FINANCIAL CONDUCT AUTHORITY

Consultation Paper

CP26/14*

Changes to information flows for UK equity IPOs

April 2026

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Chapter 1

Summary

Why we are consulting

1.1 Strong capital markets play a critical role in the UK financial system and economy as a whole. The initial public offering (IPO) process provides a valuable path for companies to raise capital and grow their businesses, as well as offering diverse investment opportunities for retail and institutional investors. Allowing companies to invest and innovate helps the wider UK economy to grow.

1.2 Quality information is vital throughout the equity IPO process, helping to guide price formation and ensure market integrity. This builds confidence in financial markets, supporting the UK's position as a global financial services hub.

1.3 In UK IPOs, pre-deal investment research is commonly provided by banks to their institutional investor clients. This research may be published either by syndicate banks providing deal-related services to the issuer (connected research), or by non-syndicate firms and independent providers that distribute research to their own institutional client base (unconnected research).

1.4 In 2018, we introduced a package of rules designed to improve the quality and availability of information during the UK equity IPO process, and address perceived risks of bias in research coverage during IPOs.

1.5 Since then, markets have evolved significantly. We've engaged with stakeholders to explore these changes and the impact of our rules.

1.6 As part of our strategy to support growth and be a smarter regulator, we're committed to improving the regulatory environment for UK financial markets and keeping our rules under review as market practice evolves and develops. We want markets to be effective, efficient and reliable.

1.7 The feedback we received has suggested that some of the rule changes in 2018 designed to encourage the production of unconnected research haven't always achieved their intended effect. Instead, the equal information sharing rules, particularly the addition of a '7-day delay' for connected research, have added unnecessary market risk and costs for issuers listing in the UK. This risks putting the UK at a disadvantage, compared to listing venues in other jurisdictions.

1.8 In our December 2025 Letter to the Prime Minister, we committed to consult on removing the 7-day delay for connected research. In addition, following further stakeholder engagement, we've extended the scope of our consultation.

1.9 This consultation paper (CP) sets out our proposals to:

1. Amend COBS 11A.1.4FR to remove the 7-day waiting period between the publication of an approved registration document/prospectus and connected research.
2. Remove COBS 11A.1.4BR - COBS 11A.1.4ER which mandate that syndicate banks intending to publish connected IPO research share the same information with a range of unconnected analysts as they do with their own research analysts.

1.10 Additionally, a technical issue in amendments made to COBS 12.2.21R when transferring the MiFID Organisational Regulation (MiFID Org Reg) to our Handbook has been brought to our intention, which we have taken the opportunity to rectify as part of this CP.

1.11 We are not at this stage consulting on any other changes. However, this CP also includes discussion questions on the remaining aspects of the 2018 IPO information flows rules. We want to explore where there are further opportunities for reform of these rules.

Who this applies to

1.12 This consultation will affect:

- Prospective issuers
- Retail and institutional investors in shares admitted to a UK regulated market
- Investment advisers, brokers and other intermediaries
- Independent research providers (IRPs)
- Law firms involved in the IPO process
- Investment banks and other companies involved in the IPO process
- Sponsors

Outcome we are seeking

1.13 The proposals in this CP seek to reduce unnecessary market risk and frictions in the UK IPO process for issuers and market participants, to limit potential barriers for issuers considering listing in the UK and support the UK IPO market.

Measuring success

1.14 Our Rule Review Framework states that although we generally monitor key metrics of new rules this is not a requirement where it would be disproportionate or if the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we're satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

1.15 We'll continue to receive informal feedback from industry about the IPO process and will consider particular references to IPO research as part of any broader reviews.

Next steps

1.16 We're seeking feedback on our proposals and discussion questions by 29 May 2026. Please respond by completing the form on our website or by emailing cp26-14@fca.org.uk. We will consider the feedback we receive and publish a policy statement subject to finalising our rules.

Chapter 2

The wider context

Listings reforms

2.1 UK primary markets have been the subject of several recent government reviews and FCA initiatives, including Lord Hill's UK Listing Review in 2021 and our subsequent Primary Markets Effectiveness Review.

2.2 The Primary Markets Effectiveness Review in 2021 included in-depth analysis of the UK IPO market and many of the trends it identified still apply to primary London Stock Exchange (LSE) Main Market listings today. Despite a brief increase in listings during 2021, UK listings have continued to slow, with an average of fewer than 15 commercial companies admitted to the LSE Main Market annually since then.

2.3 The Primary Markets Effectiveness Review led to significant reforms to both the UK Listing Rules and the Prospectus Rules, which are designed to support the UK listings market. The Prospectus Rules changes made in January 2026 in particular seek to improve the range of information provided to investors, with the introduction of protected forward-looking statements for approved prospectuses.

Investment Research Review

2.4 Investment research plays a critical role in providing information for equity IPOs and capital markets more broadly. Robust and well-supported investment research helps investors to make informed investment decisions and builds confidence in markets.

2.5 In 2023, the Investment Research Review (IRR), led by Rachel Kent, made recommendations for us to consider in order to improve the provision of investment research in the UK. We've already acted on some of the recommendations, including our introduction of payment optionality (PS25/4).

2.6 The IRR also recommended we review the rules relating to investment research in the context of IPOs, including both the extension to the IPO timetable under the COBS 11A rules and the COBS 12 restrictions on pre-mandate analyst/issuer interactions.

2.7 This CP sets out proposals to address some aspects of this recommendation and potential next steps.

2.8 We spoke to the Markets Practitioner Panel and Listing Authority Advisory Panel regarding our proposals. Members agreed that the rules had not achieved their intended effect and added frictions to the UK IPO process. Members of both panels supported our proposals.

Chapter 3

Proposed changes to information sharing during equity IPOs

3.1 In this chapter, we summarise the background to the 2018 IPO information flows reforms, feedback we've received through stakeholder engagement and explain our proposals for change.

3.2 In gathering feedback, we engaged with a range of stakeholders who were involved in the original consultation in 2017, including investors, syndicate banks, IPO advisers and IRPs.

