

UKLA Publications

Listing Regime

FAQs



Issue 2
June 2010

The UK Listing Regime has recently been reviewed with the aim of ensuring the regime's structure and issuers' responsibilities are clearer. This is so investors can make more informed investment decisions; and issuers have appropriate flexibility over how they would like to raise capital.

The following changes came into effect on **6 April 2010** to:

- restructure the regime into **two segments**, Premium and Standard, and **eight listing categories**.
 - **Premium** indicates the more stringent super-equivalent standards; and
 - **Standard** indicates EU minimum standards.
- **strengthen the corporate governance standards for overseas companies** by requiring overseas companies with a Premium Listing of equity shares to 'comply or explain' against the UK Combined Code and to offer pre-emption rights (transitional provisions apply);
- require **overseas companies** with a Standard Listing of shares or global depository receipts (GDRs) to comply with the EU Company Reporting Directive which requires them, amongst other things, to provide a **corporate governance statement** and to describe their internal control and risk management systems' main features; and
- make the **Standard Listing category for shares**, currently only for overseas companies, **available to UK companies** (effective from 6 October 2009) to provide a level playing field.

Reasons for the review and outcomes sought

We carried out the review in response to concerns expressed to us by market participants that the regime lacked clarity, our view of how global markets had evolved, and the impact of this on the UK's markets. In particular, as London attracted more international listings from emerging markets, many stakeholders were unclear as to whether overseas companies enjoying the benefits of a London listing were subject to the same obligations as UK companies.

The revised regime is intended to: be clear and transparent; provide added protection for investors; promote shareholder confidence; and act as a badge of quality for companies with Premium Listed shares. It also continues to offer companies that comply with EU-minimum listing standards, rather than UK super-equivalent rules, access to a listed market via the standard listing categories.

As well as giving investors clarity, the changes also mean that the regime now offers greater flexibility of choice for UK issuers as there is now a level playing field between UK and overseas issuers. These changes are consistent with our strategy of retaining the UK super-equivalent regime on its merits and have been overwhelmingly supported by respondents to our consultations.

Regime structure

The Listing Regime comprises the obligations that issuers of securities admitted to the UKLA Official List have to meet. It is distinct to the obligations arising from other European Directives, such as the Market Abuse Directive, the Transparency Directive and the Prospectus Directive.

The regime is simpler and clearer now. There have always been distinct groups of obligations which differ depending on the issuer and security type. But now we have re-categorised these groups of obligations into eight '*listing categories*', each a distinct group of listing obligations for specific security types and issuer types. Broadly, the same standards and choices for issuers now apply irrespective of the country of incorporation of the issuer.

The different categories of listing fall into one of two high level '*listing segments*' – Premium and Standard. The Premium Listing segment comprises those listing categories containing super-equivalent UK obligations. The Standard Listing segment contains those categories which are directive-based.

The listing category of every listed security is displayed on the Official List so there is absolute clarity as to which obligations the issuer is subject to and whether the securities have a Premium Listing or a Standard Listing. This is maintained by the UKLA and is available on the UKLA website <http://www.fsa.gov.uk/ukla/officialList.do>.

Impact and Timing

The majority of these changes came into effect on 6 April 2010. As noted above the new listing categories are based on existing provisions which are for the most part unchanged. So the vast majority of issuers will be unaffected save for the new labels attached to their listing obligations. Overseas companies will however be subject to new requirements designed to ensure a level playing field. Transitional arrangements will apply in relation to extending the pre-emption rights (until 5 April 2011) and corporate governance obligations (for financial years beginning after 31 December 2009) giving existing issuers time to put in place any changes needed to comply.

Also, during the review we clarified that only equity shares that allow the issuer to meet all the super-equivalent obligations are eligible for a Premium Listing. All other securities will only be eligible for a Standard Listing. So for a small number of securities, such as certain preference shares, convertible securities, and securities that do not carry voting rights, the situation has been clarified and they will now have a Standard Listing. There is a two-year transitional (until 31 May 2012) for existing equity shares that had a Primary Listing under the old regime and that do not confer full voting rights, to retain a Premium Listing.

