The City of London Law Society

CLLS Growth Paper – City of London Law Society Company Law specialist Committee

• How can the UK maintain its attractiveness as a jurisdiction in the face of increasing international competition?

Corporates:

1. Ensure the UK has a competitive UK listing eco-system to attract high quality companies to list and operate in the UK, including by reforming the prospectus and capital raising regimes to make capital raisings more efficient, by progressing to the digitisation of shares, by improving communications with ultimate beneficial owners of shares through the chain of intermediaries and by reversing the underinvestment in UK equities including through potential reforms to pension investment.

2. Progress swifty with the UK two-way redomiciliation regime following the publication of the UK Independent Expert Panel's report.

3. Simplify the non-financial reporting framework, including by standardising the thresholds for different requirements and removing or consolidating duplicate requirements - the NFR regime would be more transparent and accessible if the reporting requirements were set out in one place.

4. Take steps to support the development of London's role as a leading sustainable finance centre, including by adopting (with the minimum modifications necessary) the ISSB standards S1 and S2 (to create UK sustainability reporting standards) and requiring disclosure of transition plans in accordance with the TPT's disclosure framework. Encourage voluntary adoption of TNFD disclosures, ahead of further ISSB standards. Promote a coherent approach to international adoption of ISSB standards and equivalence/interoperability with the frameworks in other jurisdictions, such as the EU and US.

5. Clarify the law in the Companies Act 2026 in relation to virtual AGMs.

Regulatory environment for M&A

1. International clients tell us that it is no longer a given that they will want to invest in the UK and that the predictability of the regulatory environment for M&A has become a key consideration. More specifically:

   - Even after recent changes implemented by the CMA to its Phase 2 review procedures, in practice the merger control regime is particularly burdensome even in

Phase 1 and suffers from a lack of transparency, proportionality and flexibility compared to equivalent international regimes and with investigations that are not sufficiently focussed and are unnecessarily lengthy. This creates undue cost and uncertainty.

- The National Security and Investment Act regime is too interventionist for investors from allied jurisdictions such as the US and Europe. The Government should consider implementing a fast track, pre-approval process or white list for investors from such countries, outside the most sensitive transactions. The regime also places unnecessary filing obligations on purely intra-group transactions: these are generally not susceptible to creating new national security risks and should therefore benefit from a targeted exemption from the mandatory filing regime.

Debt capital markets:

1. In addition to 1 under "Corporates" above, ensure that the regulatory landscape for debt capital markets, including UK MiFID and UK MAR requirements, is not made more onerous than, or so different to, the regulatory landscape in the EU that it makes cross-border issuances more challenging for international banks.

Real Estate:

1. Relax the REIT rules to allow private REITs.

2. Maintain the attractiveness of FRI leases to investors (e.g. do not erode landlord's remedies and/or the operation of open market rent reviews).

3. Speed up the planning process including curtailing protests/objections that hinder approvals beneficial to the wider community and economy.

4. Review and mitigate development fetters, including use or threatened use of injunctive relief for rights of light, and ensure landlords retain redevelopment rights under tenant security of tenure regimes.

5. Provide a legislative framework for net-zero transition of buildings with fixed milestones and incentives for energy efficiency improvements/retrofit.

Tech

1. Facilitate the digital marketplace through initiatives such as digital identity, smart data, the digital pound to make the digital marketplace an easier place for companies to do business.

• What support can the Government provide to promote English and Welsh law in emerging markets?

To support English and Welsh law in emerging markets, we need to:

(a) be pro-active in engaging with and developing expertise in emerging areas (e.g. crypto, digital, bitcoin assets, data privacy, ESG). This is because, if we get the work early for English lawyers, then choice of English law follows. This includes pro-active legislative programmes in the UK to give confidence that we are ahead of the game and can lead markets (e.g. around digitised assets);

(b) invest in our judiciary because the quality of judges and other court officials drives elections to submit to English courts and commence proceedings there. Singapore's approach should be considered. Singapore has emphasised top quality degrees for judges to ensure quality and has paid significant salaries to judges to appeal to the highest quality – a strategy which appears to be working;

(c) invest in:

> (i) industries that support lawyers such as consultancies, accountants, company incorporation specialists etc., which create a hub of expertise to support the development for world leading market products which support a thriving legal industry; and
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> (ii) court infrastructure so that court caseloads are efficiently and swiftly dealt with, which is critical;

(d) ensure that those working in the legal profession need to realise that they need to be entrepreneurial to keep English law at the forefront of clients' minds e.g. by creating the Financial List, having practitioners keep abreast of technical developments to which the law applies (e.g. Tech); therefore, training both counsel and judge is crucial;

(e) ensure that those involved in the judicial process have a commercial background as this has a real value add;

(f) have robust services to support commercial life e.g. the UK Registrar of Companies must effectively promote and maintain the integrity of its public register; and

(g) make process clear, easy and non-bureaucratic e.g. around electronic signatures.

For transactional work, often it is not just the law and its litigation which drives choice of law, it is the expertise based on English law embedded in transactional structures and the ability to deliver swift and clear answers which raises confidence in the choice of jurisdiction. This relies as much on business volumes and high quality deals. Having said this, the litigation does play a role. The choice of law can be seen as self-perpetuating because it leads to a concentration of disputes about complex deals in the English courts and this means there is a great volume of litigation and case law in England, which in turn means there is a lot more certainty about how contractual provisions work. It is not about the binding or persuasive value of precedents, but rather the volume of relevant precedents available.

• What role can the Government play in developing skills to support growth of the legal sector?

We recently completed a review of the skills, behaviours and attitudes that the firm needs to future proof our talent pipeline and address the needs of the business.

Skills that we were already assessing include oral communications, written communications, intellect (reasoning and understanding), commercial awareness, client focus, leadership skills and collaboration skills.

Areas we are focussing on going forward include attitude and approach to work, working with people as a team player, self-awareness and being responsive to feedback, curiosity and organisation and ownership of work.

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If you need any further information or have any queries, please do not hesitate to contact David Pudge, Chair of the CLLS Company Law Committee, and Kevin Hart, Legal Policy Analyst at the CLLS.

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