

Admission condition on takeovers

26 January 2026



*This document is intended as an illustrative example of the approach to drafting of a condition on a scheme or contractual offer made in accordance with the UK Takeover Code (**Code**) that consideration shares are admitted (a) to listing on the Equity Shares (Commercial Companies) category of the Official List of the Financial Conduct Authority (**FCA**) and (b) to trading on the Main Market of the London Stock Exchange (**LSE**) (the **Admission Condition**).*

It supersedes the note on Admission Conditions published on the CLLS website in April 2011.

*This document has been drafted by a Joint Working Party of the Company Law Committees of the City of London Law Society (**CLLS**) and the Law Society of England and Wales (the **Law Society**) (the **Joint Working Party**) in light of changes to the UK Listing Rules (**UKLR**) that came into effect on 19 January 2026 and which removed the previous requirement for an issuer to apply to the FCA for admission of further issues of shares to listing in addition to the separate application made to the LSE for their admission to trading.*

It assumes that the consideration shares (a) are fungible with shares already admitted to listing on the Equity Shares (Commercial Companies) category of the Official List and trading on the Main Market of the LSE and (b) are not being admitted to listing/trading elsewhere. References to Court process or practice on a scheme of arrangement assume a UK scheme under Part 26 of the Companies Act 2006.

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26 January 2026

1 Overview of the admission to listing process (further issues of the same class)

1.1 Previous regime

Where further shares of the same class were to be admitted to listing, an issuer was previously required to apply to the FCA, following the process in old UKLR 20 and admission to listing only became effective when the FCA's decision to admit the shares had been announced (old UKLR 20.2.7G). This was in addition to the separate process required to apply for admission to trading on the LSE which was undertaken in parallel.

1.2 New regime

Changes to the UKLR that came into effect from 19 January 2026 now mean that a single application for admission is made at the time of IPO in relation to all shares of the relevant class, including those which may be issued in the future (new UKLR 3.2.1AR and new UKLR 20.2.2AG) and shares which are issued after initial admission will automatically become listed on issuance (new UKLR 1.6.5G).

Transitional provisions mean that the same approach applies for further issues by companies already listed prior to the new rules coming into effect (UKLR TP15 (Transitional Provision 15) – Transitional provisions: admission to listing of further issuances).

As a result, any new shares of the same class will now become listed automatically at the time they are issued. It is no longer necessary for the FCA to separately approve this. It will, however, still be necessary to apply to the LSE for admission of the shares to trading.

2 Overview of the admission to trading process (further issues of the same class)

- 2.1 Under Rule 2.16 of the LSE's Admission and Disclosure Standards (**ADS**) admission of securities to the Main Market becomes effective only when the LSE has announced its decision to admit the securities to trading.
- 2.2 Application must be made to the LSE for admission to trading (including the provision of certain information) by no later than 12:00 at least two business days prior to the consideration of the application by the LSE. Written confirmation of the number of securities to be allotted/issued must be provided by no later than 16:00 on the business day before admission is expected to become effective unless extended by prior written arrangement with the LSE in accordance with the relevant rules. (Part B of Schedule 1 to the ADS)

3 Overview of relevant provisions of the UK Takeover Code (Code)

- 3.1 Where securities are offered as consideration and it is intended that they should be admitted to listing on the Official List and/or to trading on a recognised investment exchange, the relevant admission to listing and/or trading condition should, except with the consent of the Panel, be in terms which ensure it is capable of being satisfied only when:
 - (a) In the case of a contractual offer, the decision to admit the securities to listing or trading has been announced by the FCA and/or the relevant recognised investment exchange, as applicable (Rule 24.10(a)).
 - (b) In the case of a scheme of arrangement, all steps required for the admission to listing or trading have been completed other than the FCA and/or the relevant recognised investment exchange, as applicable, having announced their respective decisions to admit the securities to listing or trading (section 15 of Appendix 7 to the Code).

Where securities are offered as consideration and it is intended that they should be admitted to listing or to trading on any other investment exchange or market, the Panel should be consulted.

