

Technical Note

Listing Principle 2 Dealing with the FCA in an open and cooperative manner

LR 7.2.1 R and
LR 1.2.5 G

LP 2 requires issuers to deal with the FCA in an open and cooperative manner. This obligation is broader than simply requiring issuers to ensure that they deal with us in an open and cooperative manner on ongoing matters. In particular, LP 2 requires issuers to approach us in relation to significant transactions. However, it is not necessary for issuers to contact us in relation to all transactions. The following provides an indication of the factors that should be considered and examples of transactions that could be considered significant.

It is not possible to describe all the factors that should be taken into account when trying to ascertain whether to contact us. However, the following considerations are likely to be relevant.

- **Is there a role for the FCA?** Issuers should consider the need for timely disclosure to us in circumstances where we have a regulatory role to perform before the transaction can proceed. Examples of where we will have a role to play include providing guidance on the interpretation of a rule, waiving or modifying the application of a rule, or making a decision on whether a suspension is appropriate.
- **Is the decision time-critical?** Where an issuer is aware that a decision will need to be made by a certain point in time – for example, making an announcement before the market opens – issuers should ensure that they contact us well in advance of the event.
- Does the timing of contact allow for us to disagree with the proposed approach?
- Issuers should ensure that they allow, within their timetable, sufficient time for us to consider the substantive matter presented and to form a view. This is particularly important in circumstances where the timetable cannot be delayed if we disagree with an issuer's position, due to an immovable event, such as insolvency or a need for a suspension before the market opens.

Based on the above considerations, examples of the types of transactions where we would expect an issuer to carefully consider the timing of initial contact with us include reverse takeovers where this contact is required under LR 5.6.6R, and class 1 disposals by issuers in severe financial distress. However, a reverse takeover by a premium listed issuer or routine class 1 transaction with a limited role for us before the submission of the circular is unlikely to require early contact.

In circumstances where an issuer is unclear on whether LP 2 applies, LR 1.2.5G offers general guidance, highlighting that an issuer should consult the FCA 'at the earliest possible stage' if there is any doubt about how a Listing Rule applies in a particular situation.