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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

Previous UK Listing Regime Structure[1]

Listing Segments	Premium			Standard					
Listing Categories	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

[1] Listing regime structure under the Listing Rules sourcebook (as it applied immediately before 29 July 2024).

Current UK Listing Regime Structure[2]

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	This is the flagship listing category for commercial companies seeking a UK share listing. It replaces the previous premium and standard listing segments for equity shares. This category encompasses sovereign controlled commercial companies. See section B of this document for further detail.	For overseas incorporated companies seeking a secondary listing in the UK. This category largely replicates the previous standard listing segment under LR 14.	Closed category for commercial companies previously on the standard listing segment (including certain in-flight listing applications to the standard segment).	Retained category.	Retained category.	For shell companies and special purpose acquisition companies. Retains the SPAC provisions introduced in 2021.	For non-equity shares and non-voting equity shares. Requirements based on the previous standard listing requirements under LR 14.	Retained category.	Retained category.	Retained category.	Retained category.

[2] In force from 29 July 2024.

	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	Premium listed issuers (other than shell companies) “mapped” to this category.	Certain overseas incorporated issuers (with a primary listing overseas) on the standard segment “mapped” to this new category.	Certain standard listings (other than shell companies or companies with a UK secondary listing) “mapped” to this category (including certain in-flight listing applications to the standard segment). These companies can apply to transfer to the equity shares (commercial companies) (ESCC) category when they are ready. No deadline for such transfers.	n/a	n/a	Premium/standard listed shell companies “mapped” to this category. One year transition period for existing issuers (pre implementation date) whereby certain new requirements would not apply (subject to conditions).	Certain existing securities on the standard segment “mapped” to this new category.	n/a	n/a	n/a	n/a

B. Listing Reforms Comparison Chart

- Reflects premium listing requirements
- Modified premium listing requirements
- Reflects requirements applicable to standard or both premium/standard listing segments

	Premium Listing	Standard Listing	Equity Shares (Commercial Companies)[3]
Minimum market capitalisation	£30 million	£30 million	£30 million
Accounts requirement	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
Accounting standards	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
Revenue earning track record	✓	⊗	⊗
Independent business requirement	The issuer must demonstrate that it carries on an independent business as its main activity	⊗	⊗ – but note requirements on controlling shareholders below
Control of business	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
Free float	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"

[3] 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 previous premium and standard listing segments.

Source: FCA PS24/6 - Primary Markets Effectiveness Review: Feedback to CP23/31 and final UK Listing Rules

	Premium Listing	Standard Listing	Equity Shares (Commercial Companies)[3]
Shareholder pre-emption rights	✓	✗	✓
Constitutional requirements	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
Adviser(s) requirement	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 ESCC category) but for fewer transactions post-listing (i.e. further issuances requiring a prospectus, fair and reasonable opinions for RPTs and reverse takeovers)
Controlling shareholder requirements	Relationship agreement and certain constitutional provisions required if issuer has a controlling shareholder (i.e., 30%+)	✗	Need to maintain independence from controlling shareholder (i.e., 30%+) but no requirement for written relationship agreement. Board to provide opinion on shareholder resolutions put forward by controlling shareholder. Certain constitutional provisions required (see "Constitutional Requirements" above)
Prospectus/admission document	FCA-approved prospectus required	FCA-approved prospectus required	FCA-approved prospectus required
Working capital statement	✓ (must be a clean statement)	✓ (but can be qualified)	✓ (but can be qualified)
Restrictions on issue of warrants and options	✓ 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	✗	✗
FTSE UK Series indexation	✓	✗	The ESCC category (and the closed ended investment funds category) will be eligible for the FTSE UK Index Series[4]

[4] Source: FTSE Russell Insights - Which UK shares will the FTSE 100 include in future? (11 July 2024).

	Premium Listing	Standard Listing	Equity Shares (Commercial Companies)[3]
Shareholder approval for significant transactions	✓	⊗	⊗ (disclosure needed for significant transactions ≥25% in class tests)
Shareholder approval for related party transactions	✓	⊗	⊗ (disclosure and fair and reasonable opinion needed for RPTs ≥5% in class tests)
Reverse takeovers	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
Shareholder approval for discounted (>10%) share issuances	✓	⊗	✓
Share buybacks	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. No sponsor or working capital statement required in the circular
Shareholder approval for voluntary delisting	✓ (plus additional requirements if controlling shareholder involved)	⊗	✓ (plus additional requirements if controlling shareholder involved. Cannot exercise weighted voting rights for such vote)
Comply-or-explain against UK Corporate Governance Code	✓	⊗	✓
TCFD and boardroom diversity reporting	✓	✓	✓
Dual class share structures (DCSS)	✓ (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 investors/shareholders at the time of listing. No time-based sunset restrictions (other than a 10 year sunset for weighted shares held by institutional investors). 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.
- 11 July 2024 – FCA published final rules for new UK listing regime.
- 29 July 2024 – new listing rules take effect.

