

January 2008

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This newsletter provides a summary of DP08/1. Please see the section 'Who should read this paper?' to see if DP08/1 is relevant to you.

Financial Services Authority

A review of the Structure of the Listing Regime

Why are we issuing the Discussion Paper (DP)?

In the DP, we look at the structure of the Listing Regime in the UK. In particular, we discuss how we could provide greater clarity to market participants about the structure of the regime in the light of the changes in the global markets.

Who should read the paper?

The DP will interest:

- trade bodies;
- listed companies;
- their advisers; and
- investors.

Is this of interest to consumers?

This will be of interest to institutional and retail investors in the UK.

What is the background to this?

The global capital markets are in a period of change, driven by new legislation, consolidation and competition among trading platforms, and new sources of economic growth and demand for capital. The UK Listing Regime is a key element of the UK capital markets offering, both domestically and overseas, and one of the reasons for its success.

We have reviewed the details of the regime thoroughly in recent years. But the continuing evolution of global markets, and concerns by some market participants about the potential for confusion between the different listing segments, mean that now is a good time to consider the structure of the regime as a whole, and in particular how it fits within the changing EU legislative structure.

We also consider whether to align some of the core requirements for a Primary Listing of equity securities, such as corporate governance and pre-emption rights for all issuers irrespective of their country of incorporation. In addition, we consider the core requirements for Global Depository Receipts (GDRs) and conclude that we would keep this growth area under review.

How is the DP set out?

We have set out the paper as follows:

- Chapter 1 is a synopsis of the DP.
- Chapter 2 sets out the background, scope, objectives and an overview of the DP.
- In Chapter 3, we describe some of the key elements of the evolution of global markets and the changes in the London capital markets in the post-millennium period since we took over the Listing function.
- Chapter 4 is a synopsis of the structure of the current Listing regime and the regulatory standards applicable to the equity segments of the regime.
- Chapter 5 is a discussion about the role of Listing today and the role of the FSA in setting listing standards. We also discuss the appropriate trading platforms for Listed Securities.
- Chapter 6 sets out the different ways the Listing regime may be segmented. In this section we also discuss whether the core requirements for overseas Primary Listed companies should continue to differ from those for UK companies, in terms of corporate governance and pre-emption rights. We also consider the requirements for GDRs, including whether there should be a requirement to engage a sponsor

for transactions involving the listing of GDRs. Finally, we discuss the possible ways of labelling the Listing Regime.

- Chapter 7 explores the role of the FTSE indices in the Listing regime.

What happens next?

We would welcome a full and open debate on how the Listing Regime should be structurally developed in view of recent changes. Please contact us with comments by 14 April 2008. We aim to publish the feedback on this DP during the third quarter of 2008 and determine whether a consultation on specific rule changes would be necessary. As part of that consultation, we would seek to set out plans for a revamp of the official list and for the education of investors.

This newsletter summarises Discussion Paper 08/1. The Financial Services Authority invites comments on this DP. Comments should reach us by 14 April 2008.

Comments may be sent by electronic submission using the form on the FSA's website at (www.fsa.gov.uk/pages/library/policy/dp/2007/dp08_01_response.shtml).

Alternatively, please send comments in writing to:

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Markets Policy
The Financial Services Authority,
25 The North Colonnade,
Canary Wharf,
London E14 5HS

Telephone: 020 7066 8204 Fax: 020 7066 8205 E-mail: dp08_1@fsa.gov.uk

In addition, please copy any comments in respect of the third bullet point in paragraph 6.11 to Bhavika Chauhan at HM Treasury, email: Bhavika.Chauhan@hm-treasury.x.gsi.gov.uk and David Moran at HM Revenue and Customs, email David.Moran@hmrc.gsi.gov.uk.

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.

How can I get the full paper?

You can download the full Discussion Paper from:

www.fsa.gov.uk/pages/Library/Policy/DP/2008/08_01.shtml

Or you can order hard copies of the paper:

Phone our helpline on **0845 608 2372**, quoting reference **DP08/1**

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