

# *The Listing Rules*

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## DEFINITIONS

In relation to an issuer which is not a company, unless the context otherwise requires, references in these listing rules to a company, and expressions appropriate to a company, shall be construed as references to the issuer or to the corresponding persons, officers, places, documents or organs, as the case may be, appropriate to the issuer.

References to times shall mean those times in London.

The following terms have the following meanings when used in these listing rules unless the context otherwise requires:

<b>Term</b>	<b>Meaning</b>
the Act	Financial Services and Markets Act 2000
admission or admission to listing	admission to the Official List of the UK Listing Authority and “admitted” shall be construed accordingly (see paragraph 7.1 as to when admission becomes effective)
admission to official listing on a stock exchange	admission to listing together with admission to trading, and “officially listed on a stock exchange” shall be construed accordingly
admission to trading	admission to trading on an RIE’s market for listed securities and “admitted to trading” shall be construed accordingly`
AIM	the Alternative Investment Market of the London Stock Exchange
AIM company	a company any of whose securities have been admitted to trading on AIM
applicant	an issuer which is proposing to apply, or is applying, for admission of any of its securities
associated undertaking	as in paragraph 20 of schedule 4A to the Companies Act 1985
authorised adviser	an adviser to an issuer who is authorised for the purposes of the Act (see section 31)
business day	any day which is not a Saturday, Sunday, Christmas Day, Good Friday or a bank holiday in England under the Banking and Financial Dealings Act 1971
certificate representing shares	an instrument which confers a contractual right (other than an option) to acquire shares otherwise than by subscription
child	includes step child and illegitimate child but does not include any person who has attained the age of 18
circular	any document issued to holders of listed securities including notices of meetings but excluding listing particulars, annual reports and accounts, interim reports, proxy cards and dividend or interest vouchers

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City Code	the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers
class	securities the rights attaching to which are or will be identical and which form a single issue or series
clear business days	in relation to the submission of draft documents, means that period of business days excluding the day when the draft document is submitted and the intended date of publication of the document
Combined Code	the principles of good governance and code of best practice prepared by the Committee on Corporate Governance, chaired by Sir Ronald Hampel, published in June 1998 and appended to, but not forming part of, the listing rules
company	a body corporate wherever incorporated
Companies Acts 1985 and 1989	in relation to a company subject to the law of Northern Ireland, includes reference to the equivalent Northern Ireland provisions
connected client	<p>in relation to a sponsor or securities house, any client of the sponsor or securities house who is:</p> <ul style="list-style-type: none"><li>(a) a partner, director, employee or controller (as defined in section 422 of the Act) of the sponsor or securities house or of an undertaking described in (d) below;</li><li>(b) the spouse or child of any individual described in (a) above;</li><li>(c) a person in his capacity as trustee of a private trust (other than a pension scheme or an employees' share scheme) the beneficiaries of which include any person described in (a) or (b) above; or</li><li>(d) an undertaking which in relation to the sponsor or securities house is a group undertaking</li></ul>
connected person or person connected	as in section 346 of the Companies Act 1985
controlling shareholder	as defined in paragraph 3.13
convertible securities	securities which are convertible into or exchangeable for other securities or securities accompanied by warrants or options to subscribe or purchase other securities, and "conversion" and "convertible" shall be construed accordingly
debt securities	debentures, debenture or loan stock, bonds and notes, whether secured or unsecured
deferred bonus	any arrangement pursuant to the terms of which the participant(s) may receive an award of any asset (including cash or any security) in respect of service and/or performance in a period not exceeding the length of the relevant financial year notwithstanding that any



	such asset may, subject only to the participant(s) remaining a director or employee of the group, be receivable by the participant(s) after the end of the period to which the award relates
Directives	either or both, as the context shall require, of the Consolidated Admission and Reporting Directive and the Public Offers Directive
- Consolidated Admissions and Reporting Directive (CARD)	Directive 2001/34/EC of the European Parliament and of the Council on the admission of securities to official stock exchange listing and on information to be published on those securities
- Public Offers Directive (POD)	Council of the European Communities Directive 89/298/EEC, co-ordinating the requirements for the drawing up, scrutiny and distribution of the prospectus to be published when transferable securities are offered to the public
director	as in sub-paragraph (a) of the definition of director in section 417(1) of the Act and, in relation to an issuer which is not a body corporate, a person with corresponding powers and duties
directors' service contract	a service contract with a director of the issuer with a notice or contract period of one year or more or with provisions for predetermining compensation on termination of an amount which equals or exceeds one year's salary and benefits in kind
document	includes information recorded in any form and, in relation to information recorded otherwise than in legible form, references to its production include references to producing a copy of the information in legible form
Document Viewing Facility	a place in or near the City of London nominated by the UK Listing Authority and identified on the Website at which the documents referred to in the listing rules as being documents to be made available at the Document Viewing Facility can be inspected by the public
electronic communication	as in section 15 of the Electronic Communications Act 2000
employees' share scheme	as in section 743 of the Companies Act 1985
equity shares	shares comprised in a company's equity share capital
equity share capital	in relation to a company, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution
equity securities	equity shares and securities convertible into equity shares
equivalent offering document	the document published or required to be published by certain classes of issuer and in respect of certain types

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	of security in place of listing particulars excluding any document published in terms of paragraph 5.24 or 5.28
exempt listing document	the document published or required to be published in terms of paragraph 5.24 or 5.28 in place of listing particulars because the issuer has been exempted from the requirement to produce listing particulars under the Consolidated Admissions and Reporting Directive
financial year	as in section 223 of the Companies Act 1985
group	an issuer and its subsidiary undertakings, if any
group undertaking	as in section 259(5) of the Companies Act 1985
holding company	as in section 736(1) of the Companies Act 1985
intermediary	in relation to an intermediaries offer, any securities house independent of both the sponsor and any securities house assisting with the marketing
International Accounting Standards	the International Accounting Standards formulated by the International Accounting Standards Committee
International Standards on Auditing	the International Standards on Auditing formulated by the International Auditing Practices Committee of the International Federation of Accountants
investigator	an investigator appointed under section 97(2) of the Act
issue note	the note published in accordance with paragraph 5.36 which, together with a current shelf document, comprises listing particulars
issuer	any company or other legal person or undertaking (including a public sector issuer), any class of whose securities has been admitted or is, or is proposed to be, the subject of an application for admission
listed	admitted to the Official List of the UK Listing Authority, and “listing” shall be construed accordingly
listed company	a company, any class of whose securities is listed
listed issuer	an issuer, any class of whose securities is listed
listing particulars or particulars	listing particulars or supplementary listing particulars under Part VI of the Act or both or, as provided in paragraph 5.1(e), a prospectus
listing rules	the listing rules which are made by the competent authority for the purposes of Part VI of the Act and published in the book entitled “The Listing Rules”, as from time to time amended (except that the Best practice provisions at the end of the book, chapter headings, paragraph headings and the section at the start of each chapter headed “Scope of chapter” do not form part of the listing rules)
London Stock Exchange	London Stock Exchange Limited or, following its proposed change of name, London Stock Exchange plc

long-term incentive scheme	<p>any arrangement (other than a retirement benefit plan, a deferred bonus or any other arrangement specified by paragraph 12.43A(c)(ii) as an element of a remuneration package) which may involve the receipt of any asset (including cash or any security) by a director or employee of the group:</p> <p>(a) which includes one or more conditions in respect of service and/or performance to be satisfied over more than one financial year; and</p> <p>(b) pursuant to which the group may incur (other than in relation to the establishment and administration of the arrangement) either cost or a liability, whether actual or contingent</p>
market value	in relation to a listed security, the middle market quotation for that security as derived from the Daily Official List of the London Stock Exchange or any other publication of an RIE showing quotations for listed securities as agreed with the UK Listing Authority for the relevant date (and in relation to a security admitted to trading on AIM, the last price for that security published in the Daily Official List on the relevant date)
member state	a state which has ratified the Agreement on the European Economic Area and the expression “non member state” shall be construed accordingly
memorandum and articles of association	memorandum and articles of association and equivalent constitutional documents
miscellaneous securities	securities subject to the provisions of chapter 24
Model Code	the model code on directors’ dealings in securities, as set out in the appendix to chapter 16
new applicant	an applicant no class of whose securities is already listed
notify	in the context of notifying information to a Regulatory Information Service, the delivery of an announcement to an information dissemination provider for distribution to the public through a Regulatory Information Service
normal business hours	9.00am to 5.30pm on each business day
offeror	as in section 103(4), (5), (6) and (7) of the Act
ordinary business	<p>in relation to an annual general meeting:</p> <p>(a) receiving or adopting accounts;</p> <p>(b) declaring a dividend;</p> <p>(c) reappointing directors and appointing directors to replace those retiring at the meeting not offering themselves for reappointment;</p> <p>(d) reappointing auditors and authorising the directors to fix their remuneration;</p>

	(e) granting, renewing or varying authority under section 80 of the Companies Act 1985 or (within the limitation set out in paragraph 9.20) disapplying section 89 of the Companies Act 1985;
	(f) granting or renewing a general authority for a company to purchase its own shares; and
	(g) renewing or regranting an existing authority for a scrip dividend alternative
over-allotment option	a short-term option granted by an issuer or a selling shareholder to a stabilising manager to be allotted or sold additional securities to those allotted or sold under the main offering for the purposes of supporting the price of those securities newly issued or sold in the offering, such option to be granted and utilised in accordance with the Price Stabilising Rules
overseas	outside the United Kingdom. (Note: the United Kingdom includes England, Scotland, Wales and Northern Ireland but excludes the Channel Islands and the Isle of Man)
overseas company	a company incorporated outside the United Kingdom
parent undertaking	as in section 258 of the Companies Act 1985
POS Regs	the Public Offers of Securities Regulations 1995 (SI 1995/1537)
primary listing	a listing of a security by a competent authority, equivalent regulatory body or stock exchange by virtue of which the issuer is, as respects that security, subject to the full requirements applicable to listing of that competent authority, equivalent regulatory body or stock exchange
price stabilising activities	activities carried out by a stabilising manager in accordance with the Price Stabilising Rules in order to support the price of securities newly issued or sold to the market
Price Stabilising Rules	the rules in Chapter 2 of the Market Abuse Sourcebook in the Financial Services Authority's Handbook of rules and guidance
prospectus	a prospectus or any supplementary prospectus under Part VI of the Act or both
public international body	The African Development Bank, The Asian Development Bank, The Caribbean Development Bank, The Council of Europe Resettlement Fund, The European Atomic Energy Community, The European Bank for Reconstruction and Development, The European Coal and Steel Community, The European Company for the Financing of Railroad Stock, The European Economic Community, The European Investment Bank, The Inter-American Development

	Bank, The International Bank for Reconstruction and Development, The International Finance Corporation, The International Monetary Fund, The Nordic Investment Bank and such other bodies as the Exchange may from time to time accept as a public international body
public sector issuers	states and their regional and local authorities, state monopolies, state finance organisations, public international bodies and statutory bodies
related party	as defined in paragraph 11.1
Regulatory Information Service	any of the services set out in schedule 12
retirement benefit plan	an arrangement for the provision of “relevant benefits” as defined in section 612 of the Income and Corporation Taxes Act 1988
RIE	recognised investment exchange for the purposes of the Act
secondary listing	a listing which is not a primary listing
securities	shares, debt securities, units in a collective investment scheme (as defined in the Act), miscellaneous warrants, certificates representing debt securities, warrants or options to subscribe or purchase securities and other securities of any description
shadow director	as in sub-paragraph (b) of the definition of director in section 417(1) of the Act
shares	as in section 744 of the Companies Act 1985, including preference shares
shelf document	the document published in accordance with paragraph 5.35 which, together with an issue note, comprises listing particulars
specialist certificates representing shares	as defined in paragraph 23.1
specialist debt securities	as defined in paragraph 23.1
specialist securities	as defined in paragraph 23.1
stabilising manager	as in the Price Stabilising Rules
state finance organisation	subject to paragraph 22.1A, a legal person other than a company: <ul style="list-style-type: none"> <li>(a) which is a national of a member state;</li> <li>(b) which was set up by or pursuant to a special law;</li> <li>(c) whose activities are governed by that law and consist solely of raising funds under state control through the issue of debt securities and financing production by means of the resources which they have raised and resources provided by a member state; and</li> </ul>

	(d) the debt securities of which are, for the purposes of admission, considered by the law of that member state as debt securities issued or guaranteed by that state
state monopoly	subject to paragraph 22.1A, a company or other legal person which is a national of a member state and which: <ul style="list-style-type: none"> <li>(a) in carrying on its business benefits from a monopoly right granted by a member state; and</li> <li>(b) is set up or governed by or pursuant to a special law or whose borrowings are unconditionally and irrevocably guaranteed by a member state or one of a member state's federated states</li> </ul>
subsidiary	as in section 736(1) of the Companies Act 1985
subsidiary undertaking	as in section 258 of the Companies Act 1985
temporary documents of title	allotment letters, letters of allocation, split receipts, letters of acceptance, letters of rights, scrip certificates, renounceable share certificates and any other temporary documents of title
trust deeds	trust deeds and equivalent documents securing or constituting debt securities
UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Act, including where the context so permits, any committee, employee, officer or servant to whom any function of the UK Listing Authority may for the time being be delegated
uncertificated	in the form permitted pursuant to the Uncertificated Securities Regulations 1995 or corresponding overseas provisions. Related expressions shall bear the meanings attributed to them in those regulations or provisions
undertaking	as in section 259(1) of the Companies Act 1985
United Kingdom Generally Accepted Accounting Principles	the normal accounting requirements for public companies in the United Kingdom, including statements of standard accounting practice developed by the Accounting Standards Committee and financial reporting standards developed by the Accounting Standards Board
United States Generally Accepted Accounting Principles	the normal accounting requirements for public companies in the United States of America, including accounting standards developed by the Financial Accounting Standards Board
variation	a dispensation or modification of the application of the listing rules or the Act, or the exercise of any specific discretion provided under the listing rules, the Act or the POS Regs
Website	the UK Listing Authority website at the following address: <a href="http://www.fsa.gov.uk">http:// www.fsa.gov.uk</a>

## CHAPTER 1

# COMPLIANCE WITH AND ENFORCEMENT OF THE LISTING RULES

### Scope of chapter

This chapter contains rules regarding compliance with and enforcement of the listing rules and regarding suspension and cancellation of listing. This chapter is of application to issuers (defined to include applicants for listing), directors and former directors of issuers only, save that rules 1.7 and 1.11 to 1.14 apply to sponsors as well as issuers, directors and former directors. Compliance with and enforcement of the Listing Rules in relation to sponsors is dealt with in chapter 2. The main headings are:

- 1.1 compliance with rules
- 1.2 fees
- 1.3 information gathering
- 1.4 application for listing
- 1.5 publication of information
- 1.7 investigations
- 1.8 imposition of sanctions
- 1.10 market abuse safe harbours
- 1.11 guidance and variations
- 1.15 suspension of listing
- 1.19 cancellation of listing
- 1.24 electronic communication

Guidance as to the UK Listing Authority procedures underlying the rules set out in this chapter can be found in the UK Listing Authority Guidance Manual.

### Compliance with rules

- 1.1 Issuers must comply with all listing rules applicable to them.

### Fees

- 1.2 Issuers must pay to the UK Listing Authority as they fall due fees required in relation to an application for listing and in relation to the continued inclusion of their securities in the official list.

### Information Gathering

- 1.3 Issuers must provide to the UK Listing Authority without delay:
  - (a) all the information and explanations that the UK Listing Authority may reasonably require for the purpose of deciding whether to grant an application for listing;
  - (b) all the information that the UK Listing Authority considers appropriate in order to protect investors or ensure the smooth operation of the market; and CARD Art.  
16(1)
  - (c) any other information or explanations that the UK Listing Authority may reasonably require for the purpose of verifying whether listing rules are being and have been complied with.

### Application for listing

- 1.4 The UK Listing Authority may refuse an application for listing:

- |     |                                                                                                                                                                                                                                                       |                 |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| (a) | if it considers that the applicant's situation is such that admission of the securities would be detrimental to the interests of investors;                                                                                                           | CARD Art. 11(2) |
| (b) | for securities already listed in another member state, if the applicant has failed to comply with the obligations to which it is subject by virtue of that listing; or                                                                                | CARD Art.14     |
| (c) | if it considers that the applicant does not comply or has not complied with the requirements of the listing rules or with any special condition imposed upon the applicant by the UK Listing Authority under paragraph 3.1.Publication of Information |                 |
- 1.5 The UK Listing Authority may, at any time, require an issuer to publish such information in such form and within such time limits as it considers appropriate for the purpose of protecting investors and maintaining the smooth operation of the market. CARD Art. 16(2)
- 1.6 If an issuer fails to comply with a requirement under paragraph 1.5 the UK Listing Authority may itself publish the information after having given the issuer an opportunity to make representations to the UK Listing Authority as to why the information should not be published. CARD Art. 16(2)

### **Investigations**

- 1.7 The UK Listing Authority may appoint one or more competent persons as an investigator to conduct an investigation on its behalf into circumstances suggesting a breach of the listing rules or an offence under sections 83, 85 or 98 of the Act. The powers of an investigator are governed by the relevant provisions of the Act.

### **Imposition of sanctions**

- 1.8 If the UK Listing Authority considers that an issuer has breached any provision of the listing rules it may impose on the issuer a financial penalty or publish a statement censuring the issuer subject to the provisions of the Act.
- 1.9 If the UK Listing Authority considers that an issuer has breached any provision of the listing rules and that a person who was at the material time a director of the issuer was knowingly concerned in the breach, the UK Listing Authority may impose on that person a financial penalty or publish a statement censuring that person subject to the provisions of the Act.

### **Market abuse safe harbours**

- 1.10 Behaviour conforming with the provisions of listing rules identified for the purposes of section 118(8) of the Act in the Appendix to this chapter does not amount to market abuse under section 118(1) of the Act.

### **Guidance and variations**

- 1.11 The UK Listing Authority may dispense with or modify the application of the listing rules (either unconditionally or subject to conditions) in such cases and by reference to such circumstances as it considers appropriate. This power is subject to the terms of the Directives and the Act where applicable. CARD Art. 18(1)
- 1.12 Where an issuer has applied for or been granted a variation, the issuer must notify the UK Listing Authority immediately it becomes aware of any matter which is material to the relevance or appropriateness of the variation.
- 1.13 The UK Listing Authority may revoke or modify any variation which it has granted in such cases and by reference to such circumstances as it considers appropriate.
- 1.14 The UK Listing Authority may give guidance consisting of such information and advice as



it considers appropriate in respect of the listing rules and may publish such guidance.

### **Suspension of listing**

- 1.15 Where the smooth operation of the market is, or may be, temporarily jeopardised or where protection of investors so requires, the UK Listing Authority may suspend, with effect from such time as it may determine, the listing of any securities at any time and in such circumstances as it thinks fit (whether or not at the request of the issuer or its agent on its behalf). CARD Art. 18(1)
- 1.16 An issuer, the listing of whose securities is suspended, must continue to comply with all listing rules applicable to it, unless the UK Listing Authority otherwise agrees.
- 1.17 Any request by an issuer that its securities be suspended must be confirmed to the UK Listing Authority in writing by it or by its agent on its behalf.
- 1.18 Where listing has been suspended, the UK Listing Authority may impose such conditions on the procedure for lifting the suspension as it considers appropriate.

### **Cancellation of listing**

- 1.19 The UK Listing Authority may cancel the listing of any securities if it is satisfied that there are special circumstances which preclude normal regular dealings in them. CARD Art. 18(2)
- 1.20 The UK Listing Authority will cancel the listing of any security where such security is no longer admitted to trading.
- 1.21 Subject to paragraphs 1.22 and 1.23, an issuer that wishes the UK Listing Authority to cancel the listing of any of its equity securities or preference shares must notify a Regulatory Information Service and send a circular to the holders of those securities, giving at least 20 business days notice of the intended cancellation. The circular must comply with the requirements of paragraph 14.1 (contents of all circulars).
- 1.22 An issuer that wishes the UK Listing Authority to cancel the listing of:
- (a) any of its debt securities;
  - (b) any of its securities which have been granted a secondary listing by the UK Listing Authority; or
  - (c) its securities in respect of which application for admission to AIM will be made before the cancellation takes effect,
- must notify a Regulatory Information Service giving at least 20 business days notice of intended cancellation but is not required to send a circular to holders of the relevant securities.
- 1.23 A circular need not be sent to holders of listed securities where that listing is intended to be cancelled:
- (a) when, in the case of a takeover offer, the offeror has stated in the offer document or any subsequent circular sent to the holders of the listed securities that a notice period of not less than 20 business days prior to cancellation will commence either on the offer being declared wholly unconditional or on the first date of issue of compulsory acquisition notices under Section 429 of the Companies Act 1985. In these circumstances the announcement that the offer has been declared wholly unconditional or the explanatory letter or other material accompanying the Section 429 notice must state that the notice period has commenced and the anticipated date of cancellation; or
  - (b) upon or following the completion of any transaction in connection with which a

circular has been sent to holders of the securities containing notice of the intention to cancel the listing of the securities on or after the completion of the transaction, provided that the date for cancellation of the listing is not less than 20 business days after the date of the relevant circular.

Terms defined for the purpose of section 429 of the Companies Act 1985 shall have the same meanings in paragraph 1.23(a) and references to the compulsory acquisition procedures under section 429 of the Companies Act 1985 shall be deemed to include equivalent provisions for the compulsory acquisition of minorities under the laws of any other jurisdiction.

## **Electronic Communication**

1.24 Where the Listing Rules require an issuer to send, circulate or otherwise despatch documents to holders of its listed securities, an issuer shall be deemed to comply with any such requirement in relation to any specific holder where:

- (a) the issuer and the holder of its listed securities have agreed to the use of electronic communication for sending copies of documents to the holder and:
  - (i) the documents are documents to which the agreement applies; and
  - (ii) copies of the documents are sent using electronic communication to such address, number or other location as may for the time being be notified by the holder to the issuer for that purpose; or
- (b) the issuer and the holder of its listed securities have agreed to the holder having access to documents on a website (instead of the documents being sent to the holder) and:
  - (i) the documents are documents to which the agreement applies; and
  - (ii) the holder is notified in a manner for the time being agreed for the purpose between the holder and the issuer, of:
    - (a) the publication of the documents on a website;
    - (b) the address of that website;
    - (c) the place on that website where the documents may be accessed and how they may be accessed;
    - (d) the period of time for which the documents will be available on the website, which must be for a period of not less than 21 days from the date of notification or, if later, until the conclusion of any general meeting to which the documents relate; and
  - (iii) the documents are published on that website throughout the period referred to in paragraph (ii)(d) above, provided that, if the documents are published on that website for a part but not all of such period, the documents will be treated as published throughout that period if the failure to publish those documents throughout the period is wholly attributable to circumstances which it would not be reasonable to have expected the issuer to prevent or avoid.

1.25 Where an issuer makes use of paragraph 1.24, it must make the documents available during normal business hours to holders of its listed securities for a period of not less than 21 days from the date of communication or notification or, if later, until the conclusion of any general meeting to which the documents relate, in printed form and free of charge in sufficient numbers to satisfy demand from holders of its listed securities at:

- (a) the issuer's registered office in the United Kingdom (if any); and
- (b) the offices of any paying agent of the issuer in the United Kingdom.

**APPENDIX TO CHAPTER 1****PROVISIONS OF LISTING RULES FOR WHICH SAFE HARBOURS ARE PROVIDED**

Disclosure of information which is not generally available	8.3 9.4, 9.5, 9.15 17.25, 17.26, 17.67 paragraphs 11 and 12 of the Model Code
Standards of care	9.3A 17.24A 23.22(a) and 23.58A
Timing of announcements, documentation and dealings	9.4, 9.10(j), 9.11, 9.12, 9.14, 9.35 12.40, 12.48 15.9, 15.15 16.14 17.25, 17.33, 17.54 23.22(g), 23.61
Content of announcements	9.1, 9.2 14.1(a) and (b) 17.22, 17.23 23.22(a), 23.58
Purchase of own securities	15.1(b)

## CHAPTER 2

### SPONSORS

#### Scope of chapter

This chapter contains rules relating to the approval, function and appointment of a sponsor. In certain circumstances listing rules require issuers to appoint a sponsor.

This chapter is of application to sponsors and issuers.

The main headings are:

- 2.1 compliance with rules
- 2.2 approval
- 2.6 appointment of a sponsor
- 2.9 services to be provided by a sponsor
- 2.23 appointment of an agent by a sponsor
- 2.25 direct access
- 2.27 imposition of sanctions.
- 2.28 notifications

Details of the UK Listing Authority's procedures in relation to approval, cancellation of approval and discipline of sponsors are set out in chapters 4 and 8 of the UKLA Guidance Manual.

#### **Compliance with rules**

- 2.1 Sponsors must comply with all listing rules applicable to them.