C. Listing Reforms Transitional Arrangements[5]

<table>
<tr><th>Transitional arrangement</th><th>Description</th><th>Timing</th></tr>
<tr><td>1. Mapping to new listing categories</td><td>Premium and standard listed issuers “mapped” to the following new listing categories:
<table>
<tr><th>Existing issuer type</th><th>New listing category</th></tr>
<tr><td>Premium listed commercial companies</td><td>Commercial companies category</td></tr>
<tr><td>Premium listed shell companies</td><td>Shell companies category</td></tr>
<tr><td>Standard listed equity shares in commercial companies</td><td>Transition category</td></tr>
<tr><td>Standard listed SPACs and other shell companies</td><td>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>Standard listed secondary listing (of equity shares in commercial companies)</td><td>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>Standard listed Non-equity shares and non-voting equity shares</td><td>Non-equity shares and non-voting equity shares category</td></tr>
</table>
Issuers in the six retained listing categories (see section A - “Listing Regime Structure”) remain in their existing categories.</td><td>29 July 2024</td></tr>
<tr><td>2. In-flight listing applications</td><td>A complete listing eligibility submission made to the FCA by 4 pm on 11 July 2024 (“in-flight listing applications”) treated as an application for the corresponding new listing category (see table within the row above under “mapping to new listing categories”).

In-flight listing applications for standard listed shares assessed against the eligibility requirements for the standard listing segment rather than the additional eligibility requirements under the new ESCC requirements (unless there has been a material change to the applicant’s business).</td><td>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.</td></tr>
<tr><td>3. Post implementation listing transfers from the transition</td><td>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</td><td>This transitional arrangement applies from 29 July 2024 and would not be time-limited.</td></tr>
</table>

[5] 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
or international secondary listing categories	international secondary listing category will be able to apply to transfer to the equity shares in commercial companies category through a modified listing transfer process. This modified process focuses on the additional requirements for the ESCC category. No shareholder approval will be required for such transfer. The process will 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 ESCC category rather than a broader assessment of the issuer's ability to satisfy all the requirements under the ESCC category. Modified transfer processes will also apply to listing transfers from the transition category to the shell or international secondary listing categories (note that a sponsor will not be required for transfers to the international secondary listing category).	
4. Shell companies	Existing issuers and in-flight applications mapped or converted to an application to the shell companies category are 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 is one year from 29 July 2024. If by the end of that period (i.e, 29 July 2025) the shell company has not completed an initial transaction, it would need to complete operations/a transaction within 24 months, extendable with shareholder approval for a further period of up to 3 years. An additional 6-month extension is also permitted in certain limited circumstances without the need for a shareholder vote.
5. Mid-flight transactions by premium listed issuers	Transactions by premium listed issuers not yet completed at implementation date ("mid-flight" transactions) will no longer need to comply with premium listing requirements not carried forward (i.e. no need for a FCA-approved circular or to obtain shareholder approval). 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 Listing Rules. Even where a sponsor service is required under the new Listing Rules (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. However, mid-flight transactions will have to comply with relevant obligations under the new Listing 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. E.g. the new notification would need to include information required under the new rules not already notified under the previous Listing Rules.	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, 29 July 2024.

Transitional arrangement	Description	Timing
	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 will be no need to further release a RIS with the new prescribed disclosure requirements, unless there has been a material change to the terms.	
6. Appropriate systems and controls/Listing Principles	Existing issuers and in-flight applicants will have 6 months to put in place appropriate systems and controls to comply with certain Listing Rule changes that impact all issuers, including compliance with Listing Principles 3 to 6 (i.e. this transitional arrangement applies to previously standard listed companies only); and provisions relating to key person contact details.	Until 29 January 2025

D. Public Offers and Admissions to Trading Reforms Comparison Chart

Reflects existing requirements/exemptions	(green)
Modified or new requirements/exemptions	(amber)

