The City of London Law Society

THE CITY OF LONDON LAW SOCIETY

COMPANY LAW COMMITTEE

Response to FCA Primary Market Bulletin 63

'Snagging' issues relating to the UK Listing Rules

We are responding to FCA Primary Market Bulletin 63's invitation for submissions regarding 'snagging' issues relating to the UK Listing Rules (UKLR).

We attach our list of issues for the FCA's consideration. These are limited to 'snagging' and 'clean-up' issues relating to the UKLRs, i.e. provisions which seem to contain errors or can be difficult to interpret or apply.

Many of these issues were raised in Part A of our similar submission dated 31 July 2025 (sent to Adam Wreglesworth and David Stubbs of the FCA). New issues are marked "[New Issue]" in the attachment. We have omitted issues raised in Part A of our July 2025 submission which have since been addressed, have been resolved or are the subject of an FCA consultation paper, or which related to the DTRs. We have also omitted the non-'snagging' issues raised in Part B of our July 2025 submission, which we intend to follow up with you separately. For your convenience, this response is accompanied by a PDF comparison showing the differences between this response and our submission dated 31 July 2025.

The views set out in this response have been prepared by a working party of the Company Law Committee of the City of London Law Society (**CLLS**). 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.

The working party is made up of senior and specialist corporate lawyers from the CLLS who have a particular focus on issues relating to equity capital markets.

We would welcome the opportunity to discuss these issues with you further if that would assist.

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UK Listing Rules (UKLR)

Distributing regulated information to 2+ national newspapers when RIS is closed (UKLR 1.3.4R(1), DTR 1.3.6G(1) and DTR 1A.3.3R(1))

In practice, the requirement to distribute regulated information to not less than two national newspapers in the UK when a RIS is closed creates administrative friction and may not achieve the desired aim of bringing the information to the attention of the public in the UK (given the ongoing decline in newspaper readership). This can encourage issuers to try to conclude that the obligation to notify information to an RIS does not crystallize until the next day when a RIS is open for business.

We suggest that paragraph (1) of UKLR 1.3.4R, DTR 1.3.6G and DTR 1A.3.3R is deleted, amended (e.g. to permit an issuer to publish the information on its website instead) or updated to reflect current media channels.

Certain unaudited financial information to be repeated in next annual results (UKLR 6.2.23R and UKLR 6.2.24G)

The meaning of the exemption in UKLR 6.2.24G(2) is not entirely clear. We understand this applies to "*any preliminary statements of annual results or half-yearly or quarterly reports that are included in a reverse takeover circular or prospectus*". This is consistent with what we understand to be meaning of former LR 13.5.36R(2)(b), which applied from 1 July 2005 until 30 September 2012. (Former LR 9.2.18R (now UKLR 6.2.23R) was originally a continuing obligation counterpart to former LR 13.5.36R, and ultimately LR 13.5.36R was deleted because it duplicated this continuing obligation – see "Our response" under paragraph 5.63 of FSA CP05/07 and paragraph 5.69 of FSA CP12/02.) However, it would be clearer if UKLR 6.2.24G(2) was amended to reflect this (by replacing the words "reproduced with the unaudited financial information" with "included in a reverse takeover circular or prospectus").

Announcing a change in capital structure (UKLR 6.4.4R(1) and related provisions)

Although market practice around UKLR 6.4.4R(1) is fairly well established, it is not always clear whether an issue of shares or other change in an issuer's share capital amounts to a "change in capital structure". We suggest the FCA considers amending or clarifying this wording.

The same comment applies to UKLR 13.3.20R(1), UKLR 14.3.17R(1), UKLR 16.3.16R(1) and UKLR 22.2.17R(1).

Details of related party transactions in significant transaction announcements (UKLR 7 Annex 2, paragraph 3.1R)

Paragraph 3.1R of UKLR 7 Annex 2 requires a significant transaction announcement under UKLR 7.3.2R to include the information required by item 17.1 of PRM App 2 Annex 1 (unless this has already been published – see paragraph 3.4R of UKLR 7 Annex 2). Item 17.1 of PRM App 2 Annex 1 requires "details of related party transactions… that the issuer has entered into during the period covered by the historical financial information and up to the date of the registration document".

