

Welcome to the UK's new listing regime

A complete rewrite of the UK Listing Rules

(Final [rules](#) published on 11 July 2024 and in force from 29 July 2024)

New set of Listing Principles**
(UKLR 2)

Modified sponsor regime#
(UKLR 4)

Report against UK Corporate Governance Code#
(UKLR 6.6.6 (5) & (6))

Disclosure only for significant transactions#
(UKLR 7)

Disclosure only for related party transactions*
(UKLR 8)

Shareholder vote for reverse takeover or cancellation of listing#
(UKLR 7.5 & 21)

Emphasis on existing continuing disclosure and wider obligations

UK Market Abuse Regulation*

Disclosure and Transparency Rules*

Liability for misleading statements under s.90A FSMA*

Shareholder engagement / wall-crossing

Listing categories

Equity shares – commercial companies
(ESCC)

Equity shares – international secondary listings

Equity shares – transition

Equity shares – shell companies and SPACs

Non-equity and non-voting equity shares


Key changes for commercial companies:

- ✓ No shareholder vote for significant transactions – but enhanced announcement
- ✓ No shareholder vote for related party transactions
- ✓ No specific eligibility requirements around independent business (except where there is controlling shareholder relationship)
- ✓ No three-year minimum track record on IPO
- ✓ Much more flexibility for dual class shares – but not unlimited


* Previously applied to Standard listed issuers as well as Premium listed issuers; # additional for previous Standard listed issuers

UKLR references above are to the new rules; transitional provisions have been made to facilitate transition for existing listed issuers


The UK's new listing regime – the final rules are out

	CP 23/31 proposals	Final UKLRs	Further detail
New listing structure 	A single listing category for “equity shares (commercial companies)” (ESCC)	Confirmed. Sponsor required to be appointed on admission	
	New “transition” category	Replicates previous Standard segment rules but closed to new entrants. No fixed end date so issuers able to transfer to ESCC when appropriate. Sponsor must be appointed for any transfer but proportionate process. Some issuers “mapped” onto the new international secondary listing category or shell/SPAC category instead	PS 24/6 and the draft technical note on sponsor confirmations for transfer emphasise only targeted work is needed by sponsors on a transfer from transition to ESCC and sponsors can make a rebuttable presumption that issuers are complying with the rules, in order to make the negative confirmation required that they have not identified any issues.
	New international secondary listing category	Replicates previous Standard segment rules with “targeted modifications” – eligibility requirements to ensure genuine overseas secondary listings. No list of “equivalent” jurisdictions	UK companies with a primary listing overseas are not eligible for this new category and must list in the ESCC instead. The FCA have confirmed explicitly that UK companies can have a secondary listing on the ESCC (if they meet the eligibility requirements).
	New shell and SPACs category	Previous cash shell and SPAC regimes now largely carried forward into the new SPAC category with a number of previous proposals dropped.. Concept of “initial transaction” replaces application of reverse takeover regime (which is wide in scope covering minority stakes, joint ventures and debt transactions). (New) Significant transaction-style announcement required with same content requirements as for a reverse takeover. Shareholder vote not mandated. Sponsor required. Will need to seek re-admission to an appropriate listing category. Modified list of provisions to avoid suspension	<p>The “initial transaction” must be completed within 24 months of listing (although this period can be extended by 12 months up to 3 times with shareholder approval with a further 6-month extension in certain circumstances – so 5 years and 6 months in total). Obligation deferred for 1 year (as opposed to 3 as originally proposed) for existing listed SPACs.</p> <p>Shareholder approval of the initial transaction not required.</p> <p>The FCA have also reverted to a guidance approach rather than mandating that larger SPACs have in place protections to avoid a presumption of suspension.</p>
	Non-equity shares and non-voting equity shares category	Relevant Standard listed securities mapped into this new category	
	ESCC eligibility requirements	No three-year minimum track record – admission prospectus would still require financial information	Confirmed
No “clean” working capital statement required but a working capital statement required in admission prospectus		Confirmed. The FCA will clarify its supervisory approach and expectations of sponsors on working capital through revisions to its Technical Notes. FCA is also going to consider the binary nature of working capital statements as part of its prospectus consultation on whether issuers will be allowed to include their assumptions in Q3 2024	Specific prospectus regime disclosures still currently required on: acceptable accounting policies; duration of historic financial information to the extent available; additional information relating to issuers with a complex financial history; and the disclosure requirements around qualified working capital statements – all subject to the FCA’s prospectus consultation in Q3 2024.
Disclosure-based approach for control of assets and independence of business rather than hard eligibility requirements		Confirmed, save for where there is a controlling shareholder	

