Cross-Border Listings Guide - London Stock Exchange (Main Market)

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# Quick Summary

## Initial financial listing requirements

[Last updated: 1 August 2024, unless otherwise noted]

For all companies seeking a listing:

The expected aggregate market value of all securities of an issuer proposed to be listed must be at least £30 million (approx. US$$38.20 million) for shares to be eligible for listing and £200,000 (approx. US$254,640) for debt securities to be eligible for listing.

The new UKLR no longer require a company to confirm it has at least 12 months working capital, although working capital disclosures are still required in the prospectus.

The Main Market includes securities admitted to the Official List (comprising several categories, including the Commercial Companies (Equity Shares) (ESCC) category, the International Secondary Listings (Equity Shares) category, the Equity Shares (Transition) category, the Shell Companies (Equity Shares) category and the non-equity shares and non-voting equity shares category), the Shanghai-London Stock Connect and the Shenzhen-London Stock Connect, the Specialist Fund Segment and the Sustainable Bond Market. The Shanghai-London Stock Connect and Shenzhen-London Stock Connect – part of London Stock Exchange Stock Connect - link the LSE and the Shanghai and Shenzhen Stock Exchanges. Stock Connect allows eligible companies listed in each market to issue and list, on the other exchange, a depositary receipt that can be traded under local rules in the local time zone in accordance with the corresponding laws and regulations. The Specialist Fund Segment is for specialist, closed-end investment funds that target institutional, professional, professionally advised and knowledgeable investors. The Sustainable Bond Market supports innovative issuers in sustainable finance, and improves access, flexibility and transparency for investors.

## Other initial listing requirements

[Last updated: 1 August 2024, unless otherwise noted]

*Share price.* There is no minimum closing or offering price for shares to be listed.

*Distribution.* To list its securities, a company must have a minimum of 10% of the class of shares to be listed distributed to the public.

*Accounting standards*. Issuers established in the UK are required to use UK-adopted International Accounting Standard (UK-IAS) or, if those standards are not applicable, UK accounting standards. International Financial Reporting Standards (IFRS), IFRS as issued by the International Accounting Standards Board (IASB), US, Japanese, Chinese, Canadian or South Korean GAAP or the national accounting standards of a country that are equivalent to UK-adopted IAS when presenting historical financial information in a prospectus.  For an issuer established in a country outside the United Kingdom, if such financial information is not prepared in accordance with the required standards, the financial statements must be restated in compliance with UK-adopted IAS.

*Financial statements*. The prospectus must generally include audited historical financial information for the last three financial years (or such lesser period that the issuer has been in existence), and any quarterly or half-yearly financial information published since the date of the last audited financial statements. In addition, the audit reports for all relevant periods must be included in full.

*Management continuity*. No specific period of continuity of management is generally required.

## Listing process

[Last updated: 1 January 2024, unless otherwise noted]

Listing and/or prospectus approval involves the Financial Conduct Authority (FCA) reviewing the prospectus in its capacity as the competent authority for the purposes of Part VI (Official Listing) of the Financial Services and Markets Act 2000. The FCA admits the shares of issuers seeking a premium or standard listing to the Official List, and the London Stock Exchange (LSE) admits the shares to trading on the Main Market. The following is a fairly typical process and timetable for a premium or standard listing of the shares of a foreign issuer on the Main Market of the LSE.

[Link to Timetable](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2022-update/2022-london-stock-exchange-main--listing-process.pdf?sc_lang=en)

## Corporate governance and reporting

[Last updated: 1 August 2024, unless otherwise noted]

A company listed in the ESCC category, regardless of where it is incorporated, must state in its annual report and account whether or not it has complied with the UK Corporate Governance Code (the Code) and explain and justify any non-compliance. The Code consists of principles of good governance, most of which have their own set of more detailed provisions which amplify the principles. The principles deal with the following areas:

Board Leadership and Company Purpose.

Division of Responsibilities.

Composition, Succession and Evaluation.

Audit, Risk and Internal Control.

Remuneration.

The Code includes provisions relating to board or committee structure and the independence of directors.

A company with a listing of equity shares on the Main Market, in a category other than the ESCC, must include a corporate governance statement in its directors' report detailing its compliance with any applicable corporate governance code, explaining any non-compliance, and describing the company's internal corporate governance structures. It must include that statement as a specific section of the directors' report.

## Fees

[Last updated: 1 August 2024, unless otherwise noted]

A company seeking to list must pay both initial listing fees and annual fees to the LSE and the FCA, principally calculated according to market capitalization. Initial LSE fees for a company with a market capitalization of £100 million (approx. US$127.32 million) would be £147,320 (approx. US$187,568). Additional shares listed subsequently will attract additional fees. The annual LSE fees for a company with a market capitalization of £100 million (approx. US$127.32 million) would be £10,650 (approx. US$13,560). The FCA charges a fee of £16,310 (approx. US$20,766) for an application for eligibility for listing and the same fee again to cover the transaction and document vetting fees in relation to any document (including those with mineral expert's report attached) submitted for approval. The FCA charges annual fees based on market capitalization, which currently start at £6,565 (approximately US$8,359) for a company with an ESCC listing (or closed-ended investment funds listing) and a market capitalization of £100 million (approximately US$127.32 million). For ESCC category listings (and closed-ended investment funds listings) with a market capitalization in excess of £100 million (approximately US$127.32 million) the annual fee is the sum of a variable fee (calculated using a formula and based on the company's market capitalization) and the base fee. All other listed issuers must pay a fixed annual fee of £23,872 (approximately US$30,394).

# Overview of exchange

## Overview of exchange

[Last updated: 1 August 2024, unless otherwise noted]

The London Stock Exchange (more commonly referred to as the LSE) operates several markets.

The new UK Listing Rules (UKLR), which came into force on 29 July 2024, replaced the former standard and premium listing segments of the LSE Main Market (a UK regulated market) with a single segment, transferring share listings that existed on that date to one of the new categories listed below:

The Commercial Companies (Equity Shares) category (ESCC) – The flagship listing category for commercial companies seeking a UK share listing.

The International Secondary Listings (Equity Shares) category – For non-UK companies who have a primary listing on a non-UK market and a secondary listing in the UK. This category largely replicates the previous standard listing segment.

The Equity Shares (Transition) category – For commercial companies previously listed on the standard listing segment. This category is closed to new applicants but currently has no end-date for those companies that were 'mapped' to it from the previous standard listing segment.

A streamlined transfer process for companies to move from the Transition or International Secondary Listings categories to the ESCC category will be available subject to the relevant company meeting certain criteria, such as having been listed for at least 18 months on a continuous basis.

Shell Companies (Equity Shares) category – For shell companies and special purpose acquisition companies (SPACs), based on the previous standard listing segment.

Non-equity shares and non-voting equity shares category.

The new UK Listing Rules retained the categories for: closed-ended investment funds; open-ended investment companies; debt and debt-like securities; depository receipts; securitized derivatives; and warrants, options and other miscellaneous securities largely unchanged.

