shell companies	Existing issuers and in-flight applications mapped or converted to an application to the shell companies category would be required within a transitional period to either complete their operations or make the necessary changes to comply with the proposed additional requirements for shell companies under the new listing regime.	The transition period for this arrangement would be three-years from the date of implementation of the new rules.
5. Mid-flight transactions by premium listed issuers	<p>Transactions by premium listed issuers not yet completed at implementation date ("mid-flight" transactions) would no longer need to comply with premium listing requirements not carried forward.</p> <p>The issuer may no longer be required to appoint a sponsor for the transaction, if a sponsor is not required for that transaction under the new rules. Even where a sponsor service would be required under the new regime (e.g., certain related party transactions), the sponsors will need to consider the impact on their terms of engagement and nature of their role on the transaction following the implementation date.</p> <p>However, mid-flight transactions will have to comply with relevant obligations under the new rules (e.g. new notification requirements as soon as reasonably practicable after the implementation date) even if the transaction was previously notified to a RIS before the implementation date.</p> <p>An exception applies where the issuer has sent a circular to shareholders about the mid-flight transaction under the old regime – in this scenario, there would be no need to further release a RIS with the new prescribed disclosure requirements, unless there has been a material change to the terms.</p>	This transitional arrangement applies to certain listing rule transactions by premium listed issuers (including significant transactions, related party transactions and reverse takeovers) underway immediately prior to, but not yet completed on, the implementation date.

## D. Public Offers and Admissions to Trading Reforms Comparison Chart

		Reflects existing requirements/exemptions
		Modified or new requirements/exemptions
	Current Regime	New Regime <sup>5</sup>
<b>Overview</b>	<p>Unless an exemption applies, a prospectus must be published:</p> <ul style="list-style-type: none"> <li>if a person or company makes an offer to the public of transferable securities in the UK; or</li> <li>if a company applies for its securities to be admitted to trading on a regulated market.</li> </ul> <p>This requirement extends to both public and private companies.</p>	<p>Prospectus requirements still relevant for admission of securities to a regulated market. FCA to be delegated rule-making powers.</p> <p>Prospectuses no longer a feature for UK public offers – in effect, companies not admitted to a regulated market or a primary multilateral trading facility (MTF) would no longer be subject to a requirement to publish a prospectus when undertaking a UK public offer. Such companies are instead generally restricted from conducting a UK public offer unless an exemption applies. List of exemptions to be expanded.</p> <p>Note that the new public offer regime will not come into force until the FCA has finalised the changes to its prospectus rules as part of its rulemaking process.<sup>6</sup></p>
<b>Public offers</b>	<p>Unless an exemption applies, a prospectus must be published where a person or company makes an offer to the public of transferable securities in the UK.</p>	<p>Unless an exception applies, it is unlawful to offer relevant securities to the public in the UK.</p> <p>The meaning of a public offer would expressly exclude communications about securities allotted under a Part 26 scheme of arrangement.</p>
<b>Exemptions that apply to public offers</b>	a) Shares issued in substitution for shares of the same class.	a) Shares issued in substitution for shares of the same class.
	b) Takeovers (subject to production of an exemption document).	b) Takeovers – this exemption would apply to both private and public takeovers; potentially with greater flexibility for public takeovers in relation to the conditions that such takeovers need to comply with to fall within the exemption (in particular, where securities offered as consideration are not traded in the UK and/or offers to holders of securities other than equity securities).
	c) Mergers or divisions (subject to production of an exemption document).	c) [omitted from the draft SI]

<sup>5</sup> Sources: HM Treasury – UK Prospectus Regime Review – [Review Outcome](#).

HM Treasury - [The Public Offers and Admissions to Trading Regulations 2024](#) (POATRs)

<sup>6</sup> Sources: [Explanatory Memorandum to the POATRs](#).

Current Regime	New Regime <sup>5</sup>
d) Scrip dividends.	d) Scrip dividends.
e) Director and employee offers.	e) Director and employee offers.
f) Qualified investors.	f) Qualified investors.
g) 150 persons in the UK (other than qualified investors).	g) 150 persons in the UK (other than qualified investors).
h) Minimum denomination of at least €100,000.	h) Minimum denomination of at least £50,000.
i) Investors who acquire securities for a total consideration of at least €100,000.	i) Investors who acquire securities for a total consideration of at least £100,000.
j) Consideration not exceeding €8 million.	j) Consideration not exceeding £5 million (or where cumulative offers in a 12-month period by the same issuer exceed £5 million).
k) Retail cascade.	k) [omitted from the draft S]
	l) Offerings of securities which are, or will be, admitted to UK regulated markets or primary MTF. <sup>7</sup>
	m) Offerings of securities by means of a regulated public offer platform. FCA to determine requirements on platform operators and set disclosure requirements for such offers (no prospectus required). <sup>8</sup> It is expected that these will cover matters such as due diligence and disclosure to investors. <sup>9</sup>
	n) Pre-emptive offers to existing holders of equity securities (not admitted to trading on a regulated market or primary MTF) in accordance with statutory pre-emption.