#### **Approval**

- 2.2 The UK Listing Authority will maintain a list of sponsors approved by the UK Listing Authority.
- 2.3 The UK Listing Authority may refuse an application for approval as a sponsor or cancel a sponsor's approval if the UK Listing Authority considers that the sponsor does not satisfy the criteria set out in paragraph 2.4.

#### **Sponsor**

- 2.4 In order to be included on the list of sponsors maintained by the UK Listing Authority, a sponsor must:
  - (a) be a person authorised for the purposes of the Act or a person regulated by a designated professional body under the Act;
  - (b) pay the relevant fees required by the UK Listing Authority;
  - (c) be a body corporate or a partnership;
  - (d) have at least four eligible employees; and
  - (e) satisfy the UK Listing Authority that it is competent to perform the services required of a sponsor by the listing rules.
- 2.5 For the purposes of rule 2.4(d) an eligible employee shall:
  - (a) be employed at an appropriate level of seniority within the sponsor; and
  - (b) have provided advice in connection with a significant transaction:
    - (i) at least three times in the preceding 36 months; and

- (ii) at least once in the preceding 12 months.

### **Appointment of a sponsor**

- 2.6 An issuer (other than a public sector issuer or an issuer issuing specialist securities or miscellaneous securities, must have appointed a sponsor when:
- (a) it prepares a shelf document or makes any application for listing which requires the production of listing particulars; or
  - (b) in relation to any transaction or matter a sponsor is required by the listing rules to report to the UK Listing Authority.
- 2.7 In the event of a breach of the listing rules by an issuer, the UK Listing Authority may notify such issuer that the appointment of a sponsor is required to give advice on the application of the listing rules.
- 2.8 An issuer must advise the UK Listing Authority in writing (copied to the sponsor) of the resignation or dismissal of any sponsor appointed by it. It must also, where a sponsor is dismissed, inform the UK Listing Authority in writing immediately of the reason for the dismissal.

### **Services to be provided by a sponsor**

#### **Nature of services**

- 2.9 A sponsor must:
- (a) in the case of any application for listing which requires the production of listing particulars, satisfy itself, to the best of its knowledge and belief, having made due and careful enquiry of the issuer and its advisers, that the issuer has satisfied all applicable conditions for listing and other relevant requirements of the listing rules;
  - (b) for each transaction in respect of which it acts as sponsor in accordance with the listing rules, submit to the UK Listing Authority at an early stage (and, in any event, no later than the date on which any documents in connection with the transaction are first submitted to the UK Listing Authority for approval) a confirmation of independence in the form set out in schedule 1A;
  - (c) provide to the UK Listing Authority any information or explanation known to it in such form and within such time limit as the UK Listing Authority may reasonably require for the purpose of verifying whether listing rules are being and have been complied with by it or by an issuer;
  - (d) take all reasonable steps to ensure that a confirmation or declaration required to be provided to the UK Listing Authority by a sponsor under the listing rules is correct and complete in all material respects; and
  - (e) advise the UK Listing Authority in writing without delay of its resignation or dismissal, giving details of any relevant facts or circumstances.
- 2.10 Where a sponsor (whether or not appointed by an issuer pursuant to paragraphs 2.6 or 2.7) gives guidance or advice to an issuer in relation to the application or interpretation of the listing rules, the sponsor:
- (a) should ensure that the issuer is properly guided and advised as to the application or interpretation of the relevant listing rules; and
  - (b) should provide that service with due care and skill.

**Independence**

- 2.11 A sponsor must not provide services as a sponsor (in accordance with paragraph 2.9 and 2.10) in relation to an issuer from which it is not independent (except with the UK Listing Authority's specific permission).

**Applications for listing**

- 2.12 In the case of any application for listing which requires the production of listing particulars, the sponsor must complete the declaration by a sponsor in the form issued by the UK Listing Authority (see schedule 4A) confirming that, to the best of its knowledge and belief, it has performed all the relevant services set out in chapter 2 with due care and skill and has satisfied itself having made due and careful enquiry of the issuer and its advisers:
- (a) about the matters described in paragraph 2.13 and, if relevant, paragraphs 2.15, 2.17, 2.20, 25.5 and 25.12 and, in the case of a new applicant, paragraph 2.16;
  - (b) that all the documents required by the listing rules to be included in the application for listing have been or will be supplied to the UK Listing Authority;
  - (c) that all other relevant requirements of the listing rules have been or will be complied with; and
  - (d) that all matters known to it which, in its opinion, should be taken into account by the UK Listing Authority in considering the application for listing of the relevant securities have been disclosed in the listing particulars or otherwise in writing to the UK Listing Authority.

**Directors**

- 2.13 The sponsor must be satisfied, before any application for listing is made which requires the production of listing particulars, that the directors of the issuer have had explained to them by the sponsor or other appropriate professional adviser the nature of their responsibilities and obligations as directors of a listed company under the listing rules.
- 2.14 If the UK Listing Authority so requests, on the appointment of a new director, the sponsor must confirm to the UK Listing Authority in writing that it is satisfied about the matters described in paragraph 2.13 in respect of that director.:

**Financial reporting procedures**

- 2.15 In the case of a new applicant or, in exceptional circumstances where the UK Listing Authority so requires, of a listed issuer, the sponsor must obtain written confirmation from the issuer that the directors have established procedures which provide a reasonable basis for them to make proper judgements as to the financial position and prospects of the issuer and its group and be satisfied that this confirmation has been given after due and careful enquiry by the issuer. In cases where a declaration under paragraph 2.12 is not required, the sponsor must confirm its satisfaction in this regard in writing to the UK Listing Authority.

**Accountants' report**

- 2.16 In the case of a new applicant where no accountants' report is to be published, the sponsor must be satisfied that in its opinion an accountants' report is not required (see paragraph 12.7).
- 2.17 In the case of a Class 1 acquisition by a listed issuer of:
- (a) an overseas company with a listing on an overseas stock exchange or whose

securities are traded on a regulated regularly operating open market; or

- (b) an AIM company,

the sponsor must be satisfied that an accountants' report is not required (see paragraph 12.11).

### **Working capital**

2.18 Where an issuer prepares listing particulars, a Class 1 circular or any circular containing proposals to be put to shareholders in general meeting concerning a refinancing or reconstruction of the issuer or its group which includes a working capital statement (see paragraph 6.E.16 or 6.L.10), the sponsor must report to the UK Listing Authority in writing that:

- (a) it has obtained written confirmation from the issuer that the working capital available to the group is sufficient for its present requirements, that is for at least the next twelve months from the date of publication of the relevant document; and
- (b) it is satisfied that this confirmation has been given after due and careful enquiry by the issuer and that the persons or institutions providing finance have stated in writing that the relevant financing facilities exist.

### **Profit forecast**

2.19 Where a profit forecast or estimate (see paragraphs 12.21 to 12.27) appears in listing particulars, a Class 1 acquisition circular or any circular containing proposals to be put to shareholders in general meeting concerning a refinancing or reconstruction of the issuer or its group, the sponsor must report that it has satisfied itself that the forecast or estimate has been made after due and careful enquiry by the issuer. Such report must be included in the listing particulars or circular as appropriate.

### **Financial information**

2.20 Where an issuer prepares listing particulars or a Class 1 circular the sponsor must:

- (a) obtain written confirmation from the issuer that the financial information published in that document (other than that contained in the comparative table, the accountant's report or, in the case of a shelf document, published annual accounts) has been properly extracted from the issuer's accounting records; and
- (b) be satisfied that this confirmation has been given after due and careful enquiry by the issuer.

In cases where a declaration under paragraph 2.12 is not required, the sponsor must confirm its satisfaction in this regard in writing to the UK Listing Authority.

### **Miscellaneous**

2.21 The sponsor shall also provide the following services in relation to an issuer:

- (a) communications with the UK Listing Authority;
- (b) in the case of an application for listing, lodging with the UK Listing Authority all supporting documents;
- (c) seeking the UK Listing Authority's approval of a shelf document and listing particulars; and
- (d) the services referred to in the appendix to this chapter.



**More than one sponsor**

- 2.22 Where more than one sponsor has been appointed, the issuer must establish which sponsor has primary responsibility, or how responsibility is to be allocated for any specific application for listing which requires the production of listing particulars and so inform the UK Listing Authority in writing.

**Appointment of an agent by a sponsor**

- 2.23 A sponsor may, at its discretion, appoint an agent to discharge on its behalf all or any of the services set out in paragraph 2.21.:
- 2.24 The sponsor must advise the UK Listing Authority in writing of the identity of any agent appointed under paragraph 2.23. Such agent must have sufficient experience to be able properly to discharge the functions for which it has been appointed, responsibility for which will remain with the sponsor.

**Direct access**

- 2.25 Notwithstanding the provisions of this chapter, the UK Listing Authority is, in appropriate circumstances, willing to communicate directly with the issuer or with an adviser of the issuer, in addition to its sponsor, or any agent appointed by either of them (see paragraph 2.23), to discuss either matters of principle, which may arise prior to the submission of draft documents, or the interpretation of the UK Listing Authority's requirements.
- 2.26 Where discussion takes place without the sponsor (or its agent) being involved, the issuer must ensure that the sponsor is informed in writing (by the issuer or adviser concerned) of the matters discussed as soon as practicable.

**Imposition of sanctions**

- 2.27 If the UK Listing Authority considers that a sponsor has breached any provision of listing rules and considers it appropriate to impose a sanction it will publish a statement censuring the sponsor subject to the procedures required by the Act.

**Notifications**

- 2.28 A sponsor must notify the UK Listing Authority in writing immediately if any of the events set out below take place:
- (a) the sponsor ceases to be a member of a designated professional body under the Act;
  - (b) the sponsor becomes regulated by a different regulatory body under the Act;
  - (c) the sponsor or any of its eligible employees are charged with an indictable offence;
  - (d) the sponsor or any of its eligible employees are subject to any regulatory intervention or disciplinary action by the FSA or any designated professional body under the Act or by any comparable bodies or under any comparable legislation in any jurisdiction outside the United Kingdom;
  - (e) an eligible employee resigns or is dismissed by the sponsor;
  - (f) in the case of a sponsor with the minimum four eligible employees, any absence of an eligible employee for a period which may exceed three months;
  - (g) an eligible employee ceases to be an eligible employee; and

(h) the sponsor changes its name.

2.29 Notifications made in accordance with paragraph 2.28 may be made in the first instance by telephone, e-mail or facsimile, save that any such notification must thereafter be confirmed in writing.

**APPENDIX TO CHAPTER 2**

Miscellaneous services provided by a sponsor, additional to those specifically mentioned in chapter 2, are contained in the following paragraphs of these listing rules:

**Paragraph**

1.17	request by sponsor for suspension of listing
4.3(e)	requirement to complete shareholder statement
4.9, 4.26, 4.30(b)	requirement to complete pricing statement
4.38	notification of adviser's interest
5.17	non-applicable letter
5.21(a)	request by sponsor for authorisation to omit information from listing particulars
5.22(a)	request by sponsor to omit placing all or part of a material contract on display
Appendix 1, Chapter 5, paragraph 10	letter from sponsor in relation to paragraph 6.E.11(d) or 6.L.8(d) as appropriate
7.5(k)	confirmation that deferred settlement arrangements have been agreed with the relevant RIE
7.6	confirmation of allotment
8.9	request by sponsor to publish listing particulars and formal notice late
12.3(a)(ii)	confirmation of adequate disclosure by an overseas company
12.22	determination whether a statement will constitute a profit forecast
19.4(g)(iii)	confirmation of estimated cash flow
21.8	advice to UK Listing Authority as to category of investment entity
25.5	confirmation on non-financial operating data reporting procedures
25.12	confirmation on extraction of non-financial operating data



## CHAPTER 3

### CONDITIONS FOR LISTING

#### Scope of chapter

This chapter sets out conditions for listing. The main headings are:

- 3.1 special conditions
- 3.2 conditions relating to applicants
- 3.14 conditions relating to securities
- 3.29 payments other than in cash
- 3.31 certificates representing shares

Additional and alternative conditions for listing are set out in chapters 17 to 26 dealing with overseas companies, property companies, mineral companies, scientific research based companies, investment entities, public sector issuers, issuers of specialist securities (including specialist certificates representing shares) and miscellaneous securities, innovative high growth companies and venture capital trusts.

#### **Special conditions**

- 3.1 The UK Listing Authority may make the admission of securities to listing subject to any special condition which the UK Listing Authority considers appropriate in the interests of protecting investors and of which the UK Listing Authority has explicitly informed the applicant. CARD Art.12

#### **Conditions relating to applicants**

##### **Incorporation**

- 3.2 An applicant must be duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment, and be operating in conformity with its memorandum and articles of association or equivalent constitutional documents. If the applicant is a company incorporated in the United Kingdom it must not be a private company or an “old public company” (as defined in section 1 of the Companies Consolidation (Consequential Provisions) Act 1985 or in section 3 of the Companies Consolidation (Consequential Provisions) (NI) Order 1986). CARD Arts. 42 and 52

##### **Accounts**

- 3.3 An applicant which is a company must have published or filed audited accounts which:
- (a) cover at least three years except as provided for in paragraph 3.4; in the case of a new applicant, the latest accounts must be in respect of a period ended not more than six months (12 months in the case of an AIM company seeking a listing) before the date of the listing particulars; CARD Art. 44
  - (b) are consolidated accounts in respect of the applicant and all its subsidiary undertakings, unless the UK Listing Authority otherwise agrees;
  - (c) have been prepared in accordance with the applicant’s national law and, in all material respects, with United Kingdom Generally Accepted Accounting Principles, United States Generally Accepted Accounting Principles or International Accounting Standards (but see paragraph 17.3 in respect of overseas companies);

- (d) have been independently audited, in accordance with the auditing standards required in the United Kingdom or the United States, or International Standards on Auditing; and
  - (e) in the case of a new applicant, have been reported on by the auditors without qualification or reference to a matter of fundamental uncertainty (but see paragraphs 12.1(c) and 12.4).
- 3.4 In relation to paragraph 3.3(a), accounts relating to a shorter period than three years may be accepted if the UK Listing Authority is satisfied that:
- (a) such acceptance is desirable in the interests of the applicant or of investors and investors have the necessary information available to arrive at an informed judgement concerning the applicant and the securities for which listing is sought; CARD Art. 44
  - (b) where the application is in respect of guaranteed debt securities, the guarantor has published or filed audited accounts which cover at least three years; or
  - (c) where the application is in respect of debt securities, the obligations created in respect of such securities are fully secured.
- 3.5 An applicant must:
- (a) take all reasonable steps to ensure that its auditors are independent of the applicant; and
  - (b) obtain written confirmation from the auditors that they comply with guidelines on independence issued by their national accountancy bodies.

#### **Nature and duration of business activities**

- 3.6 Subject to paragraph 3.6A :
- (a) an applicant which is a company must be carrying on as its main activity, either by itself or through one or more of its subsidiary undertakings, an independent business which is supported by its historic revenue earning record and which gives it control over a majority of its assets, and must have done so for at least the period covered by the accounts required by paragraph 3.3(a); and
  - (b) a company with a majority of its assets invested in securities of another company listed by the UK Listing Authority or overseas must satisfy the conditions for investment entities in chapter 21.
- 3.6A An applicant whose business does not meet the requirements of paragraph 3.6 may be admitted to listing if the UK Listing Authority is satisfied that such admission is desirable in the interests of the applicant and investors and that investors have the necessary information available to arrive at an informed judgement concerning the applicant and the securities for which listing is sought. In such cases the UK Listing Authority should be consulted at an early stage and additional conditions will be imposed pursuant to paragraph 1.11.

#### **Management responsibility**

3.7 *Paragraph deleted - January 1999*

#### **Directors**

- 3.8 The directors and senior management of an applicant which is a company must have collectively appropriate expertise and experience for the management of the group's businesses. Details of such expertise and experience must be disclosed in any listing particulars prepared by the company (see paragraphs 6.F.1 and 6.F.2).

- 3.9 An applicant which is a company must ensure that each of its directors is free of conflicts between duties to the company and private interests and other duties, unless the applicant can demonstrate that arrangements are in place to avoid detriment to its interests. Where there are potential conflicts the UK Listing Authority must be consulted at an early stage.

### **Working capital**

- 3.10 An issuer preparing listing particulars, a Class 1 circular or any circular containing proposals to be put to shareholders in general meeting concerning a refinancing or reconstruction of the issuer or its group must include a working capital statement (see paragraph 6.E.16 or 6.L.10) in the listing particulars or circular. In making this statement the issuer must be satisfied after due and careful enquiry that it and its subsidiary undertakings, if any, have available sufficient working capital for the group's present requirements, that is for at least the next 12 months from the date of publication of the relevant document (also see paragraph 2.18 (sponsor's confirmation)). In the case of an application for listing of securities by an issuer with securities already listed, the UK Listing Authority may nevertheless admit these securities to listing where the applicant does not have available sufficient working capital, if the listing particulars or circular contains satisfactory proposals for the provision of the additional working capital thought by the issuer to be necessary.
- 3.11 The UK Listing Authority will not require a working capital statement to be made by an issuer whose business is entirely or substantially that of banking, insurance or the provision of similar financial services, provided that the UK Listing Authority is satisfied that:
- (a) the inclusion of such a statement would not provide significant information for investors; and
  - (b) the issuer's solvency and capital adequacy are regulated by the FSA or suitably regulated by another regulatory body.

### **Controlling shareholder**

- 3.12 A company which has a controlling shareholder must be capable at all times of carrying on its business independently of such controlling shareholder (including any associate thereof as defined in paragraph 3.13) and all transactions and relationships between the company and any controlling shareholder (or associate) must be at arm's length and on a normal commercial basis (see also paragraphs 6.C.23, 6.J.17 and 9.34).
- 3.13 For the purposes of paragraph 3.12, a controlling shareholder is any person (or persons acting jointly by agreement whether formal or otherwise) who is:
- (a) entitled to exercise, or to control the exercise of, 30% or more of the rights to vote at general meetings of the applicant; or
  - (b) able to control the appointment of directors who are able to exercise a majority of votes at board meetings of the applicant.

For these purposes, "associate" has the meanings set out in subparagraphs (i), (ii) and (iii) of paragraph 11.1 (d) and (e). An individual or company is to be treated as the "associate" of persons who are its associates under subparagraphs (i), (ii) and (iii) of paragraph 11.1 (d) and (e) respectively. Associates will, unless the contrary is established to the satisfaction of the UK Listing Authority, be presumed to be acting jointly or by agreement.

## **Conditions relating to securities**

### **Validity**

- 3.14 To be listed, securities must: CARD Arts. 45 and 53
- (a) conform with the law of the applicant's place of incorporation;
  - (b) be duly authorised according to the requirements of the applicant's memorandum and articles of association; and
  - (c) have any necessary statutory or other consents.

### **Admission to trading**

- 3.14A To be listed, securities must be admitted to trading. Admission to listing and admission to trading will together constitute admission to official listing on a stock exchange.

### **Transferability**

- 3.15 To be listed, securities must be freely transferable. Fully paid shares must be free from all liens and from any restriction on the right of transfer (except any restriction imposed for failure to comply with a notice under section 212 of the Companies Act 1985 (see paragraph 9.43)). Partly paid securities (save those issued by a public international body or the government of a non member state or a regional or local authority of such non member state) will be regarded as fulfilling this condition, provided that the UK Listing Authority is satisfied that their transferability is not restricted and that investors have been provided with all appropriate information to enable dealings in such securities to take place on an open and proper basis. In exceptional circumstances approved by the UK Listing Authority an applicant may take power to disapprove the transfer of shares provided that the exercise of such power would not disturb the market in those shares.

### **Market capitalisation**

- 3.16 Except where securities of the same class are already listed, the expected aggregate market value of all securities to be listed must be at least:
- (a) £700,000 for shares; and CARD Art. 43
  - (b) £200,000 for debt securities (except there is no minimum limit in the case of tap issues where the amount of the debt securities is not fixed). CARD Art. 58
- 3.17 The UK Listing Authority may admit securities of lower value if satisfied that there will be an adequate market for the securities concerned. CARD Arts. 43 and 58

### **Shares in public hands**

- 3.18 Where an application for listing has been made for a class of shares, a sufficient number of shares of that class must, no later than the time of admission, be distributed to the public in one or more member states. Account may also be taken of holders in one or more non-member states, if the shares are listed in that state or states. CARD Art. 48



- 3.19 A sufficient number of shares shall be deemed to have been distributed to the public when 25% of the shares in respect of which application for admission has been made are in the hands of the public. A percentage lower than 25% may be acceptable if the market will operate properly with a lower percentage in view of the large number of shares of the same class and the extent of their distribution to the public. CARD Art. 48
- 3.20 For the purposes of paragraphs 3.18 and 3.19, shares will not be regarded as being held in public hands if they are held, directly or indirectly by:
- (a) a director of the applicant or of any of its subsidiary undertakings;
  - (b) a person connected with a director of the applicant or of any of its subsidiary undertakings;
  - (c) the trustees of any employees' share scheme or pension fund established for the benefit of any directors and employees of the applicant and its subsidiary undertakings;
  - (d) any person who by virtue of any agreement has a right to nominate a person to the board of directors of the applicant; or
  - (e) any person who is interested in 5% or more of the shares of the relevant class, unless the UK Listing Authority determines that, in all the circumstances, such person can be included in the public for the purposes of paragraphs 3.18 and 3.19.
- 3.21 If the percentage of a class of shares in the hands of the public falls below 25% or such lower percentage as may be permitted in accordance with paragraph 3.19, that may result in suspension or cancellation of listing pursuant to paragraph 1.15 or 1.19. The UK Listing Authority will allow a reasonable time to restore the percentage, unless this is precluded by the need to maintain the smooth operation of the market or to protect investors.

#### **Whole class to be listed**

- 3.22 An application for listing of securities of any class must:
- (a) if no securities of that class are already listed, relate to all securities of that class, issued or proposed to be issued; or
  - (b) if securities of that class are already listed, relate to all further securities of that class, issued or proposed to be issued. CARD Art. 49

#### **Warrants or options to subscribe**

- 3.23 In the absence of exceptional circumstances the issue of warrants or options to subscribe for equity shares must be limited to not more than 20% of the issued equity share capital of the applicant at the time of issue of the warrants or options. Rights under employees' share schemes will not be included for the purpose of this 20% limit.
- 3.24 The conditions for listing of options or warrants to subscribe securities (not being options or warrants accompanied by other securities) are the same as would apply if the subject of the application for listing had been the securities to be subscribed, unless the UK Listing Authority otherwise agrees. The UK Listing Authority must be consulted at an early stage.

#### **Convertible securities**

- 3.25 Convertible securities may be admitted to listing only if the securities into which they are convertible are already or will become at the same time: CARD Art. 59

- (a) listed securities; or
- (b) securities listed on a regulated, regularly operating, recognised open market.

3.26 The UK Listing Authority may admit convertible securities to listing in circumstances not falling within paragraph 3.25 if it is satisfied that holders have at their disposal all the information necessary to form an opinion concerning the value of the underlying securities to which such securities relate. CARD Art. 59

### **Settlement**

3.27 Where an application for listing in respect of shares or a new class of securities is made by a company incorporated in the United Kingdom, the shares or securities the subject of the application must (save where the UK Listing Authority in exceptional circumstances otherwise agrees) be eligible for electronic settlement, which includes settlement by a “relevant system”, as that term is defined in the Uncertificated Securities Regulations 1995 (SI 1995/3272). For overseas companies seeking primary listing this requirement applies as modified by paragraph 17.12. Overseas companies seeking a secondary listing are not required to comply with this condition (see paragraph 17.14).

3.28 *Paragraph deleted - January 1999*

### **Payments other than in cash**

3.29 A fee or other remuneration or consideration to be paid or given to any director, officer or adviser of the applicant (including any sponsor or promoter) in connection with the issue or listing of securities may be made otherwise than in cash provided that the UK Listing Authority is satisfied that:

- (a) full disclosure has been made in the listing particulars or circular of the method by which such fee or other remuneration or consideration is to be paid and, where securities are being issued, of all material terms of the issue including the value of such securities; and
- (b) the independence of the director, officer or adviser, as appropriate, is not compromised to the detriment of the general body of shareholders of the applicant.

In all cases, the UK Listing Authority must be consulted at an early stage.

3.30 *Paragraph deleted - August 1995*

### **Certificates representing shares**

3.31 Where application is made to list certificates representing shares, the issuer of the shares is the issuer for the purpose of the listing rules, and the application will be dealt with as if it were an application for the listing of the shares.

