

08/21\*\*

Financial Services Authority

Consultation on  
amendments to the  
Listing Rules and  
feedback on DP08/1

(A review of the structure of the  
Listing Regime)

December 2008





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**Annex 1:** List of non-confidential responses

**Annex 2:** List of consultation questions

**Appendix 1:** Amendments to the Glossary

**Appendix 2:** Amendments to the Listing Rules Source book (LRs)

The Financial Services Authority invites comments on this Consultation Paper. Comments should reach us by 1 March 2009.

Comments may be sent by electronic submission using the form on the FSA's website at ([www.fsa.gov.uk/Pages/Library/Policy/CP/2008/cp08\\_21\\_response.shtml](http://www.fsa.gov.uk/Pages/Library/Policy/CP/2008/cp08_21_response.shtml)).

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**It is the FSA's policy to make all responses to formal consultation available for public inspection unless the respondent requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure.**

**A confidential response may be requested from us under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Tribunal.**

Copies of this Consultation Paper are available to download from our website – [www.fsa.gov.uk](http://www.fsa.gov.uk). Alternatively, paper copies can be obtained by calling the FSA order line: 0845 608 2372.

# 1 Introduction

- 1.1 In January 2008, we published a Discussion Paper (DP) – A review of the structure of the Listing Regime) (DP08/1). It sets out our views on how the Listing Regime may be positioned, with the primary objective of providing more clarity against the background of a changing global market environment.

We stated in the DP that our key objective for undertaking this review was to explore how the structure of the Listing Regime can best contribute to striking an appropriate balance between our objectives of investor protection and ensuring that the UK Listing Regime remains competitive in a continuously evolving global markets environment. In order to achieve this, we stated that our primary goals were to:

- ensure that all market participants have a clearer understanding of what the Listing Regime represents and how it relates to other capital market offerings such as PLUS Market and the London Stock Exchange's AIM;
- devise a robust segmentation of the Listing Regime offering competition and choice, which will be long-standing in the face of further market evolution;
- recognise that the market particularly values the 'premium brand' of Primary Listing and therefore improvements to labelling should underpin that value; and
- ensure that we position the Listing Regime in a manner which continues to deliver confidence for all market participants in the capital raising process.

- 1.2 As we stated in the DP, the key catalyst for undertaking this review is the fast pace of change in the London capital markets in the post-millennium period which has prompted us to take stock and consider the way forward for the Listing Regime. In this context, several market participants had also expressed some concerns to us that there is a lack of clarity and therefore some confusion in the market as a result of the different segments offered by the FSA, such as Primary Listing, Secondary Listing, Global Depositary Receipts (GDRs) and markets such as PLUS Market and the London Stock Exchange's AIM, which are all loosely referred to as a 'London Listing'. In undertaking this review, we fully recognise that clarity in the Listing Regime is essential if we are to maintain the integrity of the London market and both issuers and investors are able to make informed commercial and investment decisions.

1.3 We therefore invited views on the following issues in the DP:

- the relevance of the super-equivalent standards of the Listing Regime in a post-FSAP<sup>1</sup> directives environment and the role of the FSA in setting such standards;
- post- MiFID, the possibility of allowing Listed equity securities to be admitted solely to a Multi-lateral Trading Facility (MTF);
- two Options for the segmentation of the structure of the Listing Regime to help achieve greater clarity;
- the possibility of UK companies listing on an EU minimum standards basis;
- whether overseas Primary Listed companies should be required to ‘comply or explain’ against the UK Combined Code, offer pre-emption rights to their shareholders and comply with the UK Takeover Code; and
- the possibility of imposing a sponsor regime on securities from emerging markets – GDRs which are currently listed on a EU minimum standards basis.

1.4 The consultation period for the DP closed in April 2008. Market participants welcomed this exercise, and there was strong support for our goal of ensuring clarity in the structure of the Listing Regime. However, there were differing opinions as to how this may best be achieved. During the consultation period, we also met with a number of market participants and formed a sub-committee of the Listing Authority Advisory Committee for more in-depth discussions on a number of the issues raised in the DP. We found these meetings extremely helpful. More generally, we have been encouraged by the high level of engagement by market participants with this review and appreciate this continuous dialogue with the market enormously.

1.5 Having considered the clear feedback from the market on the options for segmenting the structure of the Listing Regime, and the uncertainty of the impact Option 1 may have on our competitiveness objectives, we have decided to pursue Option 2, which will not entail any major structural changes to the Listing Regime. We will nevertheless continue to monitor the evolution of the market and may in the future introduce changes to the Listing Regime where appropriate. We will also continue to engage with the EU legislative process to ensure that our regime largely reflects the trends and evolution of the wider marketplace and current market practice. We also propose to make the EU Directive Minimum segment available to UK companies. This structure of the Listing Regime will now allow companies irrespective of their country of incorporation to seek a listing within any of the Listing segments and categories.

The market’s responses and our proposed policy approach in respect of each of these issues are detailed in Chapter 2.

1.6 This paper includes a consultation in Chapter 3 with proposed rules in Appendix 2. They reflect our proposed policy, which is to:

- retain the super-equivalent Listing Regime and continue to set the standards;

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1 FSAP – Financial Services Action Plan

- defer the possibility of allowing Listed equity securities to be admitted solely to a MTF and reconsider this issue when the implementation of MiFiD has bedded down;
- retain the current two-tier segmentation of the Listing Regime (Option 2) but to make some labelling changes to the regime and to market these changes through a concerted educational campaign to the market;
- make the EU Directive minimum listing standards available to UK companies wishing to list equity securities so that there is a level playing field ;
- amend the corporate governance disclosure requirements for overseas companies with a Primary Listing in order to make them more meaningful and introduce a new pre-emption rights disclosure rule for such companies; and
- retain the current disclosure regime for GDRs and not require sponsors for transactions involving the issuance of GDRs.

Additionally, we are proposing to:

- apply the Company Reporting Directive<sup>2</sup> (CRD) (as implemented in DTR7.2) to all Listed companies with equity securities or GDRs listed<sup>3</sup>;
- provide a mechanism for all Listed companies with equity securities listed to be able to migrate to another type of listing of equity securities without necessitating a cancellation of listing.

## Education campaign

- 1.7 As stated above, we acknowledge the desire for more clarity expressed by some market participants and recognise that any Listing Regime that purports to offer investor protection must be transparent and patent in all aspects and understandable by market participants so that there is no scope for confusion. Investors and issuers may only be able to make informed investment decisions when they are clear as to what is on offer and the underlying rights and obligations conferred upon them as a result. We believe that these proposed changes will bring greater clarity to the Listing Regime. We aim to build on this clarity by undertaking a concerted educational campaign to the market – working in particular with entities offering Regulated Information Services (RIS) – (the Primary Information Providers (PIPs) and Secondary Information Providers (SIPs)) and the financial media.
- 1.8 Consequently, we have been engaging with key PIPs and SIPs to determine how we may collaborate with them to alter their IT systems to accurately describe the Listing Regime as detailed in the Road Map (annexed to the draft rules in Appendix 2) which describes the types of listing available to a company seeking to list its securities on the FSA's Official List. The feedback received has been positive and we will focus more on this during the implementation period of this review. Furthermore, we are proposing to alter the criteria for entities which operate a RIS

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2 Directive 2006/46/EC on Company Reporting

3 Please see the last paragraph of Paragraph 3.15 below.

by mandating such companies to provide additional headline categories which reflect the type of listing companies have when they make an announcement. This will ensure that a company's listing segment and category is displayed each time an announcement or other regulated information is made in respect of that company. We are also proposing to engage with providers of financial education such as the Securities and Investments Institute to explore whether we could build aspects of the UK Listing Regime into their examinations of financial services professionals. Lastly, we will undertake an overhaul of our section of the FSA website to make it more user-friendly for investors (both retail and institutional) as well as issuers.

- 1.9 We believe that our proposed structure of the Listing Regime will enable us to achieve our objectives of investor protection, and maintaining the integrity and competitiveness of the UK market and furthermore operate a world class Listing Regime that will support the capital raising process in the UK.

## **Next Steps**

- 1.10 We aim to provide feedback on this consultation by the summer of 2009 and will give the market sufficient notice before the new structure becomes effective.

# 2 Feedback and Policy statement on DP08/1 (A review of the structure of the Listing Regime)

## Super-Equivalent Standards and the FSA's role in setting them

- 2.1 We received almost 80 responses to DP08/1 from a diverse range of market participants; issuers, exchanges, trade bodies, including those representing investors, advisers – bankers, lawyers and accountants.
- 2.2 We have summarised their responses to the questions we posed in the DP and provided details of our policy responses below:
- Q1: Do you consider that the UK 'super-equivalent' Listing standards should be retained?
- Q2: Do you consider that the 'super-equivalent' Listing standards should continue to be set by the FSA or should they be determined by the market (exchanges, trade associations or other independent body)?
- 2.3 **Market response:** There was an overwhelming support by market participants for retaining the UK Super-equivalent Listing Regime on the basis that:
- there is added protection for investors and it is key for the reputation and attractiveness of the UK market and that it promotes shareholder confidence; and
  - it is a 'badge of quality' which provides a competitive edge and a benchmark for quality and raises the corporate governance aspirations and performance of companies in the more junior markets such as Plus Market and AIM, helping to maintain London's overall reputation.
- 2.4 Similarly, there was broad support from market participants that we should continue to determine the super-equivalent standards on the basis that:
- the standards would be consistent if set by the FSA, as an independent body; and
  - the FSA brought legitimacy to the process. If the standards were set by market operators, it would lead to confusion and a 'race to the bottom' and the core values would diminish. Strong conflict of interests would otherwise exist and that we are in a better position for monitoring and compliance.

**Our proposal:** When the FSAP directives were proposed, we consulted in 2003 in CP203 on whether or not we should retain what are now the super-equivalent provisions of the Listing Regime. We received an overwhelming support from the market to continue with the UK super-equivalent provisions. As part of this review, we decided to test whether we still had this mandate given that market participants have now been able to apply the new regime comprising the FSAP directives and our super-equivalent provisions, for three years. We, again, received an overwhelming support from market participants to continue with the super-equivalent regime for the reasons provided above. As a consequence of this support, we are proposing to retain the standards. Market participants also indicated that we were the right body to set and enforce the super-equivalent regime. We also intend to continue to set those standards.

## More flexibility in who can operate a Listed Market

Q3: Should we allow equity securities to be admitted to the Official List if they are only to be admitted to trading on a MTF operated by an RIE or an investment firm and not on a Regulated Market of an RIE? If so, on what basis?

- 2.5 **Market response:** We consulted on whether we should allow equity securities to be admitted to the Official List if they are only to be admitted to trading on a MTF. The responses to this issue were mixed. In particular, the Recognised Investment Exchanges (RIE) and a group of investor trade associations noted that the regulatory gaps between an MTF and a Regulated Market may be too wide to close. They also stated that the slightly higher protections afforded to and by RIEs through the Financial Services and Markets Act 2000 (FSMA) and the RIE sourcebook may be lost. Some respondents noted that this approach may be confusing and would not assist our objective of more clarity for the Listing Regime. Some other respondents stated that while they agreed that it should be possible to admit listed securities to MTFs, it might be too early to adopt this approach for the regime. They stated that it is better to defer any action in this area until the FSAP directives, in particular MiFID, and their application ‘bed down’ and consult in the future once it is clear where the market is heading.

**Our proposal:** We recognise the intensifying competition between providers of market infrastructure, together with the role MiFID plays in this. We believe that this is beneficial for investors in the long term and we would not want our rules to deter this competition in any respect. Having conducted a gap analysis of the regulatory differences between a MTF and Regulated market and considered our statutory objectives, we believe that there is no reason in principle why a MTF may not admit Listed equity securities to trading. Indeed, we already allow some other listed securities to the London Stock Exchange’s Professional Securities’ Market – a MTF. If we were to allow listed equity securities, we would want to amend some of the rules to narrow the gap with Regulated Markets. However, there is currently no market demand for a listed MTF and as there are arguments that MiFID assumes MTFs will usually be secondary trading platforms, rather

than primary ones, we would prefer to wait to see how the market and Commission's view of the new MTF concept beds down. We would also wish to examine the consequential effects for market monitoring of this proposal. We may then consider this issue again.

## Segmentation

Q4: Which of the options described above do you consider to be optimal? Please provide the reasons for your chose option.

- 2.6 **Market response:** We provided two possible options for the segmentation of the Listing Regime in the DP, both of which we argued could achieve greater clarity. One of them (**Option 1**) is to retain only Primary Listed securities (with Super-equivalent standards) on the Official List and remove all other equity securities and certificates representing such securities (i.e. GDRs) from the Official List. The other option (**Option 2**) is to retain the two-tier regime with a Tier 1 of 'Primary Listed' securities, and a Tier 2 for all other securities, listed on a directive minimum basis, but to have modern labels for the different segments.
- 2.7 The overwhelming majority of respondents (85%) (mainly the sell-side, advisors and exchanges but also some investors) supported Option 2 while a minority (15%) (mainly investors) supported Option 1. Some of those who supported Option 1 noted that we should not close off this Option and that the constraints we highlighted in the DP (investment mandates and tax) to Option 1 are derivative issues which should not drive how the Listing Regime is structured. They also argued that not having a 'listed label' has not affected the growth of overseas companies on AIM. They stated that they had concerns with the reputational risks of the continuing misrepresentation that they believe currently exists in the market and argued that this risk may degrade the quality of the Primary Listing segment and hence the London market in the long term. They noted that provided that we are able to resolve the key impediments of tax and investment mandates to Option 1, there should be no reason why we could not adopt that option.
- 2.8 Those who supported Option 2 noted that Option 1 would be less attractive to foreign companies and that the 'listing label' is a strong marketing point to overseas companies. They argued strongly that our proposals under Option 1 would undermine and damage the UK market competitiveness and had implications for the status of the issuer, and existing investor base. They argued that they did not believe that our proposals addressed a material market failure. Some respondents wanted a clear pathway for companies wishing to move from the GDR segment to the Primary Listing segment.
- 2.9 It would appear that the potential constraints we identified in respect of Option 1, relating to tax and investment mandates are apparent rather than real. We stated in the DP that we were working with HM Treasury (Corporate Tax section) and HM Revenue and Customs (HMRC) to explore the tax implications of adopting Option 1 and that we would provide feedback to the market. HMRC researched the tax

implications and have concluded that if we were proposing to adopt Option 1, it was likely that they would have to amend most provisions to retain the current tax treatment. Investors and trade bodies representing them have also informed us that changes to investment mandates may be brought into effect through the provision of side-letters which would be relatively cost effective to produce and that furthermore, investment mandates come up for renewal often (every two to three years). Therefore, given sufficient notice of our proposals, investors stated that they would be able to amend their mandates in order to comply with our proposals under Option 1.

