

# Annual Report

2023/24



FCA

Listing Authority  
Advisory Panel

The background is a solid orange color. In the upper half, there are several overlapping, wavy, light-orange lines that create a sense of motion and depth. Scattered throughout the background are numerous small, out-of-focus white and light-orange circles, resembling bokeh or dust particles.

# Chair's foreword

I am pleased to introduce the Listing Authority Advisory Panel's Annual Report for 2023-2024, my first since becoming Chair on 1 August 2023.

The purpose of this report is to provide a summary of our key topics and areas of focus over the last year.

During 2023-24, a key priority was the FCA's Primary Markets Effectiveness Review, a hugely ambitious and transformative proposal which we have been highly supportive of. We recognise that changes to the UK's Listing Regime will not on their own transform UK capital markets, but they are a vital component of the financial services ecosystem, and we firmly believe these reforms will enhance UK competitiveness. We commend the FCA for all their work in getting the reforms to this stage.

We focused on several other policy developments which also aim to strengthen and enhance UK Primary and Wholesale Markets and increase the attractiveness of the UK as a place to do business. These include the reform of the Prospectus Rules, changes to the UK Investment Research regime, the development of metrics to monitor the progress of the FCA's secondary competitiveness and growth objective; sustainable finance, and the FCA's activity and role with its peers, and in international standard setting agencies.

During the year, we responded to a number of consultations, jointly with the Markets Practitioner Panel with whom we share a close working relationship. We also engaged with industry and governmental bodies outside of the FCA where their work was relevant to primary markets.

I would like to thank Panel members for their time, commitment, insights and open and engaged contributions, and I would like to thank the FCA for the open and constructive manner in which they engage with us at the formal meetings. The Panel function provides a unique opportunity to engage on issues and developing policy in a highly conducive environment for these discussions. I would also like to thank the FCA for providing this opportunity, and for bringing together this group of industry stakeholders with their different experience and perspectives.

**Mandy Gradden**  
Chair, FCA Listing  
Authority Advisory Panel

# 1

## Introduction

The Listing Authority Advisory Panel (The Panel) is a statutory independent panel representing the issuer, investor, and corporate advisory communities, that advises the FCA on technical listing, policy issues and regulation proposals that impact equity and debt primary markets.

The Panel meets formally four times each year and holds four scheduled informal sessions. A member of the Panel is an ex-officio member of the FCA's Markets Practitioner Panel (MPP), which helps foster a close working relationship and coordination between the two panels. During 2023-24, the Panel submitted a response, jointly with the MPP, to the FCA's CP 23/10 and CP 23/31 Consultations on Primary Markets Effectiveness. The Panel also responded, with MPP, to the UK Investment Research Review consultation.

During the year, the Panel welcomed the opportunity to engage with the FCA's Chair and CEO, as well as members of its Executive Committee. The Panel enjoys a close and constructive relationship with members of the FCA's capital markets teams and has open discussions with other FCA staff who attend the meetings on an ad hoc basis, as and when they are ready to engage on relevant policy developments.

This report outlines the key areas of focus for the Panel during the past year.

Much of the work was a continuation from the previous year as the policy frameworks progressed through the consultation and feedback stages. We are nearing a milestone event with the anticipated final package of rules for the UK's Listing regime, and the Panel's support will be ongoing as the new framework is implemented and market practice evolves. Other areas of focus during the last year, including the Prospectus Rules reforms and the Smarter Regulatory Framework, will continue during the coming year. The Panel is also keen to engage with the FCA as it develops its next strategy and to identify future areas to focus on.

Meeting agendas are set collaboratively between the FCA and the Panel Chair and Deputy Chairs to ensure the discussions are focusing on the most relevant proposals and topics at the most appropriate time. In March this year, the Panel identified the following areas of focus for 2024-25, though it will remain flexible and adapt in response to evolving market and policy conditions:

- Strengthening UK capital markets
- Removal of frictions in UK capital markets
- Reform of UK Corporate Governance and Stewardship Frameworks
- Artificial intelligence (A.I.) integration in financial markets
- Sustainable Finance

# 2

## Primary Markets Effectiveness Review

The FCA's reform of the UK regulatory framework for Listed companies has long been a core area of focus for this Panel. As the Panel has previously acknowledged, changes to the UK's Listing Regime will not on their own have a transformative impact on the effective functioning of UK Capital Markets. The Panel does however consider the regime to be a core component of a modern, streamlined and functioning market and one that helps ensure that the UK is attractive to both domestic and international companies.

