

# Publication of Final UK Listing Rules

July 25, 2024

On July 11, 2024, the Financial Conduct Authority (“FCA”) published a policy statement ([PS24/6](#)) setting out the final copy of its revised UK Listing Rules (“UKLRs”), which will come into force on July 29, 2024, after a brief implementation period.

The final rules represent an extensive overhaul of the UK listing regime, as described in our [prior memorandum](#) on the proposed listing reforms. From July 29, 2024, existing issuers listed on the premium and standard listing segments will be mapped automatically to the relevant new listing categories, subject to the application of certain transitional provisions for “in-flight” applications.

FTSE Russell previously [indicated](#) that companies listed in the new commercial companies (equity shares) category (“ESCC”) and closed-ended investment funds category will be eligible for the FTSE UK Index Series. Our [prior memorandum](#) sets out the proposed changes to the FTSE UK Index Series ground rules and eligibility criteria, which FTSE Russell is [expected](#) to confirm shortly in light of the final rules.

The UKLRs are the result of extensive engagement across the market and reflect the FCA’s efforts to better align the UK’s regime with international market standards and reinvigorate its flagging capital markets. The final rules are generally in line with the proposals set out in the FCA’s previous consultation paper on this topic ([CP23/31](#)), subject to several notable changes which are described in this alert.

If you have any questions concerning this memorandum, please reach out to your regular firm contact or the following authors

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## I. Key Updates to the Proposals Made in CP23/31

**Significant transactions regime.** As proposed in CP23/31, shareholder approval of significant transactions (*i.e.*, transactions meeting the 25% threshold, based on retained class tests) is no longer required, but disclosure must be made to the market.

In place of the original proposal for a single notification, the new UKLR 7 regime provides for: (i) an initial notification with information on the transaction; (ii) follow-on disclosures to be made as soon as the necessary information is available; and (iii) a completion notification. Historical financial information and fairness statements will not be required in the case of acquisitions. The provision for separate notifications affords issuers greater flexibility around the timing and content of announcements for significant transactions.

**Dual class share structures.** Under the final rules, UKLR 5 and UKLR 6 permit institutional investors or shareholders at the point of listing to hold enhanced voting rights in commercial companies (as opposed to only natural persons as initially proposed in CP23/31), though there is a 10-year “sunset” (*i.e.*, maximum time restriction) on the exercise of these enhanced voting rights.

As such, specified weighted voting rights shares may now be held at the point of listing by: (i) directors; (ii) existing investors or shareholders (natural persons and institutions); (iii) employees; or (iv) persons established for the sole benefit of, or solely owned and controlled by, a person in (i), (ii) or (iii).

Holders of specified weighted voting rights shares will not be able to vote in situations where the UKLRs require a shareholder vote to be taken, save for reverse takeovers and the election of independent directors.

**Controlling shareholder regime.** While the UKLRs do not mandate entry into a controlling shareholder agreement as initially proposed in CP23/31, commercial companies will still be required to carry on their business as their main activity independently of any controlling shareholders. Without a relationship agreement in place, however, it is unclear how this will be demonstrated. The final rules also include a shorter list of factors which may indicate that an issuer is not independent of a controlling shareholder.

A further continuing obligation has been included in the final rules where a controlling shareholder (or its associate) proposes a resolution that a director considers is intended, or appears to be intended, to circumvent the proper application of the UKLRs. In this case, the circular accompanying such proposal must include a statement of the director’s opinion regarding that resolution.

**Shell companies and special purpose acquisition companies (“SPACs”).** Under the final rules, shell companies and SPACs – which will have their own separate listing category under the UKLRs – must complete an initial transaction within a set timeframe of 24 months as proposed in CP23/31, but the final rules include additional flexibility to extend by 12 months up to three times subject to shareholder approval, which can be extended for a further period of up to six months in specified circumstances set out in UKLR 13.

In addition, the regime established by the FCA in July 2021, whereby larger SPACs may choose to adopt a specified structure to avoid a presumption of suspension of trading on the announcement of an acquisition, is optional as opposed to mandatory under the final rules.

## II. Transitional Provisions and Next Steps

Listing applicants that submitted a complete application for an eligibility review by 4:00 pm on July 11, 2024, are considered to be “in-flight” and will be treated as applications for admission to the corresponding new UKLR listing category, once the final rules come into force (*e.g.*, an application for admission to the standard listing segment will be treated as an application to the transition category).

The FCA intends to formally review the new listing regime in five years’ time to assess its impact on the market but has indicated its willingness to intervene earlier if necessary to ensure market integrity.

In parallel with listing reforms, the FCA [expects](#) to publish a consultation paper on a new public offers and admissions to trading regime later this summer, setting out proposed revisions to the UK’s prospectus and public offer infrastructure.

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