Background to the 2018 reforms

3.3 We first introduced the rules on unconnected analysts as part of a package of reforms which came into force in July 2018. This followed concerns raised in a discussion paper regarding the lack of availability of information during the UK equity IPO process (DP16/3) and potential policy options for improving the quality of this information. Following industry engagement, the suggested changes were proposed in CP17/5 and then made into final rules in PS17/23.

3.4 These proposals were developed following concerns around information flows during IPOs and the potential conflicts of interest around connected research. Questions were raised as to whether connected research could be at heightened risk of bias, as connected analysts may be incentivised or under pressure to produce positive coverage of deals to secure future investment banking business.

3.5 Connected research had typically been released at the same time as the 'intention to float' (ITF) announcement and was therefore often the sole written source of information on the company during the early stages of an IPO. As such, it played a significant and potentially unbalanced role in guiding price formation. An unapproved near-final draft prospectus (pathfinder prospectus) may also have been distributed, but generally no other sources of information would be publicly available until the FCA-approved prospectus was published, after pricing was confirmed.

3.6 To address potential conduct risks associated with connected research, we introduced a set of provisions to increase the availability of alternative information sources for IPOs and improve conduct standards around the UK IPO process. Those provisions had 3 broad aims:

- **Restoring the primacy of an FCA-approved prospectus** by prohibiting connected research being published before either an approved registration document or prospectus:
  - It was anticipated that this would improve the range and quality of information investors had access to at this early stage of an IPO, by providing a verified

information source aside from connected research, to base their initial impressions of a deal on.
  - This would therefore support a more balanced price discovery process.
- **Encouraging the publication of unconnected research** by requiring syndicate banks to ensure issuers provide unconnected analysts with the same information as is given to connected analysts, and to delay the publication of connected research until at least 7 days after this information is provided to unconnected analysts:
  - The '7-day delay' on connected research was intended to give unconnected analysts sufficient time to produce research.
  - More unconnected research was encouraged as it was believed it would provide a useful reference point to validate connected research. By providing an alternative view, it was anticipated that unconnected research could be used to corroborate or challenge connected research so that it could be scrutinised more effectively, encouraging more accurate and robust valuations.
- **Improving conduct standards around analyst/issuer interactions** by adding new Handbook guidance to strengthen MiFID II restrictions which prevented contact between issuers and analysts prior to a mandate being granted:
  - This guidance clarified the definition of 'participating in "pitches" for new business' to limit the opportunities for issuers and advisors to leverage the pitching process to encourage more favourable research coverage, further mitigating the risk of bias being imparted to connected research.

3.7 These changes mean that, instead of connected research being published in isolation, at the beginning of an IPO's public phase, it is now preceded by an FCA-approved registration document/prospectus.

3.8 The publication timing of connected research is then determined by how the firm/issuer decides to engage with unconnected analysts:

- Under 'option 1', firms/issuers are required to invite a selection of unconnected analysts to the same analyst briefing as connected analysts, which typically takes place around 6 weeks ahead of the first public announcement of an IPO. Firms would then be able to publish connected research the day after the approved registration document/prospectus.
- Under 'option 2', firms are required to delay the publication of any connected research by 7 days and provide equal information to any bona-fide unconnected analysts who request access in this period.

3.9 These rules were accompanied by joint industry guidelines published by AFME and Euro IRP. These introduced agreed standard practices for both issuer teams and unconnected analysts. For example, unconnected analysts agree not to publish until connected analysts are permitted to publish and not to publish within 7 days prior to pricing. Additionally, both trade associations had concerns with syndicate banks being responsible for identifying and inviting the 'range of unconnected analysts' to participate in briefings, as required by COBS 11A.1.4BR(3)(a). Therefore, it was agreed that invitations would instead be sent to all Euro IRP members for each deal.

3.10 The timing of the registration document and COBS 12 restrictions on analyst/issuer interactions are not being considered in this consultation paper, but we are seeking initial views on whether there is any scope for change in these rules, as discussed in Chapter 4.