3.32 *Paragraph deleted - September 1997*

**The issuer of the certificates and the certificates**

- 3.33 The issuer of the certificates must fulfil the requirements of paragraph 3.2.
- 3.34 The issuer of the certificates must be a suitably authorised and regulated financial institution acceptable to the UK Listing Authority.
- 3.35 The issuer of the certificates must hold on trust (or under equivalent arrangements) for the sole benefit of the certificate holders the shares to which the certificates relate, all rights pertaining to the shares and all money and benefits that it may receive in respect of them, subject only to payment of the remuneration and proper expenses of the issuer of the certificates. Neither the shares nor any such rights, money or benefits may be, or be liable to be treated as, assets of the issuer of the certificates under the law (including insolvency law) of the place of its incorporation, the place of incorporation of the issuer of the shares, the place of issue of the certificates or the place of administration of the trust or other arrangement under which the shares are held.
- 3.36 To be listed, the certificates must fulfil the conditions set out in paragraphs 3.14 to 3.22. For this purpose, in those paragraphs references to shares should be taken as reference to the certificates in respect of which application for listing is made.
- 3.37 The certificates must not impose obligations on their issuer other than to the extent necessary for the protection of the certificate-holders' rights to and the transmission of entitlements of the shares.



## CHAPTER 4

### METHODS OF BRINGING SECURITIES TO LISTING

#### Scope of chapter

This chapter describes the different methods by which securities may be brought to listing. Alternative requirements relating to methods of bringing securities to listing are set out in chapters 21 to 24 dealing with investment entities, public sector issuers and issuers of specialist securities and miscellaneous securities.

The main headings are:

- 4.1 methods open to applicants with equity shares already listed
- 4.2 methods open to applicants without equity shares already listed
- 4.4 offer for sale or subscription
- 4.7 placing
- 4.10 intermediaries offer
- 4.12 introduction
- 4.16 rights issue
- 4.22 open offer
- 4.27 acquisition or merger issue
- 4.29 vendor consideration placing
- 4.31 capitalisation issue
- 4.33 issue for cash and other methods
- 4.38 new applicants and disclosure of advisers' interests.

#### **Methods open to applicants with equity shares already listed**

- 4.1 Applicants with equity shares already listed may bring securities (whether or not of a class already listed) to listing by any of the following methods:
- (a) an offer for sale;
  - (b) an offer for subscription;
  - (c) a placing;
  - (d) an intermediaries offer;
  - (e) a rights issue;
  - (f) an open offer;
  - (g) an acquisition or merger issue (or vendor consideration issue);
  - (h) a vendor consideration placing;
  - (i) a capitalisation issue (or bonus issue) in lieu of dividend or otherwise;
  - (j) an issue for cash;
  - (k) a conversion of securities of one class into securities of another class;
  - (l) an exercise of options or warrants to subscribe securities; or
  - (m) such other method as may be accepted by the UK Listing Authority either generally or in any particular case.

## **Methods open to applicants without equity shares already listed**

4.2 Applicants without equity shares already listed may bring securities to listing by any of the following methods:

- (a) an offer for sale;
- (b) an offer for subscription;
- (c) a placing;
- (d) an intermediaries offer;
- (e) an introduction; or
- (f) such other method as may be accepted by the UK Listing Authority either generally or in any particular case.

In all cases the securities in issue must be sufficiently widely held that their marketability when listed can be assumed. In cases of doubt the UK Listing Authority must be consulted at an early stage (see also paragraph 4.3(e)).

4.3 Where an applicant without equity shares already listed brings equity shares to listing:

- (a) no shares may be placed with connected clients either of the sponsor or of any securities house or other intermediary assisting with the offer, unless placed with a market maker or fund manager for the purpose of its business as such;
- (b) *Paragraph deleted - September 1997*
- (c) the results of the marketing (if any), including the basis of allotment where applicable, must be notified by the sponsor to a Regulatory Information Service before admission is expected to become effective;
- (d) if applicable, the sponsor or any securities house assisting with the offer must make the notification described in paragraph 4.38; and
- (e) in all cases, a shareholder statement completed by the sponsor in the form set out in schedule 2 must be submitted to the UK Listing Authority before the consideration of the listing application (see paragraph 7.7(c)).

## **Offer for sale or subscription**

4.4 An offer for sale is an invitation to the public by, or on behalf of, a third party to purchase securities of the issuer already in issue or allotted (and may be in the form of an invitation to tender at or above a stated minimum price).

4.5 An offer for subscription is an invitation to the public by, or on behalf of, an issuer to subscribe for securities of the issuer not yet in issue or allotted (and may be in the form of an invitation to tender at or above a stated minimum price).

4.6 In an offer for sale or subscription the issuer must ensure that letters of allotment or acceptance are all issued simultaneously and numbered serially (and, where appropriate, split and certified by the issuer's registrars). Where the securities may be held in uncertificated form, the issuer must ensure that there is equality of treatment between those who elect to hold the securities in certificated form and those who elect to hold them in uncertificated form. Letters of regret must be posted at the same time or not later than three business days thereafter. If a letter of regret is not posted simultaneously with the letters of allotment or acceptance, the issuer must insert a notice to this effect in a national newspaper, to appear on the morning following posting of the letters of allotment or acceptance.

## **Placing**

- 4.7 A placing is a marketing of securities already in issue but not listed or not yet in issue, to specified persons or clients of the sponsor or any securities house assisting in the placing, which does not involve an offer to the public or to existing holders of the issuer's securities generally.

### **Placing of equity securities of a class already listed**

- 4.8 An applicant may not bring securities to listing by way of a placing where the securities are equity securities and are of a class already listed if the placing price is to be at a discount of more than 10% to the middle market price of those securities at the time of the placing, unless the UK Listing Authority is satisfied that the issuer is in severe financial difficulties or that there are other exceptional circumstances.
- 4.9 For a placing of equity securities of a class already listed a pricing statement completed by the sponsor in the appropriate form issued by the UK Listing Authority (see schedule 2) must be submitted to the UK Listing Authority before the consideration of the listing application (see paragraph 7.7(c)).

## **Intermediaries offer**

- 4.10 An intermediaries offer is a marketing of securities already or not yet in issue, by means of an offer by, or on behalf of, the issuer to intermediaries for them to allocate to their own clients.
- 4.11 For an intermediaries offer the UK Listing Authority may require a list of the names of the intermediaries to whom shares were allocated and of the names and addresses of the clients of each intermediary to whom securities were in turn allocated (see paragraph 7.8(a)).

## **Introduction**

- 4.12 An introduction is a method of bringing securities to listing not involving an issue of new securities or any marketing of existing securities because the securities are already widely held by the public.
- 4.13 For an introduction:
- (a) the UK Listing Authority may require to see the share register;
  - (b) the securities must be of such amount and so widely held that their marketability when listed can be assumed; and
  - (c) a shareholder statement must be submitted to the UK Listing Authority (see paragraph 4.3(e)).
- 4.14 *Paragraph deleted - February 1996*
- 4.15 *Paragraph deleted - February 1996*

## **Rights issue**

- 4.16 A rights issue is an offer to existing holders of securities to subscribe or purchase further securities in proportion to their holdings made by means of the issue of a renounceable letter (or other negotiable document) which may be traded (as "nil paid" rights) for a period before payment for the securities is due.
- 4.17 In a placing of rights arising from the issue before the official start of dealings, the following conditions must be satisfied:

- (a) the placing must relate to at least 25% of the maximum number of securities offered, or such lesser amount as may be agreed by the UK Listing Authority if it is satisfied that a requirement of at least 25% would be detrimental to the success of the issue;
  - (b) the placees must be committed to take up whatever is placed with them;
  - (c) the price paid by the placees must not exceed the price at which the securities the subject of the rights issue are offered by more than one half of the calculated premium over that offer price (that premium being the difference between the offer price and the theoretical ex-rights price); and
  - (d) the securities the subject of the rights issue must be of the same class as securities already listed.
- 4.18 In a rights issue the UK Listing Authority may grant a listing for securities at the same time as the securities are admitted to trading in “nil paid” form. Upon the securities being paid up and the allotment becoming unconditional in all respects, the listing will continue without any need for further application for a listing of fully paid securities.
- 4.19 If existing holders do not take up their rights to subscribe in a rights issue:
- (a) the securities to which the offer relates must be offered for subscription or purchase on terms that any premium obtained over the subscription or purchase price (net of expenses) is to be for the account of such holders, save that if the proceeds for an existing holder do not exceed £3.00, the proceeds may be retained for the company’s benefit;
  - (b) the securities may be allotted or sold to underwriters, if on the expiry of the subscription period no premium (net of expenses) has been obtained; and
  - (c) no excess applications are permitted without the prior permission of the UK Listing Authority. A director of the issuer will not, save in exceptional circumstances, be permitted to subscribe for or purchase excess securities without those securities being offered to other existing holders on the same terms.
- 4.20 The following must be notified to a Regulatory Information Service without delay:
- (a) the issue price and principal terms of the issue;
  - (b) subject to paragraph 9.10(j), the results of the issue and, if any rights not taken up are sold, details of the sale, including the date and price per share; and
  - (c) if relevant, the number or amount of any securities issued pursuant to any excess applications together with the basis of any acceptance of those applications.
- 4.21 In a rights issue:
- (a) the offer must remain open for acceptance for at least 21 days; and
  - (b) the circular must contain a table of market values for the securities of the class to which the rights issue relates for the first dealing day in each of the six months before the date of the circular, for the last dealing day before the announcement of the rights issue and (if different) the latest practicable date prior to despatch of the circular.

### **Open offer**

- 4.22 An open offer is an invitation to existing holders of securities to subscribe or purchase securities in proportion to their holdings, which is not made by means of a renounceable



letter (or other negotiable document).

4.23 The following rules apply to an open offer:

- (a) it must be made using assignable or transferable application forms, with splitting facilities;
- (b) it may be made in conjunction with other methods of issue (for example, a conditional placing); and
- (c) a director of the issuer will not, save in exceptional circumstances, be permitted to subscribe for or purchase excess securities without those securities being offered to other existing holders on the same terms.

#### **Timetable for an open offer**

4.24 The timetable for an open offer must be approved by the RIE on which the company's securities are traded.

#### **Communication of information on an open offer**

4.25 The following requirements relate to communication of information on an open offer:

- (a) if the offer is subject to the approval of shareholders in general meeting the announcement must state that this is the case;
- (b) the circular dealing with the offer must not contain any statement which might be taken to imply that the offer gives the same entitlements as a rights issue; and
- (c) the circular must contain a table of market values for the securities of the class to which the offer relates for the first dealing day in each of the six months before the date of the circular, for the last dealing day before the announcement of the offer and (if different) the latest practicable date prior to despatch of the circular.

4.26 An open offer may not be made where the securities are equity securities and are of a class already listed if the price is to be at a discount of more than 10% to the middle market price of those securities at the time of announcing the terms of the open offer, unless the UK Listing Authority is satisfied that the issuer is in severe financial difficulties or that there are other exceptional circumstances. A pricing statement must be completed in accordance with paragraph 4.9.

#### **Acquisition or merger issue**

4.27 An acquisition or merger issue (or vendor consideration issue) is an issue of securities in consideration for an acquisition of assets, or an issue of securities on an acquisition of, or merger with, another company as consideration for the securities of that other company.

4.28 In an acquisition or merger issue no marketing of any securities proposed to be issued as consideration for a takeover offer may be carried out during an offer period, as defined in the City Code.

### **Vendor consideration placing**

- 4.29 A vendor consideration placing is a marketing, by or on behalf of vendors, of securities that have been allotted as consideration for an acquisition.
- 4.30 In a vendor consideration placing:
- (a) all vendors must have an equal opportunity of participating in the placing;
  - (b) where the securities to be placed are equity securities of a class already listed the placing price must not be at a discount of more than 10% to the middle market price of those securities at the time of the placing, unless the UK Listing Authority permits otherwise and a pricing statement must be completed in accordance with paragraph 4.9; and
  - (c) if the securities being placed are equity shares of a class not already listed, the requirements of paragraphs 4.2 and 4.3 apply.

### **Capitalisation issue**

- 4.31 A capitalisation issue (or bonus issue) in lieu of dividend or otherwise is an issue to existing holders of securities, in proportion to their holdings, of further shares credited as fully paid out of the issuer's reserves.
- 4.32 In a capitalisation issue (other than one in lieu of dividend) if a shareholder's entitlement includes a fraction of a security, that fraction must be sold for the benefit of the holder save that if its value (net of expenses) does not exceed £3.00 it may be sold for the company's benefit. Sales of fractions may be made before listing is granted.

### **Issue for cash and other methods**

- 4.33 An issue for cash is an issue of securities for cash to persons who are specifically approved by shareholders in general meeting or an issue pursuant to a general disapplication of section 89 of the Companies Act 1985 approved by shareholders in general meeting. Where such an issue is to persons who are specifically approved by shareholders, it will not be regarded as a placing if the subscribers are small in number and are named in the circular for the general meeting.
- 4.34 Securities of a class already listed may be granted a listing if they arise from an issue for cash, an exchange for, or a conversion of securities into, another class of securities or an exercise of options or warrants to subscribe securities (including options under an employees' share scheme).

### **Market makers**

- 4.35 *Paragraph deleted - September 1997*
- 4.36 *Paragraph deleted - September 1997*
- 4.37 *Paragraph deleted - September 1997*

**New applicants and disclosure of advisers' interests**

- 4.38 If following an offer for sale, offer for subscription, placing or intermediaries offer by a new applicant any of the new applicant's advisers or any intermediary becomes interested in 3% or more of any class of equity shares being marketed, the interest must be notified to a Regulatory Information Service before admission of the securities is expected to become effective. For this purpose, an adviser or intermediary is interested in any equity shares held by market makers in the group of companies to which it belongs but is not interested in any securities held on behalf of bona fide clients by any company in the group of companies to which it belongs. In assessing the percentage size of the interest, the equity shares being marketed are to be treated as having already been issued



## CHAPTER 5

### LISTING PARTICULARS

#### Scope of chapter

This chapter sets out the requirements relating to prospectuses, listing particulars, equivalent offering documents, exempt listing documents and certain other similar documents and shelf registration. Issuers should be aware of the provisions of section 80 of the Act (general duty of disclosure).

The main headings are:

- 5.1 requirement for prospectus or listing particulars
- 5.2 responsibility
- 5.6 form and content
- 5.9 approval of listing particulars
- 5.14 supplementary listing particulars
- 5.17 omission of information
- 5.23 abbreviated prospectus
- 5.23A exemption from listing particulars
- 5.26 equivalent offering document
- 5.27 further issues not requiring listing particulars
- 5.31 warrants and options
- 5.32 summary particulars
- 5.34 certificates representing shares
- 5.35 shelf registration

Additional and alternative requirements relating to listing particulars are set out in chapters 17 to 26 dealing with overseas companies, property companies, mineral companies, scientific research based companies, investment entities, public sector issuers, issuers of specialist securities and miscellaneous securities, innovative high growth companies and venture capital trusts.

#### **Requirement for prospectus or listing particulars**

- 5.1 (a) When an issuer applies for listing of its securities which are to be offered to the public in the United Kingdom (within the meaning of schedule 11 to the Act) for the first time before admission, a prospectus prepared in accordance with the provisions of this chapter must be submitted for approval by the UK Listing Authority, save as provided in (f) below.
- (b) When an issuer applies for listing of its securities in circumstances other than those referred to in (a) above, listing particulars or a prospectus prepared in accordance with the provisions of this chapter must be submitted for approval by the UK Listing Authority, save as provided in (g) below.
- (c) A prospectus or listing particulars must be published in accordance with the provisions of chapter 8. CARD Art.20  
and POD  
Art.4
- (d) The contents of a prospectus, and the procedures for submission to and approval by the UK Listing Authority, and for the publication, of a prospectus, are the same as those applicable to listing particulars, subject to adaptations appropriate to the circumstances of a public offer. POD  
Art.7

- (e) The listing rules, save for this paragraph 5.1 and paragraphs 5.23, 5.23A, 5.27(a) to (d), (f), (g) and 17.68 to 17.79 and save where the context otherwise requires, shall apply in relation to a prospectus and to any obligation under the listing rules regarding the submission to and approval by the UK Listing Authority, and the publication, of a prospectus as they apply in relation to listing particulars but as if any reference to listing particulars, particulars or supplementary listing particulars was a reference to a prospectus or supplementary prospectus as appropriate.
- (f) The obligations under (a) and (c) above in relation to a prospectus are subject to paragraphs 5.26, 5.27(e) and 17.72.
- (g) The obligations under (b) and (c) above in relation to listing particulars are subject to paragraphs 5.23A, 5.26, 5.27 and 17.68.

CARD Art.23

## **Responsibility**

- 5.2 The listing particulars and any supplementary listing particulars must include a statement, in the form set out in paragraph 6.A.3 or 6.H.3 (responsibility statement), modified as required pursuant to paragraph 5.3 or in such other form as may be permitted by the UK Listing Authority. For the purposes of paragraphs 5.3, 5.5, 6.A.3 and 6.H.3 “directors of the issuer” shall include any person who has authorised himself to be named, and is named, in the listing particulars or supplementary listing particulars as a person:
- (a) who has agreed to become a director of the issuer;
  - (b) who has been or will be invited to become a director of the issuer; or
  - (c) whose appointment as a director of the issuer is otherwise in contemplation.
- 5.3 (a) Where the particulars relate to certificates representing shares, the directors of the issuer of the shares represented must, save as provided in paragraph 5.2 or 5.3(b), accept responsibility for all the information in the listing particulars and neither the issuer of the certificates nor its directors will be required to do so.
- (b) If the particulars relate to securities issued in connection with a recommended takeover of a listed or AIM company and the directors of the other company accept responsibility for the information given on that company in the listing particulars then the directors of the issuer may accept responsibility only for the rest of the information in the particulars (see paragraph 6.A.2 or 6.H.2) and the responsibility statement must be adapted accordingly.
- 5.4 *Paragraph deleted - December 2001*
- 5.5 The issuer (other than in the circumstances referred to in paragraph 5.23A) must provide the UK Listing Authority with a letter signed by every director of the issuer (or by his agent or attorney, with a copy of the authority of any such agent or attorney) confirming that the listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find (regard being had to the matters mentioned in section 80(4) of the Act), for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the listing particulars relate.

## **Form and content**

5.6 Listing particulars must contain:

- (a) the information described in chapter 6 according to the nature and circumstances of the applicant and the type of security as specified in the appendices to this chapter;
- (b) where relevant, any additional information required by chapters 18 to 26 dealing with property companies, mineral companies, scientific research based companies, investment entities, public sector issuers, issuers of specialist debt securities and miscellaneous securities, innovative high growth companies and venture capital trusts; and
- (c) such additional information as the UK Listing Authority may require as appropriate in any particular case (see paragraph 1.5). If the UK Listing Authority requires such disclosure, it will inform the applicant of the additional information required.

5.7 Particulars must provide factual information, in as easily analysable and comprehensible a form as possible. Such information must be set out in words and figures. Pictures, charts, graphs or other illustrations must not be included (except as a result of the application of paragraphs 5.24 and 5.35) unless the UK Listing Authority is satisfied that it is the only way in which the relevant factual information can be clearly and fairly presented. The UK Listing Authority may require that prominence be given in the particulars to important information in such manner as it considers appropriate. CARD Art. 22(1)

### **Cover**

5.8 A cover is not part of the particulars. Any information or illustrations given on the cover must, in the opinion of the UK Listing Authority, not be misleading and must be consistent with the contents of the listing particulars.

## **Approval of listing particulars**

### **Submission of draft documents**

5.9 Where listing particulars are to be published, three copies of the following documents (where applicable) must be submitted in draft to the UK Listing Authority at least 10 clear business days (save where the UK Listing Authority otherwise agrees and see also paragraph 5.10) prior to the relevant intended publication date of the listing particulars:

- (a) listing particulars and any cover;
- (b) application forms to purchase or subscribe shares;
- (c) formal notices or offer notices (see paragraphs 8.10 and 8.11);
- (d) mini-prospectuses (see paragraphs 8.12 and 8.13);
- (e) summary particulars (see paragraphs 5.32 and 5.33);
- (f) other documents to be authorised under section 98 of the Act (see paragraph 8.24);
- (g) if there is an accountants' report, two copies of any statement of adjustments (see paragraph 12.15);
- (h) the sponsor's working capital letter (see paragraph 2.18);
- (i) the letter from the directors referred to in paragraph 5.5;

- (j) the letter referred to in paragraph 5.17 (the non applicable letter);
- (k) the letter referred to in paragraph 5.21 (omission of information);
- (l) the letter referred to in paragraph 5.22 (omission of material contract from display);
- (m) the additional letters from the sponsor referred to in the following paragraphs:
  - (i) paragraph 12.3(a)(ii) (disclosure by an overseas company); and
  - (ii) paragraph 10 of appendix 1 to chapter 5 (letter in relation to 6.E.11(d) or 6.L.8(d));
- (n) in the case of a new applicant, the letter from the auditors referred to in paragraph 12.18;
- (o) the letter referred to in paragraph 17.19(b) (confirmation by overseas company of compliance with overseas requirements - new applicant);
- (p) the letter from an AIM company confirming compliance with the London Stock Exchange's requirements (see appendix 2 to chapter 5, paragraph 4);
- (q) the letter regarding profit forecasts from an overseas company (see paragraph 17.16); and
- (r) any documents or letters of compliance required to be submitted under chapters 13 and 14.

5.10 Notwithstanding paragraph 5.9, in the case of a new applicant or when there are complex issues to be resolved, the draft listing particulars should be submitted at least 20 clear business days prior to the intended publication date to allow proper consideration by the UK Listing Authority and consequent amendment and resubmission by the issuer.

#### **Annotation of drafts**

5.11 The original drafts must be annotated in the margin to indicate where paragraphs required by the appendices to this chapter (and, where relevant by chapters 18 to 26) have been included. Three copies of amended drafts must be resubmitted, marked in red to show changes made to conform with the UK Listing Authority's comments and in blue or black to indicate other changes. Alternatively a draft submitted by facsimile transmission or other electronic means is acceptable provided the UK Listing Authority has agreed in advance to the methods proposed to distinguish the two types of change.

#### **Formal approval**

5.12 Particulars must be formally approved by the UK Listing Authority before publication. Such approval will only be given if the UK Listing Authority considers that the information in the particulars is complete. The following documents, or such of them as are applicable, must be submitted to the UK Listing Authority in final form with the listing particulars, before formal approval of listing particulars will be given:

CARD Art. 35

- (a) an application for admission to listing in the appropriate form issued by the UK Listing Authority (see schedule 3A or 3B) signed by a duly authorised officer of the issuer (or, in the case of an application in the form set out in schedule 3B only, by an agent or attorney thereof);



- (b)
    - (i) a declaration in the appropriate form issued by the UK Listing Authority (see schedule 4A) signed by a duly authorised officer of the sponsor ; or where required,
    - (ii) a copy of a letter from an authorised adviser to the issuer confirming that to the best of the authorised adviser's knowledge and belief all of the documents required to be included in the application for listing by the listing rules have been supplied to the UK Listing Authority and all other relevant requirements of the listing rules have been complied with;
  - (c) the sponsor's working capital letter (see paragraph 2.18);
  - (d) the additional letters from the sponsor referred to in the following paragraphs:
    - (i) paragraph 12.3(a)(ii) (disclosure by an overseas company); and
    - (ii) paragraph 10 of appendix 1 to chapter 5 (letter in relation to 6.E.11(d) or 6.L.8(d));
  - (e) the letter from the directors referred to in paragraph 5.5;
  - (f) the letter referred to in paragraph 5.17 (the non applicable letter);
  - (g) the letter referred to in paragraph 5.21 (omission of information);
  - (h) the letter referred to in paragraph 5.22 (omission of material contract from display);
  - (i) the letter of compliance referred to in paragraph 7.5(h) (trust deeds);
  - (j) the statement of adjustments referred to in paragraph 12.15;
  - (k) in the case of a new applicant, the letter from the auditors referred to in paragraph 12.18;
  - (l) the letter referred to in paragraph 17.19(b) (confirmation by overseas company of compliance with overseas requirements);
  - (m) the letter from an AIM company confirming compliance with the London Stock Exchange's requirements (see appendix 2 to chapter 5, paragraph 4);
  - (n) the letter regarding profit forecasts from an overseas company (see paragraph 17.16);
  - (o) the sponsor's confirmation of independence (see paragraph 2.9(b)); and
  - (p) any other document required by the listing rules, of which the UK Listing Authority has informed the issuer or its sponsor in advance.
- 5.13 Particulars submitted to the UK Listing Authority for formal approval must be in the form of a printed document, but the UK Listing Authority may permit manuscript information relating to the number of securities and the price, and any figures derived from them, when these items are not settled until a late stage. Formal approval will only be given on a business day between the hours of 9.00am and 5.30pm, unless specific alternative arrangements are made in advance.