<sup>7</sup> New exemption. Under the new regime, offerings by listed companies would be permitted but subject to the FCA's prospectus requirements (see rows below headed "Admissions to trading on a regulated market" and "Admissions to trading on a primary MTF").

<sup>8</sup> Source: [FCA engagement paper on the public offer platform](#).

<sup>9</sup> In addition to regulated public offer platforms, private companies would have further options for accessing liquidity as the UK government is proposing to establish a "Private Intermittent Securities and Capital Exchange System" (PISCES). This trading venue would enable existing investors of private companies to sell their holdings, on a periodic basis, to institutional and sophisticated investors. Source: [HM Treasury consultation paper on PISCES](#).

Current Regime		New Regime <sup>5</sup>
		o) Offers of securities listed on certain designated overseas stock markets on the basis of offering documents prepared according to the rules of the relevant overseas jurisdiction and market. <sup>10</sup>
		a) Securities offered from the conversion or exchange of other securities under the banking special resolution regime.
<b>Admissions to trading on a regulated market</b>	Unless an exemption applies, a prospectus must be published where a company applies for its securities to be admitted to trading on a regulated market.	Admissions to regulated markets and MTFs carved out from the public offer prohibition. The FCA will be given enhanced rule-making responsibilities regarding admissions.  Broadly, the FCA is likely to retain the bulk of the prospectus requirements for the initial admission, but significantly scale back the prospectus requirements for further issuances. <sup>11</sup>
<b>Exemptions that apply to admissions to trading on a regulated market</b>	a) Shares issued in substitution for shares of the same class.	TBC
	b) Takeovers (subject to production of an exemption document).	FCA proposes to carry forward this exemption, but exploring options around the document disclosure requirements.
	c) Mergers or divisions (subject to production of an exemption document).	FCA proposes to replicate this exemption, but exploring options around the document disclosure requirements.
	d) Scrip dividends.	TBC
	e) Director and employee offers.	TBC
	f) Securities represent, over a period of 12 months, less than 20% of the securities already admitted.	FCA considering setting a threshold (i.e., on the size of the further issuance as a percentage of existing share capital) above which a prospectus may be required. May require offer type documents below this threshold.  The Secondary Capital Raising Review (SCRR) recommended a threshold of 75% for further issuances (see the “Secondary Capital Raising Review Comparison Chart” below).
	g) Shares resulting from conversion or exchange of other securities, where resulting shares represent, over a period of 12 months, less than 20% of the securities already admitted.	TBC

<sup>10</sup> New exemption proposed in [HM Treasury's Prospectus Regime Review Outcome](#). Under consideration and not yet covered in the draft SI. Subject to HM Treasury further work.

<sup>11</sup> Source: FCA [engagement papers](#) regarding new regime for public offers and admissions to trading.

