Financial Conduct Authority

Primary Market Bulletin

Newsletter from the FCA for primary market participants

March 2017 / No. 17

About this edition

Welcome to the 17th edition of the Primary Market Bulletin (PMB).

We begin this edition as usual with general news and information. We then explain the latest changes we have made, or are proposing to make, to our Knowledge Base.

In particular, this edition addresses the feedback received from our Call for Views on Sponsor Conflicts. We are grateful for the feedback received and are proposing some changes to our guidance for sponsors on identifying and managing sponsor conflicts of interests. We also discuss, in addition to various European updates, the publication of a Discussion Paper on the effectiveness of UK primary capital markets, the launch of two consultations (one on proposed technical enhancements to the Listing Rules and one on the UK equity initial public offering (IPO) process) and an update on the Debt Market Forum report.

What's new?

FCA reviews effectiveness of UK primary capital markets

On 14 February 2017, we published a Discussion Paper (DP17/2) which seeks feedback on how the UK primary capital markets can most effectively meet the needs of issuers and investors. The Discussion Paper looks in particular at access to capital for issuers and investment opportunities for investors. As part of this, the Discussion Paper also considers the structure of the listing regime and other areas that may not be properly accommodated by the current primary market framework. In addition, we published a Consultation Paper (CP17/4) on proposed technical enhancements to the Listing Rules which considers improvements to our rules and guidance to ensure the Listing Rules continue to service the needs of issuers and investors. For further information regarding both the Discussion Paper and Consultation Paper, please see the press release published on 14 February 2017 and the publications section of our website.

FCA consults on reforming the availability of information in the UK equity IPO process

On 1 March 2017, we published a Consultation Paper (CP17/5) which seeks feedback on a package of proposed policy measures intended to improve the range and quality of information available to investors during the IPO process. This includes a series of proposed rules to ensure that issuers publish a prospectus or registration document and providers of 'unconnected research' have access to the issuer's management before connected research is released. The proposed measures also include new guidance to clarify our expectations on analysts' interactions with the issuer's management and their corporate finance advisers when an IPO mandate and a bank's syndicate positioning is being considered. For further information regarding the Consultation Paper, please see the press release published on 1 March 2017 and the publications section of our website.

UK Debt Market Forum update

We are currently working on the survey aimed at gaining feedback from primary debt capital market practitioners. The survey will honour a commitment made in last April's UK Debt Market Forum report to carry out a survey on the effectiveness of the changes and our service to primary debt capital markets more generally. This survey is due to be published at the end of April 2017.

The UK Debt Market Forum report set out a series of practical measures to improve the effectiveness of UK primary listed debt markets. As the report made clear, most improvements recommended by the report were put in to place around the time of the report. However, the survey is one of three commitments that were longer term undertakings. The other two were to consider further the possibility of specialist debt multilateral trading facilities (MTFs) and to carry out a feasibility study on upgrading the technology structure that supports our document review functions.

We have now given specialist debt MTFs further consideration and have covered the issue in DP17/2. We have also completed a feasibility study on upgrading our technology infrastructure to support the transaction review process, and are now developing a programme for this purpose with the aim of implementing changes later this year.

Feedback on our Call for Views on Sponsor Conflicts

Background

We have recently completed discussions with stakeholders focused on the rules and guidance on sponsor conflicts of interest in Chapter 8 of the Listing Rules sourcebook (LR 8). These discussions highlighted a diversity of views about the effectiveness of the sponsor conflicts regime and, in particular, whether it appropriately protects the interests of investors as consumers. Given the importance of this issue, we published a Call for Views (CFV) in CP14/21 'Feedback and Policy Statement on CP14/02, consultation on joint sponsors and call for views on sponsor conflicts' (September 2014). We received 13 formal responses to the CFV.

