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

Continuing obligations/periodic reporting

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# Continuing obligations/periodic reporting

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

A company with a premium listing must appoint a sponsor on each occasion that it:

Makes an application for admission of its shares to listing.

Publishes a supplementary prospectus or listing particulars.

Undertakes a significant transaction requiring shareholder approval.

Seeks shareholder approval for a proposed refinancing or reorganization in connection with which the company must produce a working capital statement.

Seeks shareholder approval for a proposed purchase of its own shares in connection with which the company must produce a working capital statement.

Is required to do so by the FCA because it appears to the FCA that there is, or there may be, a breach of the FCA's rules by the listed company.

Is required to provide the FCA with a confirmation by the sponsor that the terms of a related party transaction are fair and reasonable.

Is required to submit to the FCA a related party circular which includes a statement by the board that the related party transaction or arrangement is fair and reasonable.

Is required to submit a letter from a sponsor relating to its eligibility for listing.

Is required to make certain public announcements or submit certain confirmations or letters to the FCA, or to request a suspension of its listing in respect of a reverse takeover.

Disposes of a substantial part of its business when it is in severe financial difficulty and is required to make certain confirmations to the FCA.

Acquires a company whose shares are traded on a stock exchange that is not a regulated market or on a multilateral trading facility and is required to provide an assessment of the appropriateness of the stock exchange or multilateral trading facility.

Applies to transfer its category of equity shares from a standard listing (shares) to a premium listing (commercial company) (such action requiring approval by 75% of the shareholders of the company voting on the resolution or, if the company has a controlling shareholder, a majority of the votes attaching to the shares of independent shareholders voting on the resolution).

A company with a premium listing must also obtain guidance from a sponsor each time it proposes to enter into a transaction which is, or may be, a significant transaction requiring shareholder approval, a reverse takeover or a related party transaction.

Once listed, a company with a premium or standard 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 5% or more of the voting rights (and at the following thresholds: 10%, 15%, 20%, 25%, 30%, 50% and 75% thereafter) 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 is in respect of 3% or more of the voting rights (and every 1% threshold 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 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.

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 premium listing:

A company must carry on an independent business as its main activity at all times.

A company that has a controlling shareholder must (1) have in place at all times a relationship agreement with the controlling shareholder and a constitution that allows the appointment of independent directors to be approved by separate resolutions of: (i) the shareholders as a whole; and (ii) the independent shareholders; and (2) include an annual confirmation in its annual report that it has entered into a relationship agreement and the independence provisions in the agreement have been complied with (or, if this is not the case, an explanation of the background and reasons for the non-compliance).

A company must notify the FCA without delay if it is not complying with the independent business or controlling shareholder requirements described above or if it or any controlling shareholder is not complying with the independence provisions contained in a relationship agreement.

In addition to the obligation covering material transactions with a related party described above, certain other transactions with a related party (which includes substantial shareholders, previous directors and associates of these parties) must be notified to the FCA and, in some instances, notified to a RIS and approved by shareholders.

Substantial transactions must be notified to a RIS and, in some instances, 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.

A company with a premium listing must comply with the Premium Listing Principles, which are more specific principles designed to assist a premium listed company in identifying its obligations and responsibilities under the rules that apply to it as a result of the premium listing.

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 fulfill 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).

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 premium listing 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.

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