Where the significant transaction is a disposal, the "period covered by the historical financial information" is two years (see paragraph 2.2R of UKLR 7 Annex 2). It is not clear what this period should be on an acquisition, where no equivalent historical financial information to that specified for a disposal is required under UKLR 7 Annex 2. In our view an issuer undertaking an acquisition should provide details of related party transactions from the end of the latest financial year for which it has published an annual financial report or preliminary statement of annual results until the date of its announcement under UKLR 7.3.2R. It would be helpful if the FCA could amend paragraph 3.4R to clarify this. For example:

The information required by Annex 1 item 17.1 (Related party transactions):

(1) need only be given if it is relevant to the transaction; ~~and~~

(2) need not be given if it has already been published before the notification is made~~.~~; and

(3) subject to paragraph 3.4R(2) above, where the transaction involves an acquisition, should cover related party transactions entered into by the *listed company* from the end of the latest financial year for which it has published an annual financial report or preliminary statement of annual results until the date of the notification required by *UKLR 7.3.2R*.

Non-financial information in significant transaction announcements (UKLR 7 Annex 2, paragraph 3.2R(1))

On an acquisition, information regarding the listed company's material contracts and legal proceedings must be announced (under paragraph 3.2R(1) of UKLR 7 Annex 2 and items 20.1 and 18.6.1 of PRM App 2 Annex 1). Information regarding material contracts and legal proceedings of the issuer's subsidiary undertakings (in addition to the listed company) was expressly required under former paragraph 1(1)(a) of LR 13 Annex 1.1. Such information is still required on a disposal under paragraph 3.2R(2).

Was the reference to the issuer's subsidiary undertakings intentionally omitted from paragraph 3.2R(1)? If so then this sits oddly with paragraph 3.2R(2) and the wording of items 20.1 (which requires summaries of material contracts entered into by any member of the issuer's group) and 18.6.1 (which requires information on any legal proceedings with significant effects on the group's financial position or profitability).

It would be helpful if the FCA could clarify the position and consider whether paragraph 3.2R(1) reflects its intentions. A missing word ("and") also needs to be restored:

(1) for an acquisition, in separate statements for the *listed company* and its *subsidiary undertakings* and for the undertaking, business or assets to be acquired; or

Wholly intra-group related party transactions (UKLR 8)

Unlike UKLR 7 and DTR 7.3, UKLR 8 contains no exemption for transactions between a listed company and its wholly-owned subsidiaries or for transactions between wholly-owned subsidiaries. Where such transactions are large enough to be caught by UKLR 8.2.1R, a common sense approach is generally adopted and the transaction is taken to fall outside the spirit and intention of the related party rules. It would be preferable to include a specific exemption in UKLR 8 (similar to those in UKLR 7.1.6R(2)(c) and to a lesser extent DTR 7.3.5R(1)) which would promote greater clarity for the market. For example this could appear in UKLR 8.1.9R.

A firm on our working group raised this in its response to FCA CP23/31. The FCA responded that it would consider this point in due course, as it did not seem sufficiently material to address in the short term last year (see paragraph 7.23 in FCA PS24/6 and "Our response" beneath it). We encourage the FCA to revisit this or else otherwise issue guidance confirming that transactions (a) between a listed company and its wholly-owned subsidiary undertakings and (b) between the listed company's wholly-owned subsidiary undertakings are considered to be in the ordinary course of business and not subject to UKLR 8.

Aggregation of related party transactions (UKLR 8.2.7R)

The requirement to aggregate transactions in UKLR 8.2.7R does not expressly exclude transactions in the ordinary course of business. However, excluding them is consistent with the definition of a related party transaction (UKLR 8.1.7R), the approach taken in UKLR 7 (see below) and market practice. In other words, transactions which cannot be related party transactions (because they are in the ordinary course of business) should not be aggregated. It would be helpful if the FCA could clarify this by amending UKLR 8.2.7R(1) to better reflect UKLR 8.1.7R:

(1) Subject to (3), if a *listed company* enters into transactions or arrangements (other than transactions or arrangements in the ordinary course of business) with the same *related party* (and any of its *associates*) in any 12-month period, the transactions or arrangements must be aggregated.

This also reflects the approach taken in UKLR 7. While the aggregation rules in UKLR 7.2.11R and UKLR 7.2.15R do not expressly exclude transactions in the ordinary course of business, UKLR 7.1.6R(2)(a) excludes them (by providing that a "transaction" in UKLR 7 excludes a transaction in the ordinary course of business).

Price for purchases of <15% of own shares without a tender offer (UKLR 9.6.2R(1)(b))

Although market practice around UKLR 9.6.2R is well-established, the wording of UKLR 9.6.2R(1)(b) does not quite work. We believe it should say "that ~~the technical standards~~ stipulated by article 3(2) ~~5(6)~~ of the *Buy-back and Stabilisation* ~~*Market Abuse*~~ *Regulation*; or". Our revised wording essentially mirrors former LR 12.4.1R(2) as it was prior to 3 July 2016. The Buy-back and Stabilisation Regulation is referred to in Article 5(6)(a) of UK MAR.