- 2.10 Nevertheless, we have weighed these feedback against our competitiveness objectives and have sought to provide an outcome that would serve the requirements of the market as a whole and reflected this in our response below.

**Our proposal:** We have decided to adopt Option 2 as it provides a basis for the greater clarity we seek, while carrying less risks and uncertainties for the competitiveness of London as the less disruptive of the two options. We also believe that this option should deal with the concerns of market participants, as well as being strongly supported by them. We invite views in Chapter 3 on whether our detailed implementation of Option 2 provides sufficient clarity for the regime.

## **‘Secondary Listing’ for UK companies**

Q5: What are your views about opening up Secondary Listing for UK incorporated companies?

- 2.11 **Market response:** We asked whether we should open the directive minimum segment for equity securities (Secondary Listing (Chapter 14), which is only currently available to overseas companies), to UK companies. Most respondents who responded to this question were in favour of this.
- 2.12 There was no clear division in terms of the ‘Buy’ or ‘Sell-Side’. Those who agreed stated that it would be favourable for Special Purpose Acquisition Companies and Private Equity Vehicles who would otherwise go to AIM or go overseas. Some investor bodies thought that if labelled correctly, there was no reason not to provide a level playing field for UK companies. Some other respondents argued that it was not sustainable under EU law to have a difference in the treatment of UK and overseas (presumably EU) companies (although that is not our view) and that a differential approach risked putting UK companies at a competitive disadvantage compared to their European counterparts. However, they were sceptical as to whether there would be demand for such a segment on the basis that they would not be eligible for the FTSE UK series indices for which a pre-requisite is a Primary Listing.
- 2.13 Those respondents who were against opening up the Secondary Listing segment to UK companies stated that it would be confusing, bring more complexity to the regime and would be inconsistent with our objective of providing more clarity in the market. Others stated that this might erode AIM. They also stated that the possibility of ‘Listed’ UK companies being subject to different requirements could lead to difficulties as to how the ‘suitability’ requirements of MiFID should be interpreted.

**Our proposal:** Although we do not expect much take up initially, we are proposing to open ‘Secondary Listing’ (labelled differently) to UK companies on the basis that it would provide a level playing field and choice for UK companies, and will align our policy more closely with those of the EU policy makers. We do not believe that this proposal would introduce more complexity for the Listing Regime provided it is properly labelled but, instead, it would provide genuine choice, competition as well as clarity in the Listing Regime.

## The Combined Code, Pre-emption rights and the Takeover Code

Q6: What are your views on how the provisions we have described above under core requirements should apply to overseas Primary Listed companies?

- 2.14 **Market response:** We consulted on whether it would further enhance clarity for the regime if we require overseas Primary Listed companies to be subject to the UK Combined Code, Pre-emption rights and the UK Takeover Code on the same basis as UK companies. Again, the responses here were mixed.
- 2.15 **Combined Code:** Most respondents supported the proposal for overseas companies to ‘comply or explain’ against the UK code. They noted that the UK code is inherently flexible and allows companies to give details of any legal or other obstacles to full compliance and to clarify any deviations from best practice. Over and above that, they argued that there should be a higher degree of conformity between UK and overseas companies’ governance practices. Those who were against argued that forcing overseas companies to adopt UK standards would prove unduly burdensome for those companies and would most likely prove detrimental to the competitiveness of the UK market. They noted that there are fundamental differences between UK and overseas companies and that the laws of other jurisdictions extend to areas not covered by the Combined Code but nevertheless impact corporate governance.
- 2.16 **Pre-emption rights:** The response on the issue of pre-emption rights was limited. However, most of those who did comment supported the proposal to introduce pre-emption rights for overseas Primary Listed companies stating that it is a key pillar of investor protection and that companies could seek a general or specific waiver from shareholders where appropriate.
- 2.17 **Takeover code:** Most respondents agreed that the Takeover Panel is the right body to regulate the Code and it may not be workable for us to require compliance with the Code through our rules since it would be unenforceable.

**Our proposal:**

**Combined Code:** Our role in the UK corporate governance regime, as characterised by the Combined Code, is limited, although we do endorse the code and require a ‘comply or explain’ statement in respect of the Code in our Listing Rules. We, however, have no strong views as to whether overseas companies should have (as a matter of substance)

the same corporate governance arrangements as UK companies, although we note that there is some market driven pressure for overseas companies to look like UK companies in some key respects and the changes to the FTSE criteria for inclusion in indices have added to this pressure.

In terms of the disclosures we require, we believe that the current disclosure requirements for overseas companies are not that dissimilar to the UK ones. We do not propose to require overseas companies with a Primary Listing to 'comply or explain' against the UK Combined Code. Given the international nature of the London market, we consider that this approach may be too UK centric, in particular where there may be equally valid approaches to corporate governance in other jurisdictions. However, we do propose to amend the disclosures made by overseas companies to enable investors to more easily gauge the governance of overseas companies by requiring a comparison to the UK code and stating which areas of the Combined Code correspond with the practices of overseas companies.

**Pre-emption rights:** Similarly, we do not propose to compel overseas companies to offer pre-emption rights. However, we are proposing that they should disclose whether or not they offer pre-emption rights. We acknowledge that in the UK, pre-emption rights are an important feature of investor protection, but we also recognise that there are other jurisdictions where pre-emption rights are not offered but where, nevertheless, their securities regulation offers a robust investor protection regime. We believe that with respect to both of the issues above, investors should be the real enforcers of standards and they are the ones who should enter into a dialogue with their companies. A market-led solution is our preference and we have seen evidence of this with the introduction of the FTSE criteria.

**Takeover Code:** We do not believe that we (the FSA) could enforce the Takeover Code and therefore we propose to leave the Takeover Panel to consider whether it wishes to extend its jurisdiction to non-EU companies. We also recognise that overseas companies are only allowed on the FTSE indices if they satisfy these requirements and this, to some extent, provides a market-led solution for investors.

## Core requirements for GDRs

Q7: Should we require the appointment of a sponsor for a transaction involving the issuance of GDRs? If not, are there any other responses to the significant growth in GDRs that are necessary?

2.18 **Market response:** Most respondents disagreed with the proposal to require the appointment of a sponsor for transactions involving the issuance of GDRs. They argued that it would be costly and damaging to the UK competitive position and that GDRs are aimed at professional investors. Some respondents (mainly investors) noted that it may be useful to adopt some elements of the sponsor regime for GDRs whilst a very small minority believed that the sponsor regime would be good for investor protection. Some investors stated that an adapted corporate governance

code should be developed for GDR issuers. Other respondents (mainly the accountants) noted that the level of due diligence conducted on GDR transactions is less than that used for transactions involving a Primary Listing, in particular in respect of the company's financial reporting procedures and they doubted whether investors were aware of this. They suggested that imposing a sponsor regime may provide that additional due diligence.

**Our proposal:** The GDR market is highly internationally mobile and the requirements for GDRs, based on EU directives are broadly the same across Europe. As we noted in the DP, these securities are sold to and purchased by investors in other jurisdictions on the same basis. There would therefore be no bar to UK investors accessing them from other jurisdictions or from their being passported to the UK market and sold to UK investors. Imposing the sponsor regime would simply encourage regulatory arbitrage and drive the market elsewhere in Europe. We believe that any additional regulatory standards on GDRs over and above the EU minimum standards should be applied on a pan-European basis and driven by the EU Commission or the Committee of European Securities Regulators (CESR). The EU Commission is currently reviewing the Prospectus Directive and we aim to engage with that process to ensure that the regulatory requirements for GDRs reflect their growing use as substitutes for equity investments. We note that some market participants are also working on a corporate governance code for GDRs and welcome any market-led solutions in this area.

## Labelling

Q8: Do you have any views on the labelling options?

- 2.19 **Market response:** We proposed some labelling for the Listing Regime, Tier 1 and 2. Nearly all respondents agreed that there was a need for clearer labelling. However, these respondents were split between those who agreed with Tier 1 and 2 and those who suggested alternative labelling, Premium and Standard. Those who did not support Tier 1 and 2 stated that these classifications could cause confusion since this terminology is already used for regulatory capital and that verbal descriptors would be more effective.

**Our proposal:** We are proposing to apply the Premium and Standard terminology but we are open to other suggestions. We also stated in the DP that we would require all companies to insert a ticker symbol adjacent to their names when their name appears on the portal of a Regulatory Information Service. The feedback we received from market participants on this issue was that this would be difficult to implement as Listed companies would not be able to monitor how their names might appear. We have decided not to proceed with this proposal but instead, we will work directly with the RIS industry through our current requirements as we stated above in Chapter 1.

## **Listing Principles**

- 2.20 The Listing Principles comprised in Chapter 7 of the Listing Rules currently only apply to Primary Listed companies. Some respondents to the DP had suggested that we should also apply them to all Listed companies because they are fundamental high-level principles which should implicitly apply to all Listed companies. We had limited the Listing Principles to Primary Listed companies in 2005 when we introduced them on the basis that they may be viewed as super-equivalent to the Prospectus Directive (PD) and other FSAP directives. We would want the Premium listing segment to be clearly demarcated from the Standard segment which are based on EU minimum standards, and if we were to apply the Listing Principles to companies on the latter segment, we may not achieve that clarity.

# 3 Consultation on draft Listing Rules

## Introduction

- 3.1 This chapter details the rules changes which reflect the proposed policies which we highlighted in Chapters 1 and 2.
- 3.2 As we noted in Chapter 1, we are not proposing to make any major structural changes to the Listing Regime. Consequently, apart from the changes highlighted below, the changes are mainly mechanistic changes which reflect the new labels we have introduced to replace ‘Primary’ and ‘Secondary’ Listings in all the chapters.
- 3.3 In addition to these changes, we are also proposing to introduce changes to the following chapters of the Listing Rules:
  - **LR 1:** Introduce some guidance describing the differences between a Premium and Standard Listing and their effects and have included a reference to the Roadmap in Appendix 2. We are also proposing to introduce a new rule, LR1.5.3R which prohibits a misrepresentation of the type of the listing a company has. We have also corrected an anomaly in LR1.4.1 and aligned it with LR8 by inserting ‘disclosure rules and transparency rules’.
  - **LR 5:** Provide an express mechanism for companies with listed equity securities to transfer from one segment/category to another without having to cancel their listing and then re-list.
  - **LR 8:** Introduce some new rules in respect of the obligations of sponsors when a company wishes to migrate from one segment/category to another.
  - **LR 9:** Introduce a new disclosure regime for pre-emption rights for overseas Primary Listed companies (as currently labelled) and amend the rules in relation to corporate governance disclosures for Primary Listed overseas companies.
  - **LR 14:** Amend Chapter 14 by deleting the reference in the application section to overseas companies only so that companies from any jurisdiction, including the UK, may apply for a listing of their equities securities based on a directive minimum standards – Standard Equity Listing.

- Finally, we are proposing to extend the Company Reporting Directive<sup>4</sup> (CRD) as implemented in DTR7.2 to all companies with equities or GDRs listed and will therefore amend LR9 and LR14<sup>5</sup>.
- Some consequential amendments may also be made to the FEES manual as a result of these changes which will be consulted upon separately.

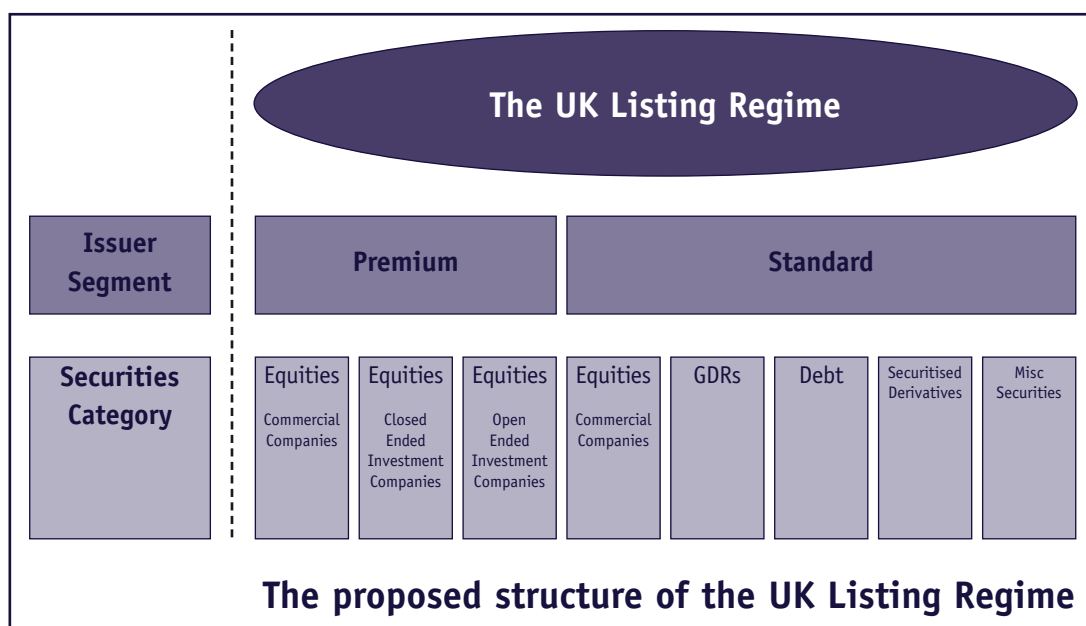
## Segmentation

- 3.4 As noted above, we are proposing to take forward Option 2 in respect of the manner in which the UK Listing Regime should be segmented. We propose to retain the existing two-tier segments and re-label them as ‘Premium’ and ‘Standard’ listings – the former will denote a listing with super-equivalent standards and the latter, EU minimum standards. These two segments will then be further sub-divided into a lower level of sub-segments: The Listing Categories. We consulted in CP06/21 (Investment Entities Listing Review) on some Listing Categories and we stated in the feedback to that consultation that we would re-open this issue once we have decided what we would do, during the course of this review. We received wide support for the listing categories we proposed then. We propose to use these categories (amended) as the basis for this segmentation exercise.
- 3.5 Each segment is open to specified categories of securities. The Premium Listing segment will comprise of equity securities issued by commercial companies (what is currently known as a Primary Listing) together with other equity securities issued by Closed and Open Ended Investment entities. The Standard Listing segment will comprise of equity securities (what is currently known as Secondary Listing – ‘Chapter 14’ – but this category will now be accessible to UK companies as well as overseas companies), GDRs, Debt and Securitised derivatives and a miscellaneous category for securities that do not fit within these categories. The top segment denotes the level of listing an issuer has and this is what we hope will become readily recognised and become part of the common parlance in the securities industry. We intend to play an active role in this by working with the industry to educate market participants about the structure of the Listing Regime and the standards attributable to each segment. The next level, the sub-segment relates to the type of company and securities that are being listed – the Listing Categories. The proposed segmentation of the Listing Regime is illustrated below.