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ESCC eligibility requirements (cont'd) 	Relationship agreements still mandatory. Unclear on sanctions for breach	Relationship agreements no longer mandatory – but disclosure of a controlling shareholder is expected. New board confirmation required for resolutions proposed by controlling shareholders. Problematic historic guidance relating to the exercise of improper influence has been removed. Rest of regime to continue	<p>In a U-turn by the FCA, and as per its initial proposals in June 2023, relationship agreements are no longer mandatory, although the FCA says it is still supportive of them and they have a role to play. We agree that they provide important protections for the non-controlling shareholders and can be a useful tool for the board to manage engagement with a controlling shareholder.</p> <p>If the controlling shareholder/its associates proposes a shareholder resolution which a director considers is intended to circumvent the UKLRs, the circular which contains the relevant shareholder resolution must set out a new statement by the board of the director's opinion on the resolution.</p> <p>Deleted problematic historic guidance relating to where a controlling shareholder may exercise improper influence or influence outside normal governance structures.</p>
	Dual class share structure (DCSS) rules to be relaxed, with no sunset provision but restricted to being held by directors, employees and individual shareholders	Further changes – allowing institutional shareholders to hold DCS	<p>The press are calling the change “a win for venture capital firms and sovereign wealth funds” – we agree with this as we had provided feedback on this point. The change will mean institutional investors will enjoy similar rights to hold DCS as they do in the US. The rules will permit private equity firms and venture capitalists to hold shares with enhanced voting rights for up to 10 years, as long as they held them upon admission.</p> <p>The 10-year limit does not apply to sovereign wealth funds if they are controlling shareholders.</p> <p>The enhanced voting rights can be exercised to elect or re-elect independent directors and to approve reverse takeovers.</p>
	A new Procedures, Systems and Controls Confirmation Form has been introduced. For every admission applicants must provide confirmation from the board that they have established adequate procedures, systems and controls. This applies to all securities	Amendments such that the form is only required on admission	<p>In response to feedback (including ours) the form itself has also been amended to more closely track the requirements of Listing Principle 1 and to make it clear that, while it must be signed by a director, the obligations referred to in it are those of the issuer.</p> <p>Declaration is a point in time confirmation only, although the obligation is a continuing one under the Listing Principles (as previously).</p>
Suspensions, cancellations and transfers	Carry over existing suspension and cancellation provisions	Confirmed. Transfers permitted between categories subject to FCA approval. Rules governing automatic cancellation on a reverse takeover made clearer	See above in relation to the modified transfer process for transfers between the transition and ESCC categories.