Policy papers

The following Discussion Papers (DP), Consultation Papers (CP) and Policy Statements (PS) set out the policy debate, feedback and final rules in relation to the review of the structure of the Listing Regime. They are listed in reverse chronological order.

February 2010	PS10/2
November 2009	CP09/28
October 2009	CP09/24, incorporating a Policy Statement
December 2008	CP08/21
January 2008	DP08/1

Frequently asked questions (FAQs)

The recent changes to the Listing Regime have resulted in several questions being asked by market participants. Set out below are answers to frequently asked questions we have been asked.

The FAQs should be read in conjunction with the relevant Discussion Paper, Consultation Papers and Policy Statement relating to the changes, as well as the Listing Rules in the FSA Handbook.

We will periodically update these FAQs. Please contact the UKLA Helpdesk on 020 7066 8333 if you require further help.

These FAQs do not constitute FSA guidance.

General

1. What is a 'London Listing'? [Answer]
2. How do I know if a security is on the Official List? [Answer]
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21. What are the listing options for investment entities? [Answer]

22. What can be listed under Chapter 20: Standard Listing (miscellaneous securities)? [Answer]
23. Will a company have to include in RIS announcements details of the listing segment and category for the security to which the announcement relates? [Answer]
24. Are there any changes to tax treatment? [Answer]

Market participants may also find the following two tables helpful:

Table 1: sets out the main differences in listing requirements between a Premium Listing of equity shares and a Standard Listing of shares.

Table 2: provides an overview of the structure of the Listing Rules.

Answers

1. What is a 'London Listing'? [back]

It is often the case that a company is referred to as having a 'London Listing'. We use the term 'listing' to refer to a listing on the Official List rather than a quotation on an Exchange-regulated market. A company which lists its securities on the Official List will have either a Premium or a Standard listing for each listed security. Where they have a Premium Listing the issuing company will have met UK super-equivalent admission criteria and be subject to high standards of due diligence, governance and shareholder rights. Where they have a Standard Listing they will have met EU directive minimum admission criteria and be subject to less comprehensive standards of disclosure and shareholder rights.

2. How do I know if a security is listed on the Official List? [back]

Details of all listed securities are available on the Official List. This is maintained by the UKLA and is available on the UKLA website <http://www.fsa.gov.uk/ukla/officialList.do>. The Official List details whether a security has a Standard or a Premium listing and which category the security belongs to (e.g. equity share, global depository receipts (GDR), debt security).

Securities that trade on an exchange-regulated market are not 'listed' on the Official List but are 'quoted' on an exchange-regulated market. An investor should contact the issuer or the relevant exchange for further details about quoted securities.

3. What is the process for admission of securities to the Official List? [back]

An admission to the Official List is a two-stage process:

- firstly an application has to be made to the UKLA so the securities can be admitted to the Official List; and
- secondly, an application has to be made to a recognised investment exchange (RIE) so the securities can be admitted to trading. A list of recognised investment exchanges are on the FSA website at <http://www.fsa.gov.uk/register/exchanges.do>. Broadly, equity securities must be admitted to trading on a regulated market operated by a RIE. All other securities must be admitted to trading on an RIE's market for listed securities.

Each recognised investment exchange (RIE) has its own criteria for admission to trading on its market in addition to those set out in the Listing Rules.

4. What is the role of EU legislation in listing? [back]

The UK is part of a single European securities market and therefore any listing rules set by the UKLA will have a basis in EU legislation.

Generally we tend to think of regulatory requirements as falling into one of two categories, depending on the particular requirements in European law:

- requirements imposed because they are mandatory under European Union directives are referred to as ‘directive-minimum’; and
- additional requirements set by the FSA under its powers as UK competent authority over and above the minimums required by EU directives are referred to as ‘super-equivalent’.