We postponed our work in early 2015 pending the publication of our market study on investment and corporate banking (Market Study) on the basis that the terms of reference for the Market Study included areas that were potentially relevant to our work on sponsor conflicts of interest. We recommenced our work following publication of the Market Study's interim report in April 2016. The final Market Study Report (Market Study Final Report) was published on 18 October 2016.

In this article, we highlight the key themes which have emerged from the responses to the CFV and our discussions with stakeholders more generally, and set out our proposed response to them. We are consulting on a new guidance note – Technical Note (TN) 701.3 – which will replace the existing guidance on sponsor conflicts in TN 701.2. These proposed changes are also summarised below.

Feedback to the Call for Views

Sponsors (and their representatives) who responded to the CFV consider that the current rules and guidance, which require a sponsor to identify and manage conflicts of interest, are operating effectively and are largely fit for purpose. These respondents cite robust systems and controls that sponsors have in place to identify and manage conflicts of interest, including controls around the passing of information and governance arrangements designed to ensure decisions in relation to sponsor services can be made independently of other roles the sponsor firm may be undertaking on the same transaction.

Furthermore, a number of sponsors (and their representatives) who responded to the CFV consider there is typically an alignment of interest between the firm's obligations as sponsor and other roles it may hold on a transaction (for example, underwriter or lender) which arises from the relevant legal and regulatory framework. However, certain sponsors and some buy-side stakeholders consider that any alignment of interest is theoretical only as sponsor risk is, in practice, mitigated to a large degree; for instance, in a rights issue, the underwriters will rely on sub-underwriting arrangements to reduce the risk that they will have to take up any of the rights issue shares.

Most sponsors who responded to the CFV also assert that the reputational and regulatory risks associated with non-compliance with their sponsor obligations are a strong incentive for sponsors to comply which far outweighs any financial gains to be made from fees for other roles on a transaction. These sponsors do not consider that the way in which they are remunerated for sponsor services, or fees received for the other roles on a transaction, present an unmanageable conflict of interest. However, some respondents to the CFV question whether, in practice, the desire to avoid reputational damage operates as an incentive for sponsors to comply with their sponsor obligations.

In support of our current approach to sponsor conflicts, which recognises that firms may have roles on a transaction in addition to acting as sponsor, many sponsors (particularly the larger firms) point to synergies in being able to offer multiple services to client companies. These respondents cite the benefits that long-standing relationships with issuers can deliver in terms of being able to execute a transaction in a timely and confidential manner and in undertaking due diligence to a high standard.

There is, however, a general view held by our investor stakeholders that fees and commissions earned by sponsor banks in their non-sponsor roles (e.g. as underwriter or lender) can create a conflict of interest that compromises the ability of sponsors to fulfil their regulatory obligations. A related concern is that advisers (including sponsors) are often appointed on the basis of an existing relationship (such as a corporate broking relationship), with a resulting risk that the adviser may not be the most appropriate choice for the particular role.

To address these concerns, investor stakeholders and a minority of sponsors who responded to the CFV supported greater disclosure of relationships between advisers and issuers, as well as of fees received for both sponsor and non-sponsor services. These respondents considered that such disclosure would enable them better to assess the conflict position of the relevant firm and would promote greater competition, investor confidence and more informed investment decisions. In particular, there was a desire for sufficient information to be disclosed which would enable interested parties to determine whether fees are structured in a way that is aligned with the long-term performance of the issuer.

The majority of sponsors (and their representatives) that responded to the CFV did not agree that greater disclosure of information about fees or relationships, over and above the existing requirement in the European Union's (EU) prospectus regime which requires disclosure of aggregate adviser fees and material contracts, would enhance the sponsor conflicts regime. These respondents also argued that incorrect inferences may be drawn from such disclosures and that much of the relevant information may be confidential in nature. The question was also asked as to how such disclosure could be achieved, given that the EU Prospectus Directive is 'maximum harmonising', so that our ability to impose additional requirements may be limited.

