

# Primary Market Technical Note

## Discounted share issues and standard of disclosure in circulars

The information in this note is designed to help issuers and practitioners interpret our UK Listing Rules, Prospectus Regulation Rules, Disclosure Guidance and Transparency Rules, and related legislation. The guidance notes provide answers to the most common queries we receive and represent FCA guidance as defined in section 139A FSMA

### Rules

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UKLR 9.4.13R(4)(a) and UKLR 10.3.1R

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UKLR 9.4.13R(4)(a) requires that the issue of listed shares in the equity shares (commercial companies) and closed-ended investment funds categories at a discount of more than 10% must, in certain circumstances, be specifically approved by shareholders. In complying with this rule, issuers and their advisers are reminded that the requirements in UKLR 10.3 on the contents of circulars will apply to the related shareholder circular. The rules in UKLR 10.3 are designed to ensure that shareholders are able to make properly informed voting decisions. Where approval for shares to be issued at a discount of over 10% is being sought, we consider that the requirements of UKLR 10.3.1R(3) are not complied with by merely including a resolution to approve the discount in the relevant circular. Instead, we consider that clear disclosure explaining, among other things, that a discount is

being sought, the quantum of the discount and the rationale behind such a large discount is required.