	Current Regime	New Regime
Overview	Unless an exemption applies, a prospectus must be published: • if a person or company makes an offer to the public of transferable securities in the UK; or • if a company applies for its securities to be admitted to trading on a regulated market. This requirement extends to both public and private companies.	There is a general prohibition on public offers of relevant securities, subject to an expanded list of exemptions. The exemptions include offers of securities admitted to trading on a regulated market or a primary multilateral trading facility (MTF), and offers through a regulated public offer platform. The FCA will make rules regarding the prospectus requirements for admissions to trading on regulated markets. The FCA will also make rules to specify when a MTF admission prospectus will be required for admissions to primary MTFs.
Public offers	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.	Unless an exemption applies, it is unlawful to offer relevant securities to the public in the UK. The meaning of a public offer expressly excludes communications about securities allotted under a Part 26 scheme of arrangement.
Exemptions to the public offer prohibition	a) Consideration not exceeding €8 million in a 12-month period.	a) Consideration not exceeding £5 million in a 12-month period.
	b) Qualified investors.	b) Qualified investors.
	c) 150 persons in the UK (other than qualified investors).	c) 150 persons in the UK (other than qualified investors).
	d) Minimum denomination of at least €100,000.	d) Minimum denomination of at least £50,000.
	e) Investors who acquire securities for a total consideration of at least €100,000.	e) Investors who acquire securities for a total consideration of at least £100,000.
	f) Shares issued in substitution for shares of the same class.	f) Shares issued in substitution for shares of the same class.
	g) Takeovers (subject to production of an exemption document).	g) Takeovers (subject to the offer being accompanied by a written statement containing certain details about the offeror and the offer).
	h) Mergers or divisions (subject to production of an exemption document).	h) Exemption not carried forward
	i) Scrip dividends.	i) Scrip dividends.

	Current Regime	New Regime
	j) Director and employee offers.	j) Director and employee offers.
	k) Non-equity securities issued by a credit institution where total aggregate consideration is less than EUR 75 million over 12 months.	k) Exemption not carried forward.
		l) Offerings of securities which are, or will be, admitted to a UK regulated market or primary MTF.[6]
		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).[7] It is expected that these will cover matters such as due diligence and disclosure to investors.[8]
		n) Offers of equity securities (not admitted to trading on a regulated market or primary MTF) to persons already connected with the offeror company (i.e. existing shareholders, their family members and any trustees of such persons)
		o) Securities offered from the conversion or exchange of other securities under the banking special resolution regime.
		p) Potentially 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.[9]
Admissions to trading on a regulated market	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 has been given enhanced rule-making responsibilities regarding admissions. The FCA proposes to retain the bulk of the prospectus requirements for the initial admission, but significantly scale back the prospectus requirements for further issuances.[10]

[6] 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").

[7] Source: FCA engagement paper on the public offer platform and CP24/13 "Consultation on the new public offer platform regime".

[8] 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.

[9] New exemption proposed in HM Treasury's Prospectus Regime Review Outcome. Under consideration and subject to HM Treasury further work.

[10] Source: CP24/12 "Consultation on the new Public Offers and Admissions to Trading Regulations regime"

	Current Regime	New Regime
Exemptions to the requirement to publish a prospectus on admission to a regulated market	a) Securities represent, over a period of 12 months, less than 20% of the securities already admitted.	FCA proposes to raise this threshold to 75%. Issuers undertaking offers below this threshold may continue to publish a voluntary prospectus. FCA considering whether to require issuers to notify the FCA for rescue financings below the 75% threshold, based on which a prospectus may be required.
	b) 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.	FCA proposes to carry forward this exemption, save that the threshold would be increased to 75%.
	c) Securities resulting from the conversion or exchange of other securities, own funds or eligible liabilities by a resolution authority	FCA proposes to carry forward this exemption.
	d) Shares issued in substitution for shares of the same class.	FCA proposes to carry forward this exemption.
	e) Takeovers (subject to production of an exemption document).	FCA proposes to carry forward this exemption, but exploring options around the document disclosure requirements.
	f) Mergers or divisions (subject to production of an exemption document).	FCA proposes to replicate this exemption, but exploring options around the document disclosure requirements.
	g) Shares offered free of charge to existing shareholders and scrip dividends.	FCA proposes to carry forward this exemption.
	h) Director and employee offers.	FCA proposes to carry forward this exemption.
	i) Non-equity securities issued by a credit institution where total aggregate consideration is less than EUR 75 million over 12 months.	FCA proposes not to carry forward this exemption.
	j) Shares already admitted to trading on another regulated market (subject to certain conditions).	FCA proposes to carry forward this exemption.
General disclosure requirements	A prospectus must contain the necessary information which is material to an investor for making an informed assessment.	The “necessary information test” has been retained.
Equality of information	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) has been retained for public offers of at least £1 million.