## **Supplementary listing particulars**

- 5.14 The UK Listing Authority must be advised immediately and supplementary listing particulars prepared if, at any time after particulars have been formally approved by the UK Listing Authority and before dealings in the relevant securities commence, the issuer becomes aware that:
- (a) there has been a significant change affecting any matter contained in the particulars; or
  - (b) a significant new matter has arisen, the inclusion of information in respect of which would have been required to be mentioned in the particulars if it had arisen at the time of their preparation. CARD Art.100
- 5.15 For this purpose “significant” means significant for the purpose of making of an informed assessment of the matters mentioned in section 80(1) of the Act.
- 5.16 Supplementary listing particulars must:
- (a) give details of the change or new matter;
  - (b) contain the statement required by paragraph 5.2;
  - (c) contain a statement that, save as disclosed, there has been no significant change and no significant new matter has arisen since publication of the previous particulars; and
  - (d) contain a statement that a copy of the supplementary listing particulars has been delivered to the Registrar of Companies.

## **Omission of information**

- 5.17 If any information required by paragraph 5.6(a) or, where relevant, paragraph 5.6(b) is not applicable and no equivalent information is available, it need not be included in a shelf document or listing particulars provided that the UK Listing Authority is informed in writing by the issuer, sponsor or an authorised adviser (see paragraphs 5.9(j) and 5.12(f)).
- 5.18 The UK Listing Authority may authorise the omission of information from listing particulars which is applicable and required by the listing rules if it considers that:
- (a) the information is of minor importance only and is not such as will influence assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer; CARD Art.24  
Para (a)
  - (b) disclosure would be contrary to the public interest; or CARD Art.24  
Para (b)
  - (c) disclosure would be seriously detrimental to the issuer and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question. CARD Art.24  
Para (b)
- 5.19 *Paragraph deleted - August 1995*
- 5.20 The UK Listing Authority may also authorise the omission of information which would otherwise be required under section 80 of the Act both in the circumstances referred to in paragraph 5.18 and in relation to issues of specialist securities in accordance with chapters 23 and 24.

- 5.21 Requests to the UK Listing Authority to authorise any omission of information must:
- (a) be in writing from the issuer, sponsor or, where appropriate, other adviser (see paragraphs 5.9(k) and 5.12(g));
  - (b) identify the information concerned and the reasons for the omission; and
  - (c) state why in the opinion of the issuer one or more of the grounds in paragraph 5.18 applies.

#### **Omission of material contract from display**

- 5.22 The UK Listing Authority may allow all or part of a material contract to be withheld from public inspection (see paragraph 6.C.7(c) or 6.J.7(c)). The request must:
- (a) be in writing from the issuer, sponsor or, where appropriate, other adviser (see paragraphs 5.9(l) and 5.12(h));
  - (b) state why in the opinion of the issuer one or more of the grounds in paragraph 5.18 applies;
  - (c) enclose a copy of the contract in question or, if the contract is not reduced to writing, a memorandum giving full particulars of its terms; and
  - (d) include confirmation by the issuer that the contract is a material contract not in the ordinary course of business.

#### **Abbreviated prospectus**

- 5.23 Where an issuer:
- (a) applies for admission to listing of securities which are to be offered to the public in the United Kingdom (within the meaning of schedule 11 to the Act) for the first time before admission; and POD  
Art.6
  - (b) has published in the United Kingdom a full prospectus in respect of different securities (whether or not of the same class) within the 12 months preceding the date on which the offer is first made:

the prospectus relating to the securities in respect of which the application for listing is made may, subject to the provisions of section 80 of the Act, contain only those differences which have arisen since the date of publication of the full prospectus (and any supplementary prospectus) and which are likely to influence the value of the securities. The prospectus may only be made available if it is accompanied by, or if it includes a reference to, the full prospectus (and any supplementary prospectus). For the purpose of this paragraph, a full prospectus is one which has been approved by the UK Listing Authority in accordance with the listing rules.

#### **Exemption from listing particulars**

- 5.23A The UK Listing Authority may exempt issuers from the obligation to publish listing particulars, where:
- (a) the securities for which admission to listing is applied are:
    - (i) securities which have been the subject of a public issue; CARD Art.  
23(1)
    - (ii) issued in connection with a takeover offer; or CARD Art.  
23(1)

- (iii) securities issued in connection with a merger involving the acquisition of another company or the formation of a new company, the division of a company, the transfer of all or part of an undertaking's assets and liabilities or as consideration for the transfer of assets other than cash: CARD Art. 23(1)
- and not more than 12 months before admission of the securities, a document ("the relevant document") has been published in the United Kingdom containing, in the opinion of the UK Listing Authority, equivalent information to that which would otherwise be required to be included in listing particulars by the UK Listing Authority; CARD Art. 23(1)
- (b) the securities have been listed in another member state for not less than three years before the application and confirmation to the satisfaction of the UK Listing Authority is received, from the competent authorities of the member state or member states in which those securities are listed, that during the preceding three years or during the period they have been listed, if that is less than three years, the issuer has complied with all the requirements concerning information and admission to listing imposed by the Directives; or CARD Art. 23(4)
- (c) the issuer's shares have been traded on AIM for a period covering at least the preceding two years and the securities for which application is made are those shares or are those shares and any other securities of the issuer which have been so traded for such a period and, in the opinion of the UK Listing Authority, information equivalent in substance to that required by the Consolidated Admissions and Reporting Directive is available to investors before the date on which admission to listing becomes effective.
- 5.24 Where exemption is given under paragraph 5.23A the information as specified in appendix 2 to this chapter according to the circumstances must be published in printed form in an exempt listing document instead of listing particulars. Any references to listing particulars and particulars in the listing rules should be read as references to the exempt listing document other than in paragraph 16.1. No marketing of securities will be permitted at the same time as an application for listing such securities using an exempt listing document.
- 5.25 The exempt listing document must be published in accordance with chapter 8, as if it comprised listing particulars.

### **Equivalent offering document**

- 5.26 In the case of the following issuers, an equivalent offering document must be published, instead of listing particulars, which complies with the requirements of the relevant chapters below:
- (a) collective investment schemes, where issuers fall within paragraph 24A of schedule 11 to the Act, chapter 21; and CARD Art. 23(5)
- (b) states and their regional or local authorities, chapter 22.

### **Further issues not requiring listing particulars**

- 5.27 Listing particulars are not required (unless the UK Listing Authority so requires either on application by the issuer or in circumstances considered by the UK Listing Authority to be exceptional) for issues of shares by an issuer whose shares are already listed or issues of certificates representing shares which fall into the following categories:
- (a) shares allotted by way of a capitalisation issue to the holders of shares already listed; CARD Art. 23(2)
- (b) shares resulting from the conversion of convertible debt securities already listed; CARD Art. 23(2)

- |     |                                                                                                                                                                                                                                                                                                       |                       |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| (c) | shares resulting from the exercise of rights under warrants already listed;                                                                                                                                                                                                                           | CARD Art.<br>23(2)    |
| (d) | shares issued in place of shares already listed (provided that there is no increase in the nominal value of the share capital as a result);                                                                                                                                                           | CARD Art.<br>23(2)    |
| (e) | shares which would increase the shares of a class already listed by less than 10% (for this purpose a series of issues in connection with a single transaction, or series of transactions that is regarded by the UK Listing Authority as a single transaction, will be deemed to be a single issue); | CARD<br>Art.23(2)     |
| (f) | shares allotted to employees if shares of the same class are already listed; and                                                                                                                                                                                                                      | CARD Art.<br>23(3)(d) |
| (g) | certificates representing shares issued in exchange for the shares, provided that certificates of the same class are already listed and that there is no increase in the nominal value of the company's share capital as a result.                                                                    | CARD Art.<br>23(3)(g) |
- 5.28 In cases where listing particulars are not required under paragraph 5.27, the following information must be published in printed form:
- |     |                                                                                                                                                                                                                                                                     |                       |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| (a) | for categories in paragraph 5.27(a) to (d) where the issue would increase the shares of the relevant class by 10% or more, that required by paragraphs 6.B.1, 6.B.2 and 6.B.4 to 6.B.24; or                                                                         | CARD Art.<br>23(3)(g) |
| (b) | for categories in paragraph 5.27(a) to (d) where the issue would increase the shares of the relevant class by less than 10%, and for categories in paragraph 5.27(e) to (g), the number and type of securities to be admitted and the circumstances of their issue. |                       |
- 5.29 Such information must be published in accordance with chapter 8 as if the document comprised listing particulars and must be notified to a Regulatory Information Service, such notification stating where the information can be obtained.
- 5.30 In the case of paragraph 5.27(e), where the shares are listed in connection with the acquisition of assets, further information may be required to be notified to a Regulatory Information Service and in some cases a circular to shareholders may be necessary (see chapter 10).

## **Warrants and options**

- 5.31 Subject to paragraph 5.31A, if warrants or options to subscribe equity shares are to be issued for cash other than by way of a rights issue, a circular must be sent to shareholders which complies with the requirements of paragraph 14.1 (contents of all circulars) and includes the following information:
- |     |                                                                                                                                                      |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) | the total number of shares subject to the warrants or options;                                                                                       |
| (b) | the period during which the warrants or options may be exercised and the date when this right commences;                                             |
| (c) | the amount payable on the exercise of the right;                                                                                                     |
| (d) | the arrangements for transfer and transmission of the right;                                                                                         |
| (e) | the rights of the holder on the liquidation of the company; and                                                                                      |
| (f) | the arrangements for variation in the subscription price or number of shares to take account of any alterations to the share capital of the company. |

- 5.31A No circular is required under paragraph 5.31 for issues of warrants or options in any 12 month period which on exercise would result in an increase of less than five per cent in the issued share capital of the relevant class of underlying securities of the issuer. In such a case the issuer must notify a Regulatory Information Service of the issue of the warrants or options without delay, giving the information required by paragraph 5.31 (a), (b) and (c).

### **Summary particulars**

- 5.32 Summary particulars may be circulated instead of listing particulars and may accompany or be included in any circular sent to holders of listed securities. In such cases issuers must draw up listing particulars and publish them in accordance with chapter 8 and the summary particulars must be authorised for issue in accordance with paragraph 8.24. CARD Art. 101
- 5.33 Summary particulars must not include any material information not contained in the listing particulars and must include the following:
- (a) a statement that listing particulars, which alone contain full details of the issuer and of the securities being issued, have been published;
  - (b) the date of the listing particulars;
  - (c) a statement that the listing particulars are:
    - (i) obtainable on request, free of charge, from the issuer's registered office, and the office of any paying agent in the United Kingdom and such other address as the issuer may determine; and
    - (ii) available to the public for inspection at the Document Viewing Facility (stating the address of the Document Viewing Facility)

until the later of the last day for acceptance of the issue, or the general meeting to approve the issue or the Class 1 transaction, or, in any other case, a date not later than 14 days after the date of the listing particulars.
  - (d) a statement that the directors are satisfied that the summary particulars contain a fair summary of the key information set out in the listing particulars;
  - (e) where relevant, a statement of the procedure to be followed to take up any entitlement to the securities being issued; and
  - (f) a statement that the issue of the summary particulars has been authorised by the UK Listing Authority without approval of its contents (see paragraph 8.24).

### **Certificates representing shares**

- 5.34 In the case of certificates representing shares, the issuer of the shares will be treated as the issuer for the purpose of the listing rules. Consequently the information required as regards the shares is the same as that which would be required in the case of an application to list those shares, with additional requirements in respect of the issuer of the certificates and the certificates themselves.

### **Shelf registration**

- 5.35 An issuer whose shares or debt securities have been listed for at least 12 months or which has issued its first annual accounts as a listed issuer, whichever is sooner, may prepare a document (a "shelf document") containing the information described in chapter 6 and other statements as specified in Table 1A and/or Table 1IA of appendix 1 to this chapter. A shelf document will remain current until the earlier of:
- (a) the publication of the issuer's next annual report and accounts;

- (b) the date 12 months from the date the shelf document is published on the Website; or
  - (c) the date the shelf document is removed from the Website at the written request of the issuer.
- 5.36 When an issuer which has a current shelf document subsequently makes an issue of shares or debt securities which requires the production of listing particulars, that issuer may prepare a document (an “issue note”) containing the information described in chapter 6 and other statements as specified in Table IA and/or Table IIA of appendix 1 to this chapter which, together with the shelf document, will comprise listing particulars. The contents of a current shelf document need not be updated except that if an issue note is produced it must give details of significant changes and new matters as required by Table IA and/or Table IIA.
- 5.37 Any references to listing particulars and particulars in the listing rules should be read as a reference to a combined shelf document and issue note.
- 5.38 Three copies of the shelf document and the letters referred to in paragraphs 5.17 and 5.21 must be submitted in draft to the UK Listing Authority at least 10 clear business days (save where the UK Listing Authority otherwise agrees) prior to the relevant intended publication date. When there are complex issues to be resolved, the drafts should be submitted at least 20 clear business days prior to the publication date. The shelf document must be formally approved by the UK Listing Authority before publication.
- 5.39 Drafts of any shelf document or issue note must be annotated as required by paragraph 5.11.
- 5.40 An issue note accompanied by the previously approved current shelf document, which together comprise listing particulars, must be submitted and approved in accordance with paragraphs 5.9 and 5.12 and must be published in accordance with chapter 8.
- 5.41 The issue note may be circulated to shareholders instead of listing particulars.

## APPENDIX 1 TO CHAPTER 5

1. The tables in this appendix set out the information required to be included in listing particulars in different circumstances as follows:
 

Table I	-	Issue of shares
Table IA	-	Issue of shares - shelf registration
Table II	-	Issue of debt securities (other than convertible debt securities)
Table IIA	-	Issue of debt securities – shelf registration
Table III	-	Issue of debt securities convertible into shares of the issuer
Table IV	-	Issue of convertible debt securities (where the issuer of the convertible debt securities is not the issuer of the shares into which they are convertible)
Table V	-	Issue of debt securities (including convertible debt securities) guaranteed other than by a state or federated state
Table VI	-	Issue of debt securities (including convertible debt securities) guaranteed by a state or federated state.
Table VII	-	Issue of certificates representing shares.
2. Where the information required by a particular paragraph is inappropriate to the issuer's sphere of activity or legal form, the information must be appropriately adapted so that equivalent information is given.
3. Negative statements are required only where expressly indicated.
4. Where the UK Listing Authority has permitted admission of securities to listing in the case of an issuer having a financial record of less than three years, the references in the paragraphs mentioned below to three or two financial years are to be read as references to such shorter periods (if any) for which accounts have been published or filed:

Shares	Debt securities
6.A.4	6.H.4
6.A.5	6.H.5
6.A.7	6.H.7
6.D.3	6.K.3
6.D.10	---
6.D.11	6.K.8
6.E.4	---
6.E.5	---
6.E.6	---
6.E.10	6.L.7

and in the paragraphs of chapter 12 referred to in paragraphs 6.E.1 and 2 and 6.L.1 and 2.

5. The information in relation to the issuer's group required in parts 6.D and 6.G (in relation to an issue of shares) and 6.K and 6.N (in relation to an issue of debt securities) must also be given separately for the issuer, if it is material.
6. If information which would be required by any other paragraph of chapter 6 is given in accordance with paragraph 6.E.1 or 6.E.2 (in relation to an issue of shares) or paragraph 6.L.1 or 6.L.2 (in relation to an issue of debt securities) it need not be repeated.
7. To determine whether paragraph 6.E.1 or 6.E.2 (in relation to an issue of shares) or paragraph 6.L.1 or 6.L.2 (in relation to an issue of debt securities) applies to a new applicant, see paragraph 12.1.



8. Where another company is to become part of a new applicant's group, that other company and its subsidiary undertakings must be treated as part of the new applicant's group for the purpose of the information required by this appendix.
9. *Paragraph deleted - January 2000.*
10. Where information required by paragraph 6.E.11(a)(iv) to (x) (or paragraph 6.L.8(a)(iv) to (viii)) is to be omitted in accordance with paragraph 6.E.11(d) or 6.L.8(d) respectively, the sponsor or an authorised adviser, as applicable, must confirm to the UK Listing Authority in writing that the applicable condition set out in paragraph 6.E.11(d) (or 6.L.8(d)) has been met and that, in its opinion, the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.
11. In determining what information is required to be included by virtue of paragraphs 6.C.20 (b) and 6.J.14 (b) regard should be had to the duty of disclosure set out in section 80(1), (2) and (4) of the Act.
12. Where listing particulars have been prepared in connection with an issue of equity securities to IOSCO International Disclosure Standards, the information required by the following paragraphs of Chapter 6 may be omitted:  
  
6.B.1, 6.B.3, 6.B.23, 6.B.25, 6.C.21, 6.E.14, 6.F.10 and 6.F.11

**TABLE I : ISSUE OF SHARES**

	<b><u>New applicant</u></b>	<b><u>Issuer with shares already listed</u></b>	
	(1)	<u>Rights issue or open offer</u> (2)	<u>Other issue</u> (3)
The persons responsible for listing particulars etc	6.A.1 to 9	6.A.1 to 7,9	6.A.1 to 7,9
The shares	6.B.1 to 26	6.B.1 to 25,27	6.B.1 to 25,27
The issuer and its capital	6.C.1 to 23	6.C.1,2,7 to 10, 12(a), 15 to 20, 22, 23	6.C.1 to 20,22,23
The group's activities	6.D.1 to 13,16	6.D.6,8,9,12,13	6.D.1 to 13,16
Financial information	6.E.1 or 2* to 16	6.E.7 to 9, 14 to 16	6.E.1, 3 to 16
The management	6.F.1 to 13	6.F.1 to 7, 12	6.F.1 to 8,12
The development and prospects of the group	6.G.1,2	6.G.1,2	6.G.1,2

\* See note 7 of this appendix

### **Certificates representing shares**

Where listed shares represented by certificates are issued on a pre-emptive basis to shareholders of the issuer, the listing particulars must, in addition to the information about the shares specified in column 2 of Table I above, also contain the following information in respect of the issuer of the certificates and of the certificates:

General information about the issuer of the certificates: 6.O.1, 6.O.3, 6.O.5,  
6.O.7, 6.O.9 to 6.O.11;

Information about the certificates: 6.P.1 to 6.P.10.

Note: Reference should also be made to Table VII of this appendix regarding the information which may be omitted in respect of certain issuers of certificates.

**TABLE IA: ISSUE OF SHARES - SHELF REGISTRATION**

	<b><u>Issuer with shares already listed</u></b>	
	<u>Shelf document</u>	<u>Issue note</u>
The persons responsible for listing particulars, etc.	6.A.1 to 7	6.A.2, 3, 6, 9
The shares	6.B.4, 7 to 12, 14 19 to 21 and 24*	6.B.1 to 3, 5, 6, 13 15 to 18, 22, 23, 25, 27
The issuer and its capital	6.C.1 to 6, 9 to 20, 23	6.C.7, 8, 22
The group's activities	6.D.1 to 13, 16	-
Financial information	6.E.1, 3 to 6, 8 to 14	6.E.7, 8, 16
The management	6.F.1 to 8, 12	-
The development and Prospects of the group	6.G.1	6.G.2

\*To the extent that the information relating to these items cannot be given in the shelf document, it must be given in the issue note.

Details of any significant change in relation to matters contained in the shelf document or any new matter, which if it had arisen when the shelf document was prepared would have been required to be contained in the shelf document, must be given in the issue note or an appropriate negative statement. For this purpose, "significant" means significant for the purpose of making an informed assessment of the matters mentioned in section 80(1) of the Act.

The shelf document and the issue note must each contain a statement that only a combined shelf document and issue note comprise listing particulars. The issue note must contain a statement that the shelf document will be published on the Website and is available in printed form, with details of how it may be obtained.

**TABLE II : ISSUE OF DEBT SECURITIES (other than convertible debt securities)**

	<u>New applicant</u> (1)	<u>Listed issuer</u> (2)
The persons responsible for listing particulars etc.	6.H.1 to 9	6.H.1 to 7,9
The securities	6.I.1 to 38, 42	6.I.1 to 38,41, 42
The issuer and its capital	6.J.1 to 17	6.J.1,2,7 to 9,11 13,14,16,17
The group's activities	6.K.1 to 10,13	6.K.7
Financial information	6.L.1 or 2* to 10	6.L.4 to 6,10
The management	6.M.1,2	6.M.1,2
The development and prospects of the group	6.N.1,2	6.N.1,2

\*See note 7 of this appendix

**TABLE IIA: ISSUE OF DEBT SECURITIES – SHELF REGISTRATION**

	<b><u>Issuer with securities already listed</u></b>	
	<b><u>Shelf document</u></b>	<b><u>Issue note</u></b>
The persons responsible for listing particulars, etc.	6.H.1 to 7	6.H.2 to 6, 9
The securities	6.I.8(b), 22, 42*	6.I.1 to 8(a), 9 to 38, 41
The issuer and its capital	6.J.2, 13, 14, 17	6. J.1, 7, 8, 11, 16
The group's activities	6.K.7	-
Financial information	6.L.4,5	6.L.4,6,10
The management	6.M.1,2	-
The development and Prospects of the group	6.N.1	6.N.1,2

\*To the extent that the information relating to these items cannot be given in the shelf document, it must be given in the issue note.

Details of any significant change in relation to matters contained in the shelf document or any new matter, which if it had arisen when the shelf document was prepared would have been required to be contained in the shelf document, must be given in the issue note or an appropriate negative statement. For this purpose, "significant" means significant for the purpose of making an informed assessment of the matters mentioned in section 80(1) of the Act.

The shelf document and the issue note must each contain a statement that only a combined shelf document and issue note comprise listing particulars. The issue note must contain a statement that the shelf document will be published on the Website and is available in printed form, with details of how it may be obtained.

**TABLE III : ISSUE OF DEBT SECURITIES CONVERTIBLE INTO SHARES OF THE ISSUER**

	<u>New applicant</u>	<u>Issuer with shares already listed</u>	
	(1)	<u>Rights issue or open offer</u> (2)	<u>Other issue</u> (3)
The persons responsible for listing particulars etc.	6.A.1 to 9	6.A.1 to 7,9	6.A.1 to 7,9
The securities	6.I.1 to 40, 42	6.I.1 to 42	6.I.1 to 42
The issuer and its capital	6.C.1 to 23	6.C.1,2,7 to 10, 12(a), 15 to 20, 22, 23	6.C.1 to 20,22, 23
The group's activities	6.D.1 to 13,16	6.D.6,8,9,12,13	6.D.1 to 15,16
Financial information	6.E.1 or 2* to 16	6.E.7 to 9, 14 to 16	6.E.1, 3 to 16
The management	6.F.1 to 13	6.F.1 to 7, 10 to 12	6.F.1 to 8,12
The development and prospects of the group	6.G.1,2	6.G.1,2	6.G.1,2

\* See note 7 of this appendix

**TABLE IV : ISSUE OF CONVERTIBLE DEBT SECURITIES (where the issuer of the convertible debt securities is not the issuer of the shares into which they are convertible)**

	<u>In respect of the issuer of the convertible debt securities</u>		<u>In respect of the issuer of the shares</u>
	<u>New applicant</u> (1)	<u>Listed company</u> (2)	(3)
The persons responsible for listing particulars etc.	6.H.1 to 9	6.H.1 to 7,9	6.A.1 to 4,9
The securities	6.I.1 to 40, 42	6.I.1 to 42	----
The issuer and its capital	6.J.1 to 16	6.J.1 to 14,16	6.C.1 to 20,22,23
The group's activities	6.K.1 to 10,13	6.K.1 to 10	6.D.1 to 13, 16
Financial information	6.L.1 or 2* to 10	6.L.3 to 10	6.E.1, 3 to 13,16
The management	6.M.1,2	6.M.1,2	6.F.1 to 13
The development and Prospects of the group	6.N.1,2	6.N.1,2	6.G.1,2

\* See note 7 of this appendix

**TABLE V : ISSUE OF DEBT SECURITIES (including convertible debt securities) GUARANTEED  
OTHER THAN BY A STATE OR FEDERATED STATE**

**In respect of the issuer**

**Debt securities (other than convertible  
debt securities)**

**Convertible debt securities**

<u>New applicant</u>	<u>Listed issuer</u>	<u>New applicant</u>	<u>Listed issuer rights issue or open offer</u>	<u>Listed issuer other issue</u>
Table II column (1)	Table II Column (2)	Table III column (1)	Table III column (2)	Table III column (3)

**In respect of the guarantor**

	<u>Not a listed issuer (1)</u>	<u>Listed issuer (2)</u>
The persons responsible for listing particulars etc.	6.H.1, 4 to 9	6.H.1, 4 to 7,9
The issuer and its capital	6.J.1 to 14, 16	6.J.1 to 14, 16
The group's activities	6.K.1 to 10	6.K.1 to 10
Financial information	6.L.1 or 2* to 10	6.L.1, 3 to 10
The management	6.M.1,2	6.M.1,2
The development and Prospects of the group	6.N.1,2	6.N.1,2

\* See note 7 of this appendix

**Joint guarantors**

Where there is more than one guarantor, like information should be given for each guarantor. Where appropriate, however, the UK Listing Authority may permit abridged or summarised information to be given to achieve greater comprehensibility of the listing particulars.