The LSE also operates the following markets:

London Stock Exchange Stock Connect (The Shanghai-London Stock Connect & the Shenzhen-London Stock Connect).

AIM (formerly known as the Alternative Investment Market) (an exchange regulated market or UK multilateral trading facility (UK MTF)).

The Specialist Fund Segment (SFS).

The Sustainable Bond Market (SBM).

The Professional Securities Market (PSM) (an exchange regulated market or UK MTF).

The International Securities Market (ISM) (an exchange regulated market or UK MTF).

The Main Market was established in 1698 and is home to some of the world's largest and best-known companies. The regulatory framework associated with listing on the Main Market is balanced and comprises globally respected standards of regulation and corporate governance. As a result, a listing on the Main Market demonstrates a commitment to high standards and provides companies with the means to access capital from the widest set of investors.

The relevant regulatory authority for a listing on the LSE is the UK Financial Conduct Authority (**FCA**). Shares of listed companies are admitted to the Official List of the FCA and admitted to trading on the Main Market of the LSE. Similarly, debt securities listed on a Main Market segment are also admitted to the Official List of the FCA and admitted to trading on the Main Market of the LSE.

A Main Market listing of equity shares for a commercial company comes with potential for inclusion in the FTSE UK series of indices, such as the FTSE 100, FTSE 250 and FTSE All-Share indices, though such inclusion is not within the remit of the FCA (but rather with the Ground Rules being set by FTSE Russell).

Access to these indices is often seen as one of the key benefits of listing in the ESCC category as many investment mandates are driven by FTSE indexation. In 2018, the FCA created a new category within, what was then known as, the premium listing regime (now the ESCC regime) to cater for companies controlled by a shareholder that is a sovereign country. The listing disclosure obligations and other requirements applicable to sovereign controlled companies have been refined to ensure that the regulatory requirements are suitably tailored to achieve the best outcomes for both investors and issuers.

Other advantages for a company listing on the Main Market include: a respected and balanced regulatory environment, which leads to greater levels of shareholder confidence; access to a large pool of capital; the existence of a large and experienced community of advisers to help companies join the Main Market and support them after listing; and the associated visibility and profile raising with customers, suppliers, investors and other stakeholders.

The Specialist Fund Segment (SFS) is for specialist, closed-ended investment funds that target institutional, professional, professionally advised and knowledgeable investors. As the SFS is part of the UK regulated Main Market, it is subject to the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules (DTRs), which can both be found in the FCA Handbook. However, as securities admitted to trading on the SFS are not admitted to the Official List of the FCA, they are not subject to the Listing Rules.

The Sustainable Bond Market (SBM) supports innovative issuers in sustainable finance, and improves access, flexibility and transparency for investors. As the demand from investors and companies to manage climate risks and create impact becomes ever more important, the SBM offers a wide range of opportunities for green, sustainability and social bonds, in addition to bonds from green economy issuers and most recently sustainability-linked bonds. SBM is not a distinct primary market operated by London Stock Exchange. It is a label applied across various segments of the London Stock Exchange's existing primary markets in order to promote the visibility of sustainable debt finance instruments, so bonds can be admitted to the LSE's Main Market and the ISM, for example.

The London Stock Exchange Stock Connect, comprising the Shanghai-London Stock Connect (launched in June 2019) and the Shenzhen-London Stock Connect (added from March 2023), provides a mechanism that connects the large pools of capital that exist in China and in London via a two-way depositary receipt program scheme where the security underlying the relevant depositary receipt program is fungible across both markets, and facilitates: (i) Chinese companies listed on the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE) obtaining a listing of global depositary receipts (GDRs) in London on the Main Market; and (ii) companies listed in the ESCC category obtaining a listing of Chinese depositary receipts (CDRs) in Shanghai on the SSE or in Shenzhen on the SZSE. In the case of a Chinese SSE-listed or SZSE-listed company obtaining a London GDR listing, the scheme also allows such company to raise capital from overseas investors simultaneously with obtaining its London GDR listing. Eligible companies listed on the two stock exchanges can issue, list and trade depositary receipts on the counterpart's stock market under their existing rules, trading hours and clearing and settlement mechanics, subject to the approval of the relevant regulatory bodies in London and Shanghai or Shenzhen, respectively.

This summary relates to equity shares listed in the ESCC category and the International Secondary Listings category, unless otherwise specified.

In December 2023, the aggregate market capitalization of listed securities on the Main Market was approximately £3.46 trillion (approximately US$4.41 trillion). This represents a slight decrease of approximately 4.9% since December 2022, when aggregate market capitalization was approximately £3.63 trillion (approximately US$4.62 trillion). The Main Market is the LSE's principal market for listed companies from the United Kingdom and abroad. Companies from all industry sectors and in a variety of sizes have listed on it.

The Main Market does not specialize in, or encourage listings by, particular types of companies. However, the FTSE techMARK is a market for innovative technology companies and FTSE Russell also compiles three indices which provide market participants with tools to measure the performance of companies involved in the innovative technologies that are shaping the future. The indices include: the FTSE techMARK All-Share Index, which comprises all companies included within the LSE's techMARK market; the FTSE techMARK Focus Index, which comprises companies within the FTSE techMARK All-Share Index, which are under £4 billion (approximately US$5.09 billion) by full market capitalization (before the application of any investability weightings or capping restrictions), and the FTSE techMARK mediscience Index, which is a real-time index comprising mid and small cap companies within the LSE's techMARK Mediscience market. Constituents of the techMARK Mediscience Index are from the Pharmaceuticals, Biotechnology, Medical Equipment and Medical Supplies subsectors, as classified by ICB.

As of December 2023, there were 1,057 companies (December 2022: 1,106) listed on the Main Market. Of these, 886 (December 2022: 914) were domestic and 171 (December 2022: 192) foreign. However, the foreign companies constituted approximately 27% of the aggregate market capitalization of listed securities (December 2022: 32%).

# Principal listing and maintenance requirements and procedures

## Principal listing and maintenance requirements and procedures

[Last updated: 1 August 2024, unless otherwise noted]

**ESCC category**

There are no jurisdictions of incorporation or industries that would not be acceptable for a listed company. There is no difference in financial requirements between a foreign company and a domestic company.

The expected aggregate market value of all securities of an issuer proposed to be listed must be at least £30 million (approximately US$38.20 million) for shares to be eligible for listing and £200,000 (approximately US$254,640) for debt securities to be eligible for listing. The new UKLR do not require a company to confirm it has at least 12 months’ working capital, although working capital disclosures are still required in the prospectus. In addition, a company applying for listing must satisfy the FCA that it is not managed by a person outside that company's group and be able to demonstrate independence from any controlling shareholder(s).