Feedback on the '7-day delay' and wider information requirements

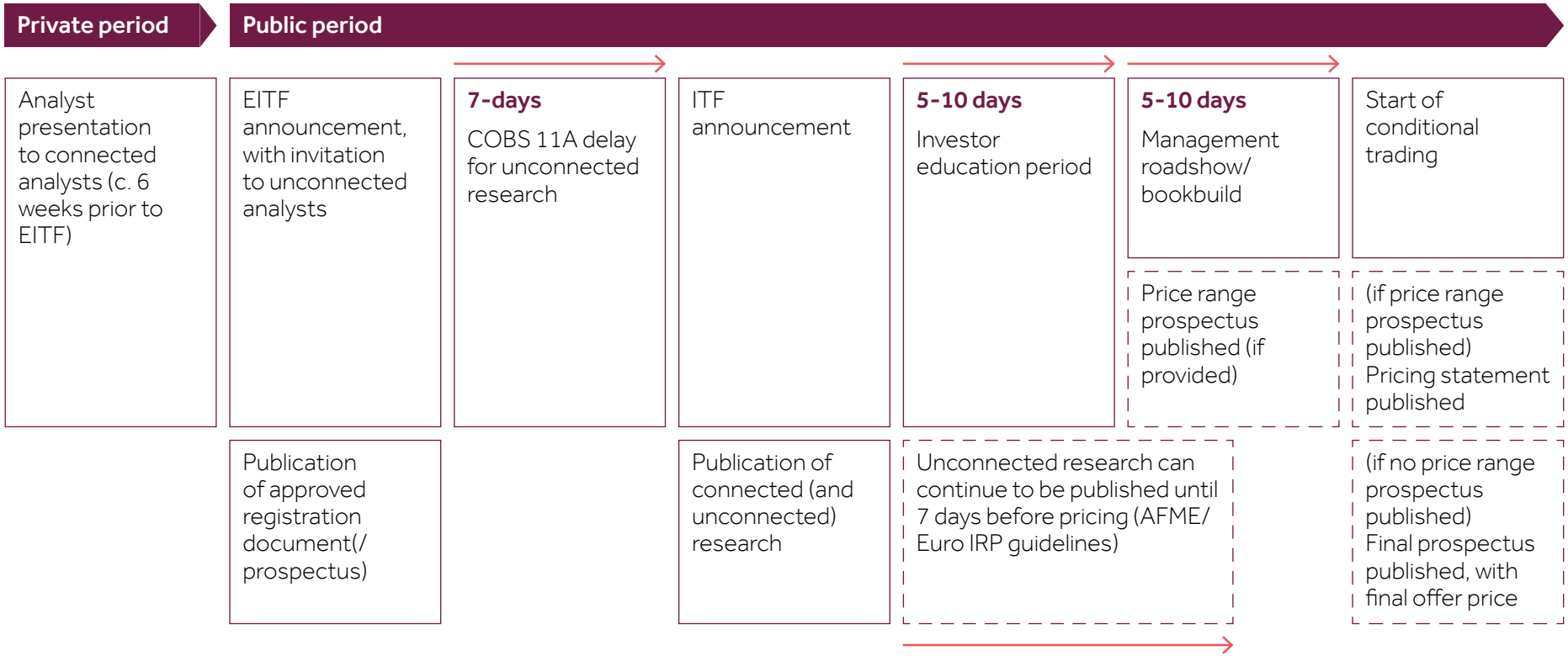
Changes to market practice

3.11 Since we first introduced these new rules in 2018, we understand that issuers have rarely, if ever, used the option to hold a joint briefing with connected and unconnected analysts. This is due to commercial considerations and the increased risk of deals being inadvertently leaked well in advance of an ITF announcement, especially as the industry guidelines established that such invitations must be sent to all Euro IRP members.

3.12 In practice therefore, the 2018 reforms have had the effect of adding a '7-day delay' to the UK IPO process by default, to give unconnected analysts the opportunity to request information and produce research ahead of the ITF and connected research being published.

3.13 Furthermore, though it was suggested when we introduced the rules that the approved registration document/prospectus alone would not necessarily signal the start of the public IPO process, market practice has been to publish it in conjunction with an 'expected intention to float' (EITF) announcement. As a result, this 7-day delay has effectively extended the 'public' period of the IPO process, as shown below.

Figure 1: Current timeline of key events during equity IPO process



3.14 More broadly, we understand that the requirement to share 'equal information' with unconnected analysts is generally met by giving them the analyst presentation on request, along with any questions that the connected analysts have asked to issuers and the responses.

3.15 These requests from unconnected analysts are vetted by legal advisers involved with the IPO, to verify that they are genuine analysts. There is also a review process to ensure the equivalence of information provided to the unconnected analysts. Unconnected analysts are also given the opportunity to submit questions to issuers.

3.16 The dissemination of information is closely monitored to ensure that connected analysts also receive the same information as unconnected analysts, e.g. if any additional questions are answered by the issuer's management.

Rationale for change

3.17 The information provided through this process may be useful and have potential commercial benefits for some market participants. However, we understand from our industry engagement that these rules have not delivered on their objective to increase the production of independent, unconnected research on IPOs. Furthermore, we are aware that this has led to the UK having a materially longer IPO process than other jurisdictions.

3.18 The unconnected analyst information provision processes have been successful operationally, with unconnected analysts being able to access information on IPOs through this process. But, this has not led to independent research reports being published frequently or consistently.

3.19 Our engagement has also suggested that any published reports are often quite limited in detail and are not widely distributed.

3.20 The requirement for an approved registration document at the outset of an IPO since 2018 also provides reliable information about the issuer earlier in the IPO process. In addition, the market is increasingly moving away from pathfinder prospectuses, which are available only to targeted institutional investors. Instead, they are using an approved price range prospectus which on publication is available to all investors during the bookbuild period. These avenues provide alternative sources of information for all investors which may reduce the demand for unconnected research.

3.21 We understand that the market for unconnected IPO research has been affected by wider changes such as the MiFID rules on payment for investment research, and the general weakness of the UK IPO market. However, in our stakeholder engagement we have not seen evidence that there would be sufficient demand for unconnected IPO research that justifies the risks, costs and frictions it has introduced.

Impact of the current rules

3.22 Market participants have told us that the effective extension of the public period for an IPO, as a result of the 7-day connected research delay, has had a material impact on the UK's attractiveness as a listing venue.

3.23 IPO timelines are shrinking globally for many reasons, including increased market volatility in recent years.

3.24 We have received consistent feedback that issuers are increasingly concerned about unforeseen market events arising during the public period of their IPO, disrupting the process, affecting valuations and potentially requiring them to withdraw the offer.

3.25 Banks have responded by minimising the core elements of the public period as far as possible, reducing both the investor education and management roadshow/ bookbuild periods.

3.26 The Covid-19 pandemic accelerated these changes. Banks and issuers have increasingly moved to virtual investor education meetings and management roadshows, making the process more efficient and allowing more investor meetings to take place over shorter periods of time.

3.27 This mirrors international trends, most notably in many European markets. Differing approaches to IPOs and especially pre-deal research makes direct comparisons of IPO timelines challenging. However, the public periods of European IPOs had historically followed a '2 + 2' model (2 weeks for investor education and 2 weeks for management roadshows/bookbuilding), similar to the UK pre-2018, but have shortened considerably in recent years.

3.28 Without the 7-day delay introduced in the UK, this has had a much more marked effect. For example, 2 recent European deals, Czechoslovak Group in Amsterdam and Verisure in Stockholm, priced their IPOs in 9 and 12 days from ITF respectively.

3.29 In contrast, the mandatory 7-day delay has effectively imposed a floor on the minimum time for an IPO in the UK, meaning that these timelines are not possible under the current rules, regardless of other time/cost saving measures and other factors affecting the market.