Our position

Having considered our stakeholders' views, at this juncture we do not propose to introduce a requirement for greater fee or relationship disclosure in the context of the sponsor conflicts regime. While a number of concerns were expressed by respondents, some of these related to the integrated banking model more generally, and a perceived lack of transparency in that model rather than with sponsor conflicts specifically. In particular, it was the quantum and structure of fees overall, and how this might incentivise inappropriate behaviour, rather than

the component of the fee which is payable for sponsor services, that appears to have been of greatest concern to our investor stakeholders. Our proposed guidance in TN 701.3 addresses investors' concerns by asking sponsors, when identifying whether a conflict of interest exists, to consider fee arrangements and the quantum of fees as well as the nature and extent of relationships that the sponsor has with an issuer.

We have concluded that the current rules and guidance around sponsor conflicts are, broadly speaking, operating effectively and are fit for purpose, although we will continue to monitor sponsor fee structures going forward.

In reaching our view, we have taken into account the multiple and often competing interests of our stakeholders and the legal and regulatory framework within which the sponsor regime operates. We have also had regard to our key role in approving and supervising sponsors to ensure that they have appropriate systems and controls to identify and manage conflicts of interest. Our supervisory approach provides us with the opportunity to enter into discussions with sponsors in relation to conflicts where, ultimately, a firm may decide not to act due to concerns that a conflict or perception of conflict exists.

We have also considered, where relevant, the findings of the Market Study. Importantly, the Market Study Final Report did not identify grounds for widespread intervention in the universal banking model from a competition perspective nor did it highlight significant risks to clients from such a model. The Market Study Final Report noted that the EU Prospectus Directive's specific disclosure requirements include an obligation to disclose a summary of material contracts and an estimate of the total expenses of the issuer/offer. The report also reminded industry stakeholders that there is an overarching requirement for the disclosure of all information that is necessary to enable investors to make an informed assessment of (in summary) the issuer and its securities.

Our proposed new guidance on sponsor conflicts

Although sponsors (and their representatives) that responded to the CFV did not suggest that we should substantially change our approach to sponsor conflicts, they did seek greater clarity and guidance on specific aspects of the existing rules and guidance. In particular, there was a request for greater guidance and clarity on:

- the operation of the 'perception test'
- factors that a sponsor should consider when it is assessing whether or not a conflict exists (in the scenario when the firm is acting as sponsor and also providing loan finance to an issuer and more generally)
- 'materiality' in the context of the provision of proposed loans
- the circumstances in which sponsors should contact us to discuss a conflict or potential conflict
- our expectations around employees working on sponsor services not contacting other employees at the sponsor firm working on other aspects of the relevant transaction, and
- the level of information a sponsor should provide to us, and what to expect from us when communicating with us regarding a conflict or potential conflict

In response to this, we are proposing to provide guidance in TN 701.3 which modifies and will update existing guidance in TN 701.2. Our proposals are summarised below.

a. Perceived conflicts – the 'perception test' and the reasonable market user

In our CFV, we asked for stakeholder views on the factors and circumstances we could take into account when assessing whether a perception exists that a sponsor may not be able to perform its functions properly (LR 8.3.8G(1)) (the 'perception test'). Without exception, all stakeholders who responded to the CFV agreed that the perception test was useful, although sponsors requested guidance on its application.

In order to introduce a level of objectivity to the assessment of perceived conflicts, we propose in TN 701.3 that sponsors should assess the circumstances from the point of view of a theoretical reasonable market user; a sponsor should consider whether, irrespective of any arrangements it may have in place to manage the conflict, a perception remains that it may not be able to perform its functions properly. The reasonable market user assessment will flex according to the circumstances.

b. Identifying conflicts: factors to take into account when a transaction involves the provision of finance

In response to the CFV, some sponsors (and their representatives) said they were unclear as to why we are interested in loan or other financing arrangements, what size loan we would consider as 'material' and when to contact us in this regard.