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4 2006/46/EC

5 The continuing obligations for GDR issuers are contained in LR 18.4 which cross-refers to LR14.3.



- Q1: Do you agree with the segmentation and labelling of the Listing Regime as described above?
- Q2: Do you agree with the 'Premium' and 'Standard' labels? If not, please provide suggestions for alternative labels.
- Q3: Do you consider that the proposed segmentation of the Listing Regime provides sufficient clarity?

3.6 As we stated in the introduction, we aim to undertake a concerted educational campaign to underpin the segmentation of the Listing Regime. The transparency and clarity which we are seeking to achieve for the Listing Regime can only be effective if there are deterrents to the 'passing off' of one segment as the other. We are therefore proposing to introduce a new rule, (LR 1.5.3R) which will prohibit a misrepresentation of the type of listing a company has. The usual penalties for a breach of the Listing Rules will apply to companies who breach this rule and we will undertake periodic checks to ascertain whether companies are complying with this rule.

- Q4: Do you agree with the introduction of LR1.5.3R which will prohibit the misrepresentation of the type of listing a company has?

## **Corporate Governance for overseas Primary Listed companies**

3.7 We consulted on the issue of extending the requirement to 'comply or explain' against the UK Combined Code to overseas Primary Listed companies as a result of the representations made to us by investors that the current disclosure in LR9.8.7 does not provide meaningful information to them. As noted in Chapter 2, while we are keen to help enforce the Combined Code, it is a voluntary code shaped by the UK legal environment. It may prove detrimental to the competitiveness of the UK market in the

long-term if we were to be overly prescriptive by specifically requiring overseas companies to ‘comply or explain’ against the Combined Code, given that their legal structures may well be different from the UK structure. We are therefore proposing to introduce a rule which may improve on the current one in that it should provide a better perspective to UK investors and will offer a better basis for comparison – thereby making the corporate governance disclosure for overseas companies more meaningful.

Currently, LR9.8.7R requires such companies to state whether or not they comply with the corporate governance regime of their country of incorporation; and also describe the significant ways in which their actual corporate governance practices differ from those in the Combined Code. We are proposing to amend LR9.8.7R by deleting this requirement. Instead, we have redrafted the rule and are proposing to introduce a new requirement, which is clearer and will enable UK investors to form a view as to whether or not the corporate governance code in the overseas issuer’s jurisdiction is comparable to the Combined Code and what elements of that code the overseas issuer complies with insofar as those provisions correspond with the Combined Code. This will enable investors to gauge more accurately, the extent to which a company’s actual corporate governance corresponds with the corporate governance practices in the Combined Code.

- 3.8 Furthermore, we are also proposing to extend the CRD<sup>6</sup> to all listed companies and not just to UK incorporated listed companies, as currently required by DTR 7.2. However, we will stipulate that companies that already comply with LR9.8.7R will not be required to comply with DTR 7.2.2 and DTR 7.2.3 since these are essentially provisions which require companies to ‘comply or explain’ against a corporate governance code and LR9.8.7R has the same effect. We are therefore proposing to introduce a new rule LR9.8.7BR to give effect to this.

Q5: Do you agree with the deletion of old LR9.8.7R and the introduction of the new LR9.8.7R?

Q6: Do you agree with introduction of LR9.8.7BR?

## **Pre-emption rights for Premium Listed overseas companies**

- 3.9 We noted in Chapter 2 above that pre-emption rights are an important feature of investor protection in the UK but not necessarily so in other jurisdictions where there may be alternative, and equally valid, means of investor protection. Rather than applying a prescriptive approach towards pre-emption rights, we are proposing to make this a disclosure-based regime. We have therefore introduced a new rule, LR9.8.7AR which requires an overseas Premium Listed company to disclose whether or not it complies with LR9.3.11R. As such, we are proposing to delete LR9.3.12(4)R which disapplies LR9.3.11R to overseas companies with a Primary Listing. We have instead introduced a new rule, LR9.3.13R which states that LR9.3.11R will not apply to an overseas company unless it has decided to apply it. This is an ongoing

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<sup>6</sup> Please see paragraphs 3.11 and following , below.

<sup>7</sup> Annex III of the Prospectus Regulations (EC/809/2004), paragraph 4.5)

disclosure which will be made in the company's annual report, as the Prospectus Directive already provides for pre-emption rights disclosure on an initial listing for all companies, including overseas companies<sup>7</sup>.

Q7: Do you agree with the deletion of LR9.3.12(4)R and the introduction of LR9.3.13R and LR9.8.7AR which require Primary Listed overseas companies to disclose in their annual report whether or not they offer pre-emption rights to their shareholders?

## **Secondary Listing for UK companies**

3.10 We are proposing to amend the application chapter in LR14 (based on EU minimum standards) so that this chapter now applies to all companies regardless of their country of incorporation. The chapter would therefore now apply to UK companies as well as overseas companies. We are also proposing to make all the consequential amendments to overseas companies where appropriate throughout the chapter.

Q8: Do you agree with the amendment to make the directive-minimum listing regime in LR 14 to UK companies?

## **Corporate governance for all companies with equity and GDR listings**

3.11 We implemented elements of the Company Reporting Directive (CRD) in the UK last summer. The CRD, among other things, requires companies with securities trading on a Regulated Market to make a corporate governance statement in their annual account. The statement is expected to refer to the corporate governance code applied by the company and explain whether, and to what extent, the company complies with that code. The statement will also include a description of the main features of the company's internal control and risk management systems in relation to the financial reporting process. There are also requirements which apply to companies which are already subject to the Takeover Directive and for companies to provide details of their directors and committees of the board.

3.12 We have implemented the CRD in the UK on a directive-minimum basis so that it only applies to UK companies admitted to trading on a regulated market, in DTR 7.2. Furthermore, we implemented the CRD so that it only applies to equity securities. The position therefore is that the CRD applies only to Primary Listed companies since, currently, all UK companies with equity securities trading on a Regulated Market (with the exception of securities on the Specialist Funds market) are Primary Listed companies to whom LR9.8.6R applies in any event. We have stipulated that a company is deemed to have complied with the CRD if it complies with LR9.8.6R.

- 3.13 The CRD therefore currently does not bite on any of our other Listed companies. In particular, it does not bite on overseas companies (whether Secondary Listed companies or GDRs). We have an option in the CRD to apply the regime to other securities besides equity securities but we did not take up that option as we had wanted to wait for the outcome of DP08/1. Furthermore, we could apply the CRD to all securities admitted to trading on a Regulated Market – with the exception of debt securities and securitised derivatives. (i.e, GDRs and Secondary Listed companies.) When we consulted on our implementation of the CRD, we stated that we did not wish to be super-equivalent but we wanted to wait to see how other EU States implement the CRD. Some respondents to the consultation on the CRD were keen that we apply it to all companies trading on a Regulated Market and not just to UK companies. We stated that we would consider this and make a decision when we provide feedback on DP08/1.
- 3.14 Having considered the aims we set out in DP08/1 to provide greater clarity for the Listing Regime, we believe that applying the CRD to overseas companies will provide a level playing field for all companies within the proposed Standard segment, which we are planning to open up to UK companies, to whom this CRD will automatically apply. This approach would also be consistent with our approach of applying relevant directive minimum standards, which apply generally to companies trading on a Regulated Market (a concept formalised by the FSAP directives) to all Listed companies rather than to just UK companies.
- 3.15 Furthermore, we have noticed that some GDR issuers insert statements in their prospectuses about material weaknesses or limitations in their internal controls. Such companies qualify this statement by stating that they are nevertheless able to comply with their obligations under the DTRs. While we do not doubt the veracity of such statements, we believe that it is prudent for us to apply this directive which will provide further transparency in respect of the internal control and risk management systems of such companies. Disclosure may (i) assist in raising awareness of this issue and may enable a market practice to develop which may set the benchmark in this area and (ii) enable us to ask the right questions of companies who state that despite their weak systems, they could still meet their continuing obligations, for instance, under the Market Abuse Directive. Nevertheless, we are aware that several other European jurisdictions have not implemented the CRD and we would want to ensure that our final decision as to whether or not to apply the CRD to non-UK companies is compatible with our competitiveness objectives.

We therefore propose to amend the Listing Rules in LR9 and LR14 in order to introduce LR 9.8.7BR and, LR14.3.24R<sup>8</sup> to extend the CRD as implemented by DTR7.2 to all listed companies with equities and GDR listings. However, DTR 7.2.2R and DTR7.2.3R will not apply to overseas companies with a Primary Listing since they are already required to comply with LR9.8.7R. They would however be required to comply with the remaining provisions in DTR7.2 where applicable.

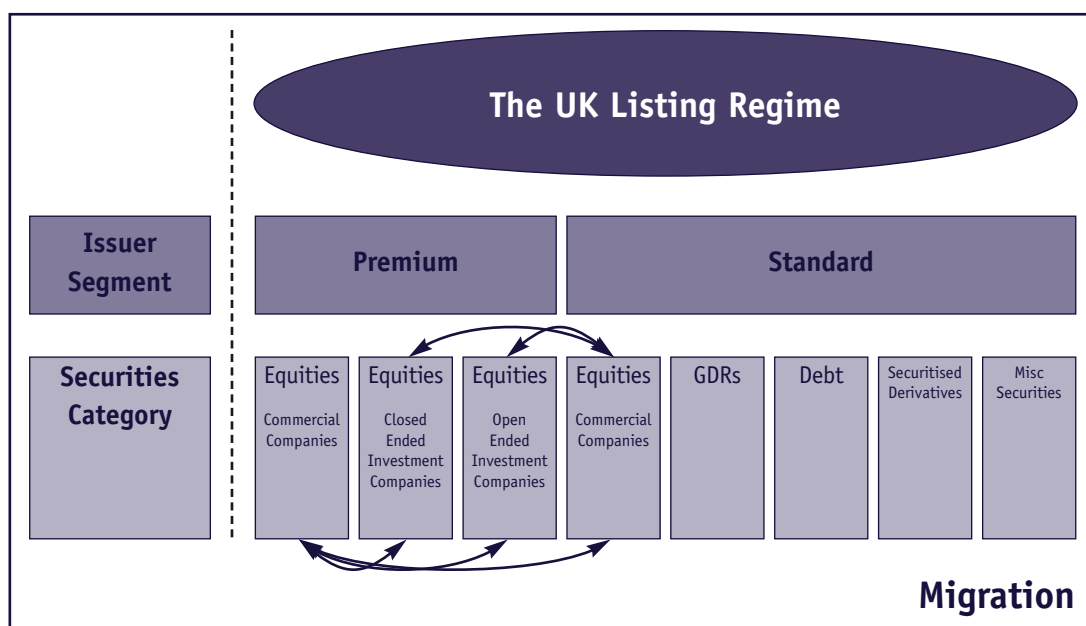
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8 LR14.3R applies to GDRs through LR18.4R

Q9: Do you agree that we should extend DTR7.2 to all Listed companies with the listing of equity securities and GDRs and the amendments to LR9 and LR14?

## The mechanism for migrating between segments

- 3.16 We noted in paragraphs 4.9 and 4.10 of DP08/1 that we would seek to provide an express administrative mechanism for issuers who wish to migrate from one Listing segment and/or category to another without having to cancel its listing and re-applying for listing. We stated that this was particularly important for companies with equity securities listed, which start up as a trading company but during the course of their development may have developed attributes which would resemble more closely an investment company. Furthermore, some companies may simply wish to migrate because they consider that a particular type of listing is more appropriate for them at a particular stage of development in their life-cycle or more appropriate for their revised business model. We also stated that we would draw on some of the work we undertook and consulted upon in CP06/21 which was largely supported by market participants.
- 3.17 We have therefore set out the new migration mechanism below, reflecting the revised segmentation exercise. We propose to stipulate that migration will only apply to companies with a listing of equity securities including investment companies. It would therefore only apply to companies wishing to migrate from:
- a Standard Equity Listing to a Premium Equity Listing (Commercial companies);
  - a Standard Equity Listing to a Premium Equity Listing (Closed or Open Ended Investment companies);
  - a Premium Equity Listing (Commercial companies) to a Standard Equity Listing;
  - within the Premium segment, those wishing to migrate from a Premium Equity Listing (Commercial companies) to a Premium Equity Listing (Closed or Open Ended Investment companies);
  - a Premium Equity Listing (Closed or Open Ended Investment companies) to a Premium Equity Listing (Commercial companies);
  - a Premium Equity Listing (Closed or Open Ended Investment companies) to a Standard Equity Listing, **provided** that the company has ceased to be an investment company.
- 3.18 It is only in these cases that the form of securities held by the shareholder is unlikely to be altered, therefore a change may be effected through an administrative mechanism. Where the form of securities will be altered, we would probably consider that to be a new issue of securities, to which the Prospectus Directive would apply. In any event, companies must satisfy themselves that any migration does not give rise to the need to produce a prospectus. It is also likely that the need for an additional LR13 circular may be necessary where there is an accompanying classifiable transaction.



