

LISTING RULES - GUIDANCE NOTE No. 02/2000

Date first issued: 10.01.2000

Date of Revision: n/a

Status of Guidance Notes

This Guidance Note reflects the views and experience of the UK Listing Authority. Its contents do not constitute rules or regulations. The purpose is to improve understanding of how the Listing Rules operate or may be applied in practice and to assist companies and their advisers in working with the UK Listing Authority.

This Guidance Note should be read in conjunction with the Listing Rules, which alone have binding effect.

The Model Code and Investment Entities

Introduction

- 1.1 Under paragraph 15.1 of the Listing Rules, a company is prohibited from dealing in its own securities at a time when a director of the company would be prohibited from dealing under the Model Code. Since the abolition of ACT, which had previously imposed a substantial tax cost on share buy backs, share buy back programmes have become an important activity for investment trusts.
- 1.2 Paragraph 21.20(j) of the Listing Rules permits an investment company (including an investment trust) and its directors to deal in the securities of the company during a close period, if the company can confirm that all related price sensitive information that directors may have or be thought to have has previously been notified to the Company Announcements Office.
- 1.3 Information included in investment companies' interim and final results statements may be superseded prior to its publication by the regular calculation and publication (daily or weekly) of net asset values ('NAV'). The information in the results statements may therefore no longer be price sensitive at the time of publication.
- 1.4 This note provides guidance on the information that the company needs to have notified to the Company Announcements Office to be considered for a dispensation from the close period provisions of the Model Code. The company (or its advisers) should contact the UK Listing Authority at an early stage to apply for a dispensation which will be granted in relation to specific close periods on a case by case basis.

Conditions for an exemption

- 2.1 A company requesting dispensation under paragraph 21.20(j) of the Listing Rules from the close period provisions of the Model Code would normally be expected to be calculating (and notifying such calculation to the Company Announcements Office), on a regular (weekly or more frequent) basis the net asset value in respect of each class of security in which it is proposed to deal. Such calculation of net asset value should:
 - (a) be in respect of not less than 90 per cent. of the company's gross assets; and
 - (b) comply with industry accepted standards.
- 2.2 Companies which do not calculate and publish regular updates of net asset values may be granted an exemption if they publish information after the relevant period end which includes all price sensitive information which is to be included in the forthcoming results statement.

2.3 It is unlikely that the UK Listing Authority will consider it appropriate to grant an exemption under paragraph 21.20(j) of the Listing Rules to companies which have significant interests in unquoted securities or other investments (see paragraph 21.6 of the Listing Rules) and/or companies deriving significant revenues from commercial businesses.

Applications for exemption

3.1 Companies seeking an exemption under paragraph 21.20(j) of the Listing Rules should write to the Company Monitoring & Enquiries Group at the UK Listing Authority, at the earliest opportunity. Companies will be expected to provide written submission at least 5 clear business days prior to the proposed dealing date.

3.2 The letter should provide:

- (a) details of the information notified (or to be notified) to the Company Announcements Office which supersedes that to be published by the company in the forthcoming results;
- (b) confirmation that there is no material difference between the information already (or about to be) published, and that to be included in the forthcoming results announcement;
- (c) confirmation that there is no other unpublished information which constitutes price sensitive information in respect of the company's securities (e.g. in relation to the company's dividends); and
- (d) details of any interests or investments that fall within section 2.3 above.

3.3 An exemption granted under paragraph 21.20(j) of the Listing Rules will only be valid for a specified period (typically from the date of the grant of the exemption by the UK Listing Authority to the date of the release of the forthcoming results); companies will therefore need to apply for another exemption should they, or any director of the company, wish to deal in their own securities in any subsequent close period.

Effective date

4.1 This guidance represents best practice from the date of issue and will continue in effect until the UK Listing Authority otherwise indicates.

These issues and arrangements have been set out as guidance only and may be updated or revised from time to time.

APPENDIX

Further information

Requests for further information or queries about this Guidance Note should be made to the Company Monitoring & Enquiries Group using the UK Listing Authority Help Desk on 020 7 797 3333 Option 3. General guidance on industry accepted standards for the calculation of net asset values of investment trust companies can be sought from The Association of Investment Trust Companies (AITC) on 020 7 282 5555.

Related rules

15.1

16.18

Chapter 16, appendix - paragraph 3

21.20(j)

Related documents

None