

## UKLA Technical Note

# Discounted share issues and standard of disclosure in circulars

Ref: UKLA / TN / 311.1 Guidance Consultation

LR 13.3.1R(3)  
and

LR 9.5.10R(3)(a)

LR 9.5.10R(3)(a) requires that the issue of premium listed shares at a discount of more than 10% must, in certain circumstances, be specifically approved by shareholders.

In complying with this rule, premium listed issuers and their advisers are reminded that the requirements in LR 13.3 on the contents of circulars will apply to the related shareholder circular. The rules in LR 13.3 are designed to ensure that shareholders are able to make properly informed voting decisions. Where approval for shares to be issued at a discount of over 10% is being sought, we consider that the requirements of LR 13.3.1R(3) are not complied with by merely including a resolution to approve the discount in the relevant circular. Instead, we consider that clear disclosure explaining, among other things, that a discount is being sought, the quantum of the discount and the rationale behind such a large discount is required.