3.19 The new migration provisions are set out in LR5A. The procedure is summarised below. All companies wishing to migrate from one segment/category to the other must:

- (a) Notify us in advance of the intended migration (LR5A.3R), among other things, by an eligibility letter setting out how the issuer satisfies the requirements of the segment to which it is seeking to transfer (LR5A.3R(3)(b));
- (b) A sponsor is required to be appointed where the issuer is seeking to migrate into any of the categories in the Premium segment (LR8.2.1AR) and LR8.4.14R to LR8.4.16R will apply in such instances.
- (c) Where prior shareholder approval of the migration is not required in the Listing Rules, inform the market of the proposed migration through a RIS giving at least 20 days notice. (LR5A.5R). The RIS announcement must contain the same substantive information as if it were a circular referred to in LR5A.4R and must be approved by us (LR5A.8R).
- (d) Where prior shareholder approval is required for migration in the Listing Rules (LR5A.4R), (i) an explanatory circular must be sent to the holders of the securities giving them 20 days notice (LR5A.4R(2)(a)), (ii) an announcement through a RIS must be made at the same time as the circular is sent (LR5A.4R(2)(b)) and (iii) at least 75% of shareholders must approve the migration and the resolution must be announced through a RIS.
- (e) We will approve the migration when we are satisfied that all the necessary requirements have been complied with (LR5A.12R) and we will notify the market of the transfer through a RIS announcement (LR5A.14R).

The contents of the circular, announcement and application for a transfer are detailed in LR5A.7-10R.

3.20 Prior shareholder approval is required for Investment (both Open-Ended and Closed-Ended) companies wishing to migrate within and out of the Premium

Segment and such companies would have to comply with LR5A.4R(2)(c). We consulted on the need for a shareholder vote for Closed-Ended investment companies in CP06/21 where we argued that a shareholder vote is required when such a company makes a change to its published investment policy and we therefore consider that it is consistent to require a shareholder vote where the investment policy is abolished or one is assumed by virtue of migration. To be consistent, we would also require shareholder approval for Open-Ended investment companies. An investment company may not migrate to the Standard segment unless it has ceased to be an investment company (LR5A.2G).

- 3.21 Additionally, we would want to consult with the market whether all companies migrating from the Premium to the Standard segment (regardless of which category their securities fall into) should seek the prior approval of shareholders and comply with LR5A.4R<sup>9</sup>. We consider that this policy is consistent with the importance placed by the market on the super-equivalent standards which are attributable to the Premium segment and that furthermore, this type of distinction between the Premium and Standard segment would provide further clarity to the operation of the Listing Regime.
- 3.22 We also noted in CP6/21 that migration involves companies that are already listed and therefore our approach to such companies should reflect that fact and we should not impose any unnecessary regulatory burden on listed companies. We therefore proposed that we will not undertake the following checks or impose obligations on that company and we have provided guidance to this effect in LR5A.13G:
- **Eligibility:** We will not assess the admission criteria for shares in public hands rules and working capital where they are the requirement of both the old and new categories and segment as it can be assumed that they have already been assessed.
  - **Sponsor confirmations:** We will not require sponsor confirmations for financial reporting procedures where they are a requirement of both the old and new segment and categories. Again, this is because it can be assumed that this has already been assessed.
  - **Information on the Issuer:** We propose to require significantly less information than would have to be published if the company were to cancel its listing and re-list in order to migrate. Although, issuers would have to consider whether a prospectus is necessary when they migrate, for instance because there is a public offer, we will not require listing particulars. We may require a circular where there is an accompanying classifiable transaction but besides this, we are proposing to oblige issuers to provide the following information to the market:
    - o an explanation of the background and reasons for the proposal to request we re-categorise the company's segment and category.
    - o an explanation of any changes to the company's business that has been made or will be made in connection with the proposal to re-categorise the company's listing;

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9 Also see paragraphs 3.23-3.26 below.

- o an explanation of the effects of the proposed re-categorisation on the obligations of the company under the Listing Rules;
- o the date it becomes effective;
- o any conditions attached to the re-categorisation, for example obtaining shareholder approval; and
- o a working capital statement, if applicable.
- o published or filed audited accounts that cover at least three years, if applicable.

Q10: Do you agree that the types of companies identified above should be able to migrate without a cancellation of their listing?

Q11: Do you agree with the provisions of LR5.A and our approach for all companies migrating from one segment to another? Please state which part you do not agree with and suggest an alternative approach.

Q12: Do you agree with the amendments to LR8 setting out the requirements for the appointment and obligations of a sponsor with respect to migration?

### **Migration from a Premium Equity (Commercial companies) to a Standard Listing;**

- 3.23 At present, we do not require companies planning to cancel their listing to obtain the prior approval of shareholders provided that their securities will continue to trade on another regulated market in the EU (LR5.2.6 disapplies the prior shareholder approval requirements of LR5.2.5(2)). This was a position we reached following extensive consultation in 2004 and 2005 on the basis that shareholders in a company seeking to cancel its listing are still able to trade-out their shares and may therefore ‘exit’ the company where a shareholder feels that the Primary Listing obligations are important. An extension of this reasoning to companies which are seeking to migrate to another FSA listing segment rather than cancel their listing should mean that such companies should not have to seek shareholder approval either.
- 3.24 On the basis of the above position, one proposal could therefore be that a listed commercial company may move from a Premium Listing to a Standard Listing without necessitating a cancellation of its current listing by complying with the requirements in LR5A.3R and LR5A.5R. This would involve: (i) notifying us of the intention to transfer, and (ii) notifying the market through a RIS of the proposed migration. Given the position stated above in paragraph 3.23, the prior approval of shareholders and LR5A.4R would not be required. The draft handbook text in Appendix 2 is currently based on this proposal.

3.25 However, we also recognise that there are more compelling counter-arguments which would support the prior approval of shareholders for companies wishing to migrate from a Premium to a Standard Listing. Not least, the arguments in respect of the issues relating to the benefits of the Premium segment, which were raised during the course of this review. For instance, it could be argued that shareholders purchased their shares in the company on the basis of the rights conferred upon them which are attributable to a Premium Listing and they should not be divested of these rights without the prior approval of those shareholders. Furthermore, we acknowledge that the importance of the Premium segment to the UK market has been the highlight of this review.

3.26 We would therefore want to consult with the market whether we should require the prior approval of shareholders for a migration of a commercial company from a Premium to a Standard Listing. If we were to require prior shareholder approval, then LR5A.4R would apply to commercial companies wishing to migrate from the Premium segment to the Standard segment and not LR5A.5R. If we were to do this, we would also apply this policy to a cancellation of listing and require prior shareholder approval for a cancellation of listing and therefore delete LR5.2.6R and make any other consequential amendments. This position would mean that prior shareholder approval will be required for all companies wishing to migrate from the Premium segment and LR5A.4R will apply to such companies. This alternative proposal, if adopted, will require an amendment to LR5A.4R(2) in the final text.

Q13: Do you agree that we should also require prior shareholder approval for a commercial company that is wishing to migrate from a Premium to a Standard Listing?

Q14: Do you consider that we should also require prior shareholder approval for a cancellation of securities and delete LR5.2.6R?

### **Migration from a Standard to a Premium Listing (Commercial Companies)**

3.27 We are also proposing that, in addition to complying with LR5A.3R and LR5A.5R, a listed company may move from a Standard Listing to a Premium Listing (Commercial companies) by complying with the rules applicable to the segment to which the company is seeking to move (LR5A.11R). In particular, the company would be expected to comply with LR6 and LR8 initially and LR7, LR8, LR9, LR10 and LR11, LR12 and LR13 on a continuing basis. We are proposing to amend LR8 to reflect the requirements relating to the appointment and obligations of the sponsor in this respect. We have therefore introduced LR8.4.14-16R.

### **Migration from a Standard to a Premium Equity Listing (Investment Companies – Closed and Open-Ended)**

3.28 In addition to complying with LR5A.3R and LR5A.4R and LR8.4.14R-16R, a listed company with a Standard Listing may also move to a Premium Listing (Investment companies) by complying with LR15 or 16 depending on if it is seeking to convert

into a Closed-Ended or Open-Ended investment company, respectively and all the rules relating to the segment – LR5A.11R.

### **Migration from a Premium Equity (Commercial companies) to a Premium Equity Listing (Investment Companies – Closed and Open-Ended)**

- 3.29 We are proposing that, within the Premium segment, companies wishing to re-categorise as an Investment company from a commercial company will have to comply with LR5A.3R, LR5A.4R, LR8.14R-LR8.16R together with LR15 if they are seeking to convert to a Closed-Ended investment company or LR16 if they are seeking to convert to an Open-Ended investment company as well as all the rules relating to that segment.

### **Migration from a Premium Equity Listing (Investment Companies – Closed and Open-Ended) to a Premium Equity (Commercial companies)**

- 3.30 Similarly, we are proposing that within the Premium segment, companies wishing to re-categorise as a Premium Equity Listing (Commercial companies) from a Premium Equity Listing – Investment Companies, both closed and open-ended investment company by complying with LR5A.3R and LR5A.4R will apply together with LR8.4.14R-LR8.16R and all the rules relating to that segment.

### **Migration from a Premium Equity Listing (Investment Companies – Closed and Open-Ended) to a Standard Listing.**

- 3.31 We propose to allow an investment company to migrate from the Premium Segment to the standard segment provided it has ceased to be an investment company. LR5A.4R and LR14 will apply in these circumstances together with all the rules applicable to that segment.

Q15: Do you agree with our proposals for migration as we have set out in the above paragraphs?

# 4 Cost benefit analysis

## Introduction

- 4.1 A cost benefit analysis (CBA) assesses the economic costs and benefits of a proposed policy. It is a statement of the differences between the baseline (broadly speaking, the current position) and the position that will arise if we implement the proposed changes to our rules and guidance.
- 4.2 When proposing new rules or general guidance on rules, we are obliged (under section 155 of the Financial Services and Markets Act 2000) to publish a CBA, unless we consider that there will be no significant increase in costs. The CBA should contain an estimate of the costs and an analysis of the benefits arising from the proposals. We seek to give quantitative estimates of the costs, unless it is unreasonable to do so.

## Re-labelling of listing segments for equity securities

- 4.3 The Discussion Paper DP08/1 invited views on different labelling options for the UK's listing segments. We propose to retain the substance of the existing two tier structure but to re-label the two tiers as 'Premium' and 'Standard'.

### *Benefits*

- 4.4 A clarification of the labelling of different listing segments may reduce the scope for misunderstandings surrounding an issuers' listing segment and the regulatory implications by less informed market participants. Nearly all respondents to DP08/1 agreed that there was a need for clearer labelling, with many respondents recommending the use of the 'Premium' and 'Standard' labels.

### *Costs*

- 4.5 We lack evidence that market participants would be adversely affected by different possible labelling changes and the responses to the DP did not raise cost concerns. However, this will need to be confirmed in the consultation process, especially in relation to issuers with a Secondary Listing or global depository receipts.

- 4.6 The communication of any new labelling, by the FSA to the market will have cost implications for us.

### **Extending eligibility for a Secondary Listing (in future labelled 'Standard Listing') to UK trading companies**

- 4.7 Overseas trading companies are currently eligible for a Secondary Listing in London whereas UK trading companies are required to have a Primary Listing. The Consultation Paper proposes to extend eligibility for a Secondary Listing (in future labelled "Standard Listing") to UK trading companies.

#### *Benefits*

- 4.8 While a Primary Listing may reassure investors, a Secondary Listing offers greater flexibility and lower costs. Accordingly, different listing regimes may be appropriate for different companies. Hence, extending the eligibility for a Secondary Listing to UK trading companies would benefit those UK trading companies (and their investors) which value the greater flexibility and lower cost of a Secondary Listing, but are reluctant to move to AIM or Plus Market. It would also remove a potential source of competitive distortions for UK trading companies that prefer a Secondary Listing and compete with overseas trading companies that already have a Secondary Listing. While UK trading companies seeking a less onerous regulatory environment have the option of transferring to AIM or Plus Market, AIM or Plus Market may not be as attractive as a Secondary Listing on a regulated market overseen by the FSA. The vast majority of respondents to the Discussion Paper were in favour of opening secondary listing to UK companies.

#### *Costs*

- 4.9 The costs of this proposal are tied into investors' ability to distinguish what is currently referred to as a Primary Listing and a Secondary Listing. Investors who are unable to distinguish these segments may be exposed to greater risk as a result of the proposed change. However, information on issuers' listing status and our Handbook are publicly available. The re-labelling of the listing segments should further help investors, especially institutional investors, to assess the risks associated with a re-listing of some UK trading companies. If they believe it necessary they could demand a compensating, greater risk premium for investing in UK trading companies seeking a Secondary Listing or transfer their funds to UK trading companies that retain a Primary (Premium) Listing. Thus, they would not be disadvantaged by the proposed change in the structure of the UK Listing Rules for UK trading companies.

## Changes to the Listing Rules for overseas equity issuers with a Primary Listing 1: explaining differences in corporate governance regimes

- 4.10 LR9.8.7(2) already requires overseas issuers with a Primary Listing to disclose on an annual basis “the significant ways in which its actual corporate governance practices differ from those set out in the Combined Code”. The proposal now is to revise LR9.8.7 in such a way as to additionally require overseas issuers to also provide an explanation of the main ways in which the corporate governance regime they are subject to differs from the Combined Code.

### *Benefits*

- 4.11 It is unclear if this proposal will have incremental benefits when compared with the current disclosure. The current version of LR9.8.7(2) already provides investors with information on the actual corporate governance practices of overseas issuers. Some investors have commented that disclosure by overseas issuers with a Primary Listing about the main ways in which the corporate governance regime they are subject to differs from the UK Combined Code will provide them with more meaningful information. We have no evidence to establish to what extent this additional disclosure will provide benefits. We do also acknowledge that if investors were interested, they could gather this information themselves.