A company with a dual class share structure is also eligible for an ESCC listing and is subject to less stringent conditions under the new UKLR than was previously the case. Weighted voting rights shares may now be issued, with no time-related sunset requirement, to a person who, at the time of admission to the ECCS category, was: a) a director; b) a natural person who was an investor in, or shareholder of, the issuer; c) an employee of the issuer; or d) a person established for the sole benefit of, or solely owned or controlled by, a person in a), b) or c). In addition, institutional investors who, at the time of admission to the ECCS category, were an investor in, or shareholder of, the issuer, are also permitted to hold enhanced voting rights, to ensure that they are not disincentivized from providing pre-IPO funding. However, for institutional investors and shareholders, there will be a 10-year sunset period attributed to their weighted voting rights shares. Where the issuer is a sovereign controlled company, weighted voting rights shares can also be issued to the sovereign controlling shareholder. Such holdings are not subject to any sunset period.

Enhanced voting rights are not exercisable in relation to votes to approve matters that could adversely impact holders of listed shares, such as:

Employee share schemes, Long-Term Incentive Plans or discounted option arrangements.

Share offerings and placings at a discount in excess of 10%.

Share buy backs of 15% or more of the shares other than via a tender offer.

A cancellation of listing or transfer to a different category of listing.

There are no specified ongoing financial maintenance requirements that a company (foreign or domestic) must meet after the initial listing. However, all companies must have a minimum of 10% of the class of shares to be listed distributed to the public. This is known as the minimum free float requirement. Shares are not considered to be in public hands if they are held directly or indirectly by a person with an interest in 5% or more of the shares, or by directors, persons connected with directors, trustees of any employees' share scheme or pension fund established to benefit the directors or employees or certain other categories of related persons or are subject to a lock-up period of more than 180 days.

Companies applying for an ESCC listing, regardless of where they are incorporated, must comply with the UK Corporate Governance Code, or if they choose not to comply with one or more provisions of the Code, explain and justify why they do not comply in their annual report and accounts. Listed companies must also offer pre-emption rights to existing shareholders (however these can be, and commonly are, disapplied with shareholder approval), as described below. Please also see section 5 below.

All companies applying for an ESCC listing must appoint a sponsor that has been approved by the FCA. The FCA maintains a list of these sponsors at <https://marketsecurities.fca.org.uk/sponsorlist>. The sponsor provides financial advice and is responsible for liaising with the FCA on the applicant company's behalf.

There is no requirement for an applicant company to conduct interviews with the LSE as part of the listing process. There is no requirement for listed companies to have or maintain a minimum number of security holders, although the FCA may cancel a company's listing should less than 10% (or any lower percentage agreed by the FCA) of the class of securities listed be in public hands according to the criteria described above. There is no requirement for listed foreign companies to have or maintain a minimum trading price for their securities, or for any shares to be placed into escrow (or otherwise be restrained from being traded, such as through lock-in or lock-up arrangements) in connection with the listing. However, on initial listing underwriters will typically require that the directors and major shareholders agree to a lock-up arrangement. There are no restrictions on the currency denomination of securities, or for securities to be settled within a particular clearing system or registered with a particular share transfer agent. However, all shares listed must be capable of electronic settlement under their terms and the company's constitution, and London listed shares are normally settled through CREST, the electronic settlement system operated by Euroclear UK & Ireland for UK securities. Please see section 9 below for more details.

Further listing requirements are as follows:

An applicant company must be duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment.

An applicant company must be operating in conformity with its constitution.

The securities to be listed must:

Conform with the law of the applicant company's place of incorporation.

Be duly authorized according to the requirements of the applicant company's constitution.

Have any necessary statutory or other consents.

The securities to be listed must be freely transferable.

Any shares to be listed must be fully paid.

An application for listing of securities must, if no securities of that class are already listed, relate to all securities of that class. If securities of that class are already listed, the application must relate to all further securities of that class, issued or proposed to be issued.

A prospectus will be required.

The requirements described in this section 2 do not vary from what would be expected of a domestic company, except that if the law of incorporation of a foreign company seeking an ESCC listing does not confer pre-emption rights on shareholders, then the company's constitution must do so, and the company must be satisfied that this is not incompatible with the laws in its country of incorporation.

The pre-emption rights concerned are as follows: a listed company proposing to issue equity shares for cash or to sell treasury shares that are equity shares for cash must first offer those equity shares in proportion to their existing holdings to:

Existing holders of that class of equity shares (other than the listed company itself by virtue of it holding treasury shares).

Holders of other equity shares of the listed company who are entitled to be offered them.

*International Secondary Listing requirements*

This category is aimed at non-UK companies with a recognized overseas listing, that wish to maintain a secondary listing in the UK without being subjected to the full (albeit much reduced) requirements of the new ESCC category.

Non-UK companies with a former secondary listing on the standard segment were moved automatically to this category on 29 July 2024.

Though this new category largely replicates the former standard listing requirements, there are a number of additional eligibility requirements which apply to companies seeking a listing on this category:

The applicant must be an overseas company, that is to say, a non-UK incorporated company, with 10% of its shares (excluding treasury shares) in public hands.

New applicants must situate their place of central management and control either in its country of incorporation or in the country of its qualifying home listing (subject to any dispensation or modification to this requirement agreed to by the FCA). It is worth noting that the FCA intends to disapply indefinitely, this requirement for those companies transferred to this category from the former standard listing segment.

The applicant must have a qualifying home listing where it is capable of being traded, and the application must relate to the same class of shares.

The FCA now also has the power to require confirmations from applicants regarding these requirements and may require the board to confirm that it is compliant and has at all times been compliant with the rules of the market of the qualifying home listing. The FCA may also, if an applicant's qualifying home listing is not in its country of incorporation, require an explanation of the reasons for establishing that listing elsewhere.

It has been confirmed by FTSE Russell that companies with shares admitted to the International Secondary Listing category will not be eligible for inclusion in the FTSE UK Index series. However, if a company with a secondary listing in London transfers from the International Secondary Listing category to the ESCC category, it will then become eligible for FTSE inclusion.

# Listing documentation and process

## Listing documentation and process

[Last updated: 1 August 2024, unless otherwise noted]

The applicant company will need to prepare and publish a prospectus to make available to investors. The prospectus may be either a single document or three separate documents (a registration document, summary and securities note).  Historically, companies in the London market have produced a single document in the form of a prospectus, but FCA reforms in 2018 to the IPO process have resulted in some companies preparing a registration document first followed by a full prospectus. The revised process was designed to improve the quality and timeliness of information for investors and to reinforce the primacy of the prospectus as the basis on which investors make their decision as to whether to participate in the IPO. Where the investment banks retained by the applicant company to market the IPO do not wish to distribute pre-deal research reports (a typical form of pre-marketing) prepared by connected analysts, the applicant company will likely prepare solely a prospectus in accordance with prior practice. Where the investment banks wish to distribute research of connected analysts, the company will likely prepare a registration document followed by a full prospectus a few weeks later. Research may only be distributed once the registration document has been approved and published. Exactly when the research may be published depends upon whether the analysts unconnected to the investment banks acting for the company that write the research get separate access to the company for the purpose of writing their research or joint access with the analysts connected to the company's investment banks. In the absence of joint access, no connected analyst reports can be published until seven days following the publication of the registration document. The reforms promote unconnected research and, unlike past practice, mean that company disclosure in the form of an FCA-approved registration document is available to investors prior to the distribution of research.