Given the competitive and international nature of capital markets, when the UKLA makes a rule which is ‘super-equivalent’ and therefore would not apply in other parts of the EU single market, we reflect carefully on whether the benefits of doing so outweigh the costs. Nonetheless, it remains our view – supported by stakeholders – that there is value in the retention of the higher UK standards. The revised structure of the Listing Regime ensures there is clarity as to which issuers are subject to the more stringent ‘super-equivalent’ standards and which are subject only to the ‘directive-minimum’ rules.

5. What is the structure of the Listing Regime? [back]

The Listing Regime comprises the obligations that issuers of securities admitted to the UKLA Official List have to meet. It is distinct to the obligations arising from other European Directives, such as the Market Abuse Directive, the Transparency Directive and the Prospectus Directive.

We have categorised these groups of obligations into eight ‘*listing categories*’, each a distinct group of listing obligations for specific security types and issuer types.

The different categories of listing fall under one of two high level ‘*listing segments*’ – *Premium* and *Standard*. The Premium listing segment comprises those listing categories containing super-equivalent UK obligations. The Standard listing segment contains those categories which are broadly directive-based.

There are three listing categories in the Premium segment for different types of equity issuers and five in the Standard segment, covering both equity and non-equity obligations. These, together with the relevant chapter of the Listing Rules (in parenthesis), are set out below.

Premium Listing (equity shares)

- commercial company (6)
- closed-ended investment fund (15)
- open-ended investment company (16)

Standard Listing

- shares (14)
- debt and debt-like instruments (17)
- certificates representing certain securities (18)
- securitised derivatives (19)
- miscellaneous securities (20)

The Official List sets out which listing category each listed security has been included in and therefore which obligations apply to the security’s issuer.

6. What is a Premium Listing? [back]

A Premium Listing is a listing of equity shares, which requires the issuer of those shares to meet ‘super equivalent’ obligations which apply over and above the EU minimum regulatory requirements.

The following Listing Rules chapters outline the ‘super equivalent’ obligations that must be met by issuers that are commercial companies seeking a Premium Listing for their equity shares:

- Chapter 6 (three-year revenue earning record, control of an independent business, unqualified working capital statement);
- Chapter 7 (The Listing Principles);
- Chapter 8 (Sponsors);
- Chapter 9 (Pre-emption rights, Combined Code disclosure, Model Code);
- Chapter 10 (Significant transaction rules);
- Chapter 11 (Related party rules);
- Chapter 12 (Repurchases of securities); and
- Chapter 13 (Contents of circulars).

Issuers that are closed-ended investment funds and open-ended investment companies that have premium listed equity shares must comply with chapters 15 and 16 of the Listing Rules respectively, as well as complying with many requirements in chapters 6 to 13 of the Listing Rules.

Securities that do not comply with the ‘super equivalent’ requirements will not be eligible for a Premium Listing but may be eligible for a Standard Listing.

The FSA prohibits an issuer which does not have a Premium Listing from describing itself, or holding itself out, as having a Premium Listing.

7. What is a Standard Listing? [back]

A Standard Listing is a listing of securities, which requires the issuer of those securities to comply with regulatory requirements imposed by the EU that apply to all securities that are admitted to trading on EU regulated markets. The key EU directives that apply to issuers with a Standard Listing of securities are the Prospectus, Transparency and Market Abuse Directives.

The Listing Rules embody the EU requirements that need to be satisfied if a company is to have its securities admitted to the Official List as Standard listed securities. Sometimes these include requirements that go beyond the EU directive minimum. The EU minimum provisions concern incorporation, company validity, transferability of relevant securities and market capitalisation. These apply to Standard and Premium listings.

An issuer with a Standard Listing is not required to comply with UK ‘super equivalent’ provisions, including:

- complying with certain eligibility requirements (e.g. an acceptable three year trading record); providing pre-emption rights (although this may be provided in the company articles);
- complying or explaining against the UK Combined Code;
- appointing a sponsor; and
- complying with the Listing Rule provisions on significant and related party transactions.