### *Costs*

- 4.12 There are a total of 171 overseas issuers with a Primary Listing. 45 issuers comply or explain with the UK Combined Code already as they are included on FTSE indices. An additional ca 34 issuers have a corporate governance regime which is derived from the UK Combined Code and ca 14 issuers do not have any corporate governance regime in their own countries, so would incur no or only minimal compliance costs. This will therefore leave approximately 78 companies (within 12 different jurisdictions) that would be fully affected by the proposal.
- 4.13 We would estimate the first-time costs to an issuer of explaining the main ways in which its corporate governance regime differs from the Combined Code to be approximately £1000, based on one day’s work by external accountants at different levels of seniority<sup>10</sup>. This disclosure would need to be checked and, if necessary, updated on an annual basis, costing perhaps £250 for a quarter of a day’s work by a Senior Accountant. We welcome feedback from issuers on these cost estimates, which are subject to great uncertainty.

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<sup>10</sup> This is based on information on daily rates for 9 accountancy firms we obtained from the Office of Government Commerce.

## **Changes to the Listing Rules for overseas equity issuers with a Primary Listing 2: disclosure of whether or not pre-emption rights are offered to shareholders**

- 4.14 The Consultation Paper proposes to require overseas companies to disclose whether or not they offer pre-emption rights. This reduces the potential for investor confusion over the requirements applicable to overseas companies with a Primary Listing.

### *Benefits*

- 4.15 Pre-emption rights protect shareholders against the loss of control associated with equity issues. The proposed disclosure would help investors to understand whether or not this protection is provided by an issuer.

### *Costs*

- 4.16 Overseas issuers who wish to retain a Primary Listing would incur some costs of disclosing annually in their annual accounts and report whether or not they offer pre-emption rights. The costs would be marginal since this is only a statement of the current practice of the issuer.

## **Application of the Company Reporting Directive to overseas issuers with a Primary or Secondary Listing and to GDRs**

- 4.17 This proposal is to extend the Company Reporting Directive as implemented by DTR7.2 to overseas issuers with a Primary or Secondary Listing and to issuers of GDRs. All overseas issuers with a Primary or Secondary Listing and issuers of GDRs will be required to publish an annual Corporate Governance Statement. However, overseas issuers with a Primary Listing will not need to provide the whole statement and comply with DTR 7.2.2 and DTR7.2.3 as they will fulfil this requirement via LR9.8.7

### *Benefits*

- 4.18 The statements will help to mitigate information asymmetries between issuers and investors about corporate governance standards and/or related matters if complied with by issuers and read by investors. They can then also help investors (as well as the FSA) to identify weaknesses in issuers' internal controls and risk management systems in relation to the financial reporting process<sup>11</sup>.

### *Costs*

- 4.19 In an earlier Consultation Paper on the implementation of the Company Reporting Directive, BERR calculated the cost of providing an annual corporate governance

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<sup>11</sup> We have evidence that a third of GDR issuers regularly fail to make the announcements which they are required to make under our the DTRs and LRs and furthermore, some GDR issuers insert statements in their prospectuses about material weaknesses in their internal controls.

statement on the basis of two hours of an internal accountant's time at £26 per hour<sup>12</sup>. As there are approximately 126 overseas companies with Secondary Listings and 194 GDR issuers, we estimate the cost of this proposal to these issuers to be £16,640 per annum. The 171 overseas issuers with a Primary Listing will be affected to a lesser extent as they do not have to provide a full Corporate Governance Statement. We would estimate that total costs of the proposal to these issuers will amount to at most £8892, assuming at most two hours preparation time by an internal accountant per statement on internal controls and risk management systems.

## **Introducing a listing re-categorisation process for issuers**

- 4.20 Currently, listing re-categorisation requires an issuer to de-list and then re-list under a new listing category. We propose to introduce a new process to make re-categorisation easier. Under our proposals, an issuer requesting re-categorisation would have to (i) approach the UKLA (via a sponsor if applying for listing as a trading company, Closed Ended fund or Open Ended fund) and establish the securities are eligible for the proposed new categories of listing; (ii) prepare and publish an announcement or, where a shareholder vote is required (cf. Chapter 3), a circular to shareholders which would be reviewed by UKLA; (iii) publish the circular (if applicable) and make an announcement giving at least 20 days notice of the re-categorization (subject to shareholder approval if applicable); (iv) obtain shareholder approval (if applicable); and (v) approach our Listing Applications team and apply via a standards listing applications process for the re-categorisation to be effected.

### *Benefits*

- 4.21 Issuers seeking to re-list under a new listing category would save costs as a result of the new re-categorisation process. The costs for issuers of complying with the requirements of the proposed re-categorisation process would be below the costs of complying with the current requirements governing the de-listing and re-listing of a security under a new category. Specifically, while issuers are currently required to prepare a prospectus when re-listing, they would not need to prepare a prospectus to re-categorise under the new re-categorisation process. In addition, sponsor confirmations on working capital and financial controls would no longer be required where a company is moving between categories that currently require such confirmations. The due diligence required to support such confirmations is costly.
- 4.22 Facilitating re-categorisation may also encourage companies to adjust listing category more frequently in line with commercial requirements. This could lead to efficiency gains.

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12 BERR (March 2007), "Implementation of Directive 2006/46/EC on Company Reporting – Amending the Accounting Directives", Consultation Document, <http://www.berr.gov.uk/files/file38063.pdf>

## *Costs*

- 4.23 We lack evidence on the extent of the incremental direct costs to us of a move from the old re-categorisation process of first delisting and then re-listing under a new category and the proposed simplified re-categorisation process. However, as the proposed new re-categorisation process is likely to increase the demand for re-categorisation, considerable additional regulatory resources may be required. These costs are likely to peak after the implementation of the proposal to open the Secondary Listing regime to UK trading companies.

# 5 Compatibility statement

- 5.1 These proposals are compatible with all our regulatory objectives in our capacity as the competent authority for Listing which are to formulate and enforce Listing Rules that:
- Provide an appropriate level of protection for investors in listed securities;
  - Facilitate access to listed markets for a broad range of enterprises;
  - Seek to maintain the integrity and competitiveness of the UK markets for listed securities.

In presenting the proposals set out in this consultation paper, we are satisfied that they are compatible with the general duties conferred upon us under Section 73(1) of FSMA. Furthermore, we believe that the proposed changes are compatible with our general duty to have regard to the factors set out in Section 73(1) of FSMA.

## **The need to use our resources in the most efficient and economic way.**

- 5.2 The proposals are consistent with an efficient and economical use of our resources.

## **The principle that a burden or restriction which is imposed on a person should be proportionate to the benefits, considered in general terms, which are expected to arise from the imposition of the burden or restriction**

- 5.3 We have undertaken a cost benefit analysis to help inform this consultation (see above). The CBA aims to ensure as far as possible that the burdens and restrictions imposed on issuers and other stakeholders are proportionate to the benefits. We have also considered the responses to the Discussion Paper 08/1.
- 5.4 Stakeholders may have different views over the nature and extent of some of the impacts we have covered. We would therefore welcome the input from respondents of any additional information that would help us quantify these impacts.

### **The desirability of facilitating innovation in respect of listed securities**

- 5.5 Our proposals on the changes within the Listing Regime, should not have an impact on possible future innovation in respect of listed securities.

### **The international character of capital markets and the desirability of maintaining the competitive position of the UK**

- 5.6 Throughout the proposals we have ensured that the competitiveness of the UK market is not compromised. The clearer labelling and segmentation of the Listing Regime, will ensure that the integrity of the UK market is retained.

### **The need to minimise the adverse effects on competition of anything done in the discharge of the FSA's functions**

- 5.7 The cost benefit analysis undertaken (see above) does not suggest there to be any adverse effects on competition

### **The desirability of facilitating competition in relation to listed securities**

- 5.8 The proposal seeks to maintain the integrity and competitiveness of the UK markets for listed securities. The opening up of the Secondary Listing (in the future labelled as 'Standard Listing') to UK trading companies might remove a potential source of competitive distortion for UK trading companies that prefer a Secondary Listing and compete with overseas trading companies that already have a Secondary Listing.

# List of non-confidential respondents to DP08/1

Aggreko plc

Allen & Overy LLP

Amtel-Vredestein N.V.

The Alternative Investment Management Association Limited

Ashurst LLP

The Association of British Insurers

The Association of Corporate Treasurers

The Association of Investment Companies

The Association of Private Client Investment Managers and Stockbrokers

Aviva plc

Balfour Beatty

Bank of Georgia: LSE: BGEO

The Bank of New York Mellon

Barclays Global Investors Limited

Berwin Leighton Paisner LLP

BP plc

Brewin Dolphin

The British Bankers Association and the International Capital Markets Association  
(Joint Response)

BT

Centaur Media plc

CFA Society of the UK

The Company Law Committee of the City of London Law Society  
The Confederation of British Industry  
Credit Suisse Securities (Europe) Limited  
Deutsche Bank (two submissions)  
DLA Piper UK LLP  
egXGroup  
Enterprise Inns plc  
Equiniti  
Ernst & Young LLP  
Evraz Group S.A.  
F&C Investments  
Financial Services Consumer Panel  
Freshfields Bruckhaus Deringer  
FTSE Group  
GC100 Goodbody Corporate Finance  
Governance for Owners LLP  
Grant Thornton LLP  
Herbert Smith LLP  
Hermes Equity Ownership Services Ltd  
The Institute of Chartered Accounts in England and Wales  
International Corporate Governance Network Shareholder Rights Committee  
Investment Management Association  
Ionic Information Ltd  
Jardines Matheson Limited  
JSC Kazmunaigas Exploration Production  
KPMG LLP  
Latchways plc  
Legal & General Investment Management  
The London Investment Banking Association and the Securities Industry and  
Financial Markets Association (Joint Response)  
London Stock Exchange

London Stock Exchange's Midland Regional Advisory Group  
London Stock Exchange's North West Regional Advisory Group  
London Stock Exchange's Primary Markets Group  
LSR Group  
The National Association of Pension Funds  
Novolipetsk Steel (NLMK)  
OAO LUKOIL  
Pharmstandard  
Photo-Me International plc  
PLUS Markets Group plc  
PricewaterhouseCoopers LLP  
Prudential plc and M&G  
Quoted Companies Alliance  
Reed Smith Richards Butler LLP  
The Royal Bank of Scotland Group  
Royal Dutch Shell plc  
Royal London Asset Management  
SABMiller plc  
Severn Trent Plc  
ShalkiyaZinc  
Simmons & Simmons  
State Street Corporation

# List of questions

- Q1: Do you agree with the segmentation and labelling of the Listing Regime as described above?
- Q2: Do you agree with the labels 'Premium' and 'Standard' labels? If not, please provide suggestions for alternative labels.
- Q3: Do you consider that the proposed segmentation of the Listing Regime provides sufficient clarity?
- Q4: Do you agree with the introduction of LR1.5.3R which will prohibit the misrepresentation of the type of listing a company has?
- Q5: Do you agree with the deletion of old LR9.8.7R and the introduction of the new LR9.8.7R?
- Q6: Do you agree with introduction of LR9.8.7BR?
- Q7: Do you agree with the deletion of LR9.3.12(4)R and the introduction of LR9.3.13R and LR9.8.7AR which require Primary Listed overseas companies to disclose in their annual report whether or not they offer pre-emption rights to their shareholders?
- Q8: Do you agree with the amendment to make the directive-minimum listing regime in LR 14 to UK companies?
- Q9: Do you agree that we should extend DTR7.2 to all Listed companies with the listing of equity securities and GDRs and the amendments to LR9 and LR14?
- Q10: Do you agree that the types of companies identified above should be able to migrate without a cancellation of their listing?

- Q11: Do you agree with the provisions of LR5.A and our approach for all companies migrating from one segment to another? Please state which part you do not agree with and suggest an alternative approach.
- Q12: Do you agree with the amendments to LR8 setting out the requirements for the appointment and obligations of a sponsor with respect to migration?
- Q13: Do you agree that we should also require prior shareholder approval for a commercial company that is wishing to migrate from a Premium to a Standard Listing?
- Q14: Do you consider that we should also require prior shareholder approval for a cancellation of securities and delete LR5.2.6R?
- Q15: Do you agree with our proposals for migration as we have set out in the above paragraphs?



# Amendments to the Glossary



**LISTING RULES SOURCEBOOK (AMENDMENT) INSTRUMENT 2009**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000:
- (1) section 73A (Part 6 rules);
  - (2) section 79 (Listing particulars and other documents);
  - (3) section 96 (Obligations of issuers of listed securities);
  - (4) section 101 (Listing rules: general provisions);
  - (5) section 157(1) (Guidance); and
  - (6) schedule 7 (The Authority as Competent Authority for Part VI).

**Commencement**

- B. This instrument comes into force on [date] 2009.

**Amendments to the Glossary**

- C. The Glossary is amended in accordance with Annex A to this instrument.

**Amendments to the Listing Rules**

- D. The Listing Rules sourcebook (LR) is amended in accordance with Annex B to this instrument.

**Citation**

- E. This instrument may be cited as the Listing Rules Sourcebook (Amendment) Instrument 2009.