The FCA will review a number of versions of the draft registration document and/or prospectus and provide detailed comments and raise points for clarification by the applicant company's advisers. The FCA will also need to receive an application for the admission of the securities to be included on the Official List, the final FCA-approved registration document and/or prospectus, and written confirmation of the number of shares to be allotted. The LSE will need to receive, among other things, an application for admission to trading, an electronic copy of the FCA-approved prospectus and written confirmation of the number of shares to be allotted.

The FCA publishes on its website a list of registration documents and prospectuses approved since 1 September 2017 (see: <https://marketsecurities.fca.org.uk/>). The list must include a hyperlink to the prospectus published on the website of the relevant issuer or regulated market and must remain on the FCA website for at least 10 years.

The prospectus must be written and presented in an easily analyzable, concise and comprehensible form, and include the information prescribed by the FCA's Prospectus Regulation Rules. It must also contain all of the information necessary to enable investors to make an informed assessment of the assets and liabilities, profits and losses, financial position, and prospects of the issuer of the shares and of any guarantor; the rights attaching to the shares; and the reasons for the issuance and its impact on the issuer. This reflects Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented (UK Prospectus Regulation).

In particular, the prospectus must include a summary section in a four-part Q&A format setting out certain key items of information (or, where that information is not applicable, indicate as not applicable). The summary should not exceed 7 pages and must include a brief description of up to (in total) 15 of the most material risk factors specific to the issuer, the securities and any guarantor. The rest of the prospectus must also include full disclosure relating to the following topics: details of the persons responsible for the prospectus; details of the auditors; selected financial information; a categorized set of specific risk factors relating to the company and/or to the securities (and/or to the guarantor, if applicable) and which are material for taking an informed investment decision, as corroborated by the content of the prospectus with the most material risks mentioned first; general information about the company; a description of the company's operations,  principal activities, significant new products and services and principal markets; organizational structure; property, plant and equipment; a description in narrative form of the company's financial condition, changes in financial condition and results of the operations for the periods covered by the financial statements and any significant factors affecting its operating results; the company's long-term and short-term capital resources; the company's research and development policies; the most significant trends in the company's production, sales and inventory, and costs and selling prices; details of the company's management; corporate governance; number of employees and their share options; major shareholders; recent related party transactions; dividend policy; legal and arbitration proceedings; if profit forecasts are included in the prospectus, the principal assumptions upon which the profit forecasts are based; details of the company's share capital, objects, articles of association or charter, rights attaching to shares, procedure for conducting general meetings of shareholders and other related information; and a summary of material contracts.

In addition, with respect to financial information, the prospectus should also include audited historical financial information for the latest three financial years together (or such lesser period that the issuer has been in existence) with the audit report for each year. Issuers established in the UK are required to use UK-adopted International Accounting Standards (UK-IAS) or, if those standards are not applicable, UK accounting standards. For a company established outside the UK, the accounts should be prepared under UK-adopted IAS, EU-adopted International Financial Reporting Standards (IFRS), IFRS as issued by the International Accounting Standards Board (IASB), US, Japanese, Chinese, Canadian or South Korean GAAP or the national accounting standards of a country that are equivalent to UK-adopted IAS when presenting historical financial information in a prospectus.  For an issuer established in a country outside the United Kingdom, if such financial information is not prepared in accordance with the required standards, the financial statements must be restated in compliance with UK-adopted IAS. Any quarterly or half-yearly financial information that the company has published since the date of the last audited financial statements must also be included together with any audit or review report with respect thereto. If there has been a significant change in the company's position such as a significant acquisition or merger, it is necessary to include pro-forma financial information to reflect how the transaction would have affected its assets and liabilities and earnings if it had occurred at the beginning of the period covered by the report. The prospectus must also replicate the audit reports for each relevant period including any refusals, qualifications or disclaimers and the reasons for the same. If any financial data included in the prospectus is not extracted from the company's audited financial information, its source must be disclosed. Any significant post-balance sheet change in the financial or trading position of the group must also be described.

Where the offer includes a US tranche, the prospectus needs to conform to US disclosure standards. In particular, these standards require the inclusion of a detailed explanation and analysis of the company's financial results including key factors impacting its financial performance and comparison of its results on a year-by-year basis. The operating and financial review section (described above) will generally satisfy this requirement. In addition, it will be necessary to include a discussion of relevant US tax issues, restrictions on transferring the shares and certain legends required by US federal and state securities laws.

The FCA must approve the registration document and/or the prospectus. The advisers will submit a draft document to the FCA, who will then comment on it. The advisers and the applicant company address these comments and submit subsequent drafts until all of the FCA's comments have been addressed, at which point the FCA will informally agree to approve the registration document or the prospectus. The advisers will then arrange for the finalization of the registration document or prospectus for the FCA's formal approval. Where the applicant company prepares a registration document and a subsequent prospectus, the FCA will need to approve both documents. The FCA approval process generally takes approximately two to four months. Following FCA approval, the registration document or prospectus may be published. It should be noted that EEA issuers wanting to issue securities in the UK will be required to secure approval of their prospectus from the FCA, even if the prospectus has already been approved by the national regulator of an EEA State.

A universal registration document (URD) is an optional shelf registration mechanism introduced by the UK Prospectus Regulation for companies that expect to frequently issue securities admitted to trading on a UK regulated market or a UK MTF. An issuer that draws up a URD each year will benefit from fast-track approval when seeking approval of disclosure in relation to a specific issuance of securities.

The late availability of the prospectus to investors in the IPO process increases the emphasis placed on the quality, diversity and objectivity of analyst research which can help inform an investor's decision. For issuers intending to publish connected analyst (that is, analysts from within the bank(s) who are given access to management and financial data, which are part of the underwriting syndicate) research prior to the IPO, unconnected analysts must be given an opportunity to access the issuer to enable them to prepare independent research, either by including unconnected analysts in any communications between the issuer and its team's connected analysts (joint access); or by giving unconnected analysts separate access to the issuer and its team, provided equivalent information is given to both connected and unconnected analysts during that process (separate access). Due to confidentiality concerns, unconnected analysts are most likely to be briefed only after publication of the prospectus or registration document. Connected research must be published no earlier than seven days following the publication of an approved prospectus or registration document, unless joint access is given to unconnected analysts, in which case it is permitted to publish connected research the day after publication of the prospectus or registration document.

Typical process and timetable for a listing of a company on the Main Market of the LSE

[Link to Timetable](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/london-stock-exchange-main--long-form--listing-process-and-documentation.pdf?sc_lang=en)

The documentation and process requirements described in this section 3 do not vary from what would be expected of a domestic company, although note the requirements for financial information described above.

