

FCA Publishes Final Rules for Reformed Listing Regime

The new regime modernises the listing framework while maintaining robust standards to protect investors and ensure market integrity.

On 11 July 2024, the FCA released the [final rules](#) for the new UK listing regime, which will take effect from 29 July 2024.

This new regime is a culmination of the reform journey that started with the Listing Review in 2021 and which modernises the listing framework while maintaining robust standards to protect investors and ensure market integrity. The overhaul represents a return to a disclosure-based approach to the listing regime, in particular in relation to significant transactions and controlling shareholders. The new rules are responsive to the twin imperatives of maintaining appropriate regulatory standards while designing a regime that accommodates the diverse needs of issuers and the asks of investors.

This Client Alert summarises the key changes to the proposals set out in [CP23/31](#) and provides an overview of the key components of the new regime.

Key Updates From CP23/31

Although the final rules largely reflect the proposals set out in the FCA's consultation paper CP23/31, there are several noteworthy changes:

- **Controlling shareholders:** The FCA proposed in CP23/31 that companies falling into the Commercial Companies (Equity Shares) (ESCC) category with a controlling shareholder would be required to enter into a written relationship agreement, as is the case under the current regime.

The final rules have shifted back to the more flexible, disclosure-based approach previously mooted by the FCA. Although ESCC companies will still need to maintain their independence from controlling shareholders, there will no longer be a requirement for a written relationship agreement. Instead, if a controlling shareholder proposes a shareholder resolution, the board will need to include an opinion statement in the circular on that resolution.

- **Disclosures for significant transactions:** ESCC companies will have increased flexibility regarding the timing and content of transaction announcements for significant transactions — rather than needing to release a transaction announcement with prescribed content as soon as possible once the terms are agreed.

With respect to acquisitions, these transaction announcements would not require audited financial information on the target or a statement regarding the fairness of the consideration as previously proposed. Conversely, financial disclosures on the target will be required for disposals (on the basis that a company has more time to gather the required information when undertaking a disposal).

Following the announcement on signing, certain items may be disclosed as soon as possible after the information has been prepared or available to the company. After completion, companies will also be required to make a notification indicating that the transaction has taken place.

The FCA has also not retained the concept of a company in “severe financial difficulty” or the prescriptive additional disclosure requirements for such situations. Instead, the FCA has introduced guidance setting out its expectations around disclosures (primarily compliance with MAR).

- **Dual-class share structures (DCSS):** Institutional investors (i.e. not just natural persons as previously proposed) would be allowed to hold weighted voting rights under DCSSs implemented at IPO. These rights will be subject to transfer restrictions and a 10-year sunset.
- **Board declaration on appropriate systems and controls:** In CP23/31, the FCA proposed that the board of listing applicants be required to submit on admission a declaration that the company has appropriate systems and controls to ensure compliance with the listing rules.

The FCA has clarified that the confirmation only needs to be submitted on IPO and not on subsequent admission of securities of the same class already listed. The form of confirmation has also been modified to reflect that the obligations referred to in it are those of the applicant, despite being signed by a duly authorised member of the board. Finally, the confirmation is phrased to more closely reflect Listing Principle 1 (i.e. that the applicant has taken reasonable steps to establish adequate procedures, systems, and controls).

- **Shell companies/SPACs:** The FCA has largely reverted to the rules that apply to these issuers in the standard listing segment. Larger SPACs may voluntarily choose to put in place sufficient investor protections (as is currently the case) in order to avoid a presumption of suspension. However, non-SPAC shell companies would not be forced to adopt all of these measures.

Shell companies and SPACs will also have additional flexibility to extend the time limit for completion of a transaction by 12 months up to three times subject to shareholder approval (potentially an extension of up to a total of 36 months), which can be extended for a further period of up to six months in specified circumstances.

- **Formal review:** The FCA will formally review the new listing regime in five years’ time to assess the impacts on all parts of the market.

New UK Listing Regime Overview

The key elements of the new listing regime include the following:

Listing Architecture	
New listing categories	<p>The FCA has introduced new listing categories, including:</p> <ul style="list-style-type: none"> • Commercial Companies (Equity Shares) (ESCC) <ul style="list-style-type: none"> – This is the flagship listing category for commercial companies seeking a UK share listing. – It replaces the previous premium and standard listing segments. • International Secondary Listings (Equity Shares) <ul style="list-style-type: none"> – For overseas incorporated companies with a secondary listing in the UK. – This category largely replicates the previous standard listing segment. • Transition (Equity Shares) <ul style="list-style-type: none"> – For commercial companies previously on the standard listing segment. – Closed to new applicants unless they have already submitted a complete application for the standard listing segment to the FCA. The FCA has not set an end-date for this category. • Shell Companies (Equity Shares) <ul style="list-style-type: none"> – For shell companies and special purpose acquisition companies (SPACs), based on the previous standard listing segment.
Retained listing categories	<p>The new regime retains existing categories for global depositary receipts (GDRs), closed-ended investment funds, open-ended investment companies (OEICs), debt securities, securitized derivatives, and warrants/options/miscellaneous securities.</p>
Mapping to new listing categories	<p>Effective from 29 July 2024, existing issuers on the premium and standard listing segments will be automatically mapped to the relevant new listing categories:</p> <ul style="list-style-type: none"> • Premium listed commercial companies will be mapped to the ESCC category. • Standard listed commercial companies will be mapped to either the transition or international secondary listing category, depending on their qualification. • Shell companies/SPACs will be mapped to the shell companies category.