	Current Regime	New Regime
Admissions to trading on a primary MTF	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. 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).	The FCA has 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. MTF admission prospectuses would be subject to the same "necessary information test", statutory liability, and compensation scheme for prospectuses. The FCA proposes that MTF admission prospectuses would be required for all initial admissions and reverse takeovers.
Forward-looking statements	Negligence liability standard. Defendant has burden of proving that they reasonably believed the information was accurate.	In order to encourage issuers to include more forward-looking information in their prospectuses, "protected forward-looking statements" (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. FCA proposes to provide a definition for PFLSs using qualitative criteria, specific exclusions, and have requirements for the content of the accompanying statement.[11]
Six-day rule	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.	FCA proposes to shorten this period to three working days.
Sustainability related disclosures	No specific sustainability related disclosures for prospectuses.	Sustainability related disclosures required for prospectuses where relevant, with more specific disclosure for debt instruments purporting to have sustainability-linked outcomes.
Non-equity issuances	Issuers can incorporate by reference certain previously published regulated information into its prospectus. Not possible to incorporate future information.	FCA proposes to permit issuers to incorporate by reference certain future financial information in a base prospectus. Issuers of non-equity securities to have more flexibility in relation to supplementary prospectuses.
Listing process for further issuances	Issuers must undertake a listing process to admit a new class of security to the FCA's Official List and submit further listing applications when they issue more securities of the same class.	Issuers would only make a single application to list all securities of the class, covering existing securities and future issuances. The FCA would treat further issuances of the same class as automatically listed when the securities are issued.

[11] Source: CP24/12 "Consultation on the new Public Offers and Admissions to Trading Regulations regime"

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. These Regulations will come into force in full upon the revocation of the UK Prospectus Regulation.
- 6 March– HM Treasury published consultation on proposed Private Intermittent Securities and Capital Exchange System (PISCES).
- July 2024 – FCA published consultation papers on the new UK “public offers and admissions to trading” regime, and the new public offer platform regime.
- 17 December 2024 – FCA published consultation on proposed regulatory framework for PISCES.
- 31 January 2025 – FCA published further consultation papers on the new UK “public offers and admissions to trading” regime (including proposed changes to the UK Listing Rules in relation to the listing process for further issuances), and the new public offer platform regime.
- May 2025 - LSE expected to launch PISCES in a regulatory sandbox environment.
- Summer 2025 - FCA to make final rules for the new UK “public offers and admissions to trading” regime. There would be a further period prior to the new rules coming into force.

E. Secondary Capital Raising Review Comparison Chart

Recommendations already implemented	
Recommendations yet to be implemented	

	Existing/prior regime	SCRR recommendations[12]
Pre-emption regime[13]	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 Statement of Principles 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.
Authority to allot[14]	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).
Six-day rule	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.

[12] Source: UK Secondary Capital Raising Review Report.

[13] The Pre-Emption Group's Statement of Principles were updated in November 2022 to address these SCRR recommendations.

[14] The Investment Association's Share Capital Management Guidelines were updated in February 2023 to address these SCRR recommendations.

	Existing/prior regime	SCRR recommendations[12]
Prospectus requirement	FCA-approved prospectus required for open offers and rights issues. Prospectus exemption not available for fundraisings >20% ISC.	FCA-approved prospectus only required for secondary offers where offer size is at least 75% of ISC. Documentation for pre-emptive offerings <75% ISC would instead comprise: • Cleansing statement • Offer document (no specific content requirements and not subject to regulatory review/approach)[15] Otherwise, generally reduce regulatory involvement in larger fundraisings.
		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. 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&A, and "prospectus-style" business overview and risk factors, and the other related disclosure). 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. 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.
Prospectus liability	"Negligence" liability standard applies to prospectuses.	"Recklessness" liability standard to apply to such "non-prospectus" offer documents.
Sponsor involvement	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).
Minimum offer period for rights issues and open offers	Minimum offer period for rights issues and open offers of 10 business days.	Period reduced to seven business days.
Rights issue	Not possible under listing rules to have excess application mechanics for rights issue.	Possible to incorporate excess application mechanics for rights issue.

[15] Note the US securities considerations described in the row below.