# Continuing obligations/periodic reporting

## Continuing obligations/periodic reporting

[Last updated: 1 August 2024, unless otherwise noted]

Under the new UKLR, a revised sponsor regime applies to companies in the ESCC category, companies transitioning to that category from other categories, closed-ended investment funds and SPACs and other shell companies. The role of a sponsor at admission stage largely reflects the former role sponsors played on an IPO for a premium listing (for example, providing key assurances at the "listing gateway"), subject to the changes to the eligibility requirements.

After listing, under the new UKLR, the sponsor's role will be reduced, focusing largely on significant increases in share capital, requiring a prospectus, the provision of fair and reasonable opinions on related party transactions (and guidance as to the application of, or when seeking guidance, modifications or waivers from the FCA on its rules, for example the class tests in relation to significant and related party transactions) and reverse takeovers.

Accordingly, the FCA will amend the sponsor declaration requirements to clarify that when assessing competence, the FCA will consider a wider range of transactions (including where no sponsor declaration is required), including advising other companies such as those admitted to AIM, whilst the sponsor declaration period will be increased from three years to five years.

Once listed, any company with a Main Market listing will be subject to a continuous disclosure requirement designed to prevent the creation of a false market in the company's securities. The company will be required to publicly disclose any inside information that directly concerns the company.

Broadly, inside information is information which:

Is of a precise nature (for example, it indicates a set of circumstances which exist or may reasonably be expected to come into existence and is specific enough to make conclusions as to the possible effect on price).

Relates, directly or indirectly, to one or more companies or to one or more financial instruments.

Has not been made public.

Would be likely to have a significant effect on the price of those financial instruments.

In determining the likely price significance of information, a company should assess whether the information in question would be likely to be used by a reasonable investor as part of the basis of their investment decisions and would therefore be likely to have a non-trivial effect on the price of the company's financial instruments.

When inside information is disclosed, the company must make the information available on its website by the close of the business day following its release and keep it there for a period of at least five years. Where a public disclosure includes inside information, the company must clearly identify: that the information communicated is inside information (usually satisfied by including a prominent legend to that effect); the identity of the person making the public disclosure; and the date and time of the public disclosure.

A company whose financial instruments are also listed or admitted to trading on any foreign stock exchange or regulated market must take reasonable care to ensure that the disclosure of inside information is synchronized as closely as possible in each jurisdiction.

A company may delay the disclosure of inside information in certain circumstances. This is permissible where a company is faced with an unexpected and significant event, in which case a short delay may be acceptable if necessary to clarify the situation. In such circumstances, a holding announcement should be released if there is a danger of the inside information leaking out before the facts and their impact can be confirmed. In addition, in circumstances where the issuer considers that immediate disclosure of inside information is likely to prejudice the issuer's legitimate interests, an issuer may delay the disclosure provided that to do so would not be likely to mislead the public and the issuer is able to ensure the confidentiality of the information. Where an issuer delays the disclosure of inside information, it must inform the FCA that disclosure of the information was delayed immediately after the information is disclosed to the public. The FCA may request that the issuer provides a written explanation of how the conditions outlined above were met.

In order to control access to inside information, listed companies and any person acting on their behalf or on their account are each required to draw up a list of persons who have access to inside information. Insider lists must be prepared in accordance with a prescribed template identifying each person having access to inside information and be updated promptly to reflect new people gaining, or existing insiders ceasing to have, access to inside information. Insider lists must be kept for a period of at least five years from being drawn up or updated and must be provided to the FCA upon request. Listed companies must also ensure that every person on an insider list acknowledges their obligations under the insider dealing and market abuse legislation and is aware of the sanctions that might be imposed for breaches of such legislation.

In addition to the continuous disclosure regime there are a number of specific requirements that listed companies and certain other persons must comply with. These include:

A shareholder in a non-UK incorporated company (unless incorporated in the following jurisdictions whose rules have been deemed equivalent: the United States, Japan, Israel or Switzerland, and the company discloses equivalent information via a Regulatory Information Service (RIS)) must notify the company when its interest is in respect of the company's voting rights passes through 5% (and also when its interest in the company's voting rights passes through the following thresholds: 10%, 15%, 20%, 25%, 30%, 50% and 75%) as soon as possible (and not later than four trading days) after learning of the relevant acquisition or disposal. The company must then publicly disclose this information as soon as possible and in any event by not later than the end of the third trading day following receipt of notification.

In the case of a shareholder in a UK incorporated company, it must notify the company when its interest in respect of the company's voting rights passes through 3% (and also when its interest in the company's voting rights passes through each 1% increment thereafter) as soon as possible (and not later than two trading days) after learning of the relevant acquisition or disposal. The company must then publicly disclose this information as soon as possible and in any event by not later than the end of the trading day following receipt of notification.

The company must disclose the total number of voting rights attaching to shares for each class admitted to trading at the end of every month in which there has been a change.

Any proposed change in its capital structure (including that of its listed debt securities), redemption of listed shares, extension of time granted for the currency of temporary documents of title and the results of any new issue of listed equity securities or of a public offering of existing shares must all be publicly disclosed as soon as possible.

Directors, other senior managers and persons closely associated with them, including spouses, children, relatives sharing their household and certain controlled entities (directors and other senior managers, together, known as PDMRs) must notify the company and the relevant regulator (the FCA) of the occurrence of all transactions conducted on their own account relating to the shares or debt instruments of the company or to derivatives or other financial instruments linked thereto. Notification must be made in a prescribed format and within three business days of the day on which the transaction occurred. The company must also publicly disclose this information within two business days of receiving notification of a transaction from the PDMR. Issuers with financial instruments also admitted to trading or traded on an EU trading venue are subject to a dual reporting obligation to the FCA and the relevant EU national competent authority.

PDMRs must not conduct transactions on their own account (or for the account of a third party) relating to the shares or debt instruments of the company or to derivatives or other financial instruments linked to such shares or debt instruments during any closed period. A closed period is a period of thirty calendar days before the announcement of the annual or interim financial results or any period where there exists any matter which constitutes "inside information" in relation to the company. A transaction is widely defined to include not only acquisitions, disposals, short sales, subscriptions and exchanges, but also gifts, donations and inheritances. These restrictions are in addition to the statutory prohibitions on insider dealing and market abuse which are discussed at the end of this section 4.

If the company wishes to conduct a market sounding, that is, communicate information (especially where this includes inside information) to one or more potential investors prior to the announcement of a transaction in order to gauge their interest in and/or support for a possible transaction and the conditions relating to it (such as its potential size or pricing), the company must comply with certain disclosure and record-keeping requirements if it wishes to take advantage of a safe harbor permitting the disclosure of inside information during a market sounding.

Material transactions with a related party (which includes any person that has control, joint control or significant influence over the company, or a member of the key management personnel of the company) must be notified to a RIS and approved by the board of directors. Moreover, before entering into the transaction or arrangement, the company must obtain written confirmation from a sponsor that the terms of the proposed transaction or arrangement with the related party are fair and reasonable as far as the security holders of the listed company are concerned.