By order of the Board  
[date]

## Annex A

### Amendments to the Glossary

Delete the definitions of <i>primary listing</i> , <i>secondary listed issuer</i> and <i>secondary listing</i> .	
Insert the following definitions:	
<i>premium listing</i>	(1) in relation to <i>equity securities</i> (other than those of a <i>closed-ended investment fund</i> or of an <i>open-ended investment company</i> ), means a <i>listing</i> where the <i>issuer</i> is required to comply with those requirements in <i>LR 6</i> and other requirements in the <i>listing rules</i> that are expressed to apply to such <i>securities</i> with a <i>premium listing</i> ;
	(2) in relation to <i>equity securities</i> of a <i>closed-ended investment fund</i> , means a <i>listing</i> where the <i>issuer</i> is required to comply with those requirements in <i>LR 15</i> and other requirements in the <i>listing rules</i> that are expressed to apply to such <i>securities</i> with a <i>premium listing</i> ;
	(3) in relation to <i>equity securities</i> of an <i>open-ended investment company</i> , means a <i>listing</i> where the <i>issuer</i> is required to comply with <i>LR 16</i> and other requirements in the <i>listing rules</i> that are expressed to apply to such <i>securities</i> with a <i>premium listing</i> .
<i>premium listing (commercial company)</i>	a <i>premium listing</i> of <i>equity securities</i> (other those of a <i>closed-ended investment fund</i> or of an <i>open-ended investment company</i> );
<i>premium listing (investment company)</i>	a <i>premium listing</i> of <i>equity securities</i> of a <i>closed-ended investment fund</i> or of an <i>open-ended investment company</i> ;
<i>standard listing</i>	in relation to <i>securities</i> , means a <i>listing</i> that is not a <i>premium listing</i> .
<i>standard listing (commercial company)</i>	a <i>standard listing</i> of <i>equity securities</i> .

# Amendments to the Listing Rules Sourcebook (LRs).



**Annex B**  
**Amendment to the Listing Rules sourcebook (LR)**

LR 1	Preliminary – <u>All securities</u>		
	....		
1.4	Miscellaneous		
	Appointment of sponsor		
1.4.1	R	(1)	If it appears to the <i>FSA</i> that there is, or there may be, a breach of the <i>listing rules</i> or the <i>disclosure rules and transparency rules</i> by an <i>issuer</i> with a <i>primary premium listing</i> , the <i>FSA</i> may in writing require the <i>issuer</i> to appoint a <i>sponsor</i> to advise the <i>issuer</i> on the application of the <i>listing rules</i> , the <i>disclosure rules</i> and the <i>transparency rules</i> .
		(2)	If required to do so under paragraph (1), an <i>issuer</i> must, as soon as practicable, appoint a <i>sponsor</i> to advise it on the application of the <i>listing rules</i> , the <i>disclosure rules</i> and the <i>transparency rules</i> .
			<b>Note:</b> LR 8.2 sets out the various circumstances in which an <i>issuer</i> must appoint, or obtain guidance from, a <i>sponsor</i> .
	....		
1.5	<u>Standard and Premium Listing</u>		
			<u>Standard and premium listing explained</u>
1.5.1	G	(1)	<u>Under the <i>listing rules</i> each <i>issuer</i> must satisfy the requirements in the rules that are specified to apply to it and its relevant <i>securities</i>. In some cases a <i>listing</i> is described as being either a <i>standard listing</i> or a <i>premium listing</i>.</u>
		(2)	<u>A <i>listing</i> that is described as a <i>standard listing</i> sets requirements that are based on the minimum EU directive standards. A <i>listing</i> that is described as a <i>premium listing</i> will include requirements that exceed those required under relevant EU directives.</u>
		(3)	<u><i>Premium listing</i> exists for <i>equity securities</i> of commercial companies, <i>closed-ended investment funds</i> and <i>open-ended investment funds</i>. Any other <i>listing</i> will be a <i>standard listing</i>.</u>
		(4)	<u>In one case, for <i>equity securities</i> of a commercial company, an <i>issuer</i> will have a choice under the <i>listing rules</i> as to whether it has a <i>standard listing</i> or a <i>premium listing</i>. The type of <i>listing</i> it applies for will therefore determine the requirements it must comply with.</u>
		(5)	<u>LR 5A provides a process for the transfer of the category of <i>listing</i></u>

			<u>of equity securities.</u>
		<u>Roadmap</u>	
<u>1.5.2</u>	<u>G</u>	<u>Appendix 1A includes a roadmap showing the various types of listings possible under the Listing Rules.</u>	
		<u>Misleading statements about status</u>	
<u>1.5.3</u>	<u>R</u>	<u>An issuer that has a standard listing must not describe itself or hold itself out (in whatever terms) as having a premium listing or make any representation which suggests, or which is reasonably likely to be understood as suggesting, that it has a premium listing or complies or is required to comply with the requirements that apply to a premium listing.</u>	
		....	
LR 2		<u>Requirements for listing – All securities</u>	
		....	
LR 3		<u>Listing applications – All securities</u>	
		....	
3.3		<u>Equity securities</u>	
		<u>Application</u>	
3.3.1	<u>R</u>	<u>LR 3.3.2 R to LR 3.3.7 R apply to an applicant which is applying for a listing of its equity securities or other shares.</u>	
		<u>(1)</u>	<u>a primary premium listing of its equity shares;</u>
		<u>(2)</u>	<u>a primary listing of its preference shares;</u>
		<u>(3)</u>	<u>a primary listing of its securities that are convertible into equity shares; or</u>
		<u>(4)</u>	<u>a secondary listing of its equity shares.</u>
		....	
LR 4		<u>Listing particulars for professional securities market and certain other securities – All securities</u>	
		....	
LR 5		<u>Suspending, cancelling and restoring listing – All securities</u>	
		....	
		<u>Cancellation of listing of ordinary shares</u>	

5.2.5	R	Subject to LR 5.2.6 R, LR 5.2.7 R, LR 5.2.10 R and LR 5.2.12 R, an <i>issuer</i> that wishes the <i>FSA</i> to cancel the <i>listing</i> of any of its <i>equity shares</i> with a <u><i>primary premium listing</i></u> must:	
		(1)	send a <i>circular</i> to the holders of the <i>securities</i> . The <i>circular</i> must:
		(a)	comply with the requirements of LR 13.3.1 R and LR 13.3.2 R (contents of all circulars);
		(b)	be submitted to the <i>FSA</i> for approval prior to publication; and
		(c)	include the anticipated date of cancellation (which must be not less than 20 <i>business days</i> following the passing of the resolution referred to in paragraph (2));
		(2)	obtain, at a general meeting, the prior approval of a resolution for the cancellation from a majority of not less than 75% of the holders of the <i>securities</i> as (being entitled to do so) vote in person or, where proxies are allowed, by proxy;
		(3)	notify a <i>RIS</i> , at the same time as the <i>circular</i> is despatched to the relevant <i>security</i> holders, of the intended cancellation and of the notice period and meeting; and
		(4)	also notify a <i>RIS</i> of the passing of the resolution in accordance with LR 9.6.18 R.
		....	
5.2.5A	R	An <i>issuer</i> that wishes to cancel the <u><i>secondary standard listing</i></u> of its ordinary <i>equity shares</i> must also comply with the requirements in LR 5.2.5 R if:	
		(1)	the <i>shares</i> have previously been converted from being <u><i>primary premium listed</i></u> to <u><i>secondary standard listed</i></u> ; and
		(2)	the conversion has taken place within 2 years before the proposed cancellation of the <u><i>secondary standard listing</i></u> of the <i>shares</i> .
		....	
		Requirements for cancellation of other securities	
5.2.8	R	An <i>issuer</i> that wishes the <i>FSA</i> to cancel the <i>listing</i> of <i>listed securities</i> (other than ordinary <i>equity shares</i> with a <u><i>primary premium listing</i></u> or ordinary <i>equity shares</i> to which LR 5.2.5A R apply) must notify a <i>RIS</i> , giving at least 20 <i>business days</i> notice of the intended cancellation but is not required to obtain the approval of the holders of those <i>securities</i> contemplated in LR 5.2.5R (2).	
		....	
<u>LR 5A</u>		<u>Transfer between listing categories – Equity securities</u>	

		<u>Application</u>	
<u>5A.1</u>	<u>R</u>	<u>This section applies to an issuer that wishes to transfer its category of equity securities listing from:</u>	
		<u>(1)</u>	<u>a standard listing (commercial company) to a premium listing (commercial company);</u>
		<u>(2)</u>	<u>a standard listing (commercial company) to a premium listing (investment company);</u>
		<u>(3)</u>	<u>a premium listing (commercial company) to a standard listing (commercial company);</u>
		<u>(4)</u>	<u>a premium listing (investment company) to a premium listing (commercial company);</u>
		<u>(5)</u>	<u>a premium listing (commercial company) to a premium listing (investment company); or</u>
		<u>(6)</u>	<u>a premium listing (investment company) to a standard listing (commercial company).</u>
<u>5A.2</u>	<u>G</u>	<u>An issuer will only be able to transfer a listing of its equity securities from a premium listing (investment company) to a standard listing (commercial company) if it has ceased to be an investment entity (for example if it has become a commercial company). This is because LR 14.1.1R provides that LR 14 does not apply to an investment entity.</u>	
		<u>Initial notification to FSA</u>	
<u>5A.3</u>	<u>R</u>	<u>(1)</u>	<u>If an issuer wishes to transfer its category of equity securities listing it must notify the FSA of the proposal.</u>
		<u>(2)</u>	<u>The notification must be made as early as possible and in any event not less than 20 days before it sends the circular or publishes the announcement required under LR 5A.4R(2)(a) or LR 5A.5R(2).</u>
		<u>(3)</u>	<u>The notification must include:</u>
		<u>(a)</u>	<u>an explanation of why the issuer is seeking the transfer;</u>
		<u>(b)</u>	<u>if a sponsor's letter is not required under LR 8.4.14R(1), an eligibility letter setting out how the issuer satisfies each listing rule requirement relevant to the category of listing to which it wishes to transfer;</u>
		<u>(c)</u>	<u>a proposed timetable for the transfer; and</u>
		<u>(d)</u>	<u>if an announcement is required to be published under LR 5A.5R(2), a draft of that announcement.</u>
		<u>Shareholder approval required in certain cases</u>	

<u>5A.4</u>	<u>R</u>	(1)	<u>This rule applies to a transfer of the <i>listing of equity securities</i> into or out of the category of <i>premium listing (investment company)</i>.</u>
		(2)	<u>The <i>issuer</i> must:</u>
		(a)	<u>send a <i>circular</i> to the holders of the <i>equity securities</i>;</u>
		(b)	<u>notify a <i>RIS</i>, at the same time as the circular is despatched to the relevant <i>equity security</i> holders, of the intended transfer and of the notice period and meeting date;</u>
		(c)	<u>obtain at a general meeting, the prior approval of a resolution for the transfer from not less than 75% of the holders of the <i>equity securities</i> as (being entitled to do so) vote in person or, where proxies are allowed, by proxy; and</u>
		(d)	<u>notify a <i>RIS</i> of the passing of the resolution.</u>
		<u>Announcement required in other cases</u>	
<u>5A.5</u>	<u>R</u>	(1)	<u>This rule applies to any transfer of a <i>listing of equity securities</i> other than a transfer to which <i>LR 5A.4R (1)</i> applies.</u>
		(2)	<u>The <i>issuer</i> must publish an announcement on a <i>RIS</i> giving notice of its intention to transfer its listing category.</u>
		<u>Approval and contents of circular</u>	
<u>5A.6</u>	<u>R</u>	<u>The <i>circular</i> referred to in <i>LR 5A.4R</i> must:</u>	
		(1)	<u>comply with the requirements of <i>LR 13.1</i>, <i>LR 13.2</i> and <i>LR 13.3</i>;</u>
		(2)	<u>be approved by the <i>FSA</i> before it is circulated or published; and</u>
		(3)	<u>include the anticipated transfer date (which must be not less than 20 days after the passing of the resolution under <i>LR 5A.4R</i>).</u>
		<u>Approval and contents of announcement</u>	
<u>5A.7</u>	<u>R</u>	<u>The announcement referred to in <i>LR 5A.5R(2)</i> must:</u>	
		(1)	<u>contain the same substantive information as would be required under <i>LR 13.1</i> and <i>LR 13.3</i> if it were a <i>circular</i> but modified as necessary so it is clear that no shareholder vote is required; and</u>
		(2)	<u>include the anticipated transfer date (which must be not less than 20 days after the date the announcement is published).</u>
<u>5A.8</u>	<u>R</u>	<u>The announcement must be approved by the <i>FSA</i> before it is published.</u>	
		<u>Specific information required in circular or announcement</u>	
<u>5A.9</u>	<u>G</u>	<u>Information required under <i>LR 13.3.1R(1)</i> (contents of all circulars) to be included in the <i>circular</i> or announcement should include an explanation</u>	

		<u>of:</u>
		(1) <u>the background and reasons for the proposed transfer;</u>
		(2) <u>any changes to the issuer's business that have been made or are proposed to be made in connection with the proposal;</u>
		(3) <u>the effect of the transfer on the issuer's obligations under the listing rules;</u>
		(4) <u>how the issuer will meet any new eligibility requirements, for example working capital requirements, that the FSA must be satisfied of under LR 5A.12R (3); and</u>
		(5) <u>any other matter that the FSA may reasonably require.</u>
		<u>Applying for the transfer</u>
<u>5A.10</u>	<u>R</u>	<u>If an issuer has initially notified the FSA under LR 5A.3R it may apply to the FSA to transfer the listing of its equity securities from one category to another. The application must include:</u>
		(1) <u>the issuers name;</u>
		(2) <u>details of the equity securities to which the transfer relates;</u>
		(3) <u>the date on which the issuer wishes the transfer to take effect;</u>
		(4) <u>a copy of any circular, announcement or other document on which the issuer is relying;</u>
		(5) <u>if relevant, evidence of any resolution required under LR 5A.4R;</u>
		(6) <u>if an agent is making the application on the issuer's behalf, confirmation that the agent has the issuer's authority to do so;</u>
		(7) <u>the name and contact details of the person at the issuer (or, if appropriate an agent) with whom the FSA should liaise in relation to the application; and</u>
		(8) <u>a copy of any announcement the issuer proposes to notify to a RIS informing the market that the transfer has taken place.</u>
		<u>Issuer must comply with eligibility requirements</u>
<u>5A.11</u>	<u>R</u>	(1) <u>An issuer applying for a transfer of its equity securities must comply with all eligibility requirements that would apply if the issuer was seeking admission to listing of the securities to the category of listing to which it wishes to transfer.</u>
		(2) <u>For the purposes of applying the eligibility requirements referred to in (1) to a transfer then, unless the context otherwise requires, a reference in such a requirement:</u>