3.30 Stakeholders have said that this has put the UK at a comparative disadvantage, with issuers raising concerns about this specific issue when discussing potential listing venues.

3.31 Feedback also suggested that the requirement to provide equal information to connected and unconnected analysts adds considerable friction to the overall IPO process. It may also impede the flow of information to analysts. This is because the extensive process to ensure these COBS 11A rules are met can restrict connected analysts' interactions with issuers.

3.32 In particular, the screening of unconnected analysts and ongoing monitoring of the distribution of information by the syndicate banks, is both costly and complex for issuers, involving significant legal and compliance resource.

3.33 We are not aware of any similar mandatory information sharing rules in other markets, including the EU, and so, this additional burden may put the UK at a competitive disadvantage.

Our proposals

3.34 Given the lack of unconnected research produced following the introduction of these rules, and the significant risks and costs outlined above, we do not consider it proportionate to retain these rules for equity IPOs. We propose the following changes to the COBS 11A unconnected analyst rules.

3.35 We propose to remove:

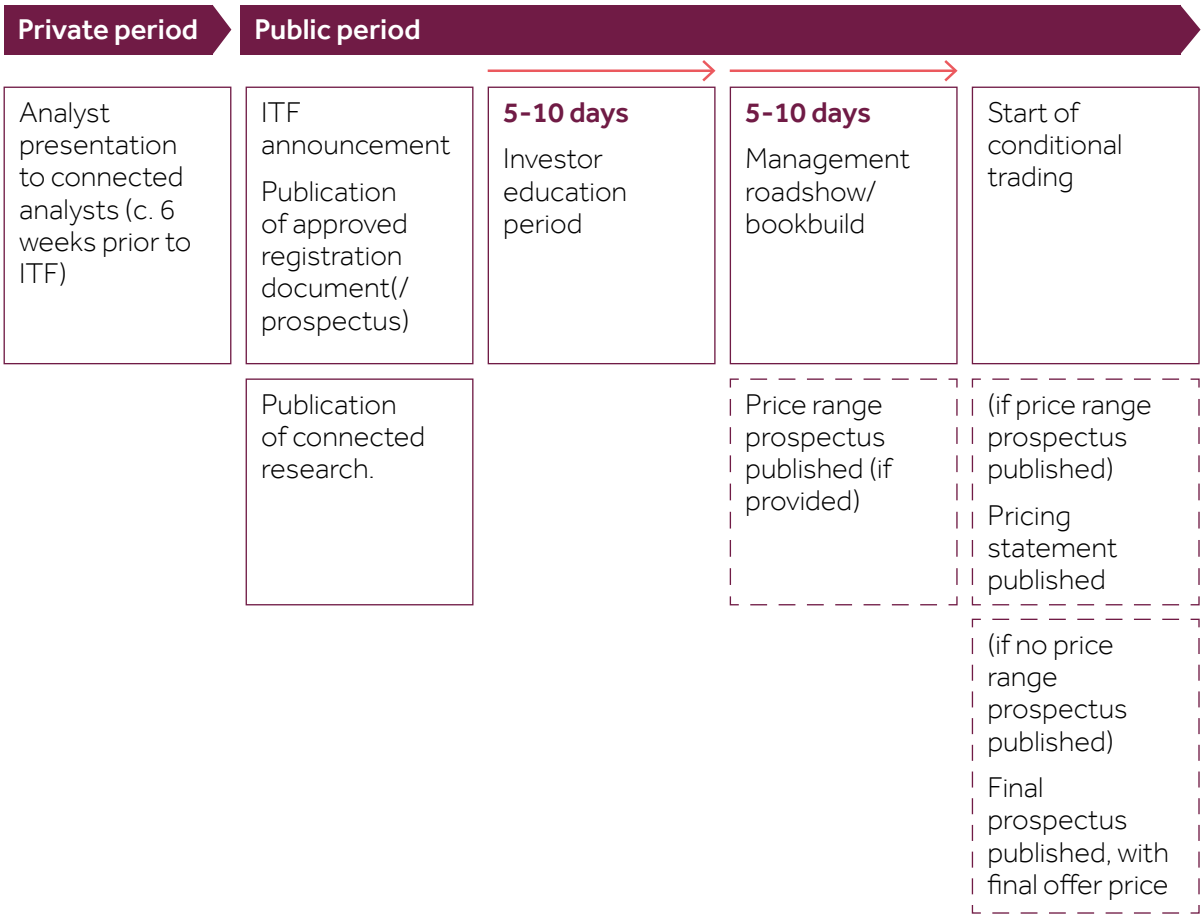
1. The 1-day/7-day waiting period between the publication of an approved registration document/prospectus and connected research in COBS 11A.1.4FR.
2. The prohibition on communication between connected analysts and IPO issuers unless syndicate banks identify a range of unconnected analysts and share equal information with unconnected and connected analysts (COBS 11A.1.4BR – COBS 11A.1.4ER).

3.36 We're not currently proposing to amend the requirement that firms must publish an approved prospectus or registration document in order to publish connected research. However, firms will be able to publish the approved registration document/prospectus and any connected research simultaneously rather than waiting for 1 day or 7 days.

3.37 We understand that one of the effects of our proposed changes may be that the joint AFME/Euro IRP guidelines need revising. We will work with the industry to align them with the new rules.

3.38 Our proposals will change the typical timeline shown in Figure 1. We have included an indicative timeline below to illustrate this point.

Figure 2: Indicative timeline of key events during equity IPO process, following proposed changes



3.39 These rule changes would not prevent unconnected analysts from requesting information from issuers in order to produce research, nor issuers from inviting unconnected analysts to attend analyst briefings. Instead, issuers and unconnected analysts will be able to contact each other directly to discuss research coverage. Unconnected analysts will be free to negotiate terms with issuers and firms regarding the information disclosed on a commercial basis, as arranged prior to 2018. Additionally, we believe industry guidelines will continue to provide a useful template for unconnected analysts and firms to make these agreements for future deals.