8. When did the new rules come into effect? [back]

The new rules came in to effect on 6 April 2010. There are a few exceptions to this:

- UK companies have been able to apply for a Standard Listing of equity shares since 6 October 2009;
- overseas companies with a Premium Listing of equity shares on 6 April 2010 need only comply with the pre-emption requirements after 5 April 2011; and

- overseas companies with either a Premium or a Standard Listing of shares (and global depository receipt issuers) on 6 April 2010 need only comply with the corporate governance statement requirements set out in the Disclosure and Transparency Rules (DTRs) for financial years beginning after 31 December 2009.

Please refer to the schedule of transitional provisions in the FSA Handbook
<http://fsahandbook.info/FSA/html/handbook/LR/transchedule>

9. Do issuers need to consider any other rules? [back]

Yes. In addition to the Listing Rules, listed issuers will either be subject to the Disclosure and Transparency Rules and the Prospectus Rules or, in a small number of cases, the equivalent rules in another EEA member state.

10. Can securities/shares move between listing categories? [back]

Only *equity shares* can migrate from one segment to another. Listing Rule 5.4A sets out detailed requirements on how equity shares can be transferred from one segment and/or category without requiring that the issuer cancel and reapply for a new listing for their equity shares.

The migration rules have been designed so that unnecessary regulatory burdens are not imposed on listed companies. We will not require companies to comply with rules we have already assessed it against, and with which it has complied with in the segment it is seeking to move from. This is the case for equity shares moving within the Premium segment or shares moving from the Premium segment to the Standard segment. However, an issuer with a Standard Listing of equity shares that wishes to migrate to the Premium segment will need to satisfy the UK super equivalent eligibility provisions that apply to the Premium segment as it would not have been previously assessed for compliance with these provisions.

Shareholder approval of the intended migration is required under the Listing Rules if the issuer currently has a Premium Listing of its equity shares. This would be required for migrations within or out of the Premium segment. Shareholder approval of intended migration is not required where the issuer has a Standard Listing of equity shares.

An issuer wishing to migrate from one segment/category to the other must:

- 1) submit an eligibility letter to the UKLA to notify us in advance of the intended migration and to set out how the issuer satisfies the requirements of the segment and/or category to which it is seeking to transfer (i.e. a combined notification and eligibility letter);
- 2) appoint a sponsor if the issuer is seeking to migrate into the Premium segment;
- 3) where prior shareholder approval of migration is not required in the Listing Rules (i.e. migration from Standard to Premium), the issuer must inform the market by way of a regulatory information service (RIS) giving at least 20 days notice. We also suggest the issuer awaits confirmation of eligibility from the UK Listing Authority before doing so; and
- 4) where prior shareholder approval of migration is required in the Listing Rules (i.e. migration from Premium to Standard or migration within the Premium segment), the issuer must send an explanatory circular (which will require UKLA approval) to shareholders informing the market of the intended migration through a RIS. At least 75% of shareholders must approve the migration and that resolution must be announced through a RIS.

The FSA will approve migration when all necessary requirements have been complied with, and will also notify the market of the migration through an amendment to the Dealing Notice (which is published via an RIS).

Issuers should consider whether any intended migration would mean a prospectus is required, under the Prospectus Directive. If the form of the securities held by the shareholder will not be altered, a migration

will not normally need a prospectus. However, if the form of the securities held by the shareholder will be altered, this may constitute a new issue of securities to which the Prospectus Directive would apply.

11. Does anything change for UK issuers with a Premium Listing of equity shares? [back]

There are no significant changes for UK issuers that had a Premium Listing of equity shares on 6 April 2010. There are some minor changes in relation to dealing in own securities (Chapter 12) and the content of some circulars (Chapter 13). There are also new rules regarding the transfer between listing categories (Chapter 5).

12. Do listed companies have to comply or explain against the UK Combined Code? [back]

Yes, both UK and overseas incorporated issuers with a *Premium Listing* of equity shares have to 'comply or explain' against the UK Combined Code.