As a basic premise, we accept that there can be an alignment of interest between the provision of sponsor services and the provision of non-sponsor services (for example, underwriting or financing) to an issuer. However, for a number of reasons, including the fact that financing structures and the associated economic incentives for firms can vary considerably, we consider that the interests of a firm acting as lender and sponsor may be misaligned. Our current approach to sponsor conflicts (which underpins the position set out in TN 701.3) is, therefore, based on the view that conflicts that could adversely affect the ability of a sponsor to perform its functions properly, or market confidence in sponsors, are more likely to arise in a lending scenario. This is in contrast to our approach to underwriting, which is based on the (rebuttable) presumption that the interests of the firm as equity underwriter and sponsor are aligned.

TN 701.3 sets out that, in relation to the provision of finance by a sponsor group, we expect the firm to assess all the circumstances when determining whether a conflict exists and whether it can manage the conflict in a way that does not adversely affect either the sponsor's ability to perform its functions properly or market confidence in sponsors.

In response to sponsors' request for clarity in relation to 'materiality' of loan size, we are proposing to introduce a metric. Proposed TN 701.3 sets out that, where a sponsor or sponsor's group is proposing to make a loan to an issuer in connection with a sponsor service (for example, in relation to a merger or acquisition transaction) which is of strategic importance to the sponsor group due to its size, a conflict (or perceived conflict) can arise. Therefore, where the amount of a loan (prior to syndication) is equal to or in excess of 0.5% of the sponsor group's total assets by reference to its last published consolidated accounts, the sponsor should contact us prior to accepting the sponsor appointment. This metric is intended to reflect our existing approach, since we already wish to have advance knowledge of material proposed loans, and we expect that the majority of loans will not be routinely discussed with us in the context of sponsor conflicts of interest.

Our proposed TN 701.3 notes that the size of the financing is only one of the factors to be considered by sponsors. It lists a number of factors which we ask sponsors to consider in the context of the provision of loan finance, whether it is existing or proposed new financing, when assessing the application of the rules and guidance in LR 8.3.7AG to LR 8.3.12G (inclusive).

c. Systems and controls/organisational and administrative arrangements

Sponsors (and their representatives) who responded to the CFV requested clarification from us in relation to the guidance in our existing TN 701.2 that, where a firm is providing sponsor services to an issuer as well as providing loan finance, we would not expect employees providing or responsible for sponsor services to be in contact with colleagues who are accountable for the loan. Respondents expressed the view that such contact may be necessary in order for the firm to fulfil its sponsor obligations. These respondents pointed out that sponsors have institutional and organisational arrangements in place which ensure that employees providing or responsible for sponsor services are not subject to influence from other parts of the sponsor group; therefore, the requirement that there should be no contact was not necessary. Respondents also noted that decisions about the sponsor service are inevitably made by a sponsor committee or similar group of individuals independent of the deal team and with advice and support from legal and compliance personnel.

In response to this feedback, our proposed TN 701.3 acknowledges that contact between the sponsor team and another part of the sponsor group (e.g. the area of the sponsor or sponsor's group responsible for a loan) may be appropriate in circumstances where the sponsor team needs factual information about the existence and type of finance being provided by the sponsor's group. When this is the case, such contact should be carefully managed.

d. When to contact us

Sponsors (and their representatives) who responded to the CFV requested more guidance on the circumstances in which they should contact us to discuss conflicts of interest and what to expect when such contact is made. Our current TN 701.2 sets out that where a sponsor is reasonably satisfied, either that no conflict exists or that it can manage the conflict, we do not ordinarily expect it to contact us. We are proposing to retain this position in proposed TN 701.3, but set out a number of exceptional circumstances where we would ask that a sponsor contact us at the earliest opportunity. These circumstances include where the size of a proposed loan meets the new metric outlined above and where, in the context of a related party transaction, a sponsor firm proposes to provide a fair and reasonable opinion and is also acting in another capacity, such as providing acquisition finance, for the related party or other party to the transaction. In this latter scenario, we consider that a perception may exist that the sponsor is unable to perform its functions properly and that, as such, were the sponsor to act, market confidence in sponsors may be adversely affected. We are, therefore, proposing guidance in TN 701.3 that, in the circumstances set out in the TN, sponsors should contact us to discuss the particular issues arising from the transaction and their role as sponsor where appropriate.