**TABLE VI : ISSUE OF DEBT SECURITIES (including convertible debt securities) GUARANTEED BY A STATE OR A FEDERATED STATE****In respect of the issuer**

If the debt securities to be issued benefit as to both principal and interest from the unconditional and irrevocable guarantee of a state or a federated state the following information otherwise required under Table II, Table III and Table IV about the issuer of the debt securities may be omitted:

The persons responsible for listing particulars etc.	6.H.5, 6
The issuer and its capital	6.C.10, 11, 14 to 16 6.J.1 (except for name of issuer) 6.J.3 to 6, 9 to 14
Financial information	6.E.4 to 6, 12, 14

**In respect of the guarantor**

Only the information required by paragraph 22.7, insofar as it is appropriate, need be given for a guarantor which is a state or federated state.

Note: The omissions permitted in Table VI above also apply to a company which is set up or governed by a special law or pursuant to such a law, and which has the power to levy charges on its consumers.

**TABLE VII: ISSUE OF CERTIFICATES REPRESENTING SHARES**

The information required by Table I in respect of the shares and their issuer and:

**Information in respect of the issuer of the certificates and the certificates.**

General information about the issuer	6.O.1 to 11
Information about the certificates	6.P.1 to 10

Information on the financial position of the issuer of the certificates (paragraphs 6.O.9 to 6.O.11) is not required when that issuer is:

- (a) a credit institution which is a national of a member state and is set up or governed by a special law or pursuant to such a law or is subject to public supervision designed to protect savings;
- (b) a subsidiary, 95% or more of which is owned by a credit institution within the meaning of the preceding paragraph, the commitments of which towards the holders of the certificates are unconditionally guaranteed by that credit institution and which is subject to the same supervision; or
- (c) an “Adminstratiekantoor” in the Netherlands governed, for the safe custody of the original securities, by special regulations laid down by the competent authorities.

In the case of certificates issued by a securities transfer organisation or by an auxiliary institution set up by such organisation, the UK Listing Authority may dispense with the publication of the information provided for in paragraphs 6.O.1 to 6.O.11.

## APPENDIX 2 TO CHAPTER 5

### EXEMPTION FROM LISTING PARTICULARS

The appendix sets out the information required to be included in an exempt listing document according to the circumstances set out in the paragraph headings.

#### **Previously published documents (paragraph 5.23A(a))**

1. The exempt listing document must contain:
  - (a) details of any material changes which have occurred since the date of the relevant document or an appropriate negative statement; CARD Art. 23(1)
  - (b) a statement that application has been made for listing of the securities specifying the number and class of the securities in question;
  - (c) a declaration by the directors as set out in paragraph 6.A.3 or 6.H.3 as to their responsibility for the information required by this paragraph and contained in the relevant document; and
  - (d) “the relevant document” as described in paragraph 5.23A(a).

#### **Admission of a company listed in another member state (paragraph 5.23A(b))**

2. The exempt listing document which must be in English, or be accompanied by a translation into English, and contain: CARD Art. 104
  - (a) the latest published consolidated annual accounts; if the issuer prepares both own and consolidated annual accounts it must include both sets of accounts. However the issuer may exclude its own accounts, on condition that they do not provide any significant additional information to that contained in the consolidated accounts; CARD Art. 23(4)
  - (b) the issuer’s latest half yearly report, where such a report has been published since the latest published annual accounts; CARD Art. 23(4)
  - (c) any listing particulars, prospectus or equivalent document published by the issuer in the 12 months preceding the application for admission to listing; CARD Art. 23(4)
  - (d) details of any significant change or development which has occurred since the date to which the documents referred to in (a) to (c) relate; CARD Art. 23(4)
  - (e) a statement that application has been made for listing and: CARD Art. 23(4)
    - (i) in the case of shares, the nominal or accounting par value of the shares and the information required by paragraphs 6.B.7 and 6.B.8 (summary of rights of shares);
    - (ii) in the case of certificates representing shares, the rights attaching to the underlying securities and information concerning the rights and procedures for obtaining the underlying securities;
    - (iii) in the case of debt securities, the nominal amount of the loan (if that amount is not fixed, a statement to that effect must be made) and the nature, number and numbering of the bonds and the denominations, the currency of the issue, the redemption procedure, the term of the loan, the nature and scope of the guarantees and the ranking of the debt;
    - (iv) except in the case of continuous issues, the issue and redemption prices and the nominal interest rate (if several interest rates are provided for,

- an indication of the conditions governing changes in the rate); and
- (v) in the case of convertible debt securities, the nature of the shares offered by way of conversion, exchange or subscription, the rights attaching thereto, the conditions of and procedures for conversion, exchange or subscription and details of the circumstances in which they may be amended;
- (f) such additional information specific to the United Kingdom market as the UK Listing Authority may require including: CARD Art. 23(4)
- (i) a description of the tax treatment of holders of the securities resident in the United Kingdom;
  - (ii) the names and addresses of the registrars and paying agents for the securities in the United Kingdom; and
  - (iii) a statement of how notices of meetings will be given to holders of the securities resident in the United Kingdom;
- (g) a declaration by the directors as set out in paragraph 6.A.3 or 6.H.3 as to their responsibility for the information required by this paragraph and contained in the documents referred to in this paragraph; CARD Art. 23(4)
- (h) the following information where it is not already given in the documents by paragraphs 2(a) - (g) of this appendix: CARD Art. 23(4)
- (i) the composition of the company's administrative, management and supervisory bodies and the functions performed by individual members;
  - (ii) general information about the capital as required by paragraph 6.C.9;
  - (iii) details of the interests of which the company is aware in the shares of the company of major shareholders as communicated to the company pursuant to the law of the company's country of incorporation and (if different) the requirements of the competent authority or equivalent regulatory body where the company has its primary listing; and
  - (iv) *Paragraph deleted - January 1999*
  - (v) any reports concerning the latest published annual accounts by the auditors required by the national law of the country in which the issuer's registered office is situated; and
- (i) the information required by paragraph 6.E.16 (working capital statement) unless:
- (i) the date of the publication of the exempt listing document is within 42 days of the date of which the auditors signed their report on the accounts of the company;
  - (ii) the company's latest published accounts are unqualified and there are no material uncertainties; and
  - (iii) the UK Listing Authority considers that there are no other reasons for requiring such statement:

in which event the UK Listing Authority may authorise the omission of such information (see paragraphs 5.17 and 5.21). In cases of uncertainty the UK Listing Authority must be consulted.

**Admission of an AIM company (paragraph 5.23A(c))**

3. The exempt listing document must contain:

- (a) the latest three years' published consolidated annual accounts; if the issuer prepares both own and consolidated annual accounts it must include both sets of accounts. However the issuer may exclude its own accounts, on condition that they do not provide any significant additional information to that contained in the consolidated accounts;
- (b) the issuer's latest half yearly report, where such a report has been published since the latest published annual accounts;
- (c) any prospectus, equivalent document, AIM admission document or circular published by the issuer in the 12 months preceding the application for admission to listing;
- (d) a description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement;
- (e) the information required by paragraph 6.E.16 (working capital statement) unless:
  - (i) the date of publication of the exempt listing document is within 42 days of the date on which the auditors signed their report on the accounts of the company;
  - (ii) the company's latest published accounts are unqualified and there are no material uncertainties; and
  - (iii) the UK Listing Authority considers that there are no other reasons for requiring such statement:

in which event the UK Listing Authority may authorise the omission of such information upon written request. In cases of uncertainty the UK Listing Authority must be consulted;

- (f) a statement that application has been made for listing, the date on which the shares will be admitted to listing and on which dealings will commence and:
  - (i) in the case of shares, the nominal or accounting par value of the shares and the information required by paragraphs 6.B.7 and 6.B.8 (summary of rights of shares);
  - (ii) in the case of debt securities, the nominal amount of the loan (if that amount is not fixed, a statement to that effect must be made) and the nature, number and numbering of the bonds and the denominations, the currency of the issue, the redemption procedure, the term of the loan, the nature and scope of the guarantees and the ranking of the debt; and

- (iii) in the case of convertible debt securities, the nature of the shares offered by way of conversion, exchange or subscription, the rights attaching thereto, the conditions of and procedures for conversion, exchange or subscription and details of the circumstances in which they may be amended;
  - (g) the place of registration of the issuer and its registration number;
  - (h) arrangements for transfer of the shares and (where permitted) any restrictions on their free transferability (for example, provisions requiring transfers to be approved);
  - (i) the fixed date(s) (if any) on which entitlement to dividends arise;
  - (j) a declaration by the directors as set out in paragraph 6.A.3 or 6.H.3 as to their responsibility for the information required by this paragraph and contained in the documents referred to in this paragraph;
  - (k) a statement that for a period of not less than 14 days from the date of the document at a named place in or near the City of London or such other place in the United Kingdom as the UK Listing Authority may agree, the following documents (or copies thereof), where applicable, may be inspected:
    - (i) the memorandum and articles of association of the issuer;
    - (ii) any trust deed of the issuer and any of its subsidiary undertakings; and
    - (iii) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the document, including, in the case of a company incorporated in the United Kingdom, all notes, reports or information required by the Companies Acts 1985 and 1989.
    - (iv) *Paragraph deleted January 1999.*
  - (l) the information required by paragraphs 6.D.4 and 6.E.11 to 6.E.13 in so far as it is not already disclosed in the annual accounts.
4. A letter confirming that the company has complied with all the requirements of the London Stock Exchange since its admission to AIM must be sent to the UK Listing Authority (see paragraphs 5.9(p) and 5.12(m)).
5. AIM companies incorporated or resident for tax purposes overseas must consult the UK Listing Authority at an early stage to ascertain whether any extra information is required; such companies must also have regard to the provisions of chapter 17.

## CHAPTER 6

### CONTENTS OF LISTING PARTICULARS

#### Scope of chapter

This chapter sets out items of information which may be required to be included in listing particulars. The requirements vary according to the nature and circumstances of the issuer and the type of security to be listed, as set out in the appendices to chapters 5, 22, 23 and 24.

Requirements for the listing of shares or convertible debt securities and debt securities are dealt with separately in the following order:

#### **Information required for the admission of shares or convertible debt securities to listing**

- A the persons responsible for listing particulars, the auditors and other advisers
- B the shares for which application is being made
- C the issuer and its capital
- D the group's activities
- E the issuer's assets and liabilities, financial position and profits and losses
- F the management
- G the recent development and prospects of the group

#### Information required for the admission of debt securities to listing

- H the persons responsible for listing particulars, the auditors and other advisers
- I the debt securities for which application is being made
- J the issuer and its capital
- K the group's activities
- L the issuer's assets and liabilities, financial position and profits and losses
- M the management
- N the recent development and prospects of the group

#### Information required for the admission of certificates representing shares to listing

- O general information about the issuer
- P information about the certificates.

### **INFORMATION REQUIRED FOR THE ADMISSION OF SHARES OR CONVERTIBLE DEBT SECURITIES TO LISTING**

- 6.A Listing particulars for the admission of shares or convertible debt securities to listing must contain the information described in the relevant paragraphs 6.A.1 to 6.G.2 below, as specified in the appendices to chapters 5, 22, 23 and 24.

#### **The persons responsible for listing particulars, the auditors and other advisers**

- 6.A.1 The name, home or business address and function of each of the persons giving the declaration set out in paragraph 6.A.3.

- 6.A.2 Where the declaration set out in paragraph 6.A.3 is given for part only of the listing particulars that part must be indicated. CARD Ann. I  
Sch A, Chpt 1  
Para 1.1
- 6.A.3 A declaration in the following form: CARD Ann. I  
Sch A, Chpt 1  
Para 1.2
- “The directors of [the issuer], whose names appear on page [ ], accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.”
- 6.A.4 The names, addresses and qualifications of the auditors who have audited the issuer’s annual accounts in accordance with national law for the last three financial years. CARD Ann. I  
Sch A, Chpt 1  
Para 1.3
- 6.A.5 A statement that the annual accounts of the issuer for the last three financial years have been audited. If audit reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications must be reproduced in full and the reasons given. CARD Ann. I  
Sch A, Chpt 1  
Para 1.3
- 6.A.6 A statement of what other information in the listing particulars has been audited by the auditors. CARD Ann. I  
Sch A, Chpt 1  
Para 1.3
- 6.A.7 If auditors have resigned, have been removed or have not been re-appointed during the last three financial years and have deposited a statement with the issuer of circumstances which they believe should be brought to the attention of members and creditors of the issuer, details of such matters must be disclosed if material.
- 6.A.8 The names and addresses of the issuer’s bankers, legal advisers and sponsor, legal advisers to the issue, reporting accountants and any other expert to whom a statement or report included in the listing particulars has been attributed.
- 6.A.9 Where a statement or report attributed to a person as an expert is included in the listing particulars, a statement that it is included, in the form and context in which it is included, with the consent of that person, who has authorised the contents of that part of the listing particulars for the purposes of Regulation 6(1)(e) of The Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001.



## **The shares for which application is being made**

- |          |                                                                                                                                                                                                                                                                                                                                                                                  |                                            |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 6.B.1    | A statement that application has been made to the UK Listing Authority for the shares to be admitted to the Official List setting out the relevant shares.                                                                                                                                                                                                                       |                                            |
| 6.B.2    | An indication whether or not all the shares have been marketed or are available in whole or in part to the public in conjunction with the application.                                                                                                                                                                                                                           | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.1   |
| 6.B.3    | A statement that a copy of the listing particulars or prospectus, as the case may be, has been delivered to the Registrar of Companies.                                                                                                                                                                                                                                          |                                            |
| 6.B.4    | A statement of the resolutions, authorisations and approvals by virtue of which the shares have been or will be created and/or issued.                                                                                                                                                                                                                                           | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.2.0 |
| 6.B.5(a) | The nature and amount of the issue clearly indicating, where relevant, if the shares are non-voting or have limited or restricted voting rights; and                                                                                                                                                                                                                             | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.2.0 |
| 6.B.5(b) | Where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offering:                                                                                                                                                                                  |                                            |
| (i)      | a statement that price stabilising activities may be entered into;                                                                                                                                                                                                                                                                                                               |                                            |
| (ii)     | a statement that any shares issued or sold under an over-allotment option are to be issued or sold on the same terms and conditions as the shares that are subject to the main offering; and                                                                                                                                                                                     |                                            |
| (iii)    | the number of shares subject to the over-allotment option, the option period, the option price, any other terms of the option and the purpose for which the option has been granted, for example, for the purpose of satisfying short positions entered into by a stabilising manager in connection with the over-allocation.                                                    |                                            |
| 6.B.6    | The number of shares which have been or will be created and/or issued, if predetermined.                                                                                                                                                                                                                                                                                         | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.2.0 |
| 6.B.7    | A summary of the rights attaching to the shares for which application is made, and in particular the extent of the voting rights, entitlement to share in the profits and, in the event of liquidation, in any surplus and any other special rights. Where there is or is to be more than one class of shares of the issuer in issue, like details must be given for each class. | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.2.2 |
| 6.B.8    | The time limit (if any) after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates.                                                                                                                                                                                                                                           | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.2.2 |
| 6.B.9    | A statement regarding tax on the income from the shares withheld at source:                                                                                                                                                                                                                                                                                                      | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.2.3 |
| (a)      | in the country of origin; and                                                                                                                                                                                                                                                                                                                                                    |                                            |
| (b)      | in the United Kingdom.                                                                                                                                                                                                                                                                                                                                                           |                                            |
| 6.B.10   | A statement whether the issuer assumes responsibility for the withholding of tax at source.                                                                                                                                                                                                                                                                                      | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.2.3 |

6.B.11	Arrangements for transfer of the shares and (where permitted) any restrictions on their free transferability (for example, provisions requiring transfers to be approved).	CARD Ann. I Sch A, Chpt 2 Para 2.2.4
6.B.12	The fixed date(s) (if any) on which entitlement to dividends arise.	CARD Ann. I Sch A, Chpt 2 Para 2.2.5
6.B.13	Names of stock exchanges where admission to listing or trading is being or will be sought.	CARD Ann. I Sch A, Chpt 2 Para 2.2.6
6.B.14	The names and addresses of the issuers' registrars and paying agents for the shares in the member states where admission to listing has taken place.	CARD Ann. I Sch A, Chpt 2 Para 2.2.7
6.B.15	The following information must be given concerning the terms and conditions of the issue and placing, public or private, of the securities in respect of which the application for admission is made where such issue or placing is being effected at the same time as admission or has been effected within the 12 months preceding admission:	CARD Ann. I Sch A, Chpt 2 Para 2.3
(a)	a statement of any right of pre-emption of shareholders exercisable in respect of the shares or of the disapplication of such right (and where applicable, a statement of the reasons for the disapplication of such right; in such cases, the directors' justification of the issue price where the issue is for cash; if the disapplication of the right of pre-emption is intended to benefit specific persons, the identity of those persons);	CARD Ann. I Sch A, Chpt 2 Para 2.3.0
(b)	the total amounts which have been or are being issued or placed and the number of shares offered, where applicable by category;	CARD Ann. I Sch A, Chpt 2 Para 2.3.1
(c)	if a public or private issue or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for certain of these, details of any such tranche;	CARD Ann. I Sch A, Chpt 2 Para 2.3.2
(d)	(i) the issue price or offer or placing price, stating the nominal value or, in its absence, the accounting par value or the amount to be capitalised;	CARD Ann. I Sch A, Chpt 2 Para 2.3.3
	(ii) the issue premium and the amount of any expenses specifically charged to any subscriber or purchaser; and	
	(iii) the methods of payment of the price, particularly as regards the paying-up of shares which are not fully paid;	
(e)	the procedure for the exercise of any right of pre-emption, the transferability of subscription rights and the treatment of subscription rights not exercised;	CARD Ann. I Sch A, Chpt 2 Para 2.3.4
(f)	the period during which the issue or offer remained open or will remain open after publication of the listing particulars, and the names of the receiving agents;	CARD Ann. I Sch A, Chpt 2 Para 2.3.5
(g)	the methods of, and time limits for, delivery of the shares and a statement as to whether temporary documents of title have been or will be issued;	CARD Ann. I Sch A, Chpt 2 Para 2.3.6
(h)	(i) the names, addresses and descriptions of the persons underwriting or guaranteeing the issue for the issuer; and	CARD Ann. I Sch A, Chpt 2 Para 2.3.7
	(ii) where not all of the issue has been or is being underwritten or guaranteed, a statement of the portion not covered;	

- |        |                                                                                                                                                                                                                                                                                                                                                                                                             |                                            |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| (i)    | a statement or estimate of the overall amount and/or of the amount per share of the charges relating to the issue payable by the issuer, stating the total remuneration of the financial intermediaries, including the underwriting commission or margin, guarantee commission, placing commission or selling agent's commission; and                                                                       | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.3.8 |
| (j)    | the estimated net proceeds accruing to the issuer from the issue and the intended application of such proceeds.                                                                                                                                                                                                                                                                                             | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.3.9 |
| 6.B.16 | A description of the shares for which application is made and, in particular, the number of shares and nominal value per share or, in the absence of nominal value, the accounting par value or the total nominal value, the exact designation or class, and coupons attached.                                                                                                                              | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.4.0 |
| 6.B.17 | If shares are to be marketed and no such shares have previously been sold to the public, a statement of the number of shares made available to the market (if any) and of their nominal value, or, if they have no nominal value, of their accounting par value, or a statement of the total nominal value and, where applicable, a statement of the minimum offer price.                                   | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.4.1 |
| 6.B.18 | If known, the dates on which the shares will be admitted to listing and on which dealings will commence.                                                                                                                                                                                                                                                                                                    | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.4.2 |
| 6.B.19 | The names of the stock exchanges (if any) on which shares of the same class are already listed or traded.                                                                                                                                                                                                                                                                                                   | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.4.3 |
| 6.B.20 | If shares of the same class have not yet been admitted to listing but are dealt in on one or more other regulated, regularly operating, recognised open markets, an indication of such markets.                                                                                                                                                                                                             | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.4.4 |
| 6.B.21 | If during the period covered by the last financial year and the current financial year, there has occurred any public takeover offer by a third party in respect of the issuer's shares, or any public takeover offer by the issuer in respect of another company's shares, a statement to that effect and a statement of the price or exchange terms attaching to any such offers and the outcome thereof. | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.4.5 |
| 6.B.22 | If, simultaneously or almost simultaneously with the issue of shares for which application is being made, shares of the same class are subscribed for or placed privately or if shares of other classes are created for public or private placing, details must be given of the nature of such operations and of the number and characteristics of the shares concerned.                                    | CARD Ann. I<br>Sch A, Chpt 2<br>Para 2.5   |
| 6.B.23 | Where the shares for which application is being made are offered by way of rights, open offer or otherwise or allotted by way of capitalisation of reserves or undistributed profits, to the holders of an existing listed security, the following information must be given:                                                                                                                               |                                            |
| (a)    | (i) the pro rata entitlement;                                                                                                                                                                                                                                                                                                                                                                               |                                            |
|        | (ii) the last date on which transfers were or will be accepted for registration for participation in the issue;                                                                                                                                                                                                                                                                                             |                                            |
|        | (iii) how the shares rank for dividend or interest;                                                                                                                                                                                                                                                                                                                                                         |                                            |
|        | (iv) whether the shares rank pari passu with any existing listed securities;                                                                                                                                                                                                                                                                                                                                |                                            |

- (v) the nature of the document of title (if any) and its proposed date of issue; and
    - (vi) how any fractions will be treated;
  - (b) in the case of a rights issue or open offer:
    - (i) how shares not taken up will be dealt with and the time in which the offer may be accepted; and
    - (ii) where relevant, the information required by paragraph 9.41; and
  - (c) in the case of a capitalisation issue whether or not the documents of title (if any) are renounceable.
- 6.B.24 A statement whether the shares are in registered or bearer form and, if registered, whether they will be capable of being held in uncertificated form.
- 6.B.25 In the case of bearer shares issued by a company incorporated or established in a member state other than the United Kingdom, where the definitive documents of title have not been or are not to be printed from engraved steel plates, a statement to this effect.
- 6.B.26 Where the shares for which application is being made are being marketed by an applicant without equity shares already listed, details of the aggregate number of shares (if any) reserved for allocation to existing shareholders, directors, employees and past employees of the issuer or of its subsidiary undertakings and details of any other preferential allocation arrangements.
- 6.B.27 Where the shares for which application is being made are shares of a class which is already listed, being offered by way of rights or open offer, a table of market values for the securities of the class to which the rights issue or offer relates for the first dealing day in each of the six months before the date of the particulars, for the last dealing day before the announcement of the rights issue or offer and (if different) the latest practicable date prior to publication of the particulars.