The Panel has strongly supported the FCA in the pace and approach taken on this policy initiative and is enormously grateful for the work the FCA have put into driving these reforms forward, particularly during the last year. The Panel commended them on both the proposals made, and their open and proactive methods of engagement with industry.

This intensive engagement deepened the FCA's understanding of the concerns raised, helped them develop solutions, and informed them on areas requiring further clarification. The Panel provided targeted feedback to the FCA on areas that might require more consideration. When discussing how the FCA tailored its communication strategy to its wide

range of stakeholders, the Panel was particularly interested in the approach to reaching corporates with relevant messaging. The Panel discussed the important role for industry participants in adapting to the FCA's revised regime. Industry stakeholders have accountability for changing long standing practices which have layered complexity and friction on top of the FCA's rules. The Panel could play an ongoing role in this.

During the second half of 2023, the Panel emphasised the need for clarity on the final framework as a matter of urgency as companies were planning for 2024 and beyond and needed certainty. It therefore welcomed the FCA's approach of providing 'signalling' to the market on its direction in advance of the final consultation publication in December. The Panel acknowledges that some concerns remained with certain proposals in the December 2023 consultation but noted that feedback heard from industry participants on the reforms was broadly positive on the general direction taken.

As the period covered by this report ended, the Panel awaits the final rules and looks forward to supporting this area of policy development in its implementation along with the related reforms of the Prospectus Rules.

# 3

## Strengthening UK Capital Markets



The successful implementation of a range of reforms (beyond the Listing and Prospectus Rules) which would collectively enhance the effectiveness and attractiveness of the UK as a financial centre, was a regular topic of discussion. The Panel was and continues to be wholly supportive of a holistic and cross-sectoral reform agenda. This requires a strategic and collaborative approach by UK authorities to identify priorities, sequence effectively and mitigate against duplication, overlap, inconsistency or conflict.

The Panel found it helpful to discuss areas of focus with the FCA, and to identify where topics sat within the FCA's remit, and where they sat outside the FCA's direct competence but were nevertheless relevant. The Panel shared concerns about the risk of the cumulative volume of new regulation and consultations across regulatory and government institutions. This had the potential to adversely impact perceptions on the attractiveness, effectiveness, and international competitiveness of UK capital markets. There was a potential risk of a loss of investor confidence and patience through frustration with what might be seen as a long period of costly reform. The Panel suggested that clear signalling to investors on the end vision and expected benefits could help mitigate this perception.

The Panel also raised the importance of international cooperation and coordination between regulators to mitigate against fragmentation and welcomed assurances that this was also a priority for the FCA, even if there were practical constraints on where

this could be achieved. The Panel was encouraged by the FCA's active and leading role in the work of international bodies, including on sustainability standards, macroprudential policy, crypto assets and understanding of risks, issues and challenges presented by artificial intelligence technology. The Panel encouraged the FCA to continue to press for consistent international standards to reduce complexity and risk, a particular issue for firms operating across multiple jurisdictions.

There was and continues to be a lot of focus on the new secondary objective on international competitiveness and growth. The Panel engaged with the FCA on metrics to measure success and agreed that the number of companies listing in the UK was a valid metric but suggested that measuring how many companies look at the UK and choose not to list here (and why) was just as important, to provide context for more narrowly targeted metrics.

The removal of frictions in UK capital markets, e.g., as with the Listing and Prospectus reforms, should contribute to achieving this objective. The Panel accepted the challenge that industry could and should also play its part in this and take a more active role, alongside the relevant authorities, to deliver necessary enhancements and efficiencies, e.g., through industry initiatives tasked with modernising market infrastructure and changing market practices.