Promoting greater understanding of sponsor conflicts and our regulatory approach

It has become evident through our stakeholder engagement that there are a variety of views about sponsor conflicts of interest. This engagement suggests varying levels of understanding of the rules and guidance which comprise the sponsor regime and how we supervise sponsors. Some responses to the CFV, for instance, related to more general concerns with the integrated/universal banking model as opposed to sponsor conflicts of interest. We have concluded that there would be a benefit for all stakeholders from more published information on how the sponsor regime operates and how we supervise sponsors and, accordingly, we intend to update the UK Listing Authority's website pages on sponsors with this information. We will also keep under review further initiatives to reach out to stakeholders in the interests of increasing knowledge and awareness of sponsors and our role in supervising them.

Conclusion

In our CFV, we acknowledged the diversity of views about the effectiveness of the sponsor conflicts regime and, in particular, the sometimes opposing views of buy and sell-side on fee and relationship disclosure. The position we have reached, as articulated above and in our proposed guidance in TN 701.3 is, in our view, an appropriate one which takes into account the views of all stakeholders.

UK Financial Reporting Standards (FRS) 102

FRS 102, which took effect in 2015, exempts investment funds that meet certain conditions from preparing statements of cash flows. However, Annex 1 Part 20.1 of the Prospectus Directive requires that audited financial information in a prospectus prepared according to national accounting standards must include a cash flow statement. We are considering the interaction of these requirements. In the meantime, should you require specific guidance on this matter, please submit a written request for guidance detailing the facts of your particular case, in accordance with Chapter 9 of our Supervision manual (SUP).

New TR-1 form

On 22 October 2015, the European Securities and Markets Authority (ESMA) published a new standard form for the notification of major holdings. On implementation of the Transparency Directive Amending Directive (2013/50/EU) (TDAD) the Policy Statement PS15/26 (Implementation of the Transparency Directive Amending Directive (2013/50/EU) and other Disclosure Rule and Transparency Rule changes) referenced this new standard form and we advised we would implement this and discontinue use of the current TR-1 form in the future.

After considering the most practical way of implementing the new form and discontinuing use of the current form, we now propose that the new TR-1 form will come into force on 30 June 2017 which will give vote holders time to make any necessary amendments to their current notification procedures.

Member States have discretion to make changes to the ESMA standard notification form as they see appropriate. In the UK, we have decided to make some amendments to the content of the form as follows:

- Include a new box to identify non-UK issuers
- Include a box to indicate the date on which issuer was notified (to reflect the current TR-1 form requirement)
- Include an email address to which the form and annex should be sent to the FCA (majorshareholdings@fca.org.uk)

We would like to encourage issuers to send the TR-1 form to us in Microsoft Word format, as opposed to readable PDF.

The new TR-1 form is located on our website in the same location as the current TR-1 form. The notes on how to complete the current form will be replaced by the notes produced by ESMA with some additions to reflect the UK's amendments to the form and to include references to the Disclosure Guidance and Transparency Rules sourcebook. The new notes are contained within the new standard notification form.

European electronic access point

In September 2015, ESMA published draft regulatory technical standards (RTS) setting out various elements required to implement the European electronic access point (EEAP). The EEAP will be a web portal accessible through ESMA's website to provide fast access to, and make available to end users, all regulated information filed by issuers under the Transparency Directive (2004/109/EC) (TD) on a non-discriminatory basis.

