

UKLA Technical Note

Share buy-back programmes

Ref: UKLA / TN / 201.1

LR12,
LR 12.4.6R and
LR 1.4.7R

Market abuse safe harbour and interaction with the Listing Rules (LR 12)

MAR 1 Annex 1 contains rules regarding the Buy-back and Stabilisation Regulation (EC 2273/2003). This regulation contains a 'safe harbour' from market abuse in respect of share buy-back programmes (the buy-back safe harbour). The Buy-back and Stabilisation Regulation does not apply to securities other than shares.

LR 12 contains the relevant rules that issuers with a premium listing of equity shares must comply with when purchasing their own securities (i.e. equity shares and other securities).

In relation to shares, the provisions of the two regimes are different. For example, to comply with Articles 5(1) and (2) of the Buy-back and Stabilisation Regulation, an issuer must deal within certain price and volume boundaries. Under the Listing Rules, the price limits are different and there are no volume limits. However, although the rules are different, they are not inconsistent, in that it is possible to comply with the Buy-back and Stabilisation Regulation without contravening the Listing Rules.

Conversely, and for the avoidance of doubt, you should note that an issuer will not benefit from the buy-back safe harbour simply by following the provisions within LR 12. To benefit from this, the issuer would need to meet the requirements of the Buy-back and Stabilisation Regulation as set out in MAR 1 Annex 1.

Other safe harbours exist where behaviour conforms to certain Listing Rules, e.g. LR 12.4.6R, which deals with notification of own equity shares purchases (see LR 1.4.7R and LR 1 Annex 1R).

For further information on MAR, please contact the Market Conduct team on +44 (0)20 7066 4900.