# 4

## The Smarter Regulatory Framework (SRF)

The Panel supports the shift to a proportionate, outcomes-based regulatory framework. The development of a pragmatic, agile and cost-effective regime, globally aligned, which avoids unnecessary 'gold-plating', is critical but does not need to compromise the UK's reputation for high regulatory standards or encourage a wider deregulatory 'race to the bottom'. The Panel maintained that getting the balance right would ensure the ongoing attractiveness of the UK's capital markets when set against increasingly competitive global jurisdictions.

The SRF should be underpinned by a cohesive strategic vision, and policy reforms be approached in a holistic manner, with an underlying principle of ensuring coherence across the full landscape of UK regulation (and industry codes) applicable to financial market participants. The Panel viewed identification of interactions between policy frameworks as critical (further comment on this is provided in the section on Corporate Governance).

The Panel discussed the FCA's ever increasing remit and regulatory perimeter and the many and diverging expectations it is subject to. The Panel agreed on the need for the FCA to focus squarely on where it can make the most difference and prioritise and sequence its work to make it manageable both for the regulator and for industry, setting out clearly what the FCA is and is not able to do. The Panel offered continuing support to the FCA in this respect and has offered to explore where it might help in managing specific resourcing gaps within the organisation.

On developing the new Public Offer and Admission to Trading Regime (POATR) the Panel was supportive of the FCA's approach. Organising roundtables with stakeholders and publishing focused engagement papers for different elements of the regime to gather feedback allowed for more interactive and intensive engagement on early-stage proposals. Although the POATR reforms are at an earlier stage of development, the Panel hopes the new and innovative approach the FCA is taking to gathering detailed feedback will accelerate the development of final proposals and together with the revised Listing Rules, help ensure the UK's position as a thriving and competitive international listing and capital-raising destination.

The Panel supported the view that retail investor saving and Defined Contribution (DC) pensions are key to mobilising domestic investments to invest in more growth assets and sharing of risk. There were difficult barriers to overcome, developing the right level of consumer protection and resetting risk appetite but the Panel stressed the need to address these factors and behaviours in order to mobilise retirement savings.

Financial education, at all levels, was another area where UK authorities could focus attention. Low levels of financial literacy amongst UK retail investors were notably evident when contrasted with the more active investment appetite of US retail investors, particularly in relation to retirement savings.

The Panel broadly supported providing optionality in how investment research is paid for, cautioning that exemptions or carve-outs (by sector or market cap) would introduce additional operational complexity and disincentivise the adoption of any new flexibility. Additionally, the Panel stressed the importance of international alignment due to the global nature of investment research and the complexity of trying to navigate different regimes internationally. This is particularly relevant to buy-side firms.

# 5

## UK Corporate Governance and Stewardship Regimes

The Panel recognises the key role played by high standards of corporate governance and company reporting. The corporate governance and stewardship regimes in the UK are considered to be 'gold standard' and have long been viewed as a strength.

However, it has been the Panel's concern that a siloed approach to reforms impacting a range of interconnected and interlinking market sectors would be likely to result in contradictory obligations, and risk undermining the aims of the Primary Markets Effectiveness and UK Secondary Capital Raising Reviews.

In October, the UK Government took the decision not to proceed with certain Corporate Reporting amendments due to come into effect in 2023. This was, in part, a response to concerns raised about the burdensome nature of the amendments and the likely negative impacts on UK competitiveness. The UK's Corporate Governance Code also

underwent extensive consultation in 2023. However, after the consultation period ended, the Financial Reporting Council (FRC) made the decision not to take forward the majority of proposals as consulted on at this time. In November 2023 the FRC set out an updated policy, which included consideration of an updated set of high-level principles as part of a recalibrated governance and stewardship regime. The FRC would also extend their objectives to supporting UK growth and competitiveness and committed to undertaking a 'root and branch' review of the UK Stewardship Code in 2024. The Panel was supportive of these changes.

The Panel saw these changes as a growing recognition of the risk that overly complex or disproportionate requirements pose to the UK's reputation as an attractive place to do business. We look forward to actively engaging on the UK Stewardship Code Review during 2024.