Current Regime		New Regime <sup>5</sup>
	h) Shares of investment firms are converted pursuant to Part 9C of FSMA.	TBC
	i) Shares offered free of charge to existing shareholders.	TBC
	j) Shares already admitted to trading on another regulated market (subject to certain conditions).	FCA proposes to replicate this exemption.
<b>General disclosure requirements</b>	A prospectus must contain the necessary information which is material to an investor for making an informed assessment.	The “necessary information test” will be retained.
<b>Equality of information</b>	Material information disclosed by an offeror to selected investors must be disclosed to all other investors to whom the offer is addressed or otherwise be included in a prospectus (if required to be published).	“Equality of information” requirement (where information disclosed to one investor must be disclosed to all) will be retained for all public offers (excepted from the prohibition) of at least £1 million.
<b>Admissions to trading on a primary MTF</b>	<p>Primary MTFs (such as AIM) are typically regulated by the exchange through which they operate, subject to FCA oversight. The admission of securities to trading on a primary MTF is usually facilitated by an admission document produced by the issuer, the requirements for which are specified by the rules of the relevant primary MTF operator.</p> <p>A prospectus is not required for the admission of securities to trading on a primary MTF unless there is a non-exempt public offer such as a rights issue (or the rules of the primary MTF operator require a prospectus).</p>	<p>The FCA would have the power to ensure that primary market MTFs that allow retail participation (such as AIM and the AQSE Growth Market) require issuers to produce an MTF admission prospectus in specified circumstances.</p> <p>MTF admission prospectuses would be subject to the same “necessary information test”, statutory liability, and compensation scheme for prospectuses.</p> <p>The FCA is seeking views on the regulation of primary MTFs, including what documentation is needed on a secondary offering such as a rights issue.<sup>12</sup></p>
<b>Forward-looking statements</b>	Negligence liability standard. Defendant has burden of proving that they reasonably believed the information was accurate.	<p>FCA to provide a definition for “protected forward-looking statements” (PFLSs).<sup>13</sup></p> <p>In order to encourage issuers to include more forward-looking information in their prospectuses, PFLSs would be subject to a recklessness liability standard. Claimant has burden of proving that the defendant knew the statement to be untrue or was reckless as to whether it was untrue.</p>

<sup>12</sup> Source: FCA [engagement paper 6](#) regarding primary MTFs.

<sup>13</sup> Source: FCA [engagement paper 3](#) regarding protected forward-looking statements.

**Key dates:**

- 29 June 2023 – Financial Services and Markets Bill received Royal Assent. This Act provides for the Designated Activities Regime which sets out the regulatory framework for implementing the new UK “public offers and admissions to trading” regime.
- May to July 2023 – FCA published engagement papers on “public offers and admissions to trading” regime reforms.
- 12 December 2023 – FCA published summary of the feedback from the engagement process.
- 30 January 2024 – HM Treasury publishes final Public Offers and Admissions to Trading Regulations 2024.
- 6 March to 17 April 2024 – consultation period on proposed Private Intermittent Securities and Capital Exchange System (PISCES).
- Summer 2024 – FCA to consult on rule proposals for the new UK “public offers and admissions to trading” regime.
- End of 2024 – LSE expected to launch PISCES in a regulatory sandbox environment.
- H1 2025 - FCA to make final rules for the new UK “public offers and admissions to trading” regime.



## E. Secondary Capital Raising Review Comparison Chart

Existing/prior regime		Recommendations already implemented
		Recommendations yet to be implemented
		SCRR recommendations <sup>14</sup>
<b>Pre-emption regime<sup>15</sup></b>	Pre-Emption Group Statement of Principles recommend that the annual general pre-emption disapplication authority of premium listed companies should be limited to 5% of ISC for any purpose and a further 5% of ISC for acquisitions or specified capital investments.  Rolling three-year general disapplication limit of 7.5%.	Pre-Emption Group <u>Statement of Principles</u> have been updated to permit annual general pre-emption disapplication authorities of up to 10% of the existing issued share capital (ISC) for any purpose and a further 10% of ISC for acquisitions or specified capital investments (use of these authorities subject to conditions set out in the Statement of Principles).
	N/A	In addition, companies may seek further disapplication authorities of up to 20% of the size of the non pre-emptive placing for follow-on offers to retail investors. Conditions for follow-on offers are set out in the updated Statement of Principles.
	N/A	Post-transaction reporting via RIS after a placing on how it was carried out (using a template form from the Pre-Emption Group's website) and include details in the next annual report.  Form is also filed with the Pre-Emption Group and made available on its Pre-Emption Database.
	Limits under the Pre-Emption Group Statement of Principles apply equally to cashbox structures.	Limits under the Pre-Emption Group Statement of Principles apply equally to cashbox structures.
	N/A	Additional flexibility for capital hungry companies to seek shareholder approval for authorities to raise more than 20% of ISC per year on a non pre-emptive basis.
<b>Authority to allot<sup>16</sup></b>	Investment Association guidance states the full two-thirds authority to allot may be available only for use on a fully pre-emptive rights issue.	Investment Association guidance updated to permit use of the full two-thirds authority for any pre-emptive offering (including open offers).
<b>Six-day rule</b>	The prospectus for an IPO that involves a retail offer needs to be made available to the public at least six working days before the end of the offer.	This period to be shortened to a maximum of three working days.

<sup>14</sup> Source: UK Secondary Capital Raising Review Report.

<sup>15</sup> The Pre-Emption Group's Statement of Principles were updated in November 2022 to address these SCRR recommendations.

