

Response to the FCA's Consultation Paper CP 26/14: Changes to information flows for UK equity IPOs

28 May 2026



Introduction

1. The views set out in this response have been prepared 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**).
2. The CLLS represents approximately 21,000 City lawyers through individual and corporate membership, including some of the largest international law firms in the world. These law firms advise a variety of clients, from multinational companies and financial institutions to Government departments, often in relation to complex, multijurisdictional legal issues. The CLLS responds to a variety of consultations on issues of importance to its members through its 22 specialist committees.
3. The Law Society is the professional body for solicitors in England and Wales, representing over 170,000 registered legal practitioners. It represents the profession to Parliament, Government and regulatory bodies in both the domestic and European arena and has a public interest in the reform of the law.
4. The Joint Working Party is made up of senior and specialist corporate lawyers from both the CLLS and the Law Society who have a particular focus on issues relating to equity capital markets.

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Questions:

Q1 Do you agree with the proposal to remove the 7-day waiting period for connected research?

Yes, for the reasons discussed more fully in the answers to questions 5 and 6 below, we agree with the proposal to remove the 7-day waiting period. In practice, the addition of a 7-day delay between the publication of a registration document or prospectus and the publication of connected research has added unnecessary market risk and costs for issuers listing in the UK, without providing corresponding benefits. Members of the Joint Working Party agreed that the 7-day delay has had the effect of putting the UK at a competitive disadvantage compared to listing venues in other jurisdictions. Its removal would be consistent with efforts to promote growth and investment in the UK and its capital markets.

Q2 Do you agree with the indicative post-implementation IPO timeline?

Yes, we agree with the indicative post-implementation timeline.

Q3 Do you agree with the proposal to remove the prohibition on communication between connected analysts and IPO issuers unless syndicate banks identify a range of unconnected analysts and share equal information with unconnected and connected analysts?

Yes, we agree with the removal of the prohibition on communication between connected analysts and IPO issuers unless syndicate banks identify a range of unconnected analysts and share equal information with unconnected and connected analysts.

In the view of the Joint Working Party, the process of information sharing and obtaining independent research should be managed by syndicate banks in the manner that they consider appropriate for the relevant offering, without mandatory rules governing the way that banks manage the interactions between connected analysts and issuers which, in the view of the Joint Working Party, do not achieve the originally intended effect and may be unduly restrictive.

Q4 Do you agree with the proposal to amend COBS 12.2.21R?

Yes, we agree.

Q5 Is the requirement to publish an approved prospectus/ registration document before, or under the current proposals, at the same time as connected research beneficial overall? Should the FCA consider any alternative approaches?

In our view, the requirement to publish an early registration document has brought additional cost and burden for issuers but has not resulted in material benefits to the IPO process. There is (and historically has been) a pre-existing process for flows of information during the “public” phase of an IPO, largely established through market practice. This provides investors with multiple sources of information ahead of the final approved prospectus, including connected research, the intention to float announcement and a pathfinder / draft prospectus. In hindsight, we believe: (i) investors are well-used to engaging with these types of information flows, which are also sufficient to allow investors to prepare appropriately for a final investment decision; and (ii) it has not been demonstrated that mandating an early registration document has significantly improved the quality or timing of information available during this period. We also note the view expressed by some market participants at the time in response to the 2018 proposals that the brevity of information sources such as research was valued at this point in the process.

Part of the rationale for requiring an early registration document appears to have been to facilitate the writing of unconnected research. As such, the FCA’s latest proposals to remove the mandatory involvement of unconnected analysts only further reduces the utility of a separate registration document – and we note limited unconnected research appears to have been produced in any case.

Overall, the fundamental rules governing timing for an FCA-approved prospectus are clear and issuers have not, in most cases, utilised tripartite prospectuses as seen in some EU jurisdictions

where early disclosure is part of the usual practice. There are also rules already in place that require slightly earlier publication for a price-range prospectus where retail investors are included in the offer. Requiring portions of this disclosure to be published even earlier for IPOs, whilst undoubtedly well-intended, runs counter to this fundamental position and has not, in our view, resulted in material benefits. It is important to note, however, that we would not seek to prevent issuers from publishing an early registration document if they should choose (for example, if they did wish to encourage unconnected research). We believe, however, that this should be an option in specific circumstances and not mandatory given the incremental costs and process.

Q6 Are the COBS 12 rules and guidance on analyst/issuer communications appropriate? If yes or no, please explain your answer and if relevant, the alternative approaches we should consider. For example, should we consider changes to the current rules and guidance and/or provide additional guidance?

In our view, the COBS 12 rules and associated Handbook guidance on pre-mandate analyst/issuer communications - in particular COBS 12.2.21CG(2) - (5) - are not appropriate in their current form. We support the FCA's original policy objective of reducing the potential for pressure being exerted on research analysts to produce favourable research as a means of securing syndicate mandates for their bank. However, as currently drafted the guidance goes beyond what is necessary to achieve that objective. By essentially treating all analyst/issuer contact during the pre-mandate phase as presumptively inconsistent with analyst objectivity - subject only to a narrow exception - the guidance turns what was intended as a proportionate safeguard into a *de facto* ban of a legitimate information conduit.

Issuer engagement with analysts at prospective syndicate banks serves the practical function of assessing whether those analysts have the necessary sector expertise and analytical depth to cover the company, as acknowledged at paragraph 4.11 of the CP. This assessment is inevitably part of syndicate selection in practice regardless of whether the issuer is able to interact with analysts in advance - particularly where an issuer is operating in a complex or specialised sector. However, by inhibiting pre-mandate contact, the current guidance limits this activity.

In addition, from the bank's perspective, pre-mandate analyst/issuer interaction can fulfil a genuine due diligence function, as noted in paragraph 4.11 of the CP. Analysts are often well positioned to help the bank assess the issuer's business model, competitive positioning and overall suitability for an IPO before committing to a mandate.

Further, the FCA has recognised that the UK rules in this area may be more restrictive than those in other jurisdictions, including the EU. The UK approach creates an additional procedural burden that issuers and their advisers are required to navigate - one which is not imposed in other listing venues and which risks undermining the broader policy objective of facilitating the international competitiveness of the UK as a global listing venue. Removing these restrictions would align the UK with those other jurisdictions as has been the case with a wide range of other reforms to the UK rules regarding listing or operating whilst listed on the UK markets.

Finally, we consider that the underlying risk of analyst bias is already substantively managed by other structural protections, including those under COBS 12.2.21R and the overarching SYSC 10 conflicts framework.

We would therefore encourage the FCA to remove COBS 12.2.21CG(2) - (5) and consider issuing guidance that makes clear that pre-mandate analyst meetings are permissible, provided appropriate compliance controls are in place (for example, attendance by compliance personnel and appropriate record-keeping). This would preserve the policy aim of protecting analyst objectivity while permitting the legitimate commercial and due diligence functions that the current guidance inhibits.