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ESCC – significant transactions 	Announcement of a Class 1 (25%+) transaction in a new disclosure-based regime, with “enhanced” announcement requirements	Confirmed, with scaled back announcement requirements for acquisitions only and more flexibility on timing. Acquisition announcements do not mandate historic financial information (HFI)	<p>Companies will be able to stagger announcement of the detailed information required if all of the information is not available on signing of the transaction.</p> <p>For acquisitions only, historic financial information is not needed in the enhanced transaction announcement, nor is the proposed statement that the board considers the consideration to be fair where historic financial information is not available. This is a significant relaxation – although boards will still need to consider the requirement to disclose “all relevant information”. For disposals, while historic financial information or a fairness statement must still be included, these can be included in an announcement after signing (as long it is made by no later than completion of the transaction). Given this HFI is in the control of the issuer, this should be workable in theory. New requirement to announce the completion of a transaction and no material changes.</p>
	No prior shareholder vote or shareholder circular	Confirmed	Helpful tweaks have been made to the guidance on selective disclosure in DTR 2.5.7G to spell out that shareholders can still be consulted about proposed transactions, whether or not the transaction requires a shareholder vote – but this is not an exception to MAR obligations.
	Existing regime where FCA (only) can modify tests to continue. Removal of profits class test	Confirmed	
	Class 2 announcement abolished	Confirmed	Continuous disclosure under UK MAR continues to apply
	Sponsor required to be appointed where seeking guidance from the FCA	Confirmed	In PS 24/6 the FCA highlights that a sponsor does not need to be appointed at the outset of a transaction that may be significant.
	New guidance on “ordinary course” and additional clarifications	Confirmed	The proposed new rules on the definition of “ordinary course” have instead been finalised as guidance.
ESCC – financial difficulties	Significant transaction regime to apply for a reconstruction or refinancing	Confirmed	Specifically excluded from ordinary course of business definition.
	No FCA vetting of any shareholder circular; no sponsor required to be appointed	Shifted to a guidance approach for disclosure of additional information in relation to transactions undertaken to alleviate financial difficulty	<p>No shareholder vote or circular required under the UKLRs but may be required under company law.</p> <p>No specific additional disclosures required, but the announcement should describe the nature of the financial difficulty and what happens if the transaction does not proceed.</p> <p>No sponsor required.</p>
	No working capital statement required	Confirmed	Reliance on broader obligations not to publish misleading statements, UK MAR and fiduciary duties.
ESCC – reverse takeovers	Reverse takeovers to remain subject to previous LR 5.6 regime – market announcement, shareholder approval and FCA-approved circular, sponsor appointed to assess whether there is a reverse takeover and for any admission prospectus for new enlarged issuer	Confirmed	More relaxed rules around whether listing will be cancelled for a reverse takeover in the same listing category; sponsor engagement will be important.

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ESCC – related party transactions 	Smaller related party transactions ($\geq 0.25\%$ but $< 5\%$ based on class tests) – no market announcement required	Confirmed	Continuous disclosure under UK MAR continues to apply.
	Related party transactions $5\%+$ on class tests, no shareholder vote, but market announcement including board fair and reasonable statement (supported by sponsor), exclusion of conflicted directors from board decision-making	Confirmed	A sponsor will be required to give a fair and reasonable opinion on a related party transaction. The company must also appoint a sponsor if the company wants to seek FCA guidance on, or a waiver or modification of, the rules. There is however no requirement to obtain sponsor guidance to determine if a transaction may be a related party transaction.
	Related party threshold to rise from 10% to 20% shareholding. FCA consulted on whether to move instead to use the DTR 7.3 IFRS definition of related party	Changes to DTR 7.3 regime	The separate RPT regime in DTR 7.3 will not apply to ESCC companies. Definition of "related party" in the new UKLRs as consulted upon (i.e. no move to the DTR 7.3 IFRS based definition).
ESCC – annual reporting and governance	Comply or explain for all commercial companies in respect of the UK Corporate Governance Code; annual report to explain how the principles of the Code have been applied and whether all provisions have been complied with (or details of provisions not complied with and why)	Confirmed	Aside from the requirements around relationship agreements with controlling shareholder, the requirements are largely unchanged. The FCA has not taken the opportunity to remove significant overlap between the various reporting provisions imposed upon UK listed companies but says it will consider further in due course.
	TCFD/climate and diversity disclosure requirements carried forward	Confirmed	FCA to consult on implementing broader ISSB sustainability reporting in 2025.
Listing Principles	One set of Listing Principles for the listing regime as a whole and converting Listing Principle 3 and 4 into eligibility as well as continuing obligations	Confirmed	Guidance for directors given on Listing Principle 1 (establish and maintain adequate procedures, systems and controls to enable an issuer to comply with its obligations) and Listing Principle 2 (deal with the FCA in an open and co-operative manner).
	A new Procedures, Systems and Controls Confirmation Form has been introduced. For every admission applicants must provide confirmation from the board that they have established adequate procedures, systems and controls. This applies to all securities	Amendments such that the form is only required on admission	In response to feedback (including ours) the form itself has also been amended to more closely track the requirements of Listing Principle 1 and to make it clear that while it must be signed by a director, the obligations referred to in it are those of the issuer. Declaration is a point in time confirmation only, although the obligation is a continuing one under the Listing Principles (as previously).