		(a)	<u>to the admission of <i>securities</i> is to be taken to be a reference to the transfer of the <i>securities</i>; and</u>
		(b)	<u>to a <i>prospectus</i> or <i>listing particulars</i> is to be taken to be a reference to the <i>circular</i> or announcement.</u>
		<u>Approval of transfer</u>	
<u>5A.12</u>	<u>R</u>	<u>If an <i>issuer</i> applies under LR 5A.10R, the FSA may approve the transfer if it is satisfied that:</u>	
		(1)	<u>the <i>issuer</i> has complied with LR 5A.4R or LR 5A.5R (whichever is relevant);</u>
		(2)	<u>the 20 day period referred to in LR 5A.6R or LR 5A.7R (whichever is relevant) has elapsed; and</u>
		(3)	<u>the <i>issuer</i> and the <i>equity securities</i> will comply with all eligibility requirements that would apply if the <i>issuer</i> was seeking admission to <i>listing</i> of the <i>securities</i> to the category of <i>listing</i> to which it wishes to transfer.</u>
<u>5A.13</u>	<u>G</u>	<u>The FSA will not generally reassess compliance with eligibility requirements (for example LR 6.1.16R (working capital) if the <i>issuer</i> has previously been assessed by the FSA as meeting those requirements under its existing <i>listing</i> category when its <i>equity securities</i> were listed.</u>	
		<u>When transfer takes effect</u>	
<u>5A.14</u>	<u>R</u>	(1)	<u>If the FSA approves a transfer of a <i>listing</i> then it must announce its decision on a <i>RIS</i>.</u>
		(2)	<u>The transfer becomes effective when the FSA's decision to approve is announced on the <i>RIS</i>.</u>
		(3)	<u>The <i>issuer</i> must continue to comply with the requirements of its existing category of <i>listing</i> until the decision is announced on the <i>RIS</i>.</u>
		(4)	<u>After the decision is announced the <i>issuer</i> must comply with the requirements of the category of <i>listing</i> to which it has transferred.</u>
		<u>Directive obligations</u>	
<u>5A.15</u>	<u>G</u>	<u>An <i>issuer</i> may take steps, in connection with a transfer, which require it to consider whether a <i>prospectus</i> is necessary, for example, if the <i>company</i> or its capital is reconstituted in a way that could amount to an <i>offer of transferable securities to the public</i>. The <i>issuer</i> and its advisers should consider whether directive obligations may be triggered.</u>	
		<u>Transfer as an alternative to cancellation</u>	
<u>5A.16</u>	<u>G</u>	<u>There may be situations in which an <i>issuer's</i> business has changed over a period of time so that it no longer meets the requirements of the</u>	

		applicable <i>listing</i> category against which it was initially assessed for <i>listing</i> . In those situations, the <i>FSA</i> may consider cancelling the <i>listing</i> of the <i>securities</i> or suggest to the <i>issuer</i> that, as an alternative, it applies for a transfer of its <i>listing</i> category.
	....	
LR 6	Additional requirements for <u>premium</u> listing <del>for</del> <u>of</u> equity securities	
	....	
6.1	Application	
6.1.1	R	This chapter applies to an <i>applicant</i> for the <i>admission</i> of <i>equity securities</i> to <del>primary</del> <u>premium</u> <i>listing</i> .
	....	
LR 7	Listing Principles – <u>Premium listing</u>	
	....	
7.1	Application and purpose	
	Application	
7.1.1	R	The Listing Principles apply to every <i>listed company</i> with a <del>primary</del> <u>premium</u> <i>listing</i> of <i>equity securities</i> in respect of all its obligations arising from the <i>listing rules</i> and the <i>disclosure rules</i> and <i>transparency rules</i> .
	....	
7.2.3	G	Timely and accurate disclosure of information to the market is a key obligation of <i>listed companies</i> . For the purposes of Principle 2, a <i>listed company</i> with a <del>primary</del> <u>premium</u> <i>listing</i> of <i>equity securities</i> should have adequate systems and controls to be able to:
	(1)	ensure that it can properly identify information which requires disclosure under the <i>listing rules</i> or <i>disclosure rules</i> and <i>transparency rules</i> in a timely manner; and
	(2)	ensure that any information identified under paragraph (1) is properly considered by the <i>directors</i> and that such a consideration encompasses whether the information should be disclosed.
	....	
LR 8	Sponsors – <u>Premium listing</u>	
	....	
8.1	Application	
	Listed companies and applicants	

8.1.2	R	A <i>company</i> with, or applying for, a <del>primary</del> <u>premium listing</u> of its <i>equity securities</i> must comply with LR 8.2 (When a sponsor must be appointed or its assistance obtained) and LR 8.5 (Responsibilities of listed companies).	
		....	
8.2		When a sponsor must be appointed or its assistance obtained	
8.2.1	R	A <i>company</i> with, or applying for, a <del>primary</del> <u>premium listing</u> of its <i>equity securities</i> must appoint a <i>sponsor</i> on each occasion that it:	
		(1)	makes an application for <i>admission</i> of <i>equity securities</i> which:
		(a)	requires the production of a <i>prospectus</i> or <i>equivalent document</i> ; or
		(b)	is accompanied by a certificate of approval from another competent authority; or
		(c)	is accompanied by a summary document as required by PR 1.2.3R (8); or
		(2)	is required to produce a <i>class 1 circular</i> ; or
		(3)	is producing a <i>circular</i> that proposes a reconstruction or a refinancing which does not constitute a <i>class 1 transaction</i> ; or
		(4)	is producing a <i>circular</i> for the proposed purchase of own <i>shares</i> :
		(a)	which does not constitute a <i>class 1 circular</i> ; and
		(b)	is required by LR 13.7.1R (2) to include a working capital statement; or
		(5)	is required to do so by the <i>FSA</i> because it appears to the <i>FSA</i> that there is, or there may be, a breach of the <i>listing rules</i> or the <i>disclosure rules</i> and <i>transparency rules</i> by the <i>listed company</i> .
8.2.1A	R	<u>A <i>company</i> must appoint a <i>sponsor</i> where it applies to transfer its category of <i>equity securities</i> listing from:</u>	
		(1)	<u>a <i>standard listing (commercial company)</i> to a <i>premium listing (commercial company)</i>;</u>
		(2)	<u>a <i>standard listing (commercial company)</i> to a <i>premium listing (investment company)</i>;</u>
		(3)	<u>a <i>premium listing (investment company)</i> to a <i>premium listing (commercial company)</i>; or</u>
		(4)	<u>a <i>premium listing (commercial company)</i> to a <i>premium listing (investment company)</i>.</u>
		....	

8.4	Role of a sponsor: transactions	
	....	
	Class 1 circulars, refinancing and purchase of own equity shares	
8.4.11	R	LR 8.4.12 R to LR 8.4.13 R apply in relation to transactions involving a <i>listed company of equity shares</i> with a <del>primary</del> <u>premium listing</u> that:
		(1) is required to produce a <i>class 1 circular</i> ;
		(2) is producing a <i>circular</i> that proposes a reconstruction or a re-financing which does not constitute a <i>class 1 transaction</i> ; or
		(3) is producing a <i>circular</i> for the proposed purchase of own <i>shares</i> ;
		(a) which does not constitute a <i>class 1 circular</i> ; and
		(b) is required by LR 13.7.1R (2) to include a working capital statement.
	....	
	<u>Applying for transfer between listing categories</u>	
<u>8.4.14</u>	R	<u>In relation to a proposed transfer under LR 5A, a sponsor must:</u>
		(1) <u>submit a letter to the FSA setting out how the issuer satisfies each listing rule requirement relevant to the category of listing to which it wishes to transfer, by no later than when the first draft of the circular or announcement required under LR 5A is submitted;</u>
		(2) <u>submit a completed Sponsor's Declaration to the FSA for the proposed transfer on the day the circular or announcement is to be approved by the FSA and before it is approved; and</u>
		(3) <u>ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the FSA in considering the transfer between listing categories have been disclosed with sufficient prominence in the circular or announcement referred to in LR 5A or otherwise in writing to the FSA.</u>
	<u>Note: The Sponsor's Declaration for a transfer can be found on the UKLA section of the FSA website.</u>	
<u>8.4.15</u>	R	<u>A sponsor must not submit to the FSA on behalf of an issuer, a final circular or announcement for approval or a Sponsor's Declaration for a transfer, unless it has come to a reasonable opinion, after having made due and careful enquiry, that:</u>
		(1) <u>the issuer satisfies all eligibility requirements of the listing rules that are relevant to the new category to which it is seeking to transfer;</u>

		(2)	<u>the issuer has satisfied all requirements relevant to the production of the circular required under LR 5A.4R or the announcement required under LR 5A.5R (whichever is relevant);</u>
		(3)	<u>the directors of the issuer have established procedures which enable the issuer to comply with the listing rules, the disclosure rules and the transparency rules on an ongoing basis;</u>
		(4)	<u>the directors of the issuer have established procedures which provide a reasonable basis for them to make proper judgments on an ongoing basis as to the financial position and prospects of the issuer and its group; and</u>
		(5)	<u>the directors of the issuer have a reasonable basis on which to make the working capital statement (if any) required in connection with the transfer.</u>
8.4.16	R	<u>LR 8.4.15R (3), (4) and (5) do not apply in relation to an issuer that was required to meet these requirements under its existing listing category.</u>	
	....		
8.7.13	R	If, after submitting a Confirmation of Independence but prior to the <i>day</i> of approval of the <i>prospectus</i> , <del>or circular</del> <u>or announcement</u> , a <i>sponsor</i> becomes aware that it is not independent of the <i>listed company</i> or <i>applicant</i> or the transaction, it must notify the <i>FSA</i> immediately. The details of the lack of independence must be confirmed to the <i>FSA</i> in writing.	
8.7.14	R	On the day of approval of the <i>prospectus</i> , <del>or circular</del> <u>or announcement</u> :	
		(1)	a written confirmation that there has been no material change to the Confirmation of Independence; or
		(2)	an updated Confirmation of Independence reflecting any and all changes;
		must be submitted to the <i>FSA</i> .	
	....		
LR 9	Continuing obligations – <u>Premium listing</u>		
	....		
9.1	Preliminary		
	Application: equity shares		
9.1.1	R	A <i>company</i> that has a <u>primary premium listing</u> of <i>equity shares</i> must comply with all of the requirements of this chapter	
	....		

	Application: preference shares	
9.1.2	R	A <i>company</i> that has a <del><i>primary</i></del> <i>listing of preference shares</i> must comply with:
	(1)	LR 9.2.1 R to LR 9.2.6B R ( <u>other than LR 9.2.2AR</u> );
	(2)	LR 9.2.11 R to LR 9.2.12 G;
	(3)	LR 9.2.14 R to LR 9.2.17 G;
	(4)	LR 9.3.1 R to LR 9.3.10 G;
	(5)	LR 9.5.1 R to LR 9.5.9 R;
	(6)	LR 9.6.1 R to LR 9.6.4 R;
	(7)	LR 9.6.6 R;
	(8)	LR 9.6.11 R;
	(9)	LR 9.6.19 R to LR 9.6.22 G;
	(10)	LR 9.7A; and
	(11)	LR 9.8, but not:
	(a)	LR 9.8.4R (3);
	(b)	[deleted]
	(c)	[deleted]
	(d)	LR 9.8.6R (5), (6) and (7)
	(e)	LR 9.8.8 R
	(12)	[deleted]
	....	
9.1.3	R	A <i>company</i> that has a <del><i>primary</i></del> <i>premium listing of securities convertible into equity shares</i> must comply with:
	(1)	LR 9.2.1 R to LR 9.2.6B R;
	(2)	LR 9.2.11 R;
	(3)	LR 9.2.13 G;
	(4)	[deleted]
	(5)	LR 9.5.11 R to LR 9.5.12 R;

		(6)	LR 9.5.15 R to LR 9.5.16 R;
		(7)	LR 9.6.1 R;
		(8)	LR 9.6.3 R;
		(9)	LR 9.6.4 R to LR 9.6.6 R;
		(10)	LR 9.6.19 R to LR 9.6.22 G; and
		(11)	LR 9.8 but not:
		(a)	LR 9.8.4R (3);
		(b)	[deleted]
		(c)	[deleted]
		(d)	LR 9.8.6R (6) and LR 9.8.6R (7); and
		(e)	LR 9.8.8 R.
	....		
9.1.4	R	A <i>company</i> that has a <i>primary premium listing</i> of <i>securities</i> convertible into <i>equity shares</i> must comply with LR 9.2.7 R to LR 9.2.10 R if the <i>equity shares</i> that the <i>securities</i> convert into are <i>listed</i> .	
	....		
9.3	Continuing obligations - holders		
9.3.10	G	An <i>overseas company</i> with a <i>primary premium listing</i> is not required to comply with LR 9.3.9 R.	
	....		
9.3.12	R	LR 9.3.11 R does not apply if:	
		(1)	a general disapplication of statutory pre-emption rights has been authorised by shareholders in accordance with section 95 of the Companies Act 1985 (Disapplication of pre-emption rights) and the issue of <i>equity securities</i> or sale of <i>treasury shares</i> that are <i>equity shares</i> by the <i>listed company</i> is within the terms of the authority; or
		(2)	the <i>listed company</i> is undertaking a <i>rights issue</i> or <i>open offer</i> and the disapplication of pre-emption rights is with respect to:
		(a)	<i>equity shares</i> representing fractional entitlements; or
		(b)	<i>equity shares</i> which the <i>company</i> considers necessary or expedient to exclude from the offer on account of the laws

			or regulatory requirements of another territory; or
		(3)	the <i>listed company</i> is selling <i>treasury shares</i> for cash to an <i>employee share scheme</i> ; <del>or</del> .
		(4)	<del>the company is an overseas company with a primary listing.</del>
<u>9.3.13</u>	<u>R</u>		<u>LR 9.3.11R (pre-emption rights) does not apply to an overseas company unless the company has elected to comply with the rule.</u>
<u>9.3.14</u>	<u>G</u>		<u>An overseas company is required under LR 9.8.7A to disclose in its annual report whether or not it has elected to comply with LR 9.3.11R (pre-emption rights).</u>
	....		
Delete LR 9.8.7R and substitute the following rule:			
<u>9.8.7</u>	<u>R</u>		<u>An overseas company with a premium listing must disclose in its annual report and accounts:</u>
		(1)	<u>the corporate governance regime to which it is subject;</u>
		(2)	<u>whether or not it complies with that regime;</u>
		(3)	<u>an explanation of the main ways in which its corporate governance regime differs from the <i>Combined Code</i>;</u>
		(4)	<u>the extent to which it complies with those provisions of the corporate governance regime to which it is subject that correspond with the <i>Combined Code</i>, and if it does not comply with any such provisions, an explanation of why it does not comply; and</u>
		(5)	<u>the unexpired term of the service contract of any <i>director</i> proposed for election or re-election at the forthcoming annual general meeting and, if any <i>director</i> for election or re-election does not have a service contract, a statement to that effect.</u>
<u>9.8.7A</u>	<u>R</u>		<u>An overseas company with a premium listing must disclose in its annual report and accounts whether or not it has elected under LR 9.3.13R to comply with LR 9.3.11R (pre-emption rights).</u>
<u>9.8.7B</u>	<u>R</u>	(1)	<u>An overseas company with a premium listing that is not required to comply with requirements imposed by another <i>EEA Member State</i> that correspond to <i>DTR 7.2</i> (corporate governance statements) must comply with <i>DTR 7.2</i> as if it were an <i>issuer</i> to which that section applies.</u>
		(2)	<u>An overseas company with a premium listing which complies with LR 9.8.7R will be taken to satisfy the requirements of <i>DTR 7.2.2R</i> and <i>DTR 7.2.3R</i> but must comply with all of the other requirements of <i>DTR 7.2</i>.</u>