Legal Entity Identifiers (LEIs)

In Chapter 6 of Quarterly Consultation Paper No. 15 (QCP) published in December 2016, we consulted on proposed changes to the Disclosure Guidance and Transparency Rules sourcebook (DTR) following the adoption of the RTS[1] by the European Commission and its publication in the Official Journal. Those proposed changes consisted of adding new rules in DTR 6.2 under the heading 'Filing of information with FCA' to require issuers to supply a legal entity identifier (LEI) and classify regulated information according to the RTS Annex when they file regulated information with the FCA.

The consultation period for this chapter of the QCP is now closed. We are currently analysing the feedback received with the aim to publish the feedback in a Handbook Notice shortly.

As stated in the QCP, one of the consequences of the proposed new rules is that issuers will have to provide us with their LEIs when they file regulated information. We encourage issuers to consider what arrangements they will need to have in place so that, if and when the rule comes into force, they are able to comply.

As the relevant articles of the RTS started applying to officially appointed mechanisms (which in the UK is our National Storage Mechanism) from 1 January 2017, we are already enabling issuers to provide LEIs and classify regulated information when they file it with us. Even though there is no obligation for issuers to provide LEIs or classify regulated information yet, we encourage issuers to do so as it will ensure that regulated information which they file from that date will be searchable through the EEAP when it becomes operational.

Information on how to obtain a LEI is available here: http://www.lseg.com/LEI

European Single Electronic Format (ESEF)

The revised TD imposes an obligation on ESMA to develop draft RTS to specify the electronic reporting format that issuers will have to use to prepare annual financial reports from 1 January 2020. ESMA performed a public consultation on several proposed methodologies for implementing these requirements in the latter half of 2015. On 21 December 2016, ESMA published a Feedback Statement which contains an overview of the feedback received on the consultation, ESMA's response to the feedback and a cost benefit analysis.

Other European news

On 20 December 2016, ESMA published its 26th update of Prospectus Directive Q&A.

On 30 November 2015, The European Commission previously published its legislative proposal for a new regulation on prospectuses to replace the current Prospectus Directive (2003/71/EC). Further progress was made on 20 December 2016 when the Permanent Representatives Committee of the European Council approved an agreement with the European Parliament for the draft regulation. (Please note that this is draft legislation and still requires the approval of the European Parliament and the European Council and if approved would not come into

1 Commission Delegated Regulation (EU) 2016/1437 of 19 May 2016 supplementing Directive 2014/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on access to regulated information at Union level

force until after its publication in the EU Official Journal. Furthermore once in force, Article 47 generally provides for a 24-month period before its regime becomes applicable.)

Agreement was also reached in late 2016 and approval given by the Permanent Representatives Committee of the European Council on the revised Shareholder Rights Directive. We expect that publication in the EU Official Journal will take place in the spring following completion of remaining legislative requirements including a plenary vote in the European Parliament and approval by the Ministerial Council, with full implementation expected in 2019.

Consultation feedback and changes to the Knowledge Base

Ongoing guidance reviews

In PMB No. 13, we explained we were consulting on amendments to UKLA/TN/604.2 – PD Advertisement regime as a result of the Commission Delegated Regulation (EU) No. 2016/301 regarding the approval and publication of prospectuses and advertisements (the OD2 RTS Regulation) and changes made to the Prospectus Rules. We are postponing the amendment of this note given it is likely to be impacted by our consultation paper regarding the availability of information in the UK equity IPO process.

In PMB No. 16, we explained that discussions on whether we would expect DTR 5 to apply to global depositary receipt issues were taking place at EU level. These discussions are continuing, therefore, we are postponing the amendment of UKLA/TN/541.2 – Scope and application of vote holder and issuer notification rules until we have clarification on this issue.

In PMB No. 16, we explained we were consulting on amendments to UKLA/TN/202.2 – Share buy-backs with mix and match facilities. We are continuing to consider feedback received as part of this consultation.