This requires the company to provide the following in its annual report and accounts:

- a statement that allows shareholders to evaluate how it has applied the principles of good corporate governance in the UK Combined Code; and
- a statement as to whether or not it has complied with the relevant provisions in the Code.

If a company has not complied with the relevant requirements, it must set out which ones it has not complied with, the period of non-compliance (where applicable), and the reasons for not complying. We refer to this as the 'comply or explain' requirement.

Existing overseas companies only have to comply with the requirements set out above for financial years beginning after 31 December 2009. In other words, issuers with a December year end will only have to include the information required under the Listing Rules in their annual report to be published no later than 30 April 2011. For issuers with a financial year beginning before 1 January 2010, they will need to comply with LR9.8.7 that was in force before 6 April 2010 (i.e. state whether they comply with the corporate governance regime in country of incorporation and how this differs to the UK Combined Code).

It is important to note that the requirements in the UK Combined Code are set by the Financial Reporting Council and issuers should ensure they keep informed of any changes to the Code.

A company (either UK or overseas) with a *Standard Listing* of equity shares or global depository receipts (GDR) is not required by the Listing Rules to 'comply or explain' against the UK Combined Code. However, it must publish a corporate governance statement detailing its approach to corporate governance (see Listing Rule (LR) 14.3.24 and LR18.4.3.(2) and Disclosure and Transparency Rule 7.2). Previously, this was a requirement only for UK companies, but from 6 April 2010 this applies to overseas issuers. However, a transitional provision means overseas companies only have to comply in respect of financial years beginning after 31 December 2009.

Please refer to the schedule of transitional provisions in the FSA Handbook
<http://fsahandbook.info/FSA/html/handbook/LR/transchedule>

13. Do listed companies have to offer pre-emption rights? [back]

The Listing Rules require a company holding a Premium Listing of equity shares that proposes to issue equity shares or sell treasury shares for cash to first offer these securities in proportion to their existing holding to existing equity shareholders (the right of pre-emption). An issuer with a Premium Listing can disapply pre-emption rights in several cases, including where shareholders have authorised this.

From 6 April 2010 the requirement to offer pre-emption rights is extended to apply to overseas companies with a Premium Listing of equity shares. A transitional provision gives existing overseas issuers until 6 April 2011 before they have to offer pre-emption rights.

(It's also worth noting that many UK issuers with a Standard Listing of shares will also have to offer pre-emption rights due to company law requirements but the FSA's Listing Rules only require issuers with a Premium Listing of equity shares to do so).

14. What are overseas issuers required to do to comply with the pre-emption requirements? [back]

Three rules are relevant: LR 2.2.15, LR 9.3.11 and LR 9.3.12(4).

Our intention with these rules is to create, as far as possible, a level playing field between third country and EEA issuers, where such rights are enshrined in local law implementing the Second Company Law Directive (77/91/EEC), so that investors are able to objectively assess at any point in time their rights in this regard. So, where the law of the country of incorporation, or the instruments of its incorporation do not confer pre-emption rights, the issuer needs to take a proactive step (either before seeking admission to listing for new applicants, or before 6 April 2011 for existing issuers) to replicate those rights, or obtain the necessary shareholder authority to waive those rights. This would include issuers with an existing Premium Listing whose instruments of incorporation are silent on pre-emption rights.

Issuers will not necessarily have to amend their instruments of incorporation in order to comply – the course of action will depend on the specifics of the law of their country of incorporation, the scope and content of the existing instruments of incorporation, and the extent to which the issuer seeks to disapply pre-emption rights.

The key point is for issuers to demonstrate that *at all times* they are *capable of meeting their obligations* under LR 9.3.11 and/or LR 9.3.12. In practice, this is likely to require issuers to pass a special resolution at the annual general meeting (or a general meeting) to either enshrine pre-emption rights, and/or restrict or withdraw those rights. Any resolution to restrict or withdrawal pre-emption rights would require a 75% vote; unless, for EEA issuers, a lesser percentage is allowed for by local law implementing the Second Company Law Directive. Issuers may choose to renew the authority on a rolling annual basis, as is the customary UK practice.