## **The issuer and its capital**

- |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                            |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 6.C.1 | The name, registered office and, if different, head office of the issuer.                                                                                                                                                                                                                                                                                                                                                                                                              | CARD Ann. I<br>Sch A, Chpt 3<br>Para 3.1.0 |
| 6.C.2 | The country of incorporation of the issuer.                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                            |
| 6.C.3 | The date of incorporation and the length of life of the issuer, except where indefinite.                                                                                                                                                                                                                                                                                                                                                                                               | CARD Ann. I<br>Sch A, Chpt 3<br>Para 3.1.1 |
| 6.C.4 | The legislation under which the issuer operates and the legal form which it has adopted under that legislation.                                                                                                                                                                                                                                                                                                                                                                        | CARD Ann. I<br>Sch A, Chpt 3<br>Para 3.1.2 |
| 6.C.5 | A description of the issuer's principal objects and reference to the clause of the memorandum of association in which they are described.                                                                                                                                                                                                                                                                                                                                              | CARD Ann. I<br>Sch A, Chpt 3<br>Para 3.1.3 |
| 6.C.6 | The place of registration of the issuer and its registration number.                                                                                                                                                                                                                                                                                                                                                                                                                   | CARD Ann. I<br>Sch A, Chpt 3<br>Para 3.1.4 |
| 6.C.7 | A statement that for a period of not less than 14 days from the date of the particulars or for the duration of any offer to which the particulars relate, if longer, at a named place in or near the City of London or such other place in the United Kingdom as the UK Listing Authority may agree, the following documents (or copies thereof), where applicable, may be inspected:                                                                                                  | CARD Ann. I<br>Sch A, Chpt 3<br>Para 3.1.5 |
|       | (a) the memorandum and articles of association of the issuer;                                                                                                                                                                                                                                                                                                                                                                                                                          |                                            |
|       | (b) any trust deed of the issuer and any of its subsidiary undertakings which is referred to in the particulars;                                                                                                                                                                                                                                                                                                                                                                       |                                            |
|       | (c) each document mentioned in paragraphs 6.C.20 (material contracts) and 6.F.12 (directors' service contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;                                                                                                                                                                                                                                                                  |                                            |
|       | (d) in the case of an issue of shares in connection with a merger, the division of a company, the transfer of all or part of an undertaking's assets and liabilities, or a takeover offer, or as consideration for the transfer of assets other than cash, the documents describing the terms and conditions of such operations, together, where appropriate, with any opening balance sheet, if the issuer has not prepared its own or consolidated annual accounts (as appropriate); | CARD Ann. I<br>Sch A, Chpt 3<br>Para 2.2.1 |
|       | (e) all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the listing particulars;                                                                                                                                                                                                                                                                                                        |                                            |
|       | (f) written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in any accountants' report included pursuant to paragraph 6.E.2 and giving the reasons therefor; and                                                                                                                                                                                                                                            |                                            |
|       | (g) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the listing particulars, including, in the case of a company incorporated in the United Kingdom, all notes, reports or information required by the Companies Acts 1985 and 1989.                                                                                   |                                            |

- 6.C.8 Where any of the documents listed in paragraph 6.C.7 are not in the English language, translations into English must also be available for inspection. In the case of any document mentioned in paragraph 6.C.20 (material contracts), a translation of a summary of such document may be made available for inspection if the UK Listing Authority so agrees.
- 6.C.9 The amount of the issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the shares of which it is composed with details of their principal characteristics; if any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up. CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.0
- 6.C.10 Where the issuer has authorised but unissued capital or is committed to increase the capital, an indication of: CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.1
- (a) the amount of such authorised capital or capital increase and, where appropriate, the duration of the authorisation;
- (b) the categories of persons having preferential subscription rights for such additional portions of capital; and
- (c) the terms and arrangements for the share issue corresponding to such portions.
- 6.C.11 If the issuer has shares not representing capital, the number and main characteristics of such shares. CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.2
- 6.C.12 (a) The amount of any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants; and CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.3
- (b) a summary of the conditions governing and the procedures for conversion, exchange or subscription of such securities.
- 6.C.13 A summary of the material provisions of the issuer's memorandum and articles of association including those regarding changes in the capital and in the respective rights of the various classes of shares. CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.4
- 6.C.14 A summary of the changes during the three preceding years in the amount of the issued capital of the issuer and, if material, the capital of any member of the group and/or the number and classes of shares of which it is composed. Intra group issues by wholly owned subsidiaries, pro rata issues by partly owned subsidiaries and changes in the capital structure of subsidiaries which have remained wholly owned throughout the period may be disregarded. Such summary must also state the price and terms of such issues, including particulars of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrears. If there are no such issues, an appropriate negative statement must be made. CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.5
- 6.C.15 The names of the persons, so far as they are known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer, and particulars of the proportion of the voting capital held by such persons. For these purposes, joint control means control exercised by two or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the issuer. CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.6

- 6.C.16 In so far as is known to the issuer, the name of any person other than a director who, directly or indirectly, is interested in 3% or more of the issuer's capital, together with the amount of each such person's interest or, if there are no such persons, an appropriate negative statement. CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.7
- 6.C.17 If the issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuer's position within it stating, where the issuer is a subsidiary undertaking, the name of and number of shares in the issuer held (directly or indirectly) by each parent undertaking of the issuer. CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.8
- 6.C.18 The number, book value and nominal value or, in the absence of a nominal value, the accounting par value of any of its own shares which the issuer or any subsidiary undertaking has acquired and is holding, if such shares do not appear as a separate item in the balance sheet. CARD Ann. I  
Sch A, Chpt 3  
Para 3.2.9
- 6.C.19 The persons to whom any capital of any member of the group or of any of its subsidiary undertakings is under option, or agreed conditionally or unconditionally to be put under option, with particulars of the capital including the price and duration of the option and consideration for which the option was or will be granted, or an appropriate negative statement. Where options have been granted or agreed to be granted to all the holders of shares or debt securities, or of any class thereof, or to employees under an employees' share scheme, it will be sufficient, so far as the names are concerned, to record that fact without giving names.
- 6.C.20 A summary of the principal contents (including particulars of dates, parties, terms and conditions, any consideration passing to or from the issuer or any other member of the group) of:
- (a) each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the publication of the listing particulars unless such contracts have been available for inspection in the last two years in which case it will be sufficient to refer to them collectively as being available for inspection in accordance with paragraph 6.C.7(c); and
  - (b) any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which is material to the group as at the date of the listing particulars (see paragraph 11 of Appendix 1 to chapter 5).
- 6.C.21 Details of the name of any promoter of any member of the group and the amount of any cash, securities or benefits paid, issued or given within the two years immediately preceding the date of publication of the listing particulars, or proposed to be paid, issued or given to any such promoter in his capacity as a promoter and the consideration for such payment, issue or benefit.
- 6.C.22 Where shares are issued in connection with any merger, division of a company, takeover offer, acquisition of an undertaking's assets and liabilities or transfer of assets:
- (a) a statement of the aggregate value of the consideration for the transaction and how it was or is to be satisfied; and
  - (b) if the total emoluments receivable by the directors of the issuer will be varied in consequence of the transaction, full particulars of the variation; if there will be no variation, a statement to that effect.
- 6.C.23 Details of any controlling shareholder of the issuer, as defined in paragraph 3.13, including the name or names of any such controlling shareholder, the amount of its or their interest in the share capital of the issuer and a statement explaining how the issuer is satisfied that:
- (a) it is capable of carrying on its business independently of the controlling

shareholder (including any associate thereof as defined in paragraph 3.13); and

- (b) all transactions and relationships between the issuer and the controlling shareholder (or associate) are, and will be, at arm's length and on a normal commercial basis.

6.C.24 Paragraph deleted - August 1995



## **The group's activities**

- |        |                                                                                                                                                                                                                                                                                                                                                                  |                                            |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 6.D.1  | A description of the group's principal activities, stating the main categories of products sold and/or services performed.                                                                                                                                                                                                                                       | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.1.0 |
| 6.D.2  | Information on any significant new products and/or activities.                                                                                                                                                                                                                                                                                                   | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.1.0 |
| 6.D.3  | A breakdown of net turnover during the last three financial years by categories of activity and into geographical markets in so far as such categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services falling within the group's ordinary activities are organised. | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.1.1 |
| 6.D.4  | The location, size and tenure of the group's principal establishments and summary information about land or buildings owned or leased. Any establishment which accounts for more than 10% of net turnover or production shall be considered a principal establishment.                                                                                           | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.1.2 |
| 6.D.5  | Where the information given pursuant to paragraphs 6.D.1 to 6.D.4 has been influenced by exceptional factors, that fact must be mentioned.                                                                                                                                                                                                                       | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.1.4 |
| 6.D.6  | Summary information regarding the extent to which the group is dependent, if at all, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes, where such factors are of fundamental importance to the group's business or profitability.                                                                            | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.2   |
| 6.D.7  | Information concerning policy on the research and development of new products and processes over the past three financial years, where significant.                                                                                                                                                                                                              | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.3   |
| 6.D.8  | Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous 12 months) a significant effect on the group's financial position or an appropriate negative statement.                          | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.4   |
| 6.D.9  | Information on any interruptions in the group's business which may have or have had during the recent past (covering at least the previous 12 months) a significant effect on the group's financial position.                                                                                                                                                    | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.5   |
| 6.D.10 | The average numbers employed and changes therein over the last three financial years (if such changes are material), with, if possible, a breakdown of persons employed by main categories of activity.                                                                                                                                                          | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.6   |
| 6.D.11 | A description, with figures, of the main investments made, including interests such as shares, debt securities etc., in other undertakings over the last three financial years and during the current financial year.                                                                                                                                            | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.7.0 |
| 6.D.12 | Information concerning the principal investments (including new plant, factories, and research and development) being made, with the exception of interests being acquired in other undertakings, including:                                                                                                                                                     | CARD Ann. I<br>Sch A, Chpt 4<br>Para 4.7.1 |

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- (a) the geographical distribution of these investments (home and abroad); and
- (b) the method of financing such investments (internal or external).
- 6.D.13 Information concerning the group's principal future investments (including new plant, factories, and research and development) (if any), with the exception of interests to be acquired in other undertakings, on which the issuer's directors have already made firm commitments. CARD Ann. I  
Sch A, Chpt 4  
Para 4.7.1
- 6.D.14 Paragraph deleted - August 1995
- 6.D.15 Paragraph deleted - August 1995
- 6.D.16 For mining, extraction of hydrocarbons, quarrying and similar activities in so far as significant, the information described in paragraph 19.5(a) to (e). CARD Ann. I  
Sch A, Chpt 4  
Paras 4.1.3  
and 4.1.4

## **The issuer's assets and liabilities, financial position and profits and losses**

- |       |                                                                                                                                                                                                                                                                                                                                                                                                    |                                            |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 6.E.1 | Financial information as required by paragraphs 12.17 to 12.20 set out in the form of a comparative table, or published annual accounts in the case of a shelf document, together with any subsequent interim or quarterly financial statements if available.                                                                                                                                      | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.0 |
| 6.E.2 | Financial information as required by paragraphs 12.14 to 12.16, 12.19 and 12.20 set out in the form of an accountants' report.                                                                                                                                                                                                                                                                     |                                            |
| 6.E.3 | (a) If the issuer prepares consolidated annual accounts only, it must include those accounts in the listing particulars in accordance with paragraph 6.E.1 or 6.E.2; or                                                                                                                                                                                                                            | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.1 |
|       | (b) if the issuer prepares both own and consolidated annual accounts, it must include both sets of accounts in the listing particulars in accordance with paragraph 6.E.1 or 6.E.2. However, the issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts.                                  | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.1 |
| 6.E.4 | (a) Where the issuer includes its own annual accounts in the listing particulars, it must state the profit or loss per share arising out of the issuer's ordinary activities, after tax, for each of the last three financial years; or                                                                                                                                                            | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.2 |
|       | (b) where the issuer includes consolidated annual accounts in the listing particulars, it must state the consolidated profit or loss per share for each of the last three financial years; this information must appear in addition to that provided in accordance with (a) above where the issuer also includes its own annual accounts in the listing particulars.                               | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.2 |
| 6.E.5 | If, in the course of the last three financial years, the number of shares in the issuer has changed as a result, for example, of an increase in or reduction or reorganisation of capital, the profit or loss per share referred to in paragraph 6.E.4 must be adjusted to make them comparable; in that event the basis of adjustment used must be disclosed.                                     | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.2 |
| 6.E.6 | The amount of the dividend per share for each of the last three financial years, adjusted, if necessary, to make it comparable in accordance with paragraph 6.E.5.                                                                                                                                                                                                                                 | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.3 |
| 6.E.7 | (a) Where more than nine months have elapsed since the end of the financial year to which the last published annual accounts relate, an interim financial statement covering at least the first six months following the end of that financial year must be included in or appended to the listing particulars. If such an interim financial statement is unaudited, that fact must be stated; and | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.4 |
|       | (b) where the issuer prepares consolidated annual accounts, the interim financial statement must either be a consolidated statement or include a statement that, in the opinion of the issuer's directors, the interim financial statement enables investors to make an informed assessment of the results and activities of the group for the period.                                             | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.4 |
| 6.E.8 | A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.                                                                                                   | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.4 |

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|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 6.E.9  | If the issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given. In the case of issuers incorporated in a non-member state which are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.                                                                                                             | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.5 |
| 6.E.10 | A table showing the changes in financial position of the group over each of the last three financial years either in the form of a source and application of funds statement or a cash flow statement.                                                                                                                                                                                                                                                                                                                                                                                            | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.1.6 |
| 6.E.11 | (a) Information in respect of the matters listed below relating to each undertaking in which the issuer holds (directly or indirectly) on a long term basis an interest in the capital likely to have a significant effect on the assessment of the issuer's own assets and liabilities, financial position or profits and losses:                                                                                                                                                                                                                                                                | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.2   |
|        | (i) the name and address of the registered office;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                            |
|        | (ii) the field of activity;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                            |
|        | (iii) the proportion of capital held;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                            |
|        | (iv) the issued capital;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                            |
|        | (v) the reserves;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                            |
|        | (vi) the profit or loss arising out of ordinary activities, after tax, for the last financial year;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                            |
|        | (vii) the value at which the issuer shows in its accounts the interest held;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                            |
|        | (viii) any amount still to be paid up on shares held;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                            |
|        | (ix) the amount of dividends received in the course of the last financial year in respect of shares held; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                            |
|        | (x) the amount of the debts owed to and by the issuer with regard to the undertaking;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                            |
| (b)    | the items of information listed in (a) above must be given in any event for every undertaking in which the issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 10% of the capital and reserves of the issuer or if that interest accounts for at least 10% of the net profit or loss of the issuer or, in the case of a group, if the book value of that participating interest represents at least 10% of the consolidated net assets or accounts for at least 10% of the consolidated net profit or loss of the group; | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.2   |
| (c)    | the information required by (a)(v) and (vi) above may be omitted where the undertaking in which a participating interest is held does not publish annual accounts; and                                                                                                                                                                                                                                                                                                                                                                                                                            | CARD Ann. I<br>Sch A, Chpt 5<br>Para 5.2   |

- (d) the information required by (a)(iv) to (x) above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual accounts or, with the exception of (a)(x) above, if the value attributable to the interest under the equity method is disclosed in the annual accounts, provided that in the opinion of the UK Listing Authority the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question. CARD Ann. I  
Sch A, Chpt 5  
Para 5.2
- 6.E.12 The name, registered office and proportion of capital held in respect of each undertaking not falling to be disclosed under paragraph 6.E.11(a) or (b) in which the issuer holds at least 10% of the capital. These details may be omitted when they are of negligible importance for the purpose of enabling investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer or group and of the rights attaching to the securities for which application is made. CARD Ann. I  
Sch A, Chpt 5  
Para 5.3
- 6.E.13 When the listing particulars include consolidated annual accounts, disclosure: CARD Ann. I  
Sch A, Chpt 5  
Para 5.4
- (a) of the consolidation principles applied (which must be described explicitly where such principles are not consistent with generally accepted accounting practice in the United Kingdom);
- (b) of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in paragraph 6.E.11; and
- (c) for each of the undertakings referred to in (b) above:
- (i) the total proportion of third-party interests, if annual accounts are wholly consolidated; or
- (ii) the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.
- 6.E.14 Particulars of any arrangement under which future dividends are waived or agreed to be waived.
- 6.E.15 Paragraph deleted – January 2000.
- 6.E.16 A statement by the issuer that in its opinion the working capital available to the group is sufficient for the group's present requirements, that is, for at least the next 12 months from the date of publication of the listing particulars, or, if not and the issuer has securities already listed, how it is proposed to provide the additional working capital thought by the issuer to be necessary (see paragraphs 3.10 and 3.11).

## **The management**

- 6.F.1 The full name (and if relevant, any former name), business address and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group: CARD Ann. I  
Sch A, Chpt 6  
Para 6.1
- (a) directors of the issuer;
  - (b) partners with unlimited liability, in the case of a limited partnership with a share capital;
  - (c) founders, if the issuer has been established for fewer than five years; and
  - (d) in the case of a new applicant, any senior manager who is relevant to establishing that the requirements of paragraph 3.8 (directors) have been met.
- 6.F.2 In the case of each person described in 6.F.1(a) and (d), details of that person's relevant management expertise and experience (see paragraph 3.8) and the following information:
- (a) the names of all companies and partnerships of which such person has been a director or partner at any time in the previous five years, indicating whether or not the individual is still a director or partner. It is not necessary to list all the subsidiaries of a company of which the person is also a director;
  - (b) any unspent convictions in relation to indictable offences;
  - (c) details of any bankruptcies or individual voluntary arrangements of such person;
  - (d) details of any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company where such person was a director with an executive function at the time of or within the 12 months preceding such events;
  - (e) details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person was a partner at the time of or within the 12 months preceding such events;
  - (f) details of receiverships of any asset of such person or of a partnership of which the person was a partner at the time of or within the 12 months preceding such event; and
  - (g) details of any public criticisms of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- or, if there is no such information to be disclosed, that fact.
- 6.F.3 The total aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group during the last completed financial year under any description whatsoever. CARD Ann. I  
Sch A, Chpt 6  
Para 6.2.0
- 6.F.4 In the case of an issuer which is a company subject to the Companies Act 1985, interests (distinguishing between beneficial and non-beneficial interests) relating to securities which: CARD Ann. I  
Sch A, Chpt 6  
Para 6.2.1

- (a) have been notified by each director to the issuer pursuant to section 324 or section 328 of the Companies Act 1985;
- (b) are required pursuant to section 325 of that Act to be entered in the register referred to therein; or
- (c) are interests of a connected person of a director which would, if the connected person were a director, be required to be disclosed under (a) or (b) above, and the existence of which is known to or could with reasonable diligence be ascertained by that director;
- or an appropriate negative statement.
- 6.F.5 In the case of an issuer which is a company not subject to the Companies Act 1985, the interests of each director, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that director whether or not held through another party, in the share capital of the issuer together with any options in respect of such capital. CARD Ann. I  
Sch A, Chpt 6  
Para 6.2.1
- 6.F.6 All relevant particulars regarding the nature and extent of any interests of directors of the issuer in transactions which are or were unusual in their nature or conditions or significant to the business of the group, and which were effected by the issuer: CARD Ann. I  
Sch A, Chpt 6  
Para 6.2.2
- (a) during the current or immediately preceding financial year; or
- (b) during an earlier financial year and remain in any respect outstanding or unperformed;
- or an appropriate negative statement.
- 6.F.7 The total of any outstanding loans granted by any member of the group to the directors and also of any guarantees provided by any member of the group for their benefit. CARD Ann. I  
Sch A, Chpt 6  
Para 6.2.3
- 6.F.8 Details of any schemes for involving the staff in the capital of any member of the group. CARD Ann. I  
Sch A, Chpt 6  
Para 6.3
- 6.F.9 Paragraph deleted - August 1995
- 6.F.10 Particulars of any arrangement under which a director of the issuer has waived or agreed to waive future emoluments together with particulars of waivers of such emoluments which occurred during the past financial year.
- 6.F.11 An estimate of the amounts payable to directors of the issuer, including proposed directors, by any member of the group for the current financial year under the arrangements in force at the date of the listing particulars.
- 6.F.12 Details of existing or proposed directors' service contracts including the matters specified in paragraph 16.11, or an appropriate negative statement.
- 6.F.13 A summary of the provisions of the memorandum and articles of association of the issuer with regard to:
- (a) any power enabling a director to vote on a proposal, arrangement, or contract in which he is materially interested;
- (b) any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body;
- (c) borrowing powers exercisable by the directors and how such borrowing powers can be varied; and

- (d) retirement or non-retirement of directors under an age limit.



**The recent development and prospects of the group**

- 6.G.1 Unless otherwise agreed by the UK Listing Authority in exceptional circumstances: CARD Ann. I  
Sch A, Chpt 7  
Para 7.1
- (a) general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate, and in particular:
- (i) the most significant recent trends in production, sales and stocks and the state of the order book; and
- (ii) recent trends in costs and selling prices; and
- (b) information on the group's prospects for at least the current financial year. Such information must relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing particulars and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits. CARD Ann. I  
Sch A, Chpt 7  
Para 7.2
- 6.G.2 Where a profit forecast or estimate appears, the principal assumptions upon which the issuer has based its forecast or estimate must be stated (see paragraph 12.27); where so required by paragraph 12.24, the forecast or estimate must be examined and reported on by the reporting accountants or auditors and their report must be set out; there must also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors (see paragraph 2.19).

## **INFORMATION REQUIRED FOR THE ADMISSION OF DEBT SECURITIES TO LISTING**

6.H Listing particulars for the admission of debt securities to listing must contain the information described in the relevant paragraphs 6.H.1 to 6.N.2 below, as specified in the appendices to chapters 5, 22, 23 and 24.

### **The persons responsible for listing particulars, the auditors and other advisers**

- 6.H.1 The name, home or business address and function of each of the persons giving the declaration set out in paragraph 6.H.3.
- 6.H.2 Where the declaration set out in paragraph 6.H.3 is given for part only of the listing particulars, that part must be indicated. CARD Ann. I  
Sch B, Chpt 1  
Para 1.1
- 6.H.3 A declaration in the following form:  
“The directors of [the issuer], whose names appear on page [ ], accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.” CARD Ann. I  
Sch B, Chpt 1  
Para 1.2
- 6.H.4 The names, addresses and qualifications of the auditors who have audited the issuer’s annual accounts in accordance with national law for the last three financial years. CARD Ann. I  
Sch B, Chpt 1  
Para 1.3
- 6.H.5 A statement that the annual accounts of the issuer for the last three financial years have been audited. If audit reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications must be reproduced in full and the reasons given. CARD Ann. I  
Sch B, Chpt 1  
Para 1.3
- 6.H.6 A statement of what other information in the listing particulars has been audited by the auditors. CARD Ann. I  
Sch B, Chpt 1  
Para 1.3
- 6.H.7 If auditors have resigned, have been removed or have not been re-appointed during the last three financial years and have deposited a statement with the issuer of the circumstances which they believe should be brought to the attention of members and creditors of the issuer, details of such matters must be disclosed if material.
- 6.H.8 The names and addresses of the issuer’s bankers, legal advisers and sponsor, legal advisers to the issue, reporting accountants and any other expert to whom a statement or report included in the listing particulars has been attributed.
- 6.H.9 Where a statement or report attributed to a person as an expert is included in the listing particulars, a statement that it is included, in the form and context in which it is included, with the consent of that person, who has authorised the contents of that part of the listing particulars for the purposes of Regulation 6(1)(e) of The Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001.