Place of central management and control (UKLR 14.2.4R and UKLR 14.3.1R)

A UKLR 14 issuer's place of central management and control must at all times be situated in its country of incorporation or the country of its qualifying home listing (UKLR 14.2.4R and UKLR 14.3.1R).

Issuers should know what is needed to comply with this requirement. However, "place of central management and control" is not defined. It would be very helpful if the FCA could provide guidance on how it will determine the location of an issuer's place of central management and control.

The same phrase formerly appeared in paragraph 3(a)(ii) of the Introduction to the Takeover Code. The Takeover Panel explained that an issuer's place of central management and control would usually be the country in which a majority of the issuer's directors were resident (paragraphs 2.7 to 2.9 of consultation paper PCP 2012/3). This provided reasonable clarity to issuers. We would encourage the FCA to adopt a test which is no less clear and certain.

Aggregation of transactions and reverse takeovers (UKLR 14.4, UKLR 15.4, UKLR 16.4 and UKLR 22.3)

[New Issue]

Transactions involving issuers listed under UKLR 14, 15, 16 or 22 are no longer aggregated for the purposes of determining whether a reverse takeover has occurred, because UKLR 7.2.15R to UKLR 7.2.17G do not apply to such issuers (and no equivalent provisions are included within UKLR 14.4, UKLR 15.4, UKLR 16.4 and UKLR 22.3). This is a change from the position before 29 July 2024 under former LR 5.6.4R (which provided that "When calculating the percentage ratio, the issuer must apply the class tests and LR 10.2.10R (Aggregating transactions)"). Was this change intentional? Paragraph 15.6 of FCA CP23/31 suggests not ("For the transition and international secondary listing categories, we propose to largely replicate the current approach to reverse takeovers in LR 5.6 as applied to issuers of standard listed shares. For certificates representing shares, we would maintain a similar approach, most likely by cross-reference to provisions in one of these categories."). If this change was not intended then the FCA may wish to fix it.

UKLR 14.4 (which also applies to GDR issuers under UKLR 15.4.1R), UKLR 16.4 and UKLR 22.3 use the defined term "reverse takeover". The definition of "reverse takeover" (in the Glossary to the FCA Handbook) refers to UKLR 7.1.4R and in turn (through the definitions of "percentage ratio" and then "class tests") the tests set out in UKLR 7 Annex 1. However, these definitions and provisions do not extend UKLR 7.2.15R to UKLR 7.2.17G to issuers listed under UKLR 14, 15, 16 or 22. The FCA may wish to clarify this position.

Half-yearly financial reports and GDR issuers (UKLR 15.3.1R(3), UKLR 14.3.20R, DTR 4.2.1R and DTR 4.4.7R)

[New Issue]

We suggest amending UKLR 15.3.1R(3) (or DTR 4.4.7R) to state that DTR 4.4.7R applies to an issuer which is subject to DTR 4.2 by virtue of UKLR 15.3.1R(3) and UKLR 14.3.20R – in other words, to make clear that GDR issuers are not required to publish half-yearly results in accordance with DTR 4.2.

We propose this because:

- Under UKLR 15.3.1R(3) and UKLR 14.3.20R, an issuer of listed GDRs "must comply with DTR 4… as if it were an issuer for the purposes of the transparency rules". However, issuers to which DTR 4 applies benefit from DTR 4.4.7R (under which DTR 4.2 does not apply to issuers of GDRs) and DTR 4.2.1R (under which DTR 4.2 only applies to issuers with shares or debt securities (not GDRs) admitted to trading on a UK regulated market).

- DTR 4.2.1R, DTR 4.4.7R and the predecessor to UKLR 14.3.20R (namely LR 14.3.23R) were added to the rules at the same time. The FSA stated in the relevant policy statement that "issuers of such securities [incl. listed depositary receipts] are excluded from the… obligation to publish half-year reports" (see "Policy Decisions on Issuer Scope" under paragraph 2.53 of FSA PS06/11).[1]

- Accordingly, it appears that the exemption in DTR 4.4.7R is intended to over-ride UKLR 15.3.1R(3) and UKLR 14.3.20R. Note the FCA seems to have adopted the opposite approach for the similar issue discussed immediately below, i.e. UKLR 15.3.1R(3) and UKLR 14.3.21R are intended to over-ride the partial exemption in DTR 1B.1.6R. This difference in approach can cause confusion.