We would not accept the restriction or withdrawal of pre-emption rights to be granted for more than a five year period. This is based on the EU and UK requirement granting directors the power to allot shares for a maximum of 5 years, until the authority has to be renewed and we would expect non-EU issuers to conform to this approach. For new applicants we would also not accept restrictions on pre-emption rights being written into the instruments of incorporation without a shareholder vote by special resolution.

If an issuer is unable to comply with the requirements of LR 9.3.11 R and/or LR 9.3.12 R then it will need to move to a Standard Listing.

15. When is a sponsor required? [back]

A sponsor is often an investment bank, stockbroker, financial adviser, accountant or legal adviser that has been approved by the FSA as qualified to perform sponsor services. A list of approved sponsors can be found on the UKLA website, http://www.fsa.gov.uk/pubs/ukla/sp_register.pdf.

Companies with or applying for a Premium Listing of their equity shares must appoint a sponsor in several circumstances, which are set out in the Listing Rules, chapter 8. These circumstances include:

- when a company applies for admission of equity shares, which requires producing a prospectus; and
- when a company has to produce a circular relating to a 'class 1' transaction. (A class 1 transaction is when a transaction's size has a percentage ratio of at least 25% of the listed company's size).

Companies with a Premium Listing of equity shares must also obtain a sponsor's guidance when proposing to enter into a class 1 transaction, a reverse takeover or a 'related party transaction' (a transaction with a substantial shareholder or a director).

The FSA may also require an issuer with a Premium Listing of equity shares to appoint a sponsor if it appears to the FSA that there is, or there may be, a breach of the Listing Rules or the Disclosure and Transparency Rules.

An issuer applying for a Standard Listing (shares) is not required to appoint a sponsor. Anyone advising such an issuer should, however, be familiar with our regime and processes. But an issuer with a Standard Listing (shares) must appoint a sponsor if it wishes to transfer its category of listing from a Standard to a Premium Listing. Likewise, an issuer with a Premium Listing of its equity shares (investment entity or commercial company) must appoint a sponsor if it wishes to transfer its shares between Premium Listing categories.

16. Have all differences in obligations between UK incorporated issuers and overseas issuers been removed? [back]

The Listing Rules used to have several differing requirements for UK incorporated issuers compared to overseas issuers. The revised rules remove these differences.

A number of differences still remain outside the Listing Regime. Notably, we have not changed our approach to Chapter 5 of the Disclosure and Transparency Rules, where we have different thresholds for UK incorporated and non-UK incorporated issuers. Also, we still apply Chapter 7.1 of the Disclosure and Transparency Rules (the requirement to have an audit committee stemming from the Statutory Audit Directive) only to UK incorporated issuers but not to overseas issuers.

17. Can global depository receipts (GDRs) be Premium listed? [back]

No. Only equity shares can have a Premium Listing.

18. What new rules will apply to a GDR issuer? [back]

A GDR issuer will, under the new rules, have to, amongst other things, include in its annual report and accounts details of the corporate governance code that applies to it and/or all relevant information about corporate governance practices applied beyond the requirements of national law. If an issuer of GDRs publishes details of its corporate governance code it must also comply or explain against it. If an issuer of GDRs does not apply any provisions of a corporate governance code it must explain its reasons for not doing so. This extends the corporate governance statement requirements of the Company Reporting Directive to GDR issuers.

19. Are there any changes for debt issuers? [back]

The new rules do not introduce any new requirements or choices for pure debt issuers.

20. How will convertible debt, options, subscription warrants, non-voting classes of equity shares, or preference shares be treated under the new rules? [back]

These securities will have a Standard Listing as they can not comply with all the Premium Listing's super-equivalent requirements. Please refer to Consultation Paper CP09/28 and Policy Statement PS10/2 for more details.