## **The debt securities for which application is being made**

- |          |                                                                                                                                                                                                                                                                                                                                        |                                            |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 6.I.1    | A statement that application has been made to the UK Listing Authority for the securities to be admitted to the Official List, setting out the relevant debt securities.                                                                                                                                                               |                                            |
| 6.I.2    | A statement whether or not all the debt securities have been marketed or are available in whole or in part to the public in conjunction with the application.                                                                                                                                                                          |                                            |
| 6.I.3    | A statement that a copy of the listing particulars or prospectus, as the case may be, has been delivered to the Registrar of Companies.                                                                                                                                                                                                |                                            |
| 6.I.4    | The nominal amount of the debt securities; if this amount is not fixed, a statement to that effect must be made.                                                                                                                                                                                                                       | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.0 |
| 6.I.5(a) | The nature, number and numbering of the debt securities and the denominations; and                                                                                                                                                                                                                                                     | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.0 |
| 6.I.5(b) | Where an issuer or a selling security holder has granted an over-allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offering:                                                                                                                                    |                                            |
| (i)      | a statement that price stabilising activities may be entered into;                                                                                                                                                                                                                                                                     |                                            |
| (ii)     | a statement that any debt securities issued or sold under an over-allotment option are to be issued or sold on the same terms and conditions as the debt securities that are subject to the main offering; and                                                                                                                         |                                            |
| (iii)    | the number of debt securities subject to the over-allotment option, the option period, the option price, any other terms of the option and the purpose for which the option has been granted, for example, for the purpose of satisfying short positions entered into by a stabilising manager in connection with the over-allocation. |                                            |
| 6.I.6    | Except in the case of continuous issues, the issue and redemption prices and nominal interest rate; if several interest rates or variable interest rates are provided for, an indication of the conditions for changes in the rate.                                                                                                    | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.1 |
| 6.I.7    | The procedures for the allocation of any other advantages and the method of calculating such advantages.                                                                                                                                                                                                                               | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.2 |
| 6.I.8    | A statement regarding tax on the income from the debt securities withheld at source:                                                                                                                                                                                                                                                   | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.3 |
| (a)      | in the country of origin; and                                                                                                                                                                                                                                                                                                          |                                            |
| (b)      | in the United Kingdom.                                                                                                                                                                                                                                                                                                                 |                                            |
| 6.I.9    | A statement whether the issuer assumes responsibility for the withholding of tax at source.                                                                                                                                                                                                                                            | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.3 |
| 6.I.10   | Arrangements for the amortisation of the loan, including the repayment procedures.                                                                                                                                                                                                                                                     | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.4 |
| 6.I.11   | The names and addresses of the issuer's registrars and paying agents for the securities in the member states where admission to listing has taken place.                                                                                                                                                                               | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.5 |
| 6.I.12   | The currency of the loan and any currency option; if the loan is denominated in units of account, the contractual status of such units.                                                                                                                                                                                                | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.6 |
| 6.I.13   | The final repayment date and any earlier repayment dates.                                                                                                                                                                                                                                                                              | CARD Ann. I<br>Sch B, Chpt 2<br>Para 2.1.7 |

6.I.14	The date from which interest becomes payable and the due dates for interest.	CARD Ann. I Sch B, Chpt 2 Para 2.1.7
6.I.15	The time limit on the validity of claims to interest and repayment of principal.	CARD Ann. I Sch B, Chpt 2 Para 2.1.7
6.I.16	The procedures and time limits for delivery of the debt securities, and a statement as to whether temporary documents of title will be issued.	CARD Ann. I Sch B, Chpt 2 Para 2.1.7
6.I.17	Except in the case of continuous issues, a statement of yield. The method whereby that yield is calculated must be described in summary form.	CARD Ann. I Sch B, Chpt 2 Para 2.1.8
6.I.18	A statement of the resolutions, authorisations and approvals by virtue of which the debt securities have been or will be created and/or issued.	CARD Ann. I Sch B, Chpt 2 Para 2.2.0
6.I.19	The nature and amount of the issue.	CARD Ann. I Sch B, Chpt 2 Para 2.2.0
6.I.20	The number of debt securities which have been or will be created and/or issued, if predetermined.	CARD Ann. I Sch B, Chpt 2 Para 2.2.0
6.I.21	The nature and scope of the guarantees, sureties and commitments intended to ensure that the loan will be duly serviced as regards both the repayment of the debt securities and the payment of interest.	CARD Ann. I Sch B, Chpt 2 Para 2.2.1
6.I.22	Details of the organisation of trustees or of any other representation for the body of debt security holders.	CARD Ann. I Sch B, Chpt 2 Para 2.2.2
6.I.23	(a) The name, function, description and head office of the trustee or other representative of the debt security holders; and  (b) the main terms of the document governing such trusteeship or representation and in particular the conditions under which such trustee or representative may be replaced.	CARD Ann. I Sch B, Chpt 2 Para 2.2.2
6.I.24	A summary of clauses subordinating the loan to other debts of the issuer already contracted or to be contracted.	CARD Ann. I Sch B, Chpt 2 Para 2.2.3
6.I.25	A statement of the legislation under which the debt securities have been created and the courts competent in the event of litigation.	CARD Ann. I Sch B, Chpt 2 Para 2.2.4
6.I.26	A statement whether the debt securities are in registered or bearer form.	CARD Ann. I Sch B, Chpt 2 Para 2.2.5
6.I.27	Details of any arrangements for transfer of the securities and any restrictions on the free transferability of the debt securities.	CARD Ann. I Sch B, Chpt 2 Para 2.2.7
6.I.28	Names of stock exchanges where admission to listing or trading is being or will be sought.	CARD Ann. I Sch B, Chpt 2 Para 2.3.0

6.I.29	(a) The names, addresses and descriptions of the persons underwriting or guaranteeing the issue for the issuer; and	CARD Ann. I Sch B, Chpt 2 Para 2.3.1
	(b) where not all of the issue is underwritten or guaranteed, a statement of the portion not covered.	
6.I.30	If a public or private offer or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for certain of these, details of any such tranche.	CARD Ann. I Sch B, Chpt 2 Para 2.3.2
6.I.31	The names of the stock exchanges (if any) on which debt securities of the same class are already listed or traded.	CARD Ann. I Sch B, Chpt 2 Para 2.3.3
6.I.32	If debt securities of the same class have not yet been admitted to listing but are dealt in on one or more other regulated, regularly operating, recognised, open markets an indication of such markets.	CARD Ann. I Sch B, Chpt 2 Para 2.3.4
6.I.33	If an issue is being effected at the same time as admission or has been effected within the three months preceding such admission the following information must be given:	CARD Ann. I Sch B, Chpt 2 Para 2.4
	(a) the procedure for the exercise of any right of pre-emption; the negotiability of subscription rights and the treatment of subscription rights not exercised;	CARD Ann. I Sch B, Chpt 2 Para 2.4.0
	(b) (i) the issue price or offer or placing price, stating the nominal value or, in its absence, the accounting par value or the amount to be capitalised;	CARD Ann. I Sch B, Chpt 2 Para 2.4.1
	(ii) the issue premium or discount and the amount of any expenses specifically charged to the subscriber or purchaser; and	
	(iii) the methods of payment of the price, particularly as regards the paying-up of securities which are not fully paid;	
	(c) except in the case of continuous debt security issues, the period during which the issue or offer remained open or will remain open and any possibility of early closure;	CARD Ann. I Sch B, Chpt 2 Para 2.4.2
	(d) the methods of and time limits for delivery of the securities and a statement as to whether temporary documents of title have been or will be issued;	
	(e) the names of the receiving agents;	CARD Ann. I Sch B, Chpt 2 Para 2.4.3
	(f) a statement, where necessary, that the subscriptions may be reduced;	CARD Ann. I Sch B, Chpt 2 Para 2.4.4
	(g) except in the case of continuous debt security issues, the estimated net proceeds of the loan; and	CARD Ann. I Sch B, Chpt 2 Para 2.4.5

- (h) the purpose of the issue and intended application of its proceeds. CARD Ann. I  
Sch B, Chpt 2  
Para 2.4.6
- 6.I.34 A summary of the rights conferred upon the holders of the debt securities and particulars of the security (if any) therefor.
- 6.I.35 Where debt securities are issued by way of conversion or replacement of debt securities previously issued, a statement of all material differences between the security for the old debt securities and the security for the new debt securities, or, if appropriate, a statement that the security for the new debt securities is identical with all security for the old debt securities.
- 6.I.36 Paragraph deleted - September 1997
- 6.I.37 Where the debt securities for which application is being made are offered by way of rights, open offer or otherwise or allotted by way of capitalisation of reserves or undistributed profits to the holders of an existing listed security, the following information must be given:
- (a)
    - (i) the pro rata entitlement;
    - (ii) the last date on which transfers were or will be accepted for registration for participation in the issue;
    - (iii) how the securities rank for dividend or interest;
    - (iv) whether the securities rank *pari passu* with any existing listed securities;
    - (v) the nature of the document of title and its proposed date of issue; and
    - (vi) how any fractions will be treated; and
  - (b) in the case of a rights issue or open offer, how debt securities not taken up will be dealt with and the time in which the offer may be accepted.
- 6.I.38 In the case of bearer debt securities issued by a company incorporated or established in a member state other than the United Kingdom, where the definitive documents of title have not been or are not to be printed from engraved steel plates, a statement to that effect. CARD Art. 50
- 6.I.39 In respect of convertible debt securities, information concerning the nature of the shares offered by way of conversion, exchange or for subscription and the rights attaching thereto. CARD Art. 31
- 6.I.40 In respect of convertible debt securities, the conditions of and procedures for conversion, exchange or for subscription and details of the circumstances in which they may be amended. CARD Art. 31
- 6.I.41 Where the debt securities for which application is being made are debt securities of a class which is already listed, being offered by way of rights or open offer, a table of market values for the securities of the class to which the rights issue or offer relates for the first dealing day in each of the six months before the date of the particulars, for the last dealing day before the announcement of the rights issue or offer and (if different) the latest practicable date prior to publication of the particulars.
- 6.I.42 A statement as to whether the securities are capable of being held in uncertificated form.

**The issuer and its capital**

- |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                            |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 6.J.1 | The name, registered office and, if different, head office of the issuer.                                                                                                                                                                                                                                                                                                                                                                                               | CARD Ann. I<br>Sch B, Chpt 3<br>Para 3.1.0 |
| 6.J.2 | The country of incorporation of the issuer.                                                                                                                                                                                                                                                                                                                                                                                                                             |                                            |
| 6.J.3 | The date of incorporation and the length of life of the issuer, except where indefinite.                                                                                                                                                                                                                                                                                                                                                                                | CARD Ann. I<br>Sch B, Chpt 3<br>Para 3.1.1 |
| 6.J.4 | The legislation under which the issuer operates and legal form which it has adopted under that legislation.                                                                                                                                                                                                                                                                                                                                                             | CARD Ann. I<br>Sch B, Chpt 3<br>Para 3.1.2 |
| 6.J.5 | A description of the issuer's principal objects and reference to the clause of the memorandum of association in which they are described.                                                                                                                                                                                                                                                                                                                               | CARD Ann. I<br>Sch B, Chpt 3<br>Para 3.1.3 |
| 6.J.6 | The place of registration of the issuer and its registration number.                                                                                                                                                                                                                                                                                                                                                                                                    | CARD Ann. I<br>Sch B, Chpt 3<br>Para 3.1.4 |
| 6.J.7 | A statement that for a period of not less than 14 days from the date of the particulars or for the duration of any offer to which the particulars relate, if longer, at a named place in or near the City of London or such other place in the United Kingdom as the UK Listing Authority may agree, the following documents (or copies thereof), where applicable, may be inspected:                                                                                   | CARD Ann. I<br>Sch B, Chpt 3<br>Para 3.1.5 |
|       | (a) the memorandum and articles of association of the issuer;                                                                                                                                                                                                                                                                                                                                                                                                           |                                            |
|       | (b) any trust deed of the issuer and any of its subsidiary undertakings which is referred to in the particulars;                                                                                                                                                                                                                                                                                                                                                        |                                            |
|       | (c) each document mentioned in paragraphs 6.J.14 (material contracts) and 6.M.2 (directors' service contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;                                                                                                                                                                                                                                                    |                                            |
|       | (d) in the case of an issue of securities in connection with a merger, the division of a company, the transfer of all or part of an undertaking's assets and liabilities, or a takeover offer, or as consideration for the transfer of assets other than cash, the documents describing the terms and conditions of such operations, together where appropriate, with any opening balance sheet if the issuer has not prepared its own or consolidated annual accounts; |                                            |
|       | (e) all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the listing particulars;                                                                                                                                                                                                                                                                                         |                                            |
|       | (f) written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in any accountants' report included pursuant to paragraph 6.L.2 and giving the reasons therefor; and                                                                                                                                                                                                                             |                                            |
|       | (g) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the listing particulars, including, in the case of a company incorporated in the United Kingdom, all notes, reports or information required by the Companies Acts 1985 and 1989.                                                                    |                                            |

- 6.J.8 Where any of the documents listed in paragraph 6.J.7 are not in the English language, translations into English must also be available for inspection. In the case of any document mentioned in paragraph 6.J.14 (material contracts), a translation of a summary of such document may be made available for inspection if the UK Listing Authority so agrees.
- 6.J.9 The amount of the issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the securities of which it is composed with details of their principal characteristics; if any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of securities not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up. CARD Ann. I  
Sch B, Chpt 3  
Para 3.2.0
- 6.J.10 (a) The amount of any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants; and CARD Ann. I  
Sch B, Chpt 3  
Para 3.2.1
- (b) a summary of the conditions governing and the procedures for conversion, exchange or subscription of such securities.
- 6.J.11 If the issuer has subsidiary undertakings or parent undertakings, a brief description of that group of undertakings and of the issuer's position within it stating, where the issuer is a subsidiary undertaking, the names of and number of shares in the issuer held (directly or indirectly) by each parent undertaking. CARD Ann. I  
Sch B, Chpt 3  
Para 3.2.2
- 6.J.12 The number, book value and nominal value or, in the absence of a nominal value, the accounting par value of any of its own shares which the issuer or any subsidiary undertaking has acquired and is holding, if such securities do not appear as a separate item on the balance sheet, in so far as they represent a significant part of the issued capital. CARD Ann. I  
Sch B, Chpt 3  
Para 3.2.3
- 6.J.13 The persons to whom any capital of any member of the group or of any of its subsidiary undertakings is under option, or agreed conditionally or unconditionally to be put under option, with particulars of the capital including the price and duration of the option and consideration for which the option was or will be granted, or an appropriate negative statement. Where options have been granted or agreed to be granted to all the holders of shares or debt securities, or to any class thereof, or to employees under an employees' share scheme, it will be sufficient, so far as the names are concerned, to record that fact without giving names.
- 6.J.14 A summary of the principal contents (including particulars of dates, parties, terms and conditions, any consideration passing to or from the issuer or any other member of the group) of:
- (a) each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the publication of the listing particulars, unless such contracts have been available for inspection in the last two years in which case it will be sufficient to refer to them collectively as being available for inspection in accordance with paragraph 6.J.7(c); and
- (b) any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which is material to the group as at the date of the listing particulars (see paragraph 11 of Appendix 1 to chapter 5).
- 6.J.15 Details of the name of any promoter of any member of the group and the amount of any cash, securities or benefits paid, issued or given within the two years immediately preceding the publication of the listing particulars, or proposed to be paid, issued or given to any such promoter in his capacity as a promoter and the consideration for such payment, issue or benefit.



- 6.J.16 Where the listing particulars are prepared in respect of debt securities issued in connection with any merger, division of a company, takeover offer, acquisition of an undertaking's assets and liabilities or transfer of assets:
- (a) a statement of the aggregate value of the consideration for the transaction and how it was or is to be satisfied; and
  - (b) if the total emoluments receivable by the directors of the issuer will be varied in consequence of the transaction, full particulars of the variation; if there will be no variation, a statement to that effect.
- 6.J.17 Details of any controlling shareholder of the issuer, as defined in paragraph 3.13, including the name or names of any such controlling shareholder, the amount of its or their interest in the share capital of the issuer and a statement explaining how the issuer is satisfied that:
- (a) it is capable of carrying on its business independently of the controlling shareholder (including any associate thereof as defined in paragraph 3.13); and
  - (b) all transactions and relationships between the issuer and the controlling shareholder (or associate) are, and will be, at arm's length and on a normal commercial basis.

## **The group's activities**

6.K.1	A description of the group's principal activities, stating the main categories of products sold and/or services performed.	CARD Ann. I Sch B, Chpt 4 Para 4.1.0
6.K.2	Information on any significant new products and/or activities.	CARD Ann. I Sch B, Chpt 4 Para 4.1.0
6.K.3	The total net turnover during the last two financial years.	CARD Ann. I Sch B, Chpt 4 Para 4.1.1
6.K.4	The location, size and tenure of the group's principal establishments and summary information about land or buildings owned or leased. Any establishment which accounts for more than 10% of turnover or production shall be considered a principal establishment.	CARD Ann. I Sch B, Chpt 4 Para 4.1.2
6.K.5	Where the information given pursuant to paragraphs 6.K.1 to 6.K.4 has been influenced by exceptional factors, that fact must be mentioned.	CARD Ann. I Sch B, Chpt 4 Para 4.1.4
6.K.6	Summary information regarding the extent to which the group is dependent, if at all, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes, where such factors are of fundamental importance to the group's business or profitability.	CARD Ann. I Sch B, Chpt 4 Para 4.2
6.K.7	Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous 12 months) a significant effect on the group's financial position or an appropriate negative statement.	CARD Ann. I Sch B, Chpt 4 Para 4.3
6.K.8	A description, with figures, of the main investments made, including interests such as shares, debt securities, etc., in other undertakings over the last three financial years and during the current financial year.	CARD Ann. I Sch B, Chpt 4 Para 4.4.0
6.K.9	Information concerning the principal investments (including new plant, factories, and research and development) being made; with the exception of interests being acquired in other undertakings, including:	CARD Ann. I Sch B, Chpt 4 Para 4.4.1
	(a) the geographical distribution of these investments (home and abroad); and	
	(b) the method of financing such investments (internal or external).	
6.K.10	Information concerning the group's principal future investments (including new plant, factories, and research and development) (if any), with the exception of interests to be acquired in other undertakings, on which the issuer's directors have already made firm commitments.	CARD Ann. I Sch B, Chpt 4 Para 4.4.2
6.K.11	Paragraph deleted - August 1995	
6.K.12	Paragraph deleted - August 1995	
6.K.13	For mining, extraction of hydrocarbons, quarrying and similar activities, in so far as significant, the information described in paragraph 19.5(a) to (e).	CARD Ann. I Sch B, Chpt 4 Paras 4.1.3 and 4.1.4

## **The issuer's assets and liabilities, financial position and profits and losses**

- |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                            |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 6.L.1 | Financial information as required by paragraphs 12.17 to 12.20 set out in the form of a comparative table together with any subsequent interim financial statements if available, save that the information need only cover a period of at least two years up to the end of the latest audited financial period for which accounts have been audited.                                                                                                                                 | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.1.0 |
| 6.L.2 | Financial information as required by paragraphs 12.14 to 12.16, 12.19 and 12.20 set out in the form of an accountants' report.                                                                                                                                                                                                                                                                                                                                                        |                                            |
| 6.L.3 | (a) If the issuer prepares consolidated annual accounts only, it must include those accounts in the listing particulars in accordance with paragraph 6.L.1 or 6.L.2; or                                                                                                                                                                                                                                                                                                               | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.1.1 |
|       | (b) if the issuer prepares both own and consolidated annual accounts, it must include both sets of accounts in the listing particulars in accordance with paragraph 6.L.1 or 6.L.2. However, the issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts.                                                                                                                     | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.1.1 |
| 6.L.4 | (a) Where more than nine months have elapsed since the end of the financial year to which the last published annual accounts relate, an interim financial statement covering at least the first six months following the end of that financial year must be included in or appended to the listing particulars. If such an interim financial statement is unaudited, that fact must be stated;                                                                                        | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.1.2 |
|       | (b) where the issuer prepares consolidated annual accounts, the interim financial statement must either be a consolidated statement or include a statement that, in the opinion of the issuer's directors, the interim financial statement enables investors to make an informed assessment of the results and activities of the group for the period; and                                                                                                                            | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.1.2 |
|       | (c) a description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.                                                                                                                                                                                  | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.1.2 |
| 6.L.5 | If the issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given. In the case of issuers incorporated in a non-member state which are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient. | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.1.3 |
| 6.L.6 | (a) Details on a consolidated basis as at the most recent practicable date (which must be stated and which in the absence of exceptional circumstances must not be more than 42 days prior to the date of publication of the listing particulars) of the following, if material:                                                                                                                                                                                                      | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.1.4 |
|       | (i) the total amount of any loan capital outstanding in all members of the group, and loan capital created but unissued, and term loans, distinguishing between loans guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured;                                                                                                                                                                                           |                                            |

- (ii) the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases; and
- (iii) the total amount of any contingent liabilities or guarantees of the group;
- (b) an appropriate negative statement must be given in each case, where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in (a) above; as a general rule, no account should be taken of liabilities or guarantees between undertakings within the same group, a statement to that effect being made if necessary; and
- (c) if the issuer prepares consolidated annual accounts, the principles laid down in paragraph 6.L.3 apply to the information set out in this paragraph 6.L.6.
- 6.L.7 A table showing the changes in financial position of the group over each of the last three financial years either in the form of a source and application of funds statement or a cash flow statement.
- 6.L.8 (a) Information in respect of the matters listed below relating to each undertaking in which the issuer holds (directly or indirectly) on a long term basis an interest in the capital likely to have a significant effect on the assessment of the issuer's own assets and liabilities, financial position or profits and losses:
- (i) the name and address of the registered office;
- (ii) the field of activity;
- (iii) the proportion of capital held;
- (iv) the issued capital;
- (v) the reserves;
- (vi) the profit or loss arising out of ordinary activities, after tax, for the last financial year;
- (vii) the amount still to be paid up on shares held; and
- (viii) the amount of dividends received in the course of the last financial year in respect of shares held;
- (b) the items of information listed in (a) above must be given in any event for every undertaking in which the issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 10% of the capital and reserves of the issuer or if that interest accounts for at least 10% of the net profit or loss of the issuer or, in the case of a group, if the book value of that participating interest represents at least 10% of the consolidated net assets or accounts for at least 10% of the consolidated net profit or loss of the group;

CARD Ann. I  
Sch B, Chpt 5  
Para 5.1.4

CARD Ann. I  
Sch B, Chpt 5  
Para 5.1.4

CARD Ann. I  
Sch B, Chpt 5  
Para 5.1.5

CARD Ann. I  
Sch B, Chpt 5  
Para 5.2

CARD Ann. I  
Sch B, Chpt 5  
Para 5.2

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- |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                          |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| (c) | the information required under (a)(v) and (vi) above may be omitted where the undertaking in which a participating interest is held does not publish its annual accounts; and                                                                                                                                                                                                                                                                                                                                                                                                 | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.2 |
| (d) | the information required by (a)(iv) to (viii) above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual accounts or if the value attributable to the interest under the equity method is disclosed in the annual accounts, provided that in the opinion of the UK Listing Authority the omission of the information is not likely to mislead the public with regard to the facts and circumstances knowledge of which is essential for the assessment of the security in question. | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.2 |
- 6.L.9 When the listing particulars include consolidated annual accounts, disclosure:
- |     |                                                                                                                                                                                                                                                                                                                                                                                  |                                          |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| (a) | of the consolidation principles applied (which must be described explicitly where such principles are not consistent with generally accepted accounting practice in the United Kingdom);                                                                                                                                                                                         | CARD Ann. I<br>Sch B, Chpt 5<br>Para 5.3 |
| (b) | of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the issuer; it is sufficient to distinguish them by a symbol in the list of undertakings for which details are required in paragraph 6.L.8; and |                                          |
| (c) | for each of the undertakings referred to in (b) above:                                                                                                                                                                                                                                                                                                                           |                                          |
|     | (i) the total proportion of third-party interests, if annual accounts are wholly consolidated; or                                                                                                                                                                                                                                                                                |                                          |
|     | (ii) the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.                                                                                                                                                                                                                                           |                                          |
- 6.L.10 A statement by the issuer that in its opinion the working capital available to the group is sufficient for the group's present requirements, that is, for at least the next 12 months from the date of publication of the listing particulars or, if not and the issuer has securities already listed, how it is proposed to provide the additional working capital thought by the issuer to be necessary (see paragraphs 3.10 and 3.11).

## **The management**

- 6.M.1 The full name, business address and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group: CARD Ann. I  
Sch B, Chpt 6  
Para 6.1
- (a) directors of the issuer; and
  - (b) partners with unlimited liability, in the case of a limited partnership with a share capital.
- 6.M.2 Details of existing or proposed directors' service contracts, including the matters specified in paragraph 16.11, or an appropriate negative statement.

**The recent development and prospects of the group**

- 6.N.1 Unless otherwise agreed by the UK Listing Authority in exceptional circumstances: CARD Ann. I  
Sch B, Chpt 7  
Para 7.1
- (a) general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate and in particular:
- (i) the most significant recent trends in production, sales and stocks and the state of the order book; and
- (ii) recent trends in costs and selling prices; and
- (b) information on the group's prospects for at least the current financial year. Such information must relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing particulars and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits. CARD Ann. I  
Sch B, Chpt 7  
Para 7.2
- 6.N.2 Where a profit forecast or estimate appears, the principal assumptions upon which the issuer has based its forecast or estimate must be stated (see paragraph 12.27); where so required by paragraph 12.24, the forecast or estimate must be examined and reported on by the reporting accountants or auditors and their report must be set out; there must also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors (see paragraph 2.19).

## **INFORMATION REQUIRED FOR THE ADMISSION OF CERTIFICATES REPRESENTING SHARES TO LISTING**

6.O Listing particulars for the admission of certificates representing shares must contain the information described in the relevant paragraphs 6.O.1 to 6.P.10 below, as specified in appendix 1 to chapter 5.

### **General information about the issuer of the certificates**

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|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| 6.O.1  | The name, registered office and principal administrative establishment if different from the registered office.                                                                                                                                                                                                                                                                                                                                                                                                                                                             | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.1 |
| 6.O.2  | The date and country of incorporation and length of life of the issuer, except where indefinite.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.2 |
| 6.O.3  | The legislation under which the issuer operates and legal form which it has adopted under that legislation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.3 |
| 6.O.4  | The place of registration of the issuer and its registration number.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.4 |
| 6.O.5  | The amount of the issued capital and the number and classes of the securities of which it is composed with details of their principal characteristics.<br><br>The part of the issued capital still to be paid up, with an indication of the number, or total nominal value, and the type of the securities not yet fully paid up, broken down where applicable according to the extent to which they have been paid up.                                                                                                                                                     | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.4 |
| 6.O.6  | An indication of the principal holders of the capital.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.5 |
| 6.O.7  | The names, addresses and functions in the issuing body of the following persons, and an indication of the principal activities performed by them outside that body where these are significant with respect to that body, and also the functions held:<br><br>(a) members of the administrative, management or supervisory bodies; and<br><br>(b) partners with unlimited liability, in the case of a limited partnership with a share capital.                                                                                                                             | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.6 |
| 6.O.8  | The company's objects. If the issue of certificates representing shares is not the sole object of the company, the nature of its other activities must be described, those of a purely trustee nature being dealt with separately.                                                                                                                                                                                                                                                                                                                                          | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.7 |
| 6.O.9  | A summary of the annual accounts relating to the last completed financial year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.8 |
| 6.O.10 | Where more than nine months have elapsed since the end of the last financial year to which the last published own and/or consolidated annual accounts relate, an interim financial statement covering at least the first six months shall be included in the listing particulars or appended to them. If the interim financial statement is unaudited, that fact must be stated.<br><br>Where the issuer prepares consolidated annual accounts, the competent authorities shall decide whether the interim financial statement to be submitted must be consolidated or not. | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.8 |
| 6.O.11 | A description of any significant change which has occurred since the end of the last financial year or the preparation of the interim financial statement.                                                                                                                                                                                                                                                                                                                                                                                                                  | CARD Ann. I<br>Sch C, Chpt 1<br>Para 1.8 |



## **Information about the certificates**

6.P.1	An indication of the rules governing the issue of the certificates and mention of the date and place of their publication.	CARD Ann. I Sch C, Chpt 2 Para 2.1
6.P.2	The provisions relating to the exercise of and benefit from the rights attaching to the shares, in particular voting rights, the conditions on which the issuer of the certificates may exercise such rights, and measures envisaged to obtain the instructions of the certificate holders and the right to share in profits and any liquidation surplus.	CARD Ann. I Sch C, Chpt 2 Para 2.1.0
6.P.3	Details of any bank or other guarantees attached to the certificates and intended to underwrite the issuer's obligations.	CARD Ann. I Sch C, Chpt 2 Para 2.1.1
6.P.4	An indication of the possibility of obtaining the conversion to the certificates into original securities and procedure for such conversion.	CARD Ann. I Sch C, Chpt 2 Para 2.1.2
6.P.5	The amount of the commissions and costs to be borne by the holder in connection with: <ul style="list-style-type: none"> <li>(a) the issue of the certificate;</li> <li>(b) the payment of the coupons;</li> <li>(c) the creation of additional certificates; and</li> <li>(d) the exchange of the certificates for original securities.</li> </ul>	CARD Ann. I Sch C, Chpt 2 Para 2.2
6.P.6	In respect of the certificates: <ul style="list-style-type: none"> <li>(a) the stock exchanges where admission to official listing is, or will be, sought; and</li> <li>(b) any restrictions on the free transferability of the certificates.</li> </ul>	CARD Ann. I Sch C, Chpt 2 Para 2.3
6.P.7	If the certificates are to be placed on a stock exchange the number of certificates made available to the market and/or the total nominal value; the minimum sale price, if such a price is fixed.	CARD Ann. I Sch C, Chpt 2 Para 2.4
6.P.8	The date on which the new certificates will be listed, if known.	CARD Ann. I Sch C, Chpt 2 Para 2.4
6.P.9	An indication of the tax arrangements with regard to any taxes and charges to be borne by the holders and levied in the countries where the certificates are issued.	CARD Ann. I Sch C, Chpt 2 Para 2.5
6.P.10	An indication of the legislation under which the certificates have been created and of the courts competent in the event of litigation.	CARD Ann. I Sch C, Chpt 2 Para 2.6



## CHAPTER 7

### LISTING APPLICATION PROCEDURES

#### Scope of chapter

This chapter sets out the procedure to be followed by an issuer when applying for a listing for its securities. Additional and alternative requirements for listing application procedures are set out in chapters 22, 23 and 24 dealing with public sector issuers and issuers of specialist securities and miscellaneous securities.