Corporate governance statements and GDR issuers
(UKLR 15.3.1R(3), UKLR 14.3.21R and DTR 1B.1.6R)

[New Issue]

We suggest amending UKLR 15.3.1R(3) (or DTR 1B.1.6R) to state that DTR 1B.1.6R does not apply to an issuer which is subject to DTR 7.2 by virtue of UKLR 15.3.1R(3) and UKLR 14.3.21R – in other words, to make clear that GDR issuers are required to comply with DTR 7.2.

We propose this because:

- Under UKLR 15.3.1R(3) and UKLR 14.3.21R, an issuer of listed GDRs "must comply with DTR 7.2 as if it were an issuer to which that section applies" (see also DTR 1B.1.5AG). However, issuers to which DTR 7.2 applies benefit from the partial exemption in DTR 1B.1.6R. DTR 1B.1.6R disapplies most of the provisions of DTR 7.2 for non-UK incorporated issuers of listed GDRs (as they do not normally have shares admitted to trading on a UK regulated market or traded on a UK MTF).

- It seems the FSA did not intend DTR 1B.1.6R to benefit non-UK incorporated issuers of listed GDRs. When the predecessors to UKLR 6.6.18R, UKLR 14.3.21R and UKLR 22.2.21R (namely LR 9.8.7AR and LR 14.3.24R) were introduced, the FSA stated that these provisions (in conjunction with the predecessor to UKLR 15.3.1R(3), namely LR 18.4.3R(2)) would apply DTR 7.2 "to all issuers of equity and GDRs, including overseas companies", and did not mention the partial exemption in DTR 1B.1.6R (paragraph 2.10 of FSA CP09/24). The FSA went on to say that "we believe that as far as possible there should be a level playing field between UK and overseas companies, including in relation to issues of corporate governance… [W]e believe that any listed company should be able to comply with requirements to make statements on their corporate governance… The cost involved would therefore be a fixed cost for any listed company" ("Our response" under paragraph 2.10 in FSA CP09/24). The language used by the FSA when first making these proposals was even clearer on this point (paragraphs 3.13 to 3.15, 4.17 and 4.19 of FSA CP08/21).

- Accordingly, it appears that UKLR 15.3.1R(3) and UKLR 14.3.21R are intended to over-ride the partial exemption in DTR 1B.1.6R. Note the FCA seems to have adopted the opposite approach for

[1] Many issuers of listed GDRs choose to publish half-yearly reports voluntarily, but that is a separate point.

the similar issue discussed immediately above, i.e. the exemption in DTR 4.4.7R is intended to override UKLR 15.3.1R(3) and UKLR 14.3.20R. This difference in approach can cause confusion.

Procedures, systems and controls confirmation by the applicant's board (UKLR 20.2.4AR)

In our view, UKLR 20.2.4AR should be amended to clarify that the Procedures, Systems and Controls Confirmation required to be made by the board of an applicant applying for its first admission to listing is not required where the applicant is a new holding company applying for admission to listing in respect of a group with an existing admission to listing on the Official List (i.e. a "topco" insertion restructuring as contemplated in UKLR 5.1.2R(2)). This reflects approaches agreed with the FCA, which have had to be separately confirmed.

Cancellation of listing in relation to takeover offers (UKLR 21.2.11R, UKLR 21.2.12R, UKLR 21.2.14R and UKLR 21.2.15R)

[New Issue]

Shareholder approval to cancel a listing is not required following certain takeover offers (UKLR 21.2.11R, UKLR 21.2.12R, UKLR 21.2.14R and UKLR 21.2.15R). The bidder must, by virtue of its shareholdings and acceptances of its offer, have acquired or agreed to acquire shares carrying 75% of the issuer's voting rights. Where the bidder was interested in more than 50% of the issuer's voting rights before announcing its firm intention to make an offer, the bidder must also have obtained acceptances of its offer or acquired shares from independent shareholders representing a majority of the voting rights they held at announcement.

"Voting rights" is not defined. We suggest amending these rules or providing guidance to confirm that, for these purposes, all percentages of voting rights should be calculated: (a) including any shares subject to a suspension of voting rights or a restriction on their exercise; and (b) excluding any treasury shares held by the issuer. This would be consistent with the approach taken when calculating whether shares carrying over 50% of voting rights (or such higher percentage as the bidder sets) have accepted a takeover offer (see Rule 10.1 and the definitions of "voting rights" and "treasury shares" in the Takeover Code). It would also be consistent with how percentage holdings of voting rights are calculated under DTR 5.8.7R and DTR 5.8.8R, although DTR 5 has a different purpose.