In PMB No. 16, we explained that we were consulting on amendments to a number of notes following the implementation of MAR. We are postponing the publication of UKLA/TN/506.2 – Periodic financial information and inside information, given further work we are undertaking in this area which we expect to be addressed by forthcoming consultations. We will take the feedback received to date into account in preparing further guidance on this topic.

Published guidance

We have made the following changes to the Knowledge Base, which we proposed in PMB No. 13, PMB No. 14, and PMB No. 16:

- The amendment of six existing procedural notes
- The amendment of 12 existing technical notes
- The addition of seven new technical notes
- The deletion of three existing technical notes

Here, we summarise key feedback received on our proposals, and our response to that feedback.

Technical Notes

Category: Regulatory announcements including inside information

UKLA/TN/520.2 – Delaying disclosure/dealing with leaks and rumours (Amendment)

In response to feedback received, we have clarified that an issuer is required to inform the public as soon as possible of all inside information in its possession which directly concerns that issuer. We have also inserted the text of the relevant Article of MAR in the final paragraph of the note to assist readers.

Category: Transactions

UKLA/TN/314.1 – Reverse takeover and uncapped consideration (New)

We have amended this note to clarify when a transaction with uncapped consideration will be treated as a class 2 transaction, a class 1 transaction or a reverse takeover.

Category: Prospectus content

UKLA/TN/634.1 – Financial information on guarantors in debt prospectuses and requests for omission (New)

Based on responses to the consultation, we have amended this note to acknowledge any applicable legal or jurisdictional limitations on the ability of companies to issue guarantees on a joint and several basis.

Category: Sponsors

UKLA/TN/714.2 – Sponsors: Guidance on the competence requirements set out under LR 8.6.7R(2)(b) (Amendment)

A minor amendment has been made to this note to update the reference to the Disclosure Guidance and Transparency Rules sourcebook.

We did **not** receive any feedback on our proposals for the following notes, which we have added, amended or deleted as proposed in PMB No. 13, PMB No. 14, and PMB No. 16:

Procedural Notes

UKLA/PN/901.3 – Eligibility process (Amendment)

This note is published in the form set out in PMB No. 13.

UKLA/PN/902.2 – Listing securities via final terms (Amendment)

This note is published in the form set out in PMB No. 13.

UKLA/PN/903.3 – Review and approval of documents (Amendment)

This note is published in the form set out in PMB No. 13.

UKLA/PN/904.3 – Public offer prospectus – drafting and approval (Amendment)

This note is published in the form set out in PMB No. 13.

UKLA/PN/905.2 – Passporting (Amendment)

This note is published in the form set out in PMB No. 13.

UKLA/PN/910.2 – Additional powers to supervise sponsors (Amendment)

This note is published in the form set out in PMB No. 13.

Technical Notes

Category: Governance and conduct

UKLA/TN/201.1 – Share buy-back programmes

This note is now deleted as proposed in PMB No. 16.

UKLA/TN/203.3 – Compliance with the Listing Principles and Premium Listing Principles (Amendment)

This note is published in the form set out in PMB No. 16.

Category: Transactions

UKLA/TN/306.3 – Reverse takeovers (Amendment)

This note is published in the form set out in PMB No. 16.

UKLA/TN/308.3 – Related party transactions – Modified requirements for smaller related party transactions (Amendment)

This note is published in the form set out in PMB No. 14.

UKLA/TN/312.1 – Shareholder votes in relation to hypothetical transactions (New)

This note is published in the form set out in PMB No. 13.

Category: Specialist companies

UKLA/TN/424.1 – Removal from the Official List of listed equity shares of individual funds of open-ended investment companies (New)

This note is published in the form set out in PMB No. 13.

UKLA/TN/425.1 – Open-ended investment companies and transfer restrictions (New)

This note is published in the form set out in PMB No. 13.

Category: Periodic financial information

UKLA/TN/502.2 – Preliminary statement of annual results (Amendment)

This note is published in the form set out in PMB No. 16.