21. What are the listing options for an investment entity? [back]

Just as for a commercial company, an investment entity can only obtain a Premium Listing for its equity shares – for all other types of securities it is restricted to a Standard Listing. But, unlike a commercial company, an investment entity can not obtain a stand-alone Standard Listing of equity shares – it can only benefit from a Standard Listing for a further class of equity shares if it already has (and for as long as it maintains) a Premium Listing of a class of its equity shares.

22. What can be listed under Chapter 20: Standard Listing (miscellaneous securities)? [back]

Chapter 20 is a new Standard Listing category of the Listing Rules. Any security that cannot be classed as either: shares, debt or debt-like securities, GDRs, or securitised derivatives is likely to fall into this category.

23. Will a company have to include in RIS announcements details of the listing segment and category for the security to which the announcement relates? [back]

As set out in the recent Policy Statement (PS10/2) there are currently no requirements for issuers to provide information regarding their listing category on any announcements they make. The UKLA website provides information on the listing category of each security on the Official List, and the FSA are continuing to work with Primary Information Providers (PIPs) and Secondary Information Providers (SIPs) to assess the most appropriate method of displaying this information. However, notwithstanding this, if issuers choose to provide such information they must not mislead the market that they have a Premium Listing of equity shares if they do not.

24. Are there any changes to tax treatment? [back]

There are no changes to tax treatment arising from our changes. In particular, there are no changes to the requirements under section 274 Income Tax Act 2004 for Venture Capital Trust (VCT) shares which are included in the Official List. Please contact Her Majesty's Revenue and Customs (HMRC) for any questions on tax treatment.

Table 1 [back]

This table shows the main differences in listing requirements between a Premium Listing of equity shares and a Standard Listing of equity shares.

In addition to the Listing Rules, listed issuers will either be subject to the Disclosure and Transparency Rules and the Prospectus Rules or, in a small number of cases, the equivalent rules in another EEA member state.

	Provision	Premium Listing	Standard Listing	Rule reference
Eligibility Criteria	Domicile	Any	Any (previously not open to UK issuers)	
	Minimum market capitalisation	£700,000	£700,000	LR 2.2.7
	Free transferability of shares	Yes	Yes	LR 2.2.4
	Requirement for audited historical financial information	3 years	No	LR 6.1.3
	Requirement for three year revenue earning record	Yes (covering 75% of business)	No	LR 6.1.4
	Requirement for control over majority of assets for the prior three year period	Yes	No	LR 6.1.4
	Requirement for unqualified working capital statement	Yes	No	LR 6.1.16
	Requirement for shares in public hands	Yes (25%)	Yes (25%)	Premium – LR 6.1.19 Standard – LR 14.2.2
	Requirement to appoint sponsor pre-admission	Yes	No	LR 8.2

Continuing Obligations	Requirement to appoint sponsor post admission	Yes (but only in specified circumstances)	No, unless migrating to Premium Listing	LR 8.2
	Requirement for issuer to comply with the Listing Principles	Yes	No	LR 7
	Corporate governance requirements	Yes (requirement to 'comply or explain' against the UK Combined Code)	Yes (requirement to include a corporate governance statement in its directors' report)	Premium – LR 9.2.6A; LR 9.8.6; LR 9.8.7; LR 9.8.7A; DTR 7.2 Standard – LR 14.3.24; DTR 7.2
	Compliance with Model Code	Yes	No	LR 9.2.7
	Significant transaction ('class test') rules apply	Yes	No	LR 10
	Related party transaction rules apply	Yes	No	LR 11
	Requirement to offer pre-emption rights	Yes	Not under Listing Rules but company law may impose such a requirement	LR 9.3.11

Table 2 [back]

