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Primary Market Technical Note

Open-ended investment companies

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

UKLR 12

The open-ended investment company listing category set out in UKLR 12 is available for either authorised investment companies with variable capital or overseas recognised schemes. The latter category consists of UCITS compliant schemes, the preferred format of most European exchange traded fund (ETF) issuers. It is not available to unrecognised overseas schemes. New applications for listing follow the same process as for other listing categories save that the Prospectus Regulation does not apply to open-ended investment companies so they cannot produce a prospectus under the Prospectus Regulation. Further, 'listing particulars' under UKLR 23 are not required to be produced for open-ended investment companies.

We keep our listing functions separate from our other functions. Therefore the recognition of overseas schemes is a separate process

from the listing of shares in an open-ended investment company and a separate application must be made to the FCA to achieve recognition.

New classes of securities – multi class or umbrella funds

Where, after admission, an open-ended investment company creates a new class of securities without increasing the share capital for which listing has previously been granted, it may do so by redesignating a certain amount of a share class already admitted to listing and no application is required (UKLR 12.2.3R), although it is still necessary to arrange a listing hearing to ensure the Official List is amended.

Transfer restrictions

Admission to the Official List for open-ended investment companies is available where such applicants meet the requirements of UKLR 12. UKLR 12.2.1R covers investment companies with variable capital which have been granted an authorisation order by the FCA or an overseas collective investment scheme that is a recognised scheme. Additional requirements for listing apply, including requirements for all securities in UKLR 3 as provided by UKLR 3.1.1R. This includes all of the requirements of UKLR 3.2, which includes the requirement for securities to be freely transferable and free from any restriction on transfer (UKLR 3.2.4R).

We expect potential new applicants to satisfy themselves that the particular authorisation order or scheme they are planning to operate under will not prevent them from complying with the requirements set out under UKLR 3, including UKLR 3.2.