

# LISTING RULES - GUIDANCE NOTE No. 04/2000

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## 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.*

## Companies undertaking Major Capital Projects

### Introduction

- 1.1 Under paragraph 3.6A of the Listing Rules, the UK Listing Authority may list the securities of a company which cannot comply with paragraphs 3.3(a) (audited accounts for three years) and 3.6 (nature and duration of business activities) of the Listing Rules.
- 1.2 Where the UK Listing Authority is satisfied that the admission of such companies is desirable in the interests of the applicant and investors, admission will be subject to the satisfaction of appropriate special conditions. In addition, the UK Listing Authority may impose additional disclosure requirements to ensure that it is satisfied that investors have the necessary information available to arrive at an informed judgement concerning the applicant and the securities for which listing is sought.
- 1.3 This note provides guidance on the additional conditions for listing and disclosure requirements for companies undertaking major capital projects which are likely to be imposed. Companies should contact the UK Listing Authority at an early stage to discuss a proposed application for listing.

### Conditions for listing

- 2.1 A company undertaking a major capital project should satisfy the conditions for listing set out in chapter 3 of the Listing Rules. In addition, the following additional criteria are likely to be imposed:
  - (a) the company should be making an initial investment in an infrastructure or other capital project;
  - (b) the company should be able to demonstrate that the project is expected to be commercially viable;
  - (c) the minimum raised pursuant to the marketing at the time of listing and the total capital requirement for the project should both be at least £150 million; and

(d) the company should demonstrate that the directors and management have, collectively, appropriate experience and expertise to manage the project.

### **Listing particulars**

2.2 The listing particulars of the company should comply with, inter alia, the requirements of either chapter 5 or 23 of the Listing Rules (depending on the type of security being issued) and should also include:

(a) comprehensive technical evaluations and market research for the project;

(b) an estimate of its funding requirements for a period of two years following the listing or, where relevant, a longer period and a statement that these requirements can be met, under current estimates, from existing resources and from the proceeds of the issue of securities made at the time of the listing; and

(c) a prominent and detailed statement of the arrangements agreed by directors, senior management and substantial shareholders not to dispose of the company's securities following admission. If there are no such arrangements for one or more directors, senior managers or substantial shareholders then the listing particulars should contain a prominent statement that there are no such arrangements for the parties concerned together with an explanation of the reasons for the absence of such arrangements.

### **Independent report**

2.3 The listing particulars should state:

(a) the risk factors that could prevent the business achieving profitability;

(b) the assumptions in the company's business plan;

(c) the viability of the business and in particular its commercial potential; and

(d) the time scale for the production of revenues.

2.4 The listing particulars should also provide an assessment by a reputable independent body or bodies appropriate to the circumstances. The assessment should include reports on the statements made under section 2.3(a) to (d) above.

### **Notification**

2.5 A company admitted to listing pursuant to these arrangements should notify the Company Announcements Office without delay of:

(i) information relating to the disposal of shares by way of an exception allowed within the lock-in arrangements disclosed pursuant to section 2.2(c) above; and

(ii) the details of any variation of the lock-in arrangements disclosed pursuant to section 2.2(c) above or by way of subsequent announcement under this section.

### **Effective date**

3.1 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 UK Listing Authority Help Desk on 020 7 797 3333 using Option 1 for the Equity Markets Group or Option 2 for the Capital Markets Group.

### **Related rules**

3.6A

### **Related documents**

None