UKLA/TN/505.1 – Close periods

This note is now deleted as proposed in PMB No. 16.

Category: Regulatory announcements including Inside Information

UKLA/TN/521.3 – Assessing and handling inside information (Amendment)

This note is published in the form set out in PMB No. 16.

UKLA/TN/522.2 – Disclosure of 'lock-up' agreements (Amendment)

This note is published in the form set out in PMB No. 16.

Category: Disclosure of positions held by issuers, investors and management

UKLA/TN/540.2 – Transactions by persons discharging managerial responsibilities and their connected persons.

This note is now deleted as proposed in PMB No. 16.

Category: Prospectus content

UKLA/TN/629.3 – Final Terms (Amendment)

This note is published in the form set out in PMB No. 13.

UKLA/TN/628.2 – Significant change statements (Amendment)

This note is published in the form set out in PMB No. 16.

Category: Sponsors

UKLA/TN/704.3 – The sponsor's role on working capital confirmations (Amendment)

This note is published in the form set out in PMB No. 16.

UKLA/TN/712.2 – Additional powers to supervise and discipline sponsors (Amendment)

This note is published in the form set out in PMB No. 13.

UKLA/TN/713.1 – Sponsors: Application of principle to deal with the FCA in an open and co-operative manner (New)

This note is published in the form set out in PMB No. 13.

UKLA/TN/717.1 – Sponsors: Record Keeping Requirements (New)

This note is published in the form set out in PMB No. 13.

Proposed changes to our guidance

We are consulting on the following further proposed changes to the Knowledge Base:

- The addition of one new procedural note
- The amendment of two existing technical notes

Procedural Notes

UKLA/PN/911.1 – Debt Securities-Issuer Substitution (New)

We have been asked to explain the procedural mechanics of replacing a debt issuer on the Official List through a substitution, as permitted under the terms and conditions of debt securities. We have set out in this proposed new procedural note the two step process of: (1) the request for the issuer substitution; and (2) once the request is agreed, the request to amend the Official List. We have also set out key issues to consider prior to submission of a request.

Technical Notes

Category: Disclosure of positions held by issuers, investors and management

UKLA/TN/543.3 – Shareholder obligations (Amendment)

ESMA published a new standard form for the notification of major holdings. On implementation of the TDAD, the Policy Statement PS15/26 (Implementation of the Transparency Directive Amending Directive (2013/50/EU) and other Disclosure Rule and Transparency Rule changes) referenced this new form and we advised we would implement this and discontinue use of the current TR-1 form in the future. We are proposing amendments to this note to reflect the new TR-1 form that will come into force on 30 June 2017. Please refer to 'What's New?' above for further details about the changes to the form.

Category: Sponsors

UKLA/TN/701.3 – Sponsors: conflicts of interest (Amendment)

Please refer to 'Feedback on our Call for Views on Sponsor Conflicts' above for an explanation of the amendments to this technical note. Due to the wholesale changes made and to allow easier readability, we have presented the technical note as a clean version rather than showing the changes in blackline.

We want to hear what you think

Please send your comments on our latest proposals by 10 May 2017 to primarymarketbulletin@fca.org.uk.

Legislative and Regulatory Reform Act 2006 (LRRA)

We consider that the proposals referenced herein have regard to the five LRRA principles that regulatory activities should be carried out in a way which is: transparent; accountable; proportionate; consistent; and targeted only at cases in which action is needed. We have also had regard to the Regulators' Code, in particular the requirement for proportionate and targeted regulatory activity. The amendments to the UKLA Knowledge Base explained in this PMB seek to provide and update guidance to primary market practitioners on specific technical and procedural aspects of the Listing Rules and Disclosure Guidance and Transparency Rules.

Equality and diversity

We are confident that our proposals do not give rise to equality and diversity implications, but we would welcome your comments should you have any concerns.

Useful links

To access the guidance referred to in this edition of the PMB, see our website: PMB No. 17 guidance consultation.