# 6

## Environmental, Social and Governance (ESG)

The continued growth of the importance of ESG matters means it is imperative that the UK, in maintaining its position as a leading financial centre, is also considered as an attractive global venue for ESG-aligned capital markets, with a flexible, proportionate, and competitive regime.

The risks of greenwashing accusations, reputational risk and regulatory sanction remain high. These could arise from a multitude of areas including incorrect, missing, or revised data, reporting errors, misunderstandings of incomprehensible disclosures, and the complexity of constantly developing national and jurisdictional regulation.

As the reporting and disclosure requirements are implemented, the development of new assurance models will be required. These models will be imperative in order to demonstrate compliance and mitigate risks outlined above but could be a significant additional burden for companies unless developed in a proportionate and appropriate manner.

The burden and complexity of complying with a multitude of similar, but different, reporting obligations across different entities of a firm is particularly acute for firms operating across multiple jurisdictions. As such the Panel encourage the FCA in its efforts to drive international coordination on the adoption and implementation of International Sustainability Standards Board (ISSB) requirements. The Panel has observed considerable progress in frameworks for ESG data and rating providers (primarily codes, but regulation is developing), and efforts to ensure consistency and interoperability remain crucial.



# 7

## Panel Diversity Statement

The FCA has agreed to adopt diversity targets for all the FCA's Independent Panels. These targets reflect those introduced by the FCA in April 2022 for the board and executive management of listed companies and are as follows:

- At least 40% of each Panel are women
- At least one of the senior positions (Chair, Deputy Chair or equivalent) across the Panels is held by a woman
- At least one member of each Panel is from an ethnic minority background

Against these targets, we can report that as of 31 March 2024<sup>1</sup>:

- 55% of the Panel are women
- At least one senior position across the Panels is held by a woman
- All 5 Independent Panels meet the target that at least one member is from an ethnic minority background

The Panel supports the FCA in its objectives of improving diversity in the appointments it makes to all the Independent Panels.

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<sup>1</sup> These figures are based on the data disclosed. Disclosure of diversity information is voluntary. Data is reported across all Panels where disclosure on an individual Panel basis would lead to the release of personally identifiable information.

# Members of FCA Listing Authority Advisory Panel

(1 April 2023 – 31 March 2024)

## **Mandy Gradden Chair**

(from 01/08/2023. Deputy Chair from 01/08/2020-31/07/2023)

Chief Financial Officer, Ascential plc

## **Virginia Khoo Deputy Chair**

(from 01/08/2023)

Head of UK & Ireland Equity Advisory, BNP Paribas

## **Amanda Thomas Deputy Chair**

(from 01/08/2023)

Partner, Head of the London International Capital Markets Group and Know-How and Training Team

## **Gary Admans**

Head of Liquidity and Capital Markets, BP plc

## **Mark Austin**

(former Chair 01/08/2020-31/07/2023)

Corporate Partner, Latham & Watkins  
Member of the FCA's Markets Practitioner Panel.

## **Hans-Christoph Hirt**

Managing Director and Head of Impact Engagement, UBS Asset Management

## **Ed Cook**

(term ended 31/07/2023)

Managing Director, Co-Head of Global Capital Markets and Global Head of Corporate Solutions, BlackRock

## **Kathryn McLeland**

(Deputy Chair from

01/08/2020-31/07/2023)

Chief Financial Officer, M&G

## **Ursula Newton**

Partner, Capital Markets Group, PwC

## **Aileen Taylor**

Group Company Secretary and Chief Governance Officer, HSBC Holdings Plc

## **James Taylor**

Co-Head of Investment Banking, Deutsche Numis

## **Charlie Walker**

(from 01/06/2023)

Deputy CEO, London Stock Exchange plc

## **Sam Ward**

Head of European Equity Capital Markets at Capital Group

## **Listing Authority Advisory Panel**

Financial Conduct Authority

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London E20 1JN

Website: [www.fca.org.uk/panels/listing-authority-advisory-panel](http://www.fca.org.uk/panels/listing-authority-advisory-panel)

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