3.40 We are also taking this opportunity to correct a technical error in the drafting of COBS 12.2.21R when it was transferred from the MiFID Org Reg as finalised in PS25/13.

3.41 As described in CP24/24, our general approach was to incorporate provisions of the MiFID Org Reg into our Handbook without any change to obligations, making changes only to align with Handbook style drafting.

3.42 However, we believe that changes to COBS 12.2.21R(1)(f) in editing have inadvertently changed the meaning of the rule from the original requirements in Article 37(2) of the MiFID Org Reg and may be interpreted as being more restrictive on firms. Therefore, the current rule is not aligned with our policy intent.

3.43 To correct this issue, we are proposing to revert to the original drafting with a minor punctuation change to make the provision clearer. We have not heard feedback from firms that they have adjusted their processes to align with the current drafting, and so we believe this change is likely to have no material practical impact for firms.

Question 1: **Do you agree with the proposal to remove the 7-day waiting period for connected research? [Yes, No, No view]**

If yes or no, please explain your answer.

Question 2: **Do you agree with the indicative post-implementation IPO timeline? [Yes, No, No view]**

If no, please explain your answer.

Question 3: **Do you agree with the proposal to remove the prohibition on communication between connected analysts and IPO issuers unless syndicate banks identify a range of unconnected analysts and share equal information with unconnected and connected analysts? [Yes, No, No view]**

If yes or no, please explain your answer.

Question 4: **Do you agree with the proposal to amend COBS 12.2.21R? [Yes, No, No view]**

If no, please explain your answer.

Chapter 4

Further opportunities for reform

4.1 It was clear from industry feedback that removing the 7-day delay was the highest priority and that the equal information requirements more broadly had also introduced unnecessary costs. However, some stakeholders also raised concerns with other aspects of the 2018 reforms, so we're taking this opportunity to include discussion questions on the broader regime.

Timing of the registration document

4.2 A core goal of the 2018 reforms was to restore primacy of the approved prospectus in the IPO process and support a more balanced investor education period and price discovery process.

4.3 As discussed above, prior to 2018, connected research was often the sole written source of information during the investor education period, then supplemented only by a pathfinder prospectus ahead of the management roadshow/bookbuild process.

4.4 To provide investors with a greater range of information at the outset, the 2018 reforms introduced a requirement for an approved registration document/prospectus to be published before any connected research.

4.5 We still believe that giving investors access to a greater range of information on an issuer at an early stage of the process is important. This also helps standardise the information available to investors at this stage of the IPO process, helping them make better informed investment decisions and contributing to a more robust price formation process.

4.6 We understand that there are mixed views in the industry on the value of this requirement. Some stakeholders have argued that this is overly burdensome and introduces rigidity without adding significant value to investors, who may already receive access to portions of draft prospectuses well before they're officially published.

4.7 Conversely, others have argued that it helps with engaging investors in the early phases of the public IPO process and can therefore be beneficial to an IPO's overall success.

Question 5: **Is the requirement to publish an approved prospectus/ registration document before, or under the current proposals, at the same time as connected research beneficial overall? Should the FCA consider any alternative approaches? [Yes, No, No view]**

If yes or no, please explain your answer.

COBS 12 restrictions on pre-mandate analyst/issuer communications

4.8 The final aim of the 2018 reforms was to improve conduct and reduce perceived conflicts of interest in the production of connected IPO research. The role of analysts in the pitch process for IPOs was of particular concern, as it could potentially introduce bias as a result of pressure or incentives from issuers or their advisors.

4.9 FCA Handbook guidance (now COBS 12.2.21CG(2)-(5)) was added in 2018 to supplement MiFID II conflicts of interest provisions intended to limit analysts' involvement in activities which may affect their objectivity. The additional guidance aimed to limit pressure on analysts to contribute to 'pitches' for corporate finance business.

4.10 We understand that firms may have differing views on the application and usefulness of our rules and guidance. We are aware that firms have established systems and processes to meet the requirements, and some find that a hard line set by the rules and/or guidance can be a useful buffer for research analysts where issuers push for access to analysts prior to a mandate being agreed.

4.11 On the other hand, issuers and other firms have suggested that the FCA guidance, in particular, can be interpreted very conservatively and is overly restrictive compared to other jurisdictions. They indicated that it's useful for issuers to meet with analysts to get a sense of whether they have the relevant expertise to cover their company effectively. For banks, analysts can serve an important role in conducting the due diligence they're required to undertake on a potential IPO candidate, based on their extensive sector expertise.

4.12 Feedback to the IRR also noted that these rules may be stricter than in the US and the EU, which may put the UK at a competitive disadvantage. In particular, we understand that FINRA rules may now allow analysts to participate in conducting due diligence on IPO candidates.

Question 6: **Are the COBS 12 rules and guidance on analyst/issuer communications appropriate? [Yes, No, No view]**

If yes or no, please explain your answer and if relevant, the alternative approaches we should consider. For example, should we consider changes to the current rules and guidance and/or provide additional guidance?

Annex 1

Questions in this paper

Question 1: Do you agree with the proposal to remove the 7-day waiting period for connected research? [Yes, No, No view]

If yes or no, please explain your answer.

Question 2: Do you agree with the indicative post-implementation IPO timeline? [Yes, No, No view]

If no, please explain your answer.

Question 3: Do you agree with the proposal to remove the prohibition on communication between connected analysts and IPO issuers unless syndicate banks identify a range of unconnected analysts and share equal information with unconnected and connected analysts? [Yes, No, No view]

If yes or no, please explain your answer.

Question 4: Do you agree with the proposal to amend COBS 12.2.21R? [Yes, No, No view]

If no, please explain your answer.

Question 5: Is the requirement to publish an approved prospectus/ registration document before, or under the current proposals, at the same time as connected research, beneficial overall? Should the FCA consider any alternative approaches? [Yes, No, No view]

If yes or no, please explain your answer.