<sup>16</sup> The Investment Association's Share Capital Management Guidelines were updated in February 2023 to address these SCRR recommendations.

	Existing/prior regime	SCRR recommendations <sup>14</sup>
<b>Prospectus requirement</b>	FCA-approved prospectus required for open offers and rights issues. Prospectus exemption not available for fundraisings >20% ISC.	<p>FCA-approved prospectus only required for secondary offers where offer size is at least 75% of ISC.</p> <p>Documentation for pre-emptive offerings &lt;75% ISC would instead comprise:</p> <ul style="list-style-type: none"> <li>• Cleansing statement</li> <li>• Offer document (no specific content requirements and not subject to regulatory review/approach)<sup>17</sup></li> </ul> <p>Otherwise, generally reduce regulatory involvement in larger fundraisings.</p>
		<p>Due to the scope for incurring US securities law liability and the related desire to document the “due diligence” defence, investment banks are expected to continue to require market standard US due diligence, disclosure, and comfort for larger fundraisings involving offerings to QIBs under Rule 144A.</p> <p>Counsel will only be in a position to give a 10b-5 letter with respect to an offering document which incorporates standard disclosures meeting US expectations (e.g., OFR/MD&amp;A, and “prospectus-style” business overview and risk factors, and the other related disclosure).</p> <p>As such, this exemption may only assist with Reg S-only follow-on offerings by listed/quoted companies, so should benefit AIM companies in particular.</p> <p>Instead of always needing to prepare a lengthy offering document, the Report proposes that companies should be able to “opt in” to an enhanced periodic reporting regime such that their enhanced disclosures could be incorporated by reference into a shorter offering document.</p>
<b>Prospectus liability</b>	“Negligence” liability standard applies to prospectuses.	“Recklessness” liability standard to apply to such “non-prospectus” offer documents.
<b>Sponsor involvement</b>	Sponsor required to be appointed on open offers and rights issues due to production of prospectus.	Secondary offerings will not trigger the need to appoint a sponsor (even if prospectus required).
<b>Minimum offer period for rights issues and open offers</b>	Minimum offer period for rights issues and open offers of 10 business days.	Period reduced to seven business days.
<b>Rights issue</b>	Not possible under listing rules to have excess application mechanics for rights issue.	Possible to incorporate excess application mechanics for rights issue.

<sup>17</sup> Note the US securities considerations described in the row below.

	Existing/prior regime	SCRR recommendations <sup>14</sup>
<b>Shareholder approval process</b>	Statutory pre-emption process typically disapplied – need either sufficient standing AGM authorities or specific disapplication via a general meeting.	<p>Reforms to statutory pre-emption process (i.e., disapplying pre-emption with respect to shareholders located in overseas jurisdictions where local securities laws make it difficult/costly to include them in the offering, fractional shares, and holders of convertible securities) should mean less likely to require a general meeting.</p> <p>Potentially replacement of the Gazette publication route with alternatives (e.g., publication via an RNS).</p> <p>Also proposed that notice period for GMs to be reduced to seven clear days (from 14).</p>
<b>Working capital</b>	Working capital statements (required in prospectuses) are subject to FCA requirements which restrict the assumptions that can be stated to underly them (i.e., where clean statements cannot be accompanied by disclosure of assumptions).	<p>FCA approach to working capital statements should be reconsidered and revised to allow greater flexibility.</p> <p>Current overlap between working capital diligence exercises and annual report disclosures to be addressed.</p>
<b>“Importance of the vote” language</b>	“Importance of the vote” language (required in documents relating to rescue transactions) are subject to FCA expectations around disclosure of hypothetical scenarios such as where the fundraising were not to proceed.	Revise approach to “importance of the vote” language with a focus on the rationale for the quantum of fundraising and use of proceeds.
<b>Choice of fundraising structures</b>	<p>Non pre-emptive placing is the most prevalent fundraising structure due to speed and flexibility. However, placings typically do not facilitate inclusion of retail.</p> <p>Rights issues and open offer are less common.</p>	<p>Proposals for enabling more transaction options which observe the principle of pre-emption and provides speed and flexibility of a placing:</p> <ul style="list-style-type: none"> <li>• Principles of Australian accelerated fundraising structures (including speed and observance of pre-emption rights) should be adapted for use in the UK market</li> <li>• Adopt the concept of “cleansing notices” in the UK for secondary issues involving a public offer which does not require a prospectus</li> <li>• Amend section 793 CA 06 to require disclosure of the identity of ultimate investment decision maker or beneficial owner</li> <li>• Introduce standard form T&amp;Cs with institutional investors</li> </ul>

### Existing/prior regime

### SCRR recommendations<sup>14</sup>

#### Digitising share ownership

Shares issued by UK companies may be held using paper share certificates or electronically through CREST. The need to accommodate manual processes under the existing system leads to inefficiencies. Further, the tendency of retail investors to hold “dematerialised” shares in CREST through nominees typically has an adverse effect on their ability to exercise shareholder rights.