LR 10	Significant transactions – <u>Premium listing</u>	
	....	
	Application	
10.1.1	R	This chapter applies to a <i>company</i> that has a <del>primary</del> <u>premium listing</u> of <i>equity securities</i> .
	....	
LR 11	Related party transactions – <u>Premium listing</u>	
	....	
	Application	
11.1.1	R	This chapter applies to a <i>company</i> that has a <del>primary</del> <u>premium listing</u> of <i>equity securities</i> .
	....	
LR 12	Dealing in own securities and treasury shares – <u>Premium listing</u>	
	....	
	Application	
12.1.1	R	This chapter applies to a <i>company</i> that has a <del>primary</del> <u>premium listing</u> of <i>equity securities</i> <del>or preference shares</del> .
	....	
LR 13	Contents of circulars – <u>Premium listing</u>	
	....	
	Application	
13.1.1	R	This chapter applies to a <i>company</i> that has a <del>primary</del> <u>premium listing</u> of <i>equity securities</i> .
	....	
LR 14	<del>Secondary listing of overseas companies</del> <u>Equity securities – Standard listing</u>	
	....	
14.1	Application	
14.1.1	R	This chapter applies to an <del>overseas</del> <i>company</i> with, or applying for, a <del>secondary</del> <u>standard listing</u> of <i>equity securities</i> other than an <del>overseas</del> <i>company</i> that is an <i>investment entity</i> .

	....	
14.2	Requirements for listing	
	Shares in public hands	
14.2.1	R	An <i>applicant</i> which is applying for a <del>secondary</del> <u>standard listing</u> of <i>equity securities</i> must comply with all of LR 2 (Requirements for listing - all securities).
	....	
	Listing applications	
14.2.5	G	An <del>overseas issuer</del> <u>company</u> applying for a <del>secondary</del> <u>standard listing</u> of <i>equity securities</i> will need to comply with LR 3 (Listing applications).
	....	
14.2.6	R	An <del>overseas issuer with a secondary listing of equity securities</del> applying for a <u>primary listing</u> of its <i>securities</i> must:
		(1) comply with LR 3 as if it were a <del>new applicant</del> ; and
		(2) comply with LR 6 to LR 13.
	....	
	Admission to trading	
14.3.1	R	The <i>listed equity securities</i> of an <del>overseas</del> <i>company</i> must be admitted to trading on an <i>RIE's</i> market for <i>listed securities</i> at all times.
	Shares in public hands	
14.3.2	R	(1) An <del>overseas</del> <i>company</i> must comply with LR 14.2.2R at all times.
		(2) An <del>overseas</del> <i>company</i> that no longer complies with LR 14.2.2R must notify the <i>FSA</i> as soon as possible of its non-compliance.
14.3.3	G	An <del>overseas</del> <i>company</i> should consider LR 5.2.2G (2) in relation to its compliance with LR 14.2.2R.
	...	
	Copies of documents	
14.3.6	R	An <del>overseas</del> <i>company</i> must forward to the <i>FSA</i> , for publication through the document viewing facility, two copies of:
		(1) all <i>circulars</i> , notices, reports or other documents to which the <i>listing rules</i> apply, at the same time as such documents are issued; and

		(2)	all resolutions passed by the <i>company</i> other than resolutions concerning ordinary business at an annual general meeting, as soon as possible after the relevant general meeting.
14.3.7	R	(1)	An <del>overseas</del> <i>company</i> must notify a <i>RIS</i> as soon as possible when a document has been forwarded to the <i>FSA</i> under LR 14.3.6R unless the full text of the document is provided to the <i>RIS</i> .
		(2)	A notification made under paragraph (1) must set out where copies of the relevant document can be obtained.
Contact details			
14.3.8	R		An <del>overseas</del> <i>company</i> must ensure that the <i>FSA</i> is provided with up to date contact details of appropriate <i>persons</i> nominated by it to act as the first point of contact with the <i>FSA</i> in relation to the <del>overseas</del> <i>company's</i> compliance with the <i>listing rules</i> and the <i>disclosure rules</i> and <i>transparency rules</i> , as applicable.
Temporary documents of title (including renounceable documents)			
14.3.9	R		An <del>overseas</del> <i>company</i> must ensure that any temporary document of title (other than one issued in global form) for an <i>equity security</i> :
		(1)	....
		(2)	...
		(3)	if renounceable:
			...
		(e)	includes provision for splitting (without fee) and for split documents to be certified by an official of the <del>overseas</del> <i>company</i> or authorised agent;
			....
Definitive documents of title			
14.3.10	R		An <del>overseas</del> <i>company</i> must ensure that any definitive document of title for an <i>equity security</i> (other than a bearer <i>security</i> ) includes the following matters on its face (or on the reverse in the case of (5) and (7)):
		(1)	the authority under which the <del>overseas</del> <i>company</i> is constituted and the country of incorporation and registered number (if any);
			....
Disclosure and transparency rules			
14.3.11	G		An <del>overseas</del> <i>company</i> , whose <i>securities</i> are admitted to trading on a <i>regulated market</i> in the <i>United Kingdom</i> , should consider its obligations

		under the <i>disclosure rules</i> and <i>transparency rules</i> .
		....
		Notifications relating to capital
14.3.17	R	An <del>overseas</del> company must notify a <i>RIS</i> as soon as possible (unless otherwise indicated in this <i>rule</i> ) of the following information relating to its capital:
		(1) ....
		....
14.3.18	R	Where the <i>equity securities</i> are subject to an underwriting agreement an <del>overseas</del> company may, at its discretion and subject to DTR 2 (disclosure and control of inside information by issuers), delay notifying a <i>RIS</i> as required by LR 14.3.17R (7) for up to two <i>business days</i> until the obligation by the underwriter to take up or procure others to take <i>equity securities</i> is finally determined or lapses. In the case of an issue or offer of <i>equity securities</i> which is not underwritten, notification of the result must be made as soon as it is known.
		....
		Compliance with the transparency rules
14.3.22	G	An <del>overseas</del> company, whose <i>securities</i> are admitted to trading on a <i>regulated market</i> , should consider its obligations under DTR 4 (Periodic financial reporting), DTR 5 (Vote holder and issuer notification rules) and DTR 6 (Access to information).
		....
<u>14.3.24</u>	<u>R</u>	<u>A listed company that is not already required to comply with DTR 7.2 (corporate governance statements), or with corresponding requirements imposed by another EEA Member State, must comply with DTR 7.2 as if it were an issuer to which that section applies.</u>
		....
LR 15		Closed-Ended Investment Funds – <u>Premium listing</u>
		....
15.1		Application
15.1.1	R	This chapter applies to a <i>closed-ended investment fund</i> applying for, or with, a <del>primary</del> <u>premium listing</u> of <i>equity securities</i> .
		....

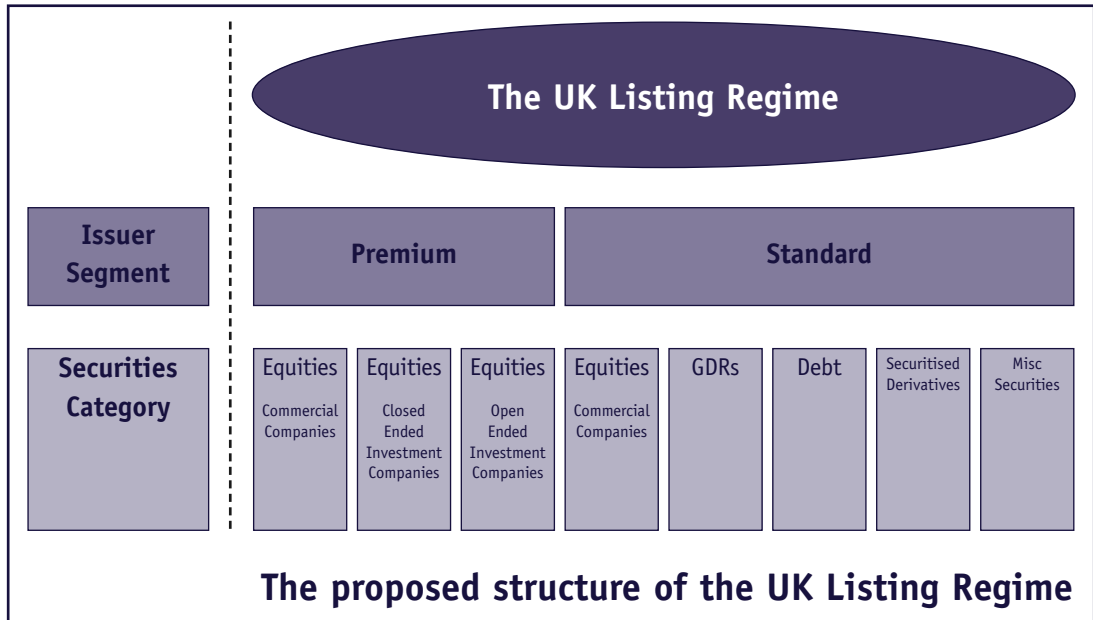
LR 16	Open-ended investment companies – <u>Premium listing</u>		
	....		
16.1	Application		
16.1.1	R	This chapter applies to an <i>open-ended investment company</i> applying for, or with, a <del>primary</del> <u>premium listing</u> of <i>equity securities</i> which is:	
		(1)	an <i>ICVC</i> that has been granted an <i>authorisation order</i> by the <i>FSA</i> ; or
		(2)	an <i>overseas collective investment scheme</i> that is a <i>recognised scheme</i> .
	....		
16.4.1	R	An <i>open-ended investment company</i> must comply with:	
		(1)	LR 9 (Continuing obligations) except LR 9.2.6B R and LR 9.2.15R;
		(2)	LR 15.5.1R; <del>and</del>
		(3)	LR 15.6.1R; <del>and</del>
		(4)	<u>the condition set out in LR 16.1.1R (1) or (2).</u>
	....		
LR 17	Debt and specialist securities – <u>Standard listing</u>		
	....		
LR 18	Certificates representing certain securities – <u>Standard listing</u>		
	....		
LR 19	Securitised derivatives – <u>Standard listing</u>		
	....		

## Appendix 1

1.1	Relevant Definitions	
<i>primary listing</i>	<del>a listing by the FSA by virtue of which the issuer is subject to the full requirements of the listing rules.</del>	
<i>secondary listed issuer</i>	<del>an issuer with a secondary listing of its equity securities.</del>	
<i>secondary listing</i>	a listing by the FSA of <i>equity securities</i> of an <i>overseas</i>	

	<del>company which is not a primary listing.</del>	
<i>premium listing</i>	(1)	in relation to <i>equity securities</i> (other those of a <i>closed-ended investment fund</i> or of an <i>open-ended investment company</i> ), means a <i>listing</i> where the <i>issuer</i> is required to comply with the requirements in <i>LR 6</i> and other requirements in the <i>listing rules</i> that are expressed to apply to such <i>securities</i> with a <i>premium listing</i> ;
	(2)	in relation to <i>equity securities</i> of a <i>closed-ended investment fund</i> , means a <i>listing</i> where the <i>issuer</i> is required to comply with the requirements in <i>LR 15</i> and other requirements in the <i>listing rules</i> that are expressed to apply to such <i>securities</i> with a <i>premium listing</i> ;
	(3)	in relation to <i>equity securities</i> of an <i>open-ended investment company</i> , means a <i>listing</i> where the <i>issuer</i> is required to comply with <i>LR 16</i> and other requirements in the <i>listing rules</i> that are expressed to apply to such <i>securities</i> with a <i>premium listing</i> .
<i>premium listing (commercial company)</i>	a <i>premium listing</i> of <i>equity securities</i> (other those of a <i>closed-ended investment fund</i> or of an <i>open-ended investment company</i> );	
<i>premium listing (investment company)</i>	a <i>premium listing</i> of <i>equity securities</i> of a <i>closed-ended investment fund</i> or of an <i>open-ended investment company</i> ;	
<i>standard listing</i>	in relation to <i>securities</i> , means a <i>listing</i> that is not a <i>premium listing</i> .	
<i>standard listing (commercial company)</i>	a <i>standard listing</i> of <i>equity securities</i> .	
....		
Appendix 1A Listings Roadmap		

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Listings Roadmap







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