Summary of contents of Listing Rules

Chapter	Who it applies to	Key points
Chapter 1	All issuers and applicants for listing	<ul style="list-style-type: none"> Contains rules regarding modifying or dispensing with Listing Rules. Requirements for information gathering and publication. Explains Standard and Premium Listings. Outlines market abuse safe harbours.
Chapters 2	All applicants for admission to listing	<ul style="list-style-type: none"> Requirements relate to incorporation, validity of the company, transferability of the relevant securities, market capitalisation of listed companies, and convertible securities.
Chapter 3	All applicants for the admission of securities	<ul style="list-style-type: none"> Listing administrative procedures.
Chapter 4	Applicants for Professional Securities market and specialist securities	<ul style="list-style-type: none"> Listing requirements for admission to Professional Securities Market.
Chapter 5	All listed companies	<ul style="list-style-type: none"> Powers in relation to suspending, cancelling and restoring listing. Procedures for transfers between listing categories.
Chapter 6	Issuers (commercial company) applying for a Premium Listing of equity shares	<ul style="list-style-type: none"> Eligibility requirements include: accounts, the nature and duration of business activities, working capital, and share ownership. Eligibility requirements for mineral companies and scientific research based companies.
Chapter 7	Issuers with a Premium Listing of equity shares	<ul style="list-style-type: none"> Sets out the Listing Principles which are designed to ensure that listed companies pay regard to their role in maintaining market confidence and ensuring fair and orderly markets.
Chapter 8	Issuers with, or applying for a Premium Listing of equity shares	<ul style="list-style-type: none"> Sets out when a sponsor must be appointed and the role of sponsors, together with the approval and supervision of sponsors.
Chapter 9	Issuers with a Premium Listing of equity shares	<ul style="list-style-type: none"> Sets out the ongoing obligations under the Listing Rules together with the need for compliance with the relevant disclosure rules and transparency rules and the Model Code. Sets out the requirement to offer pre-emption rights to existing shareholders.
Chapter 10	Issuers with a Premium Listing of equity shares	<ul style="list-style-type: none"> Sets out classification of transactions, including class tests. Sets out requirements to ensure that shareholders of listed equity shares are notified of certain transactions and have the opportunity to vote on larger proposed transactions.

Chapter 11	Issuers with a Premium Listing of equity shares	<ul style="list-style-type: none"> • Sets out safeguards intended to prevent a related party from taking advantage of its position in respect of its transactions with the listed company.
Chapter 12	Issuers with a Premium Listing of equity shares	<ul style="list-style-type: none"> • Sets out rules for when a listed company purchases, sells, transfers, or redeems its own shares and treasury shares.
Chapter 13	Issuers with a Premium Listing of equity shares	<ul style="list-style-type: none"> • Sets out requirements for circulars issued to holders of listed equity shares.
Chapter 14	Issuers with a Standard Listing of shares	<ul style="list-style-type: none"> • Sets out requirements for listing or continuing obligations and compliance with disclosure rules and transparency rules. • Sets out requirements relating to investment decisions/strategies. • There is no requirement for a three year track record.
Chapter 15	Closed-ended investment fund applying for, or with, a Premium Listing of equity shares	<ul style="list-style-type: none"> • Sets out requirements for listing of equity shares and continuing obligations, including investment decisions/strategies and compliance with the relevant disclosure rules and the Model Code. • Sets out requirements for notifications and periodic financial information.
Chapter 16	Open-ended investment company applying for, or with, a Premium Listing of equity shares	<ul style="list-style-type: none"> • Sets out requirements for listing of equity shares and continuing obligations.
Chapter 17	Issuers of debt and debt-like securities (Standard Listing)	<ul style="list-style-type: none"> • Sets out requirements for listing and continuing obligations and compliance with transparency rules.
Chapter 18	Depositaries and issuers of securities represented by certificates (Standard Listing)	<ul style="list-style-type: none"> • Sets out requirements for listing and continuing obligations and compliance with transparency rules.
Chapter 19	Issuers of securitised derivatives (Standard Listing)	<ul style="list-style-type: none"> • Sets out requirements for listing and continuing obligations and compliance with disclosure rules and transparency rules.
Chapter 20	Issuer of miscellaneous securities (Standard Listing)	<ul style="list-style-type: none"> • Sets out requirements for listing and continuing obligations.