Moving to a system where all shareholders, both institutional and retail, hold their shares in fully digitised form. This should make fundraising structures more efficient, and improve both the exercise of shareholder rights and transparency of share ownership.

#### Key dates:

- July 2022 – UK Secondary Capital Raising Review Report published.
- November 2022 – The Pre-Emption Group’s Statement of Principles updated to address the SCRR recommendations.
- February 2023 – The Investment Association’s Share Capital Management Guidelines updated to address the SCRR recommendations.
- July 2023 – Digitisation Taskforce published its Interim Report.
- Spring 2024 – Digitisation Taskforce expected to publish final recommendations.
- TBC – Department for Business and Trade (formerly BEIS) to implement changes to the Companies Act to take forward SCRR recommendations.

## F. Secondary Offering Structures – Illustrative Impact of Reforms

	Placing – Cash		Placing – Cash Box		Placing and Open Offer		Rights Issue	
	Current regime	Proposed regime	Current regime	Proposed regime	Current regime	Proposed regime	Current regime	Proposed regime
<b>Size limit</b>	10% + additional 10% if for an acquisition or specified capital investment (previously 5%+5%)  (further 2% + 2% for follow-on offers to existing retail investors) <sup>18</sup>	10% + additional 10% if for an acquisition or specified capital investment  (further 2% + 2% for follow-on offers to existing retail investors)	10% + additional 10% if for an acquisition or specified capital investment (previously 5%+5%)  (further 2% + 2% for follow-on offers to existing retail investors) <sup>19</sup>	10% + additional 10% if for an acquisition or specified capital investment  (further 2% + 2% for follow-on offers to existing retail investors)	ABI: 15-18%	TBC	No limit	No limit
<b>Maximum discount</b>	Listing Rules: no limit if pursuant to existing authorities or specific shareholder approval  IPCs: 5%	Requirement for shareholder approval for discounts of more than 10% expected to remain	Listing Rules: 10% unless shareholder approval  IPCs: 5%	Requirement for shareholder approval for discounts of more than 10% expected to remain	Listing Rules: 10% unless shareholder approval  ABI: should be a rights issue if >7.5%	Requirement for shareholder approval for discounts of more than 10% expected to remain	No limit	No limit

<sup>18</sup> Pre-Emption Group Statement of Principles were updated in November 2022 to address the SCRR recommendations.

<sup>19</sup> Pre-Emption Group Statement of Principles were updated in November 2022 to address the SCRR recommendations. Cashboxes are subject to the disapplication parameters prescribed by the Pre-Emption Group, despite being structured to fall outside the scope of statutory pre-emption.

	Placing – Cash		Placing – Cash Box		Placing and Open Offer		Rights Issue	
	Current regime	Proposed regime	Current regime	Proposed regime	Current regime	Proposed regime	Current regime	Proposed regime
<b>Prospectus</b>	⊗ (typically)	⊗ (typically)	⊗ (typically)	⊗ (typically)	⊙	<p>Only required if issuance is ≥75%. Most open offers would instead require a shorter offer document and cleansing notice</p> <p>Secondary offerings potentially will not trigger the need to appoint a sponsor (even if prospectus required)</p>	⊙	<p>Only required if issuance is ≥75%. Most rights issues would instead require a shorter offer document and cleansing notice</p> <p>Secondary offerings potentially will not trigger the need to appoint a sponsor (even if prospectus required)</p>