Question 6: Are the COBS 12 rules and guidance on analyst/issuer interactions appropriate? [Yes, No, No view]

If yes or no, please explain your answer and if relevant, the alternative approaches we should consider. For example, should we consider changes to the current rules and guidance and/or provide additional guidance?

Annex 2

Cost benefit analysis

Introduction

1. The Financial Services and Markets Act (2000) requires us to publish a cost benefit analysis (CBA) of our proposed rules. Specifically, section 138I requires us to publish a CBA of proposed rules, defined as 'an analysis of the costs, together with an analysis of the benefits that will arise if the proposed rules are made'. However, under section 138L(3) we are not required to publish a CBA if, in making the appropriate comparison, we consider either there will be no increase in costs or the increase in costs will be of minimal significance.

2. We note that there are benefits for firms and issuers from our proposals. In our engagement with stakeholders, we were told that the risks and costs to firms and issuers under the current rules can vary significantly from deal to deal. The key additional risk they identified was market risk from being out in the market for an extra week due to the 7-day delay, which is difficult to quantify. Therefore, we did not consider it reasonably practicable to quantify these benefits.

3. In this CP, we are proposing to remove certain requirements for firms, without imposing new rules. Other than some very minor familiarisation costs, we do not expect any material direct costs from our proposals. We understand that there may be opportunity costs to removing these requirements for IRPs and other banks who may currently request information under these rules. However, based on the minimal amount of unconnected research that has been published since the introduction of these rules in 2018, we believe these potential costs will be limited. Furthermore, the removal of these rules will not prevent IRPs from negotiating access to information during an IPO on a commercial basis with issuers, as occurred prior to these rules being introduced, further limiting the potential opportunity costs for these research providers.

4. Based on our pre-consultation industry engagement, we do not expect an increase in costs to firms or issuers of more than minimal significance as a result of our proposals, therefore we are not required to publish a CBA.

Annex 3

Compatibility statement

Compliance with legal requirements

1. This Annex records the FCA's compliance with a number of legal requirements applicable to the proposals in this consultation, including an explanation of the FCA's reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).

2. When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why it believes making the proposed rules (a) is compatible with its general duty, under section 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with its strategic objective and advances one or more of its operational objectives, (b) so far as reasonably possible, advances the secondary international competitiveness and growth objective, under section 1B(4A) FSMA, and (c) complies with its general duty under section 1B(5)(a) FSMA to have regard to the regulatory principles in section 3B FSMA. The FCA is also required by s 138K(2) FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.

3. This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (section 1B(4)). This duty applies in so far as promoting competition is compatible with advancing the FCA's consumer protection and/or integrity objectives.

4. In addition, this Annex explains how we have considered the recommendations made by the Treasury under s 1JA FSMA about aspects of the economic policy of His Majesty's Government to which we should have regard in connection with our general duties.

5. This Annex includes our assessment of the equality and diversity implications of these proposals.

6. The proposals set out in this document have had due regard to the remit letter from the Chancellor of the Exchequer dated 14 November 2024.

7. Under the Legislative and Regulatory Reform Act 2006 (LRRA) the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules). We do not consider these requirements relevant for our proposals as we are not proposing any new general policies, guidance or principles.

The FCA's objectives and regulatory principles: Compatibility statement

8. The proposals set out in this consultation are primarily intended to advance the FCA's operational objective of enhancing market integrity. They are also relevant to the FCA's secondary competitiveness and growth objective.

9. We consider these proposals are compatible with the FCA's strategic objective of ensuring that the relevant markets function well because these proposals will remove unnecessary market risk for issuers, reducing the potential impact of market volatility on capital formation. For the purposes of the FCA's strategic objective, "relevant markets" are defined by section 1F FSMA.

10. We consider these proposals comply with the FCA's secondary objective in advancing competitiveness and growth because these proposals align the UK with relevant international peers. This will allow the UK market to compete more effectively with other markets to attract listings. A more robust listings market helps companies to access capital, helping to fund their growth and development, supporting the wider economy.

11. In preparing the proposals set out in this consultation, the FCA has had regard to the regulatory principles set out in s 3B FSMA.

The need to use our resources in the most efficient and economic way

12. We have prioritised this consultation, as we have consistently received feedback that this is a key change needed to encourage listings in the UK, working with industry practitioners to focus our resources on the most impactful proposals.

The principle that a burden or restriction should be proportionate to the benefits

13. We have consulted on removing these rules based on feedback that they have introduced unnecessary costs without achieving their aim of encouraging unconnected research. As such, it was determined that these rules are no longer proportionate and should be reviewed.

The need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) [and section 5 of the Environment Act 2021 (environmental targets)]

14. In developing this Consultation Paper, we have considered the environmental, social and governance (ESG) implications of our proposals and our duty under ss. 1B(5) and s.3B(1)(c) of FSMA to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section 1 of the Climate Change Act 2008 [and environmental targets under s. 5 of the Environment Act 2021]. Overall,

we do not consider that the proposals are relevant to contributing to those targets. We will keep this issue under review during the course of the consultation period and when considering whether to make the final rules.

The general principle that consumers should take responsibility for their decisions

15. Our proposals do not directly impact consumers, but we have had regard to the role of information availability during the IPO process, where there is a public offer including retail consumers and whether consumers will still have sufficient information to make informed decisions. We do not consider that our proposals will affect consumers' ability to make informed decisions as limited unconnected research has been published since the regime was first introduced, and we understand that any such research will generally not be available to retail investors.

The responsibilities of senior management

16. Our proposals do not specifically relate to the responsibilities of senior management.

The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

17. This principle is not relevant to our proposals.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information

18. This principle is not relevant to our proposals.

The principle that we should exercise of our functions as transparently as possible

19. By explaining the rationale for each of our proposals and the anticipated outcomes, the FCA has had regard to this principle.

In formulating these proposals, the FCA has had regard to the importance of taking action intended to minimise the extent to which it is possible for a business carried on (i) by an authorised person or a recognised investment exchange; or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s 1B(5)(b) FSMA).

