

# LEICESTER CITY PLC

## Introduction

1. A hearing of the Quotations Committee (the "Committee") of the UK Listing Authority (the "UKLA") took place on 30 May 2000 to consider a referral from the UKLA under paragraph 1.8 of the Financial Services Authority's Listing Rules. Under the Official Listing of Securities (Change of Competent Authority) Regulations 2000 (the "Regulations") responsibility for, inter alia, enforcement of the Listing Rules was transferred to the Financial Services Authority with effect from 1 May 2000. The Regulations also enable the Committee to take action under paragraph 1.9 of the Listing Rules in respect of breaches that occurred before 1 May 2000.
2. The referral concerned the issue by Leicester City plc (the "Company") of a circular to the Company's shareholders on 29 November 1999. The Listing Rules in force at the time were published in January 1999.

## Decision

3. The Committee's decision is as follows:
  - (a) The Company breached paragraph 14.2 of the Listing Rules by failing to submit the circular to the UKLA for prior approval.
  - (b) The circular did not comply with the requirements of paragraphs 14.1 (c), (d) and (e) of the Listing Rules in that it did not:
    - contain a heading drawing attention to the importance of the document and advising holders of securities who were in any doubt as to what action to take to consult appropriate independent advisers;
    - contain a recommendation from the Company's directors as to the voting action shareholders should take, indicating whether or not the proposals described in the circular were, in the opinion of the directors, in the best interests of the shareholders as a whole;
    - state that, where all the securities had been sold or transferred by the addressee, the circular and any other relevant documents should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
  - (c) The Company breached paragraph 14.4 of the Listing Rules by failing to ensure that six copies of the circular in its final form were lodged with the Company Announcements Office of the London Stock Exchange (the "Exchange") at the same time as it was despatched to shareholders.

4. The Committee censures the Company and considers it appropriate in the circumstances that its decision and the reasons behind it should be made public.

### **Background**

5. The circular concerned an Extraordinary General Meeting, which was to be held on 22 December 1999, the same day as the Company's Annual General Meeting.
6. On 14 September 1999 the Company had announced on the Exchange's Regulatory News Service the resignation from its board of directors of Sir Rodney Walker and John Elsom. Sir Rodney Walker and John Elsom disputed that they had resigned as directors of the Company.
7. The EGM was requisitioned by shareholders supporting Sir Rodney Walker and John Elsom, and proposed resolutions confirming that they were directors or alternatively appointing them as directors of the Company, and seeking the removal from office of four of the Company's then directors, Barrie Pierpoint, Philip Smith, Roy Parker and Gilbert Kinch.
8. The notice of the EGM was issued by the Company on 29 November 1999 together with the Company's annual report and accounts, a covering letter giving details of the EGM and AGM, and a circular from the four directors whose removal from the board was sought by the requisitioning shareholders, recommending that shareholders vote against the resolutions proposed for the EGM.
9. The circular was not submitted to the UKLA for prior approval nor did the Company seek the approval of its professional advisers before issuing it.
10. On 20 December 1999, Messrs Smith, Parker and Kinch resigned from office as directors of the Company. On 22 December 1999 Mr Pierpoint was removed from office as a director of the Company by ordinary resolution of shareholders at the EGM.

### **Reasons for the Committee's Decision**

11. The Company has acknowledged that it breached paragraphs 14.1, 14.2 and 14.4 of the Listing Rules. By way of explanation, the Company has stated that the above events took place at a time of uncertainty in the affairs of its board.
12. The Committee has taken into account the admission of the breaches by the Company, and the concerns of, and steps taken by, the present directors of the Company to ensure future compliance with the Listing Rules, including closer consultation with its professional advisers.

13. However, the Committee regards the requirements of Chapter 14 of the Listing Rules as an important protection for shareholders and takes the most serious view of listed companies which disregard those provisions either by oversight or otherwise. In the Committee's view the circumstances which the Company has referred to do not excuse its breaches of the Listing Rules set out above.