- 3.2 As a matter of practice, conditions relating to the FCA announcing admission will no longer be required where the securities to be admitted are of the same class as securities already listed on the Official List. As such, the drafting in section 4 below refers only to admission to trading on the Main Market of the LSE and not to admission to listing (given this will happen automatically on issue of the shares). As noted on the coversheet, where securities are being offered, it is prudent to discuss the form of the admission condition with the Panel prior to prior to release of the firm offer announcement.
- 3.3 Under section 3(g)(i) of Appendix 7 to the Code, on a scheme the bidder must (unless the Panel consents otherwise) prior to the sanction hearing confirm to the target and the Panel that all of the conditions to the offer have been either satisfied or waived, other than any conditions which are only capable of being satisfied on/following scheme sanction (which conditions should normally be specified in the scheme circular).
- 3.4 A condition required to give effect to a legal or regulatory requirement relating to the issuance, listing and/or admission to trading of consideration securities will (on both contractual offers and schemes) not be subject to the material significance test for invocation under Rule 13.5(a) (see Rule 13.5(b)(iv)).
- 3.5 The reason for the distinction between the Code's approach to the formulation of the Admission Condition on contractual offers (Rule 24.10) and schemes (section 15 of Appendix 7) is that, although on a contractual offer it is possible for the Admission Condition to be satisfied by admission taking place (see further section 3.7 below), on a scheme of arrangement the consideration shares will only be issued following the scheme becoming effective. If admission of the consideration shares to listing/trading becoming effective was a condition to the scheme, this would therefore create circularity as the scheme could not become effective until admission had occurred and admission could not occur until the scheme had become effective.
- 3.6 This is dealt with by formulating the Admission Condition on a scheme in accordance with section 15 of Appendix 7 to the Code and as described in section 4.1 below meaning that it can be satisfied prior to the scheme being sanctioned by the Court, with Court sanction being the final condition to be satisfied (and the bidder being able to provide the necessary confirmation to the Panel and the target in advance of the sanction hearing as required by section 3(g)(i) of Appendix 7).
- 3.7 On a contractual offer, on the other hand, the approach will typically be that once all conditions save for the Admission Condition have been satisfied:
- (a) The bidder will announce that the offer is unconditional in all respects except for the Admission Condition and state that it is anticipated that admission will occur the next

trading day – the offer is not actually unconditional at this point as the Admission Condition is still unfulfilled.¹

- (b) The bidder's board will resolve to allot the consideration shares subject only to admission becoming effective.
- (c) The LSE will be told that the shares have been allotted on that basis and will post the dealing notice at 8 a.m. the next morning at which point allotment will become unconditional, admission will occur and (simultaneously) the offer will become unconditional.

3.8 It is possible, with Panel consent, to announce that a contractual offer is unconditional before admission has occurred (see the language in limb (b) of the Admission Condition in section 4.2 below). In this case admission will occur as soon as possible following the announcement that the offer is unconditional, but there may be a gap. Including language to cater for this in the Admission Condition provides the parties with flexibility. However, the need for Panel consent provides a safeguard against this approach being used to expose target shareholders to the risk of holding unlisted shares in the bidder for an unduly long period. It should be noted that in most cases the Panel will (in accordance with Rule 24.10(a)) expect the offer to be declared unconditional save for admission, with admission following the next morning (see section 3.7 above). If the limb (b) language is included in the Admission Condition and the parties intend to rely on this and announce an offer unconditional before admission has occurred, this would need to be specifically discussed with the Panel and there would need to be a compelling reason to do so.

¹ Although the general position under Rule 10.2 is that the acceptance condition must not be capable of being satisfied until all of the other conditions have been satisfied or waived, the Panel will normally grant a dispensation from this where another condition is not capable of being satisfied until after the acceptance condition – e.g. a condition relating to admission of the consideration securities (see the Note on Rule 10.2).

4 Wording of the Admission Condition²

4.1 Schemes of arrangement

[The scheme is conditional on]...the London Stock Exchange having acknowledged to [BIDDER] or its agent (and such acknowledgement not having been withdrawn) that the New [BIDDER] Shares will be admitted to trading on the Main Market

4.2 Contractual offers

NB: In most cases the Panel will expect parties to rely on part (a) of the condition below. If the parties intend to rely on part (b) and announce an offer unconditional before admission has occurred, this would need to be specifically discussed with the Panel and there would need to be a compelling reason to do so (see further section 3.8 above).

[The offer is conditional on]...

- (a) the admission of the New [BIDDER] Shares to be issued in connection with the Offer to trading on the Main Market becoming effective in accordance with the Admission and Disclosure Standards of the London Stock Exchange; or
- (b) if [BIDDER] and [TARGET] so determine (and subject to the consent of the Panel) the London Stock Exchange having acknowledged to [BIDDER] or its agent (and such acknowledgement not having been withdrawn) that the New [BIDDER] Shares will be admitted to trading on the Main Market.

² Definitions used to be conformed with the definitions in the firm offer announcement/scheme or offer document.