The company must send to the FCA copies of (a) all circulars, notices, reports or other documents to be sent to shareholders, at the same time as they are issued and (b) all resolutions passed by the company, other than those concerning ordinary business at an AGM, as soon as possible after the relevant meeting. The company can satisfy the requirement to send copies of documents to the FCA by (a) disclosing the unedited full text of the document through an announcement via a RIS that is a primary information provider (PIP) approved by the FCA or (b) submitting the document to the National Storage Mechanism and disclosing simultaneously through an announcement via a RIS that the document has been submitted to the National Storage Mechanism and incorporating a web link to the document in the RIS announcement.

If the company becomes aware that the proportion of any class of its listed shares in the hands of the public generally has fallen below 10% (or any lower percentage agreed by the FCA) it must inform the FCA as soon as possible.

A company must ensure the FCA is provided with up-to-date contact details of at least one appropriate person to act as the first point of contact with the FCA in relation to compliance with the Listing Rules and Disclosure Rules.

A company must publish notices or distribute circulars concerning the allocation and payment of dividends.

A company has an overriding obligation to comply with the Listing Principles, which are general fairness-type principles designed to assist a listed company in identifying its obligations and responsibilities under the rules that apply to it as a result of the listing.

For companies with a listing in the ESCC category:

A company that has a controlling shareholder must have in place a constitution that allows the election and re-election of independent directors to be approved by separate resolutions of: (i) the shareholders as a whole; and (ii) the independent shareholders. The company must also be able to demonstrate independence from any controlling shareholder(s).

A company must notify the FCA without delay if it is not complying with the independent business or controlling shareholder requirements described above.

Significant transactions must be notified to a RIS and, when relating to a reverse takeover, approved by shareholders.

Decisions of the board on dividends or interest payments on listed securities must be notified to a RIS.

Any decision by the board to submit to shareholders a proposal that the company be authorized to purchase its own equity shares, other than the renewal of an existing authority, must be notified to a RIS as soon as possible, giving details of the nature of the authorization being sought. The outcome of the shareholders' meeting must also be disclosed as soon as possible. In addition, any purchases of a listed company's own equity shares must be publicly disclosed as soon as possible, and in any event no later than 7.30 am on the business day following the calendar day on which the purchase occurred.

A company must publicly disclose as soon as possible (and in any event by the end of the business day following the decision or receipt of notice about the change) any change to the board including:

The appointment of a new director.

The resignation, removal or retirement of a director.

Important changes to the role, functions or responsibilities of a director.

The disclosure must state the effective date of the change if it is not with immediate effect. If the effective date of the change is not yet known this should be stated and a further disclosure made as soon as the effective date has been decided. In the case of an appointment, the notification must also state whether the position is executive, non-executive or chairman and the nature of any specific function or responsibility.

A company must publicly disclose certain information in respect of any new director appointed to the board including:

Details of all directorships held by such director in any other publicly quoted company at any time in the previous five years, indicating whether or not the individual is still a director.

Details relating to such matters as any unspent criminal convictions and bankruptcies of such director.

Details of any public criticisms of the director by statutory or regulatory authorities and whether the director has ever been disqualified by a court from acting as a director or manager of a company,

or an appropriate negative statement. Disclosure must be made as soon as possible following the decision to appoint the director and in any event within five business days of the decision.

In respect of a current director, a company must publicly disclose as soon as possible any change in the details previously disclosed, including any new directorships held by the director in any other publicly quoted company.

Public disclosure for London listed companies is typically made through a RIS. RISs comprise primary information providers (PIPs) approved by the FCA and similar organizations established elsewhere in the EEA. These organizations receive announcements from issuers and then disseminate the full text of these to secondary information providers such as Bloomberg and Reuters. Disclosure to a RIS will fulfil a company's requirement for public disclosure. In some circumstances, a listed company is also obliged to make information available on its website (such as inside information, its annual report and results of shareholder meetings). All regulatory announcements made through a RIS that is a PIP approved by the FCA are also automatically filed with the UK's Officially Appointed Mechanism for the storage of regulated information, the National Storage Mechanism. Companies making announcements via RIS are required to include a Legal Entity Identifier or LEI (a unique 20-character reference code identifying the company) in announcements of regulated information and to classify such regulated information according to specified categories. This is designed to facilitate the ability to search for regulated information across the EEA via the pending European single access point (ESAP) (expected to be available from Summer 2027, with a gradual phase-in of available data).

**Financial statements**

A company must publish an annual financial report not later than four months after the end of its financial year. The report must remain publicly available for at least ten years. The report must include the audited financial statements, a management report and responsibility statements.

For a UK company which is required to prepare consolidated accounts, the audited financial statements must comprise consolidated accounts prepared in accordance with UK-IAS and accounts of the parent company prepared in accordance with the law of the United Kingdom. For non-UK-established companies that are required to prepare consolidated accounts, the audited financial statements must comprise consolidated accounts prepared in accordance with equivalent requirements, specifically, EU-adopted IFRS, IFRS as issued by the International Accounting Standards Board (IASB), US, Japanese, Chinese, Canadian or South Korean GAAP or the national accounting standards of a country that the FCA considers are equivalent to UK-IAS.

The annual financial report must be prepared in Extensible Hypertext Markup Language (XHMTL), which is human readable and can be opened with a standard web browser. Where an annual financial report contains IFRS consolidated financial statements, these must be labelled with XBRL tags, which make the labelled disclosures structured and machine-readable. The annual financial report must also be filed with the FCA by uploading it to the [National Storage Mechanism (NSM)](https://www.fca.org.uk/markets/primary-markets/regulatory-disclosures/national-storage-mechanism).

The company's financial statements must be audited in accordance with Part 16 of the Companies Act 2006 and the audit report must be reproduced in full as part of the annual financial report.

Where an issuer is a UK-traded third country company, it must ensure that the person who provides the audit report is:

Entered on the register of third country auditors kept for the purposes of the UK Statutory Auditors and Third Country Auditors Regulations 2013; or

Eligible for appointment as a statutory auditor under the UK Companies Act 2006.

The management report must contain a fair review of the company's business and a description of the principal risks and uncertainties facing the company and must otherwise comply with more detailed requirements set out by the FCA.

Responsibility statements must be made by the persons responsible within the company (whose names and functions must be clearly indicated) and set out that, to the best of the knowledge of each person making the statement, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and its consolidated undertakings, taken as a whole; and the management report includes a fair review of the development and performance of the business and the position of the company and its consolidated undertakings, taken as a whole, together with a description of the principal risks and uncertainties that they face.

A company with a listing in the ESCC category must also include in its annual report a report to the shareholders by the board containing details of the unexpired term of the director's service contract of any director proposed for election or re-election at the next annual general meeting, or a statement that such director has no service contract.

The auditors' report on the company's financial statements must cover some of these disclosures. If the company has not made the requisite disclosures, the report must include, to the extent possible, a statement giving details of the non-compliance.