Listing principles	<ul style="list-style-type: none"> • A single set of listing principles for all categories, largely combining previous listing and premium listing principles. • Additional guidance on the role of directors and the accessibility of information. • Issuers must submit a board declaration confirming appropriate systems and controls upon the first admission of securities.
UK indexation	<p>FTSE Russell has indicated that ESCC and closed-ended investment fund issuers will be eligible for the FTSE UK Index Series. Discussions are continuing with FTSE Russell about other potential changes to the current FTSE UK Index Series ground rules.</p>
ESCC Key Features	
Eligibility criteria	<p>The criteria are less onerous than the previous premium listing segment but more stringent than the previous standard listing requirements. In particular:</p> <ul style="list-style-type: none"> • Financial information conditions: The premium listing requirements for a three-year revenue track record and “clean” working capital statement have been removed. • Controlling shareholders: ESCC companies will need to ensure their independence from controlling shareholders although there will no longer be a requirement for any written relationship agreement. Directors will need to give an opinion on shareholder resolution put forward by a controlling shareholder when the directors consider that the resolution is intended or appears to be intended to circumvent the proper application of the listing rules. Constitutional and voting requirements on the election of independent directors will be retained. • Dual-class share structures: These will be permitted for the ESCC subject to less stringent conditions. These structures are no longer subject to time-based sunset restrictions (save in relation to weighted voting rights held by pre-IPO investors), but may not be exercised on certain matters that adversely impact holders of listed shares (such as certain discounted share issuances). • Pre-emption rights: Carried over from the premium listing requirements.
Transactions	<p>The regulation of material transactions entered into by a ESCC company will be disclosure-orientated. In particular:</p> <ul style="list-style-type: none"> • Removal of shareholder vote and FCA-approved circulars for class 1 (now termed “significant transactions”) and related-party transactions, replaced with transaction announcements.

	<ul style="list-style-type: none"> • Larger related-party transactions require a fair and reasonable opinion from a sponsor. • No listing rule disclosure requirements for “class 2” transactions (i.e. significant transactions below 25% threshold on the class tests) although MAR applies. • Reverse takeovers still require prior shareholder approval and an FCA-approved circular. The enlarged group would need to reapply for admission if the company wishes to continue the listing. • Class 1 transactions undertaken by premium listed companies and not yet completed at the implementation date no longer need to comply with premium listing requirements that will cease under the new rules (e.g., shareholder vote). • No prescribed disclosure requirements for companies in severe financial difficulty or undergoing reconstructions/refinancings. No requirement to appoint a sponsor where the company is undergoing a transaction in such situations.
Other continuing obligations	<ul style="list-style-type: none"> • Shareholder approval is still required for certain share buy-backs, non-pre-emptive discounted share issuances, and listing cancellations. • Comply-or-explain disclosure against the UK Corporate Governance Code. • Continuation of most premium listing annual disclosures, including Task Force on Climate-Related Financial Disclosures (TCFD) and board diversity reporting. • Ongoing application of eligibility requirements around controlling shareholders, dual-class share structures, and pre-emption rights.
Sponsors	
Sponsor regime	<ul style="list-style-type: none"> • The sponsor regime is retained and applies to admission to and certain post-listing matters within the ESCC, closed-ended investment funds, and shell companies categories. • Ongoing sponsor role is cut back materially and limited to further issuance for listing applications with a prospectus, reverse takeovers, fair and reasonable opinions for related-party transactions, or if issuers seek FCA guidance, modifications, or waivers to FCA rules. • Rules made in April 2024 to amend sponsor competency requirements will be carried over. These allow sponsors to demonstrate competence by having submitted a sponsor declaration to the FCA within the past five years, and (if no sponsor declaration has been provided) take into account the delivery of certain corporate finance advisory services.

Conclusion

The FCA's new UK listing regime represents a significant overhaul aiming to mitigate the long-standing key friction points. By consolidating the previous premium and standard listing segments into the ESCC, the FCA has created a simpler, more flexible framework for UK listings that is capable of accommodating a wider range of IPO candidates. The retention of the regulatory framework for the international secondary listing and GDR categories maintains the attractiveness of the UK market for international companies.

Overall, the new regime aims to foster a more dynamic and competitive listing environment, while ensuring that the UK remains a leading global financial centre. By prioritising transparency, flexibility, and investor protection, the FCA's welcome reforms are intended to support sustainable growth and innovation in the UK capital markets.

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