20. This principle is not relevant to our proposals.

Expected effect on mutual societies

21. The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies. Our proposals will only affect issuers, firms and other parties involved in the IPO process.

Compatibility with the duty to promote effective competition in the interests of consumers

22. In preparing the proposals as set out in this consultation, we have had regard to the FCA's duty to promote effective competition in the interests of consumers.

Equality and diversity

23. We are required under the Equality Act 2010 in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, and to foster good relations between people who share a protected characteristic and those who do not.

24. As part of this, we ensure the equality and diversity implications of any new policy proposals are considered. Overall, we do not consider that our proposals materially impact any of the groups with protected characteristics under the Equality Act 2010 (in Northern Ireland, the Equality Act is not enacted but other antidiscrimination legislation applies).

Annex 4

Abbreviations in this document

Abbreviation	Description
AFME	Association for Financial Markets in Europe
CBA	Cost Benefit Analysis
COBS	Conduct of Business Sourcebook
CP	Consultation Paper
DP	Discussion Paper
EITF	Expected Intention to Float
EU	European Union
Euro IRP	European Association of Independent Research Providers
FINRA	Financial Industry Regulatory Authority
FSMA	Financial Services and Markets Act 2000
IPO	Initial Public Offering
IRP	Independent Research Provider
IRR	Investment Research Review
ITF	Intention to Float
LSE	London Stock Exchange
MiFID	Markets in Financial Instruments Directive
MiFID Org Reg	MiFID Organisational Regulation
PS	Policy Statement
UK	United Kingdom
US	United States

Appendix 1

Draft Handbook text

CHANGES TO INFORMATION FLOWS FOR UK EQUITY IPOS INSTRUMENT 2026

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 137A (The FCA's general rules);
(2) section 137T (General supplementary powers);
(3) section 138C (Evidential provisions); and
(4) section 139A (Power of the FCA to give guidance).

B. The rule-making powers listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on [*date*].

Amendments to the FCA Handbook

D. The Conduct of Business sourcebook (COBS) is amended in accordance with the Annex to this instrument.

Citation

E. This instrument may be cited as the Changes to Information Flows for UK Equity IPOs Instrument 2026.

By order of the Board
[*date*]

Annex

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

11A Underwriting and placing

11A.1 Underwriting and placing

…

Application of requirements for information flows during equity IPOs

11A.1.4A R ~~*COBS* 11A.1.4BR to~~ *COBS* 11A.1.4FR ~~apply~~ applies to a *firm* that:

(1) has *agreed to carry on regulated activities* for a *client* that is an *issuer* ("the *issuer client*") that include underwriting or placing of *financial instruments*, where:

(a) those *financial instruments* ("relevant securities") are either:

(i) *shares*; or

(ii) *certificates representing certain securities* where the certificate or other instrument confers rights in respect of *shares*;

(b) the relevant securities are intended to be *admitted to trading* in the *UK* for the first time;

(c) the trading under sub-paragraph (b) is intended to be effected by an *admission to trading* on a *regulated market*; and

(d) an approved *prospectus* will be required in accordance with *PRM* 1.4 for the relevant securities; and

(2) is intending to disseminate *investment research* or *non-independent research* on that *issuer client* or those relevant securities before the *admission to trading*.

~~Communications between the issuer and research analysts in equity IPOs~~

11A.1.4B R ~~(1) Unless it complies with paragraphs (2) and (3) a *firm* must prevent its staff involved in the production of *investment research* or *non-independent research* ("the *firm's* analysts") from being in~~

~~communication with the *issuer client* and/or the *issuer client's* representatives outside of the *firm* ("the *issuer* team").~~ [deleted]

~~(2) Prior to the *firm's* analysts being in communication with the *issuer* team, the *firm* must ensure that a range of unconnected analysts (as defined in paragraph (4)) will have the opportunity (subject to *COBS* 11A.1.4CR) either:~~

~~(a) to join the *firm's* analysts in any communication with the *issuer* team that is made or received before the *firm* disseminates any *investment research* or *non-independent research* about the *issuer client* or the relevant securities as described in *COBS* 11A.1.4AR(1); or~~

~~(b) to be in communication with the *issuer* team in a way that satisfies the following conditions:~~

~~(i) the communication results in those unconnected analysts receiving or being given access to all the information that is:~~

~~(A) given by the *issuer* team to the *firm's* analysts during the relevant period; and~~

~~(B) relevant for the purposes of the *firm* producing any *investment research* or *non-independent research* on the *issuer client* or the relevant securities;~~

~~(ii) the information that each of those unconnected analysts receives or can access is identical;~~

~~(iii) that communication is completed before the end of the relevant period; and~~

~~(iv) the relevant period for the purposes of sub-paragraphs (2)(b)(i) and (2)(b)(iii) starts from the time at which this *rule* applies and ends at the time at which the *firm* disseminates any *investment research* or *non-independent research* on the *issuer client* or the relevant securities.~~

~~(3) (a) To select the range of unconnected analysts under paragraph (2) the *firm* must:~~

(i) undertake an assessment of the potential range of unconnected analysts for the purposes of paragraph (2); and

(ii) use that assessment to ensure that the range of unconnected analysts given the opportunity under paragraph (2) is one that, in the *firm's* reasonable opinion, has a reasonable prospect of enabling potential investors to undertake a better-informed assessment of the present or future value of the relevant securities based on a more diverse set of substantiated opinions, compared to a situation in which the only research available to potential investors is that disseminated by *firms* providing the service of underwriting or placing to the *issuer client*.

(b) For its assessment and opinion under sub-paragraph (a) the *firm* may assume that an unconnected analyst that is given an opportunity to interact with the *issuer* team will publish an opinion on the *firm's issuer client* that will be available to potential investors.

(c) The *firm* must make a written record of its assessment and opinion under sub-paragraph (a) at the time at which it forms its opinion.

