

Overview of reform proposals (taken from p. 10-12 of [FCA's CP 23/11](#))

Listing Category or topic	Key features of proposals (Non-exhaustive – see consultation paper Chapters for fuller detail) <i>Additions or changes since CP23/10 are shown in <u>underline</u></i>	UKLR Chapter	Consultation Paper Chapter
Commercial companies (Commercial companies (equity shares) category)	<i>Eligibility</i> <ul style="list-style-type: none"> No listing requirements for historical financial information, revenue track record and clean working capital statements, although prospectuses will still require disclosure of financial track record up to 3-years and a working capital statement Sponsor requirement for new applicants and to provide declarations similar to existing declarations, including that an issuer has met its prospectus obligations and has a reasonable basis for the working capital statement within it 	UKLR 5	Ch 4
	<i>Eligibility and continuing obligations</i> <ul style="list-style-type: none"> Control and independence: Removing eligibility and ongoing rules requiring that a company has an independent business and has operational control over its main activities Controlling shareholders: Retaining a requirement for independence from controlling shareholder <u>via written controlling shareholder agreements</u> and maintaining certain related voting controls Dual/multiple class share structures: Permitting issuers to have dual/multiple class share structures at admission. Enhanced <u>voting rights only to be held by specified persons, but without mandated time-based sunset clauses</u>, while retaining voting restrictions on certain matters, including dilutive transactions, and cancellation of listing Significant transactions: No prior shareholder vote but enhanced market notifications at ≥25%, removal of the profits test and new guidance on what constitutes ‘ordinary course of business’ Notifications: <u>Enhanced market notifications regime for transactions at ≥25%, intended to provide key information including financial information, but not mandating working capital statements or re-stated historical financial information</u> Related party transactions: Maintaining a similar approach to CP23/10, with market notification, sponsor fair and reasonable opinion at ≥5%, and board approval Reverse takeovers: Continuing to require an FCA approved circular and prior shareholder approval for transactions ≥100% or involving a fundamental change in business Share buy-backs, non-pre-emptive discounted share issuances and cancellation: Retained shareholder votes Annual reporting: Comply or explain disclosure against the UK Corporate Governance Code, reporting on climate (TCFD) and 	UKLR 5 and 6	Ch 5
		UKLR 7-10	Ch 6-11

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	diversity, and otherwise maintaining most premium listing annual disclosures		
Sovereign controlled companies	<ul style="list-style-type: none"> Equity shares of sovereign controlled issuers proposed to be included in the commercial companies category subject to targeted alleviations based on current LR 21. Certificates representing shares in a sovereign controlled issuer to be in the category for certificates representing securities (UKLR 15, formerly LR 18) 	As above	Ch 12
Transition category <u>[new]</u>	<ul style="list-style-type: none"> Closed category based on current rules for standard listed shares Certain standard listed issuers 'mapped' here on day 1, proportionate transfer process for issuers wishing to move to the commercial companies category 	UKLR 22*	Ch 13 & 16
Closed-ended investment funds <u>[detailed proposals now set out]</u>	<ul style="list-style-type: none"> Based on existing obligations under LR 15 Retention of shareholder votes on material changes to investment policies, management fee changes and certain related party transactions Allows for listings of 'C shares' within this category where such shares carry voting rights prior to conversion 	UKLR 11*	Ch 12
Open-ended investment companies	<ul style="list-style-type: none"> Retained with only consequential or minor changes to existing requirements 	UKLR 12*	Ch 13

* Draft handbook provisions to follow later in Q1 2024