As well as the annual financial report described above, the company must also publish a half-yearly financial report covering the first six months of the financial year. The report must be published not later than three months after the end of the period to which it relates and must remain publicly available for at least ten years.

The half-yearly financial report must contain: a condensed set of financial statements, an interim management report and responsibility statements.

The half-yearly financial report must contain (a) an indication of important events that have occurred during the first six months of the financial year (and their impact on the condensed set of financial statements); and (b) a description of the principal risks and uncertainties facing the company for the remaining six months of the financial year and must otherwise comply with the detailed requirements set out by the FCA.

If the half-yearly financial report is not audited, a company must make a statement to this effect in the report.

The accounting policies and presentation applied to the half-yearly figures must be consistent with those applied in the latest published annual accounts, unless the FCA otherwise agree or the accounting policies and presentation are to be changed in subsequent annual accounts.

Companies from the United States, Canada, China, Japan, South Korea and Switzerland may publish their home country financial reports in the United Kingdom in lieu of complying with the above requirements.

Certain companies active in the extractive and logging of primary forestry industries are required to prepare a report annually on the payments that they make to governments. The report must be prepared in accordance with the UK Reports on Payments to Government Regulations 2014. The company must file the report with the FCA and upload it to the National Storage Mechanism. The report must be made public at the latest six months after the end of each financial year and must remain publicly available for at least ten years.

**Insider dealing**

The Criminal Justice Act 1993 provides that it is a criminal offence for an individual who has inside information, and has that information as an insider, to deal in securities on the LSE or another regulated market, or through a professional intermediary. For an offence to be committed, the individual must know that the information is inside information and they must have knowingly acquired it from an inside source. There are also offences of encouraging dealing and disclosure by persons who have inside information.

For these purposes, inside information is, broadly speaking, specific or precise unpublished information relating to a particular issuer or particular securities which, if made public, would have a significant effect on the price of any securities. It should be noted that a director who knowingly has inside information about their company, or any other company with which their company has dealings, would be an insider for the purposes of the insider dealing legislation.

The penalty for an offence under the Criminal Justice Act 1993 is, on summary conviction, to a fine not exceeding the statutory maximum or imprisonment for a maximum of six months, or to both. On indictment the penalty is a fine or imprisonment not exceeding a term of ten years, or to both. There are a number of defenses, but it should be noted that these are normally restrictively interpreted and the burden of proof lies with the defendant.

**Market abuse**

The civil prohibition on market abuse is contained in Regulation 596/2014 of the European Parliament and of the Council on market abuse as applied in the UK pursuant to the European Union (Withdrawal) Act 2018 (as amended), and as supplemented by the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310) and subsequently further amended by The Recognised Auction Platforms (Amendment and Miscellaneous Provisions) Regulations 2021 and the Financial Services Act 2021 (UK MAR). UK MAR works in tandem with the criminal sanctions against insider dealing and market manipulation. Broadly speaking, market abuse under UK MAR consists of insider dealing, unlawful disclosure of inside information and market manipulation in relation to financial instruments admitted to trading on a regulated market.

Insider dealing arises where a person possesses inside information and uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information is also considered to be insider dealing. Recommending or inducing another person to engage in insider dealing may also constitute insider dealing.

Unlawful disclosure of inside information arises where a person possesses inside information and discloses that information to any other person, except where the disclosure is made in the normal exercise of an employment, a profession or duties.

Market manipulation comprises various specified activities which have the effect of misleading and/or distorting the market for financial instruments or benchmarks.

In addition, the FCA have published a set of provisions called MAR 1.3 which give guidance to assist in establishing what type of conduct would be permitted and what type of conduct would be prohibited as market abuse for the purposes of UK MAR.

Under the Financial Services and Markets Act 2000, as amended, the FCA, as regulator of the financial markets, can impose unlimited fines, public censure, a temporary or permanent prohibition on an individual holding certain positions in an investment firm, a temporary prohibition on an individual acquiring or disposing of financial instruments and/or other penalties for engaging in market abuse. The FCA also has the power to require a company to publish specified information or a specified statement in certain circumstances, including where the company has published false or misleading information or given a false or misleading impression to the public. The FCA may institute proceedings not only for direct engagement in market abuse but also for acts or omissions which require or encourage another to engage in behavior which would constitute market abuse if engaged in by the person who encouraged the other.

It should be noted that proof of intent to engage in market abuse is not required: it is sufficient that the behavior satisfies the criteria for market abuse.

# Corporate governance

## Corporate governance

[Last updated: 1 August 2024, unless otherwise noted]

**Market expectations**

Investors will normally expect a company to maintain a minimum standard of corporate governance after listing. The investment bank(s) advising on the listing will therefore often recommend that the company appoints one or more independent non-executive directors to the board of directors of the company. The process of ensuring that the company's standards of corporate governance are acceptable to investors may also require that the company adopt new constitutive documents and/or establish audit and/or remuneration committees, to the extent not already in place.

**Annual corporate governance statement**

A company listed in the ESCC category, regardless of where it is incorporated, must state in its annual report and accounts whether or not it has complied with the UK Corporate Governance Code (the Code) and explain and justify any non-compliance. The Code consists of principles of good governance, most of which have their own set of more detailed provisions which amplify the principles. The principles deal with the following areas:

Board Leadership and Company Purpose.

Division of Responsibilities.

Composition, Succession and Evaluation.

Audit, Risk and Internal Control.

Remuneration.

The Code includes provisions relating to board or committee structure and the independence of directors.

Whilst there is no separate guidance on how the Code applies to group companies, there is nothing to stop Code compliant companies extending their corporate governance practices throughout the group which can be done through effective communication of the parent company's purpose, values and strategy.

A company with a listing of equity shares on the Main Market, in a category other than the ESCC, must include a corporate governance statement in its directors' report as a specific section of the directors' report. The corporate governance statement must contain a reference to:

The corporate governance code to which the company is subject.

The corporate governance code which the company may have voluntarily decided to apply.

All relevant information about the corporate governance practices applied beyond the requirements under national law.

A company complying with the first or second bullet above must state in its directors' report where the relevant corporate governance code is publicly available and, to the extent that it departs from that corporate governance code, explain which parts of the corporate governance code it departs from and the reasons for doing so.

A company complying with the third bullet above must make its corporate governance practices publicly available and state in its directors' report where they can be found.

If a company has decided not to apply any provisions of a corporate governance code referred to under the first or second bullet above, it must explain its reasons for that decision.

The corporate governance statement must also contain a description of the main features of the company's internal control and risk management systems in relation to the financial reporting process and a description of the composition and operation of the company's administrative, management and supervisory bodies and their committees.

In addition, the corporate governance statement must contain a description of the diversity policy applied to the company's administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds, and the objectives, implementation and results of the diversity policy. If no diversity policy is applied by the company, the corporate governance statement must contain an explanation as to why this is the case.