(d) The *firm's* record under sub-paragraph (c) must:

(i) set out the *firm's* process for conducting the assessment and forming the opinion under sub-paragraph (a);

(ii) identify the *firm's* staff that were involved in forming that opinion; and

(iii) explain the *firm's* consideration of the number and expertise of the unconnected analysts included in the range.

(e) The *firm* must retain the record made under sub-paragraph (c) for five years from the date on which it is made.

(4) An "unconnected analyst" means a *person* other than the *firm* or its staff:

(a) who does not provide the service of underwriting or placing of the same relevant securities to the same *issuer client*; and

~~(b) whose business or occupation may reasonably be expected to involve the production of research.~~

11A.1.4C R ~~(1)~~ ~~If an opportunity communicated to the range of unconnected analysts under *COBS* 11A.1.4BR(2) is subject to any restrictions that would apply to any of the unconnected analysts that accept the opportunity, a *firm* must ensure that those restrictions would not unreasonably prevent, limit or discourage those unconnected analysts from producing and disseminating research on the *issuer client* or the relevant securities.~~ [deleted]

~~(2) The *firm* must also make and retain a written record of any such restrictions, regardless of whether the restrictions are subsequently applied to any unconnected analyst.~~

~~(3) The *firm* must make the record at the time the opportunity is communicated to the range of unconnected analysts.~~

~~(4) The *firm* must keep the record for a period of five years after the date it was made.~~

11A.1.4D E ~~(1)~~ ~~A restriction is unreasonable under *COBS* 11A.1.4CR(1) if it prevents an unconnected analyst from producing and disseminating research in circumstances in which the *firm* that is subject to *COBS* 11A.1.4CR is itself able to produce and disseminate *investment research* or *non-independent research*.~~ [deleted]

~~(2) Contravention of (1) may be relied upon as tending to establish non-compliance with *COBS* 11A.1.4CR(1).~~

11A.1.4E R ~~(1)~~ ~~Where a *firm* acts in accordance with *COBS* 11A.1.4BR(2)(b) then it must make and retain a written record of:~~ [deleted]

~~(a) the information on the *issuer* or the relevant securities that is given by the *issuer* team to the *firm's* analysts during the relevant period under *COBS* 11A.1.4BR(2)(b)(iv); and~~

~~(b) the information on the *issuer* or the relevant securities that is given by the *issuer* team to each of the relevant unconnected analysts during the same period.~~

~~(2) The *firm* must make the record at the end of that period.~~

~~(3) The *firm* must keep the record for a period of five years after the date it was made.~~

Timing restrictions for disseminating research on equity IPOs

11A.1.4 F R (1) A *firm* must not disseminate *investment research* or *non-independent research* on the relevant *issuer client* or relevant securities as described in *COBS* 11A.1.4AR(1) until ~~after the relevant time in paragraph (2)~~ the publication of the relevant document in paragraph (3).

(2) ~~The relevant time is:~~ [deleted]

~~(a) where a *firm* acts in accordance with *COBS* 11A.1.4BR(2)(a), one *day* after the publication of the relevant document in paragraph (3); or~~

~~(b) otherwise, seven *days* after the publication of the relevant document in paragraph (3).~~

(3) The relevant document is:

(a) an approved *prospectus* regarding the relevant securities; or

(b) an approved *registration document* regarding the *issuer*.

(4) For this *rule*, publication of the relevant document means making the relevant document available to the public in accordance with *PRM* 9.5.

(5) ~~This *rule* does not apply to a *firm* in circumstances where, as a result of the *firm's* analysts being prevented from being in communication with the *issuer* team, it has not needed to engage with any unconnected analysts for the purposes of *COBS* 11A.1.4BR.~~ [deleted]

…

12 Investment research

…

12.2 Investment research and non-independent research

…

Measures and arrangements required for investment research

12.2.21 R (1) A *firm* falling within *COBS* 12.2.19R(1) must have in place arrangements designed to ensure that the following conditions are satisfied:

…

(f) before the dissemination of *investment research* ~~to,~~ *issuers*, ~~where the draft includes a recommendation or target price, no *person*~~ *relevant persons*, other than *financial analysts*, and any other *persons* are not permitted to review a draft of the *investment research* for the purpose of verifying the accuracy of factual statements made in that research, or for any purpose other than verifying compliance with the *firm's* legal obligations, where the draft includes a recommendation or a target price.

…

Sch 1 Record keeping requirements

…

Sch 1.3 G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
…				
~~*COBS* 11A.1.4BR (3)(c)~~ [deleted]	~~The *firm's* assessment under *COBS* 11A.1.4BR(3)(a)~~	~~(1) The *firm's* process for conducting the assessment and reaching the opinion under *COBS* 11A.1.4BR(3)(a);~~ ~~(2) the *firm's* staff that were involved in reaching that opinion; and~~ ~~(3) an explanation of the *firm's* consideration of the number and expertise of the unconnected analysts included in the *range*.~~	~~Once the *firm* has formed its opinion under *COBS* 11A.1.4BR(3)(a)~~	~~5 years~~

~~*COBS* 11A.1.4CR~~ [deleted]	~~Restrictions on unconnected analysts~~	~~Any restrictions that would be imposed on each unconnected analyst that accepts the opportunity under *COBS* 11A.1.4BR(2)~~	~~When the opportunity is *communicated* to the *range* of unconnected analysts~~	~~5 years~~
~~*COBS* 11A.1.4.ER~~ [deleted]	~~Information given by the *issuer* team during the relevant period under *COBS* 11A.1.4BR(2)(b)(iv)~~	~~(1) The information on the *issuer* or the relevant securities that is given by the *issuer* team to the *firm's* analysts during the relevant period under *COBS* 11A.1.4BR(2)(b)(iv); and~~ ~~(2) the information on the *issuer* or the relevant securities that is given by the *issuer* team to each of the *range* of unconnected analysts during the same period.~~	~~At the end of the relevant period under *COBS* 11A.1.4BR(2)(b)(iv)~~	~~5 years~~
…				

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