	Existing/prior regime	SCRR recommendations[12]
Shareholder approval process	Statutory pre-emption process typically disapplied – need either sufficient standing AGM authorities or specific disapplication via a general meeting.	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. Potentially replacement of the Gazette publication route with alternatives (e.g., publication via an RNS). Also proposed that notice period for GMs to be reduced to seven clear days (from 14).
Working capital	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).	FCA approach to working capital statements should be reconsidered and revised to allow greater flexibility. Current overlap between working capital diligence exercises and annual report disclosures to be addressed.
"Importance of the vote" language	"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.
Choice of fundraising structures	Non pre-emptive placing is the most prevalent fundraising structure due to speed and flexibility. However, placings typically do not facilitate inclusion of retail. Rights issues and open offer are less common.	Proposals for enabling more transaction options which observe the principle of pre-emption and provides speed and flexibility of a placing: • Principles of Australian accelerated fundraising structures (including speed and observance of pre-emption rights) should be adapted for use in the UK market • Adopt the concept of "cleansing notices" in the UK for secondary issues involving a public offer which does not require a prospectus • Amend section 793 CA 06 to require disclosure of the identity of ultimate investment decision maker or beneficial owner • Introduce standard form T&Cs with institutional investors

	Existing/prior regime	SCRR recommendations[12]
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.
- 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**
Size limit	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)[16]	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)[17]	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
Maximum discount	Listing Rules: no limit if pursuant to existing authorities or specific shareholder approval (otherwise 10% limit) IPCs: 5%	Listing Rules: no limit if pursuant to existing authorities or specific shareholder approval (otherwise 10% limit) IPCs: 5%	Listing Rules: 10% unless shareholder approval IPCs: 5%	Listing Rules: 10% unless shareholder approval IPCs: 5%	Listing Rules: 10% unless shareholder approval ABI: should be a rights issue if >7.5%	Listing Rules: 10% unless shareholder approval ABI: should be a rights issue if >7.5%	No limit	No limit

[16] Pre-Emption Group Statement of Principles were updated in November 2022 to address the SCRR recommendations.

[17] 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**
Prospectus	⊗ (typically)	⊗ (typically)	⊗ (typically)	⊗ (typically)	✓	Only required if issuance is ≥75%. No offer document mandated below this threshold but issuer may publish a voluntary prospectus.	✓	Only required if issuance is ≥75%. No offer document mandated below this threshold but issuer may publish a voluntary prospectus.
Timetable	T+2	T+1[18]	T+2	T+1[19]	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
Pre-emptive	⊗	⊗	⊗	⊗	✓	✓	✓	✓

[18] The Accelerated Settlement Taskforce Report (28 March 2024) recommends that the UK should commit to moving to T+1 settlement by 31 December 2027.

[19] The Accelerated Settlement Taskforce Report (28 March 2024) recommends that the UK should commit to moving to T+1 settlement by 31 December 2027.

	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**
Tradeable rights?	✗	✗	✗	✗	✗	✗	✓	✓
Lazy shareholder	N/A	N/A	N/A	N/A	✗ (unless “compensatory”)	✗ (unless “compensatory”)	✓ (sold for benefit)	✓ (sold for benefit)
Excess application facility	N/A	N/A	N/A	N/A	✓	✓	✗	✓

G. Major Transactions – Illustrative Impact of Reforms

	"Class 1"/significant transaction		"Class 2" transaction		Related party transaction		Reverse takeover	
	Premium segment	**ESCC**	**Premium segment**	**ESCC**	**Premium segment**	**ESCC**	**Premium segment**	**ESCC**
Shareholder approval	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

	"Class 1"/significant transaction		"Class 2" transaction		Related party transaction		Reverse takeover	
	Premium segment	**ESCC**	**Premium segment**	**ESCC**	**Premium segment**	**ESCC**	**Premium segment**	**ESCC**
Disclosure	FCA-approved circular required. Circular subject to prescribed content requirements (including HFI and working capital statement)	No circular required. Transaction announcement(s) required instead. These comprise, broadly, an initial announcement as soon as possible following signing, certain additional information to be notified as soon as possible after it becomes available and in any event prior to closing, and an announcement at closing. No working capital or HFI information required (except two years of target HFI required for disposals)	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"/significant transaction		"Class 2" transaction		Related party transaction		Reverse takeover	
	Premium segment	**ESCC**	**Premium segment**	**ESCC**	**Premium segment**	**ESCC**	**Premium segment**	**ESCC**
Sponsor	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
Timetable	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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