	Placing – Cash		Placing – Cash Box		Placing and Open Offer		Rights Issue	
	Current regime	Proposed regime	Current regime	Proposed regime	Current regime	Proposed regime	Current regime	Proposed regime
<b>Timetable</b>	T+2	T+1 <sup>20</sup>	T+2	T+1 <sup>21</sup>	GM and offer period concurrent	Less likely to require a GM given changes to the scope of the two-thirds authority to allot  Minimum offer period to be reduced to seven business days	GM and offer period not concurrent	Less likely to require a GM given potential changes to the statutory pre-emption requirements  Minimum offer period to be reduced to seven business days  GM (if any) and offer period likely to remain not concurrent as the Listing Rules do not allow listing of nil-paid rights on conditional basis
<b>Pre-emptive</b>	⊗	⊗	⊗	⊗	⊙	⊙	⊙	⊙
<b>Tradeable rights?</b>	⊗	⊗	⊗	⊗	⊗	⊗	⊙	⊙
<b>Lazy shareholder</b>	N/A	N/A	N/A	N/A	⊗ (unless “compensatory”)	⊗ (unless “compensatory”)	⊙ (sold for benefit)	⊙ (sold for benefit)
<b>Excess application facility</b>	N/A	N/A	N/A	N/A	⊙	⊙	⊗	⊙

<sup>20</sup> The Accelerated Settlement Taskforce Report (28 March 2024) recommends that the UK should commit to moving to T+1 settlement by 31 December 2027.

<sup>21</sup> The Accelerated Settlement Taskforce Report (28 March 2024) recommends that the UK should commit to moving to T+1 settlement by 31 December 2027.

## G. Major Transactions – Illustrative Impact of Reforms

	Class 1 transaction		Class 2 transaction		Related party transaction		Reverse takeover	
	Current regime (premium segment)	Proposed regime (single segment)	Current regime (premium segment)	Proposed regime (single segment)	Current regime (premium segment)	Proposed regime (single segment)	Current regime (premium segment)	Proposed regime (single segment)
<b>Shareholder approval</b>	Need to obtain shareholder approval of the transaction at a general meeting	Not required	Not required	Not required	Need to obtain independent shareholder approval for larger RPTs (i.e. class tested 5% or above)	No shareholder approval required.  Board (excluding any conflicted directors) required to approve larger RPTs (i.e. class tested 5% or above)	Need to obtain shareholder approval of the transaction at a general meeting	No change
<b>Disclosure</b>	FCA-approved circular required.  Circular subject to prescribed content requirements (including HFI and working capital statement)	No circular required. Transaction announcement required instead.  Transaction announcement to provide key information including financial information, but not mandating working capital statements or re-stated historical financial information	Transaction announcement (containing prescribed disclosures) required	No specific requirements, but consider MAR	FCA-approved circular required for larger RPTs (i.e. class tested 5% or above).  Circular subject to prescribed content requirements (including fair and reasonable statement).  Modified requirements (broadly, transaction announcement) apply for smaller RPTs (class tested above 0.25% and below 5%)	No circular required. Instead transaction announcement (containing prescribed disclosures including fair and reasonable statement) required for larger RPTs (i.e. class tested 5% or above).  No specific disclosure requirements for smaller RPTs below the 5% threshold, but consider MAR	FCA-approved circular and prospectus required.  Circular subject to prescribed content requirements (including HFI and working capital statement)	No change



	Class 1 transaction		Class 2 transaction		Related party transaction		Reverse takeover	
	Current regime (premium segment)	Proposed regime (single segment)	Current regime (premium segment)	Proposed regime (single segment)	Current regime (premium segment)	Proposed regime (single segment)	Current regime (premium segment)	Proposed regime (single segment)
<b>Sponsor</b>	Issuer required to obtain sponsor guidance. Sponsor required to submit a sponsor's declaration to the FCA	Not mandatory to appoint sponsor (except where seeking individual guidance or waiver from the FCA).  Issuer may choose to obtain sponsor guidance if in doubt about the correct application of the rules	Not required	Not required	Issuer required to obtain sponsor guidance. Sponsor to advise issuer board on fair and reasonable statement	Sponsor to advise issuer board on fair and reasonable statement for RPTs at or above the 5% threshold.  Otherwise, not mandatory to appoint sponsor for guidance (except where seeking individual guidance or waiver from the FCA)	Issuer required to obtain sponsor guidance. Sponsor required to submit a sponsor's declaration to the FCA	No change
<b>Timetable</b>	Transaction timetable must accommodate the preparation and approval of circular and notice period for general meeting	No UK Listing Rule impediment to simultaneous signing/closing	No Listing Rule impediment to simultaneous signing/closing	No Listing Rule impediment to simultaneous signing/closing	Transaction timetable must accommodate the preparation and approval of circular and notice period for general meeting	No UK Listing Rule impediment to simultaneous signing/closing	Transaction timetable must accommodate the preparation and approval of circular and prospectus, and notice period for general meeting.  Enlarge entity required to reapply for admission	No change

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