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

Listing documentation and process

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# 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.

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