On 20 April 2022, the FCA published a policy statement (PS22/3) setting out its final policy decision on proposals set out in a consultation (CP21/24) launched in July 2021 to improve transparency on the diversity of listed company boards and their executive management teams. The measures implemented were broadly similar to the proposals on which the FCA consulted and apply to accounting periods starting on or after 1 April 2022, meaning that the new disclosures should appear in annual financial reports published from around Q2 2023 onwards.

The consequent Listing Rules and Disclosure Guidance and Transparency Rules (Diversity and Inclusion) Instrument 2022 amended:

the Listing Rules (LRs) to require UK and overseas companies with equity shares, or certificates representing equity shares (such as GDRs), admitted to the FCA's Official List, including closed-ended investment funds and sovereign-controlled companies to publish annually:

a 'comply or explain statement' on whether they have achieved the required board diversity targets as at a chosen reference date within their accounting period and, if they have not met a target, their reasons for not doing so. The diversity targets require: (1) at least 40% of the board are women; (2) at least one of the senior board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) is held by a woman; and (3) at least one member of the board is from a minority ethnic background (which is defined by reference to categories recommended by the Office for National Statistics (ONS) excluding those listed, by the ONS, as coming from a White ethnic background);

-numerical data on the sex or gender identity and ethnicity diversity of their boards, senior board positions and executive management as at the reference date selected for the purposes of the 'comply or explain statement'; and

an explanation of their approach to collecting the data used for the purposes of these disclosures; and

the Disclosure Guidance and Transparency Rules (DTRs) to require UK companies admitted to UK regulated markets and, through the LRs, certain overseas listed companies (subject to existing exemptions for small and medium companies) to require a company's disclosure on its diversity policy (where it has one) includes the company's remuneration, audit and nomination committees and also covers broader aspects of diversity, such as ethnicity, sexual orientation, disability and socio-economic background.

The requirements in this section 5 are substantially the same for domestic and foreign companies.

# Specific situations

## Specific situations

[Last updated: 1 August 2024, unless otherwise noted]

There are no additional requirements, or any changes in the normal requirements, that apply to very large multinational companies or smaller companies.

There are no situations in which a fast track or expedited listing can be procured.

# Presence in the jurisdiction

## Presence in the jurisdiction

[Last updated: 1 August 2024, unless otherwise noted]

Certain foreign companies with a listing of shares on the Main Market, other than in the ESCC category, which have either 200 or more shareholders resident in the United Kingdom or 10% or more of their shares held by persons resident in the United Kingdom are required to appoint a registrar in the United Kingdom. The registrar would be responsible for maintaining the register of shareholders. There are no other requirements on listed foreign companies to maintain a presence in the United Kingdom. There is no requirement to keep corporate records in the United Kingdom.

# Fees

## Fees

[Last updated: 1 August 2024, unless otherwise noted]

All fees below are quoted excluding VAT.

**Initial listing**

The LSE charges fees on admission through a formula based on the market capitalization of the company. For example, a company with a market capitalization of £100 million (approximately US$127.32 million) would pay fees on admission of £147,320 (approximately US$187,568). A company with a market capitalization of £1 billion (approximately US$1.27 billion) would pay fees on admission of £449,370 (approximately US$572,138).

The LSE calculates market capitalization for these fees with reference to the number of shares for which application is being made and the opening price on the day of admission.

The FCA charges a fee of £16,310 (approximately US$20,766) for an application for eligibility for listing, and the same fee again to cover the transaction and document vetting fees in relation to any document (including those with a mineral expert's report attached) submitted for approval.

**Ongoing fees**

The LSE charges annual fees through a formula based on the market capitalization of the company at close of trading on the last business day of September of the previous year. For example, a company with a market capitalization of £100 million (approximately US$127.32 million) would pay fees each year of £10,650 (approximately US$13,560). A company with a market capitalization of £1 billion (approximately US$1.27 billion) would pay fees each year of £54,000 (approximately US$68,753).

The FCA also charges annual fees for the continuing regulation of listed companies through a similar formula. For example, a company with an ESCC listing (or closed-ended investment funds listing) and a market capitalization of £100 million (approximately US$127.32 million) would pay a base fee each year of £6,565 (approximately US$8,359). For ESCC category listings (and closed-ended investment funds listings) with a market capitalization in excess of £100 million (approximately US$127.32 million), the annual fee is the sum of a variable fee (calculated using a formula and based on the company's market capitalization) and the base fee. All other listed issuers must pay a fixed annual fee of £23,872 (approximately US$30,394).

The initial and ongoing fees charged by the LSE are revised annually in January. The FCA periodic fees are revised each 1 April.

# Additional Information

## Additional Information

[Last updated: 1 August 2024, unless otherwise noted]

All information and materials submitted to the FCA and the LSE or disclosed to the market in London must be in the English language.

**Key differences in requirements for domestic companies**

The key differences in requirements between domestic and foreign companies listing on the Main Market relate to inclusion in the FTSE UK series of indices, settlement and continuing obligations.

Although more burdensome than other listings, an ESCC listing comes with potential for inclusion of such listed company in the FTSE UK series of indices, which are further described in section 1 above. A company incorporated in the United Kingdom enjoys a key benefit as compared with a foreign company in that a UK company is required to meet far fewer eligibility criteria for inclusion in these indices.

All shares listed on the Main Market must be capable of electronic settlement under their terms and the company's constitution. One of the main differences for a company incorporated in the United Kingdom trading its shares on the Main Market compared with a non-UK company is that a UK company's shares (as well as the shares of a company incorporated in the Republic of Ireland, Jersey, Guernsey or the Isle of Man) are eligible for direct participation in CREST, the UK electronic settlement system. By contrast, companies incorporated in other jurisdictions need to establish a depository arrangement with a UK bank or other provider, which will issue depository interests representing the company's underlying shares as depository interests are eligible for settlement within CREST. The UK bank or other provider will typically charge fees for: (i) setting up the depository interest structure; (ii) annual maintenance; and (iii) each transaction in the company's shares. Depository interests are a settlement mechanism and are not the same as depositary receipts.

Companies incorporated in the United Kingdom are subject to the following continuing obligations:

Significant shareholder notification thresholds are more stringent, and the time periods for these notifications are shorter, for a UK company as compared with a non-UK company.

A UK incorporated company with a listing on the Main Market must comply with all of the detailed annual report disclosure requirements set out in the UK Companies Act 2006 and associated regulations, including, among others, reporting on corporate social responsibility, environmental issues and directors' remuneration.

A UK incorporated company listed on the Main Market should generally prepare its financial information in accordance with UK-IAS.

All UK incorporated companies listed on the Main Market are required to have an audit committee, which is responsible for monitoring the audit function. In practice, most non-UK incorporated companies with an ESCC listing on the Main Market also have an audit committee as this is recommended by the Code, which is further described in section 5 above.

# Contacts

## Contacts within Baker McKenzie

Nick Bryans, Adam Farlow, Robert Adam, George Marshall, Megan Schellinger and James Thompson in the London office are the most appropriate contacts within Baker McKenzie for inquiries about prospective listings on the Main Market of the LSE.

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