The predecessor to these rules (former LR 5.2.10R) was added on 1 July 2005. When proposing it, paragraph 7.13 of FSA CP04/8 strongly implied that the 75% threshold for delisting without shareholder approval and the >50% threshold for acceptances of a takeover offer should be calculated on the same basis:

> "In relation to takeover or offer situations, a respondent to CP203 raised an issue that where there is a 50% acceptance condition, whether the company would be required to obtain an additional 25% acceptance in order to satisfy the 75% requirement for cancellation without shareholder approval. In such situations, there would appear to be an inconsistency between the 50% acceptance level for the purpose of an offer and the 75% level proposed for the purpose of cancellation. We therefore propose to change the rules in such circumstances to align it with the rest of the proposed rule changes so that unless the offeror has acquired a 75% holding in the listed company by virtue of its shareholdings, if any, and acceptances of the offer, it must seek the approval of holders of the relevant securities…"

Paragraph 9.25 of FSA CP203 and paragraph 1.11 of FSA CP05/7 did not add any further relevant insights.

Cancellation of listing as a result of scheme of arrangement (UKLR 21.2.19R(1))

Under UKLR 21.2.19R(1), a cancellation of listing as a result of takeover or restructuring of the issuer effected by a scheme of arrangement under Part 26 or Part 26A of the Companies Act 2006 (**CA 2006**) is exempt from the requirements of UKLR 21.2.8R and UKLR 21.2.17R. These include, among other things, the requirements to send a circular to shareholders, obtain shareholders' approval by way of a special resolution at a general meeting and give 20 business days' notice of the cancellation.

In our view, UKLR 21.2.19R(1) should be amended to clarify that takeovers or restructurings effected by way of "equivalent" or "similar" schemes of arrangement (or plans of arrangement), operation of law restructurings or statutory migration procedures under laws in other jurisdictions are also exempt from these requirements (and not just UK Part 26 or 26A schemes). This reflects approaches agreed with the FCA in respect of non-English law governed "topco" insertion statutory migrations, which have had to be separately confirmed with the FCA. This would give issuers additional clarity when structuring these types of transactions.

Certificate from Registrar of Companies regarding a scheme of arrangement (UKLR 21.3.2R(3)(a)

A scheme of arrangement under Part 26 of CA 2006 takes effect when the Court order sanctioning the scheme is delivered to the Registrar of Companies (s.899(4) CA 2006). An issuer requesting the cancellation of its listing following a scheme which involves listing a new company must provide the FCA with either: (a) a copy of the certificate from the Registrar of Companies that the scheme has become effective; or (b) documents which adequately demonstrate that the scheme will become effective on a specified future date (UKLR 21.3.2R(3)).

Companies House will not provide any certificate, receipt or proof of delivery of the Court order, even if requested to do so. This renders UKLR 21.3.2R(3)(a) impossible to satisfy as written. However, FCA Procedural Note 913 indicates that, in practice, providing the FCA with confirmation of the delivery of the Court order is sufficient to satisfy the requirement for a "certificate". A letter from the issuer confirming delivery should suffice for this purpose.

This is similar to the approach taken when the issuer relies on UKLR 21.3.2R(3)(b). In that case, Procedural Note 913 indicates that "Issuers should submit a letter confirming that the scheme has been sanctioned by the court, all conditions have been satisfied or waived and the scheme is irreversible". However, UKLR 21.3.2R(3)(b) is only available where the scheme will become effective on a future date. After the scheme becomes effective issuers can only use UKLR 21.3.2R(3)(a).

Procedural Note 913 extends to schemes under Part 26 of CA 2006 where an existing issuer (i) imposes a new holding company, (ii) issues consideration shares on an acquisition or merger with another listed issuer effected by a scheme, or (iii) restructures and cancels its listing, with or without listing a new company (see final paragraph on page 1 of Procedural Note 913). This Note is not limited to schemes which involve listing a new holding company (unlike UKLR 21.3.2R(3)). This seems sensible, as the process of delivering the Court order to Companies House is the same for all schemes.

We recommend amending UKLR 21.3.2R(3) to better reflect Procedural Note 913. For example:

> (3) if a cancellation is to take place after a scheme of arrangement becomes effective under section 899 of the Companies Act 2006 ~~and a new *company* is to be *listed* as a result of that scheme,~~ either:
>
> > (a) confirmation that the Court order has been delivered to ~~a copy of the certificate from~~ the Registrar of Companies (and accordingly that the scheme has become effective); or
> >
> > (b) documents which demonstrate adequately that the scheme will become effective on a specified date in the future.