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Role of sponsors 	Sponsor regime to apply to ESCC, issuers transitioning, SPACs and other cash shells	Broadly confirmed but feedback from sponsors has raised significant concerns on the operation of the sponsor regime. Sponsor required to be appointed on admission. FCA looking closely at guidance and suspension approach	The FCA published 13 draft technical notes in Primary Market Bulletin No. 48 providing guidance in relation to the sponsor regime and introduced a new technical note on sponsor's confirmation in relation to modified transfer of listing category.
	Increased importance of the listing gateway (i.e. the Listing Principles), with sponsor's obligations to be reduced in line with reduced eligibility requirements	Sponsors are not expected to remove investment risk for investors, but they have an important role in FCA's assessment of whether a listing would be detrimental. The FCA is expecting that the overall due diligence conducted on IPO will remain the same. Sponsor declaration will however be pared down to mirror the formal eligibility requirements	Primary Market Bulletin No. 50 has also been published updating certain key technical notes (see below). PS 24/6 also contains forms of the new modified sponsor declarations required under the new regime.
	Post-IPO transactions more targeted role	Role focused on significant increases in share capital requiring a prospectus (subject to the on-going consultation on the prospectus trigger threshold), related party fair and reasonable opinions, reverse takeovers and certain transfers between listing categories	
	Record-keeping	The rules have been amended so that records should be sufficient to enable a person with general knowledge of the sponsor regime and a basic understanding of the transaction to understand and verify the basis on which material judgments have been made	The FCA is consulting on changes to its technical note on record keeping in Primary Market Bulletin No. 50.
	Use of experts	Reliance on third-party experts acknowledged but sponsors need to leverage their position as experts on the listing regime to appropriately challenge third party information	The FCA is also consulting on a new technical note on specialist due diligence in Primary Market Bulletin No. 50.
Transitional arrangements 	High-level proposals to enable existing issuers to transfer from the current Standard and Premium listing categories to the new single ESCC category and enable remaining Standard listed issuers (listed under LR 14) to transfer to the new "other shares" category	Confirmed – Premium listed issuers migrated to the ESCC; Standard listed issuers migrated to new transition category; and overseas companies with a secondary listing into their own category	Legacy Standard issuers subject to a modified eligibility process where sponsors will have to give a negative declaration (set out in the draft technical note) for transfer to the ESCC (18-month+ since admission, no securities suspended, no fundamental change of business) with a focus on a limited number of eligibility areas (controlling shareholder, constitutional arrangements, external management and procedures in place to identify related party transactions and compliance with the Code). Sponsor required for a transfer but only required to focus on the targeted assessment.
	"In-flight" admissions	Confirmed	FCA have outlined an approach for "in-flight" transactions – defined as a completed eligibility submission by 4.00pm on 11 July 2024, but where admission is not expected to be before 29 July 2024 (the commencement date). Any applications after that time to be treated as applications for the new listing regime (excluding the transition category) and so able to take advantage of the new eligibility regime. In-flight Standard listing applicants (including cash shells) will continue to be treated under the existing Standard regime with a 1-year window, subject to being able to transfer to the new ESCC regime if they wish (and meet the criteria).
	Other "in-flight" transactions	New regime to kick-in on commencement date 29 July 2024 – so previous obligations, including for sponsors, will immediately fall away	Where class 1 transaction already announced, top-up announcement; need for shareholder approval falls away.