Applications for admission to listing are considered on business days between the hours of 9.00 am and 5.30 pm.

The main headings are:

- 7.1 general
- 7.5 48 hour documents
- 7.7 items to be lodged on the day
- 7.8 documents to be lodged later
- 7.9 additional documents
- 7.10 block listing and formal application.

#### **General**

- 7.1 Admission of any securities becomes effective only when the decision of the UK Listing Authority to admit the securities to listing has been announced by being either:
- (a) disseminated by the electronic systems used by the UK Listing Authority for communicating with the public; or
  - (b) if the decision is made at a time when, in the opinion of the UK Listing Authority, those electronic systems are not available for any reason, posted on a notice board designated by the UK Listing Authority for this purpose. In this case the UK Listing Authority will cause the decision to be disseminated forthwith upon the electronic systems next becoming available.
- 7.2 The UK Listing Authority will not, save in exceptional circumstances, admit securities to listing until each of the 48 hour documents referred to in paragraph 7.5 (as relevant to the issue) and the items referred to in paragraph 7.7 have been lodged. Failure to comply fully with paragraphs 7.5 and 7.7 may delay consideration of the application.
- 7.3 *Paragraph deleted - August 1995*
- 7.4 *Paragraph deleted - August 1995*

#### **48 hour documents**

- 7.5 The following documents ("the 48 hour documents") must be lodged in final form with the UK Listing Authority (marked for the attention of Listing Applications) no later than midday at least two business days prior to the consideration of the application for admission to listing:

#### **Application form**

- (a) unless already submitted to the UK Listing Authority under paragraph 5.12(a), an application for admission to listing in the appropriate form issued by the UK Listing Authority (see schedule 3A or 3B) signed by a duly authorised officer of the issuer (or, in the case of an application in the form set out in schedule 3B only, by an agent or attorney thereof);

**Listing particulars etc.**

- (b) two (or, in the case of a new applicant, eight) copies of the listing particulars, circular or other document relating to the issue, satisfying all relevant requirements for the contents of such documents together with, where applicable, copies of any notice of meeting referred to in such documents; in the case of an application in respect of securities of a class not already listed, one of the copies of the listing particulars must be signed and dated by every director and proposed director of the issuer, or by his agent or attorney and lodged with a certified copy of the authority of any such agent or attorney;

**Advertisement**

- (c) where applicable, a copy of a national newspaper which contains the listing particulars, mini-prospectus, offer notice, formal notice or other document authorised under paragraph 8.24; in the case of a formal notice, a final draft of such notice may be lodged in the circumstances described in paragraph 8.9;

**Shareholders' resolution**

- (d) *Paragraph deleted - September 1997*

**Board resolution**

- (e) a copy of the resolution of the board of the issuer allotting the securities (see paragraph 7.6);

**Documents of title**

- (f) *Paragraph deleted - September 1997*

**Additional documents for new applicants**

- (g) in the case of a new applicant:
  - (i) a copy of the certificate of incorporation or equivalent document;
  - (ii) *Paragraph deleted – January 2000.*
  - (iii) if requested by the UK Listing Authority, where any corporate shareholder holds 5% or more of the issued equity shares, a declaration by a duly authorised officer of that corporate shareholder, giving details of its registered office, directors, shareholders and objects and such other details as the UK Listing Authority shall require;

**Trust deed letter of compliance**

- (h) in the case of debt securities, a letter of compliance in respect of the trust deed as described in chapter 13;

**Employees' share schemes**

- (i) *Paragraph deleted - September 1997*

**Bearer securities**

- (j) if the securities are bearer securities, any certificate required by paragraph 13.27;

**Sponsor's and authorised adviser's deferred settlement letter**

- (k) a letter from the sponsor or an authorised adviser confirming that any deferred settlement arrangements applying to the class of securities the subject of the

application have been formally agreed with the RIE on which the securities are to be admitted to trading; and

### **Application for admission to trading**

- (l) a copy of the issuer's application for admission to trading in the appropriate form issued by the relevant RIE signed by a duly authorised officer of the issuer for each RIE to which the issuer is applying for admission to trading.

### **Delays in obtaining allotment resolution**

- 7.6 Where a copy of the board resolution (see paragraph 7.5 (e)) is not available for lodging at least two business days prior to the consideration of the application for admission to listing, such resolution, failing which confirmation in writing from the issuer or its sponsor or an authorised adviser (which may be by facsimile transmission) that the securities in question have been allotted, will be required to be delivered to the UK Listing Authority (marked for the attention of Listing Applications) no later than one hour ahead of the intended time of admission to listing becoming effective. In any event a copy of the resolution must be lodged as soon as practicable and no later than three business days after admission becomes effective.

### **Items to be lodged on the day**

- 7.7 The following items must be lodged with the UK Listing Authority (marked for the attention of Listing Applications) no later than 9.00am on the day of the consideration of the application for admission to listing:
- (a) payment of the appropriate listing fees calculated in accordance with the UK Listing Authority's scale of fees for the time being in force;
  - (b) unless the UK Listing Authority otherwise agrees, in the case of any application for listing of securities (other than for the purpose of an introduction) in relation to which no prospectus has been published, a letter, signed by the issuer and any offeror of those securities (if not the issuer) (or by its agent or attorney and lodged with a certified copy of the authority of any such agent or attorney) to the UK Listing Authority confirming that it has not offered and will not offer the securities to which the application relates to the public in the United Kingdom (within the meaning of Schedule 11 to the Act) for the first time prior to admission, provided that this shall not apply to issuers falling within paragraph 5.26 or paragraph 5.27 (e); and
  - (c) a duly completed shareholder or pricing statement, as the case may be, in the appropriate form issued by the UK Listing Authority (see schedules 2 and 2A).

### **Documents to be lodged later**

- 7.8 The following documents (where relevant) must be lodged with the UK Listing Authority (marked for the attention of Listing Applications) as soon as practicable after the consideration of the application for admission to listing and in any event no later than five business days after they become available:
- (a) in an intermediaries offer (if so requested by the UK Listing Authority), from each intermediary to whom securities were allocated, the names and addresses of its clients with whom it placed securities, and details of the securities allocated to each client;
  - (b) in an introduction, a statement of the price at which dealings in the securities opened and payment of any consequential increase in, or written request for reimbursement of part of, the charges due;
  - (c) in an issue pursuant to a notice served under section 429 of the Companies Act

- 1985 (right of offer or to buy out minority shareholders), a copy of the notice;
- (d) *Paragraph deleted - September 1997*
  - (e) a statement of the number of securities which were in fact issued and, where different from the number which were the subject of the application, the aggregate number of securities of that class in issue;
  - (f) a written request for reimbursement of listing fees due if the number of such securities issued is less than the number which was the subject of the application;
  - (g) where only a final draft of a formal notice has been lodged with the UK Listing Authority (see paragraph 7.5(c)), a copy of the formal notice;
  - (h) *Paragraph deleted - September 1997*
  - (i) a declaration, in the form issued by the UK Listing Authority as set out in schedule 6, given by a duly authorised officer of the issuer; and
  - (j) if requested by the UK Listing Authority, a declaration from the security printers responsible for production of any bearer documents of title (see paragraph 13.26).

### **Additional documents**

- 7.9 The UK Listing Authority may, at any time before or after the admission to listing, require the issuer to produce to the UK Listing Authority a copy of any of the following:
- (a) any agreement to acquire any assets, business or shares in consideration for or in relation to which the company's securities are being issued;
  - (b) any letter, report, valuation, contract or other documents referred to in the listing particulars or other circular or document issued in connection with those securities;
  - (c) a copy of the issuer's memorandum and articles of association;
  - (d) the annual report and accounts of the issuer and of any guarantor, for each of the periods which form part of the issuer's financial record contained in the listing particulars;
  - (e) any interim accounts made up since the date to which the last annual report and accounts were made up and prior to the date of admission;
  - (f) in the case of debt securities, a copy of the executed trust deed;
  - (g) a copy of any temporary and definitive document of title;
  - (h) in the case of an application in respect of securities issued pursuant to an employee's share scheme, a copy of the scheme document; and
  - (i) where listing particulars or another document is published in connection with any scheme requiring court approval, a copy of any court order and of the certificate of registration issued by the Registrar of Companies;

and the issuer must retain copies of such documentation for not less than seven years so that it can comply with any such request from the UK Listing Authority.

### **Block listing and formal application**

- 7.10 Where an issuer issues securities on a regular basis (including pursuant to an employees'

share scheme, a personal equity plan or a dividend re-investment plan, and following the exercise of warrants or of conversion rights attaching to a class of convertible securities) and in circumstances which do not require the production of listing particulars:

- (a) the issuer may adopt a simplified application procedure for each issue (“a formal application”); or
- (b) the issuer may make an application for a specified number of securities which may be issued in a particular case (“a block listing”).

### **Formal application**

7.11 In a formal application the following items must be lodged in final form with the UK Listing Authority (marked for the attention of Listing Applications) at least two business days prior to the consideration of each application for admission to listing (save as otherwise noted below):

- (a) an application for admission to listing in the form issued by the UK Listing Authority (see schedule 3) signed by a duly authorised officer of the issuer;
- (b) a document in printed form giving details of the number and type of securities to be admitted and the circumstances of their issue;
- (c) payment of the appropriate listing fees calculated in accordance with the UK Listing Authority’s scale of fees for the time being in force;
- (d) a copy of the resolution(s) of the board of the issuer allotting the securities which are the subject of the application;
- (e) unless the UK Listing Authority otherwise agrees, a letter in the form required by paragraph 7.7(b); and
- (f) a copy of the issuer’s application for admission to trading in the appropriate form issued by the relevant RIE signed by a duly authorised officer of the issuer for each RIE to which the issuer is applying for admission to trading.

### **Block listing application**

7.12 In a block listing application, the following items must be lodged in final form with the UK Listing Authority (marked for the attention of Listing Applications) at least two business days (save as otherwise noted below) prior to the consideration of the application for admission to listing in respect of a specified number of securities which are the subject of the application:

- (a) an application for admission to listing in the form issued by the UK Listing Authority (see schedule 3) signed by a duly authorised officer of the issuer;
- (b) a document in printed form giving details of the number and type of securities to be admitted and the circumstances of their issue;
- (c) payment of the appropriate listing fees calculated in accordance with the UK Listing Authority’s scale of fees for the time being in force;
- (d) unless the UK Listing Authority otherwise agrees, a letter in the form required by paragraph 7.7(b); and
- (e) a copy of the issuer’s application for admission to trading in the appropriate form issued by the relevant RIE signed by a duly authorised officer of the issuer for each RIE to which the issuer is applying for admission to trading.

7.13 Every six months the issuer must notify to a Regulatory Information Service, without delay, details of the number of securities covered by the block listing which have been

allotted in the previous six months in the form issued by the UK Listing Authority (see schedule 5). A copy of the notification must also be lodged with Listing Applications.

7.14 *Paragraph deleted - August 1995*



## CHAPTER 8

### PUBLICATION AND CIRCULATION OF LISTING PARTICULARS

#### Scope of chapter

This chapter sets out the procedure for the publication and circulation of listing particulars and supplementary listing particulars.

Additional and alternative publication requirements are set out in chapters 21 to 24 dealing with investment entities, public sector issuers and issuers of specialist securities and miscellaneous securities.

Where required by the listing rules, the UK Listing Authority will arrange for documents to be made available to the public for inspection at the Document Viewing Facility. Issuers should deliver copies of the relevant documents to the UK Listing Authority in accordance with the procedures set out in other chapters.

The main headings are:

- 8.1 prior approval
- 8.4 publication
- 8.14 circulation
- 8.20 supplementary listing particulars
- 8.21 documents available for inspection
- 8.23 approval and authorisation of advertisements.

#### Prior approval

- 8.1 Listing particulars and supplementary listing particulars must not be published, advertised or circulated until they have been formally approved by the UK Listing Authority. CARD Art. 35
- 8.2 Listing particulars and supplementary listing particulars (if any) must not be circulated or made available publicly unless they have been published as required by this chapter.
- 8.3 Subject to any prohibitions imposed by law, draft listing particulars, clearly marked as such, may, however, be circulated without approval for the purpose of arranging a placing, a syndication or underwriting or for marketing an intermediaries offer.

#### Publication

- 8.4 Listing particulars and shelf documents must be published by making them available to the public for inspection at the Document Viewing Facility and in printed form and free of charge in sufficient numbers to satisfy public demand at:
  - (a) the issuer's registered office in the United Kingdom (if any); and
  - (b) the offices of any paying agent of the issuer in the United Kingdom.

(A note stating that they have been published and are available at the issuer's registered office will be inserted by the UK Listing Authority on the Website no later than the next business day following the date of publication. Shelf documents will also be published on the Website.) CARD Art.98(2)
- 8.4A Where a prospectus relating to any securities is required under paragraph 5.1(a), the offeror of those securities shall be responsible for the publication of the prospectus. POD Art.4

#### Period of time available

- 8.5 Copies of the listing particulars must be available during normal business hours at the registered office of the issuer and the offices of its paying agent in the United Kingdom (if any) for a period of at least 14 days commencing from the start of business on the earliest of:
- CARD Art 98(1)  
POD Art.10  
Para 3
- (a) the day on which the text of the listing particulars or the formal notice, offer notice, mini-prospectus or other advertisement is inserted in a national newspaper;
  - (b) the business day following the date of despatch, in cases where the listing particulars are despatched to holders of securities of the issuer or of another company; and
  - (c) the business day on which admission to listing is expected to become effective.
- 8.6 Copies of shelf documents must be available during normal business hours at the issuer's registered office in the United Kingdom (if any) and the offices of any paying agent of the issuer in the United Kingdom during the currency of the shelf document (see paragraph 5.35).

### Advertising

- 8.7 A formal notice must be inserted in at least one national newspaper no later than the next business day following publication of the listing particulars (see also paragraph 8.8) unless the securities for which application is being made are of a class already listed. In the case of an offer for sale or subscription the issuer may elect instead to insert an offer notice, mini-prospectus or full listing particulars in a national newspaper.
- CARD Art. 98(2)

### Timing

- 8.8 Listing particulars must be published, and where paragraph 8.7 applies the relevant advertisement must be inserted in a national newspaper, at least two business days prior to the expected date of the consideration of the application for admission to listing, except as provided in paragraph 8.9.
- CARD Art.99(1)
- 8.9 The UK Listing Authority may allow listing particulars to be published and, where relevant, a formal notice to be inserted in a national newspaper no later than the day on which dealings are expected to commence provided a written request from the sponsor is received and the application is by:
- CARD 99(2)
- (a) a company transferring from AIM by means of an introduction unless it is at the same time the subject of a reverse takeover;
  - (b) an overseas company already listed on an overseas stock exchange in respect of securities being admitted to listing by way of introduction; or
  - (c) a listed company in respect of securities of a class new to listing.

### Formal notice

- 8.10 A formal notice is an advertisement, not constituting listing particulars, containing the following items of information where applicable:
- (a) the name and country of incorporation of the issuer and, if so desired, a brief statement of the nature of the issuer's business;
  - (b) the amount and title of the securities in respect of which listing is sought;

- (c) the name and country of incorporation of any guarantor of the principal or interest on such securities;
- (d) a statement that listing particulars, or a prospectus, as the case may be, have been published and the addresses and times at which copies are available to the public (see paragraphs 8.4 and 8.5);
- (e) if applicable, in the case of a marketing by a new applicant of equity securities:
  - (i) where part of the securities marketed is made available directly to the general public by means of an offer for sale or subscription, a statement that a proportion (to be indicated) of the securities is so available and how application should be made; or
  - (ii) where part of the securities is marketed by way of an intermediaries offer, a statement that a proportion (to be indicated) of the securities is so available and how application should be made by an intermediary;
- (f) the date of the notice;
- (g) in the case of securities which are not equity securities and where there is a facility to issue further tranches of these securities, the total amount of the securities which could be issued under such a facility; and
- (h) the name of the sponsor to the listing.

#### **Offer notice**

- 8.11 An offer notice is a document, not constituting listing particulars, which has attached to it or which contains an application form; the notice must include all the items of information required for a formal notice and a statement to the effect that listing particulars, or a prospectus, as the case may be, have been published which alone contain full details of the issuer and of the securities being offered.

#### **Mini-prospectus**

- 8.12 A mini-prospectus is a document, not constituting listing particulars, which has attached to it or which contains an application form, and includes such additional information about the issuer and the securities as the issuer, subject to paragraph 8.13, may decide.

- 8.13 A mini-prospectus must not include any material information not contained in the listing particulars and must include the following:

- (a) a statement that listing particulars, which alone contain full details of the issuer and of the securities being offered, have been published;
- (b) the date of the listing particulars;
- (c) a statement that the listing particulars are:
  - (i) obtainable on request, free of charge, from the issuer's registered office and the office of any paying agent in the United Kingdom, and such other address as the issuer may determine; and
  - (ii) available to the public for inspection at the Document Viewing Facility (stating the address of the Document Viewing Facility)

until the last day for acceptance of the issue;

- (d) a statement that the directors are satisfied that the mini-prospectus contains a fair summary of the key information set out in the listing particulars; and
- (e) a statement that the issue of the mini-prospectus has been authorised by the UK Listing Authority without approval of its contents (see paragraph 8.24).

## **Circulation**

### **Rights issue or open offer**

- 8.14 Where listing particulars are produced in connection with a rights issue or open offer, the issuer must circulate to the holders of its securities of the relevant class with the relevant circular, either a copy of those listing particulars, summary particulars (see paragraphs 5.32 and 5.33) or issue note.

### **Takeover or merger**

- 8.15 Where listing particulars are produced in respect of securities issued in consideration for a takeover or merger, the issuer must circulate to shareholders of the offeree company either a copy of those listing particulars, summary particulars or issue note with the offer document.
- 8.16 Where supplementary listing particulars are produced in respect of securities issued in consideration for a takeover or merger, such particulars must, unless the UK Listing Authority agrees otherwise, be published and circulated to shareholders of the offeree company.
- 8.17 The listing particulars, summary particulars or issue note circulated in compliance with paragraph 8.15 may be incorporated in the relevant circular or offer document but only if they are set out in a separate section clearly designated as such.

### **Reverse takeover**

- 8.18 On a reverse takeover the listing particulars or summary particulars must be circulated to the issuer's shareholders with the Class 1 circular giving details of the transaction.

### **Other circumstances**

- 8.19 Other than in the circumstances referred to in paragraphs 8.14 to 8.18, where a circular to holders of securities is required in addition to listing particulars or summary particulars or an issue note, those particulars or that issue note need not be circulated unless shareholders are being offered an opportunity to subscribe for, or acquire, the securities concerned. Where listing particulars are not circulated, the circular must include a statement that the listing particulars are obtainable on request, free of charge, until the later of the last day for acceptance of the issue or the general meeting to approve the issue, and include details of how they may be obtained.

## **Supplementary listing particulars**

- 8.20 Supplementary listing particulars must:
- (a) be published by making them available to the public for inspection at the Document Viewing Facility, and in printed form and free of charge, in sufficient numbers to satisfy public demand, at the addresses referred to in paragraph 8.4 (a) and (b) for a period of 14 days commencing on the date of issue of the supplementary listing particulars; and
  - (b) be circulated to shareholders and advertised where the listing particulars, summary particulars, mini-prospectus or issue note were so circulated or advertised.

and the securities, in respect of which the application is made, will normally only be admitted following such publication and, if applicable, circulation or advertising.

## **Documents available for inspection**

### **Copies of annual accounts**

- 8.21 Copies of the latest published consolidated annual accounts must also be made available for inspection with copies of the listing particulars at the places and times referred to in paragraphs 8.4 to 8.5 in the case of:
- (a) a rights issue or open offer of shares or convertible debt securities by an issuer whose shares are already listed; or CARD  
Art.25(3)
  - (b) an issue of debt securities (other than convertible debt securities) by a listed issuer.

### **Other documents**

- 8.22 The documents listed in paragraph 3(k) of appendix 2 to chapter 5, 6.C.7 or 6.J.7 must be made available for inspection by the issuer, during normal business hours, for a period of not less than 14 days from the date of the listing particulars or for the duration of an offer to which the particulars relate, if longer, at a named place in or near the City of London (or such other place as the UK Listing Authority may agree) in the United Kingdom.

## **Approval and authorisation of advertisements**

- 8.23 The following documents are specified for the purpose of section 98 of the Act and their contents must be approved by the UK Listing Authority before their issue:
- (a) formal notices; and
  - (b) offer notices.
- 8.24 The following documents are also specified for the purpose of section 98 of the Act and must be authorised for issue (without approval of their contents) by the UK Listing Authority before their issue:
- (a) mini-prospectuses;
  - (b) summary particulars;
  - (c) where listing particulars are, or are to be, published, any other document or advertisement (excluding listing particulars) which is to be issued in the United Kingdom by or on behalf of an issuer for the purpose of announcing the admission to listing; and CARD Art.101
  - (d) issue notes.
- 8.25 Any other advertisement or document described in paragraph 8.24(c) must contain:
- (a) a statement that its issue has been authorised by the UK Listing Authority without approval of its contents;
  - (b) a statement that listing particulars or a prospectus, as the case may be, have been or will be published; and
  - (c) the addresses and times at which copies of the listing particulars are or will be available to the public (see paragraphs 8.4 and 8.5).
- 8.26 Press releases and other advertisements that merely include a reference to admission or a

public offer are not required to be submitted to the UK Listing Authority under section 98 of the Act.

- 8.27 Any advertisement or other document (other than a prospectus) issued for the purpose of announcing a public offer where a prospectus is required by the listing rules, must be lodged with the UK Listing Authority prior to its publication and:
- POD Art.10  
Paras 1 and  
2
- (i) must contain a statement that a prospectus has been or will be published;
  - (ii) must contain the addresses and times at which copies of the prospectus are or will be available to the public (see paragraphs 8.4 and 8.5); and
  - (iii) unless it is issued by an authorised person under Part III of the Act, its contents must have been approved by such an authorised person and it must contain a statement to the effect that its contents have been so approved.

## CHAPTER 9

### CONTINUING OBLIGATIONS

#### Scope of chapter

This chapter sets out certain of the continuing obligations which a listed company is required to observe once any of its securities have been admitted to listing. Additional continuing obligations are set out in the following chapters:

chapter 10	-	transactions
chapter 11	-	transactions with related parties
chapter 12	-	financial information
chapter 13	-	documents not requiring prior approval
chapter 14	-	circulars
chapter 15	-	purchase of own securities
chapter 16	-	directors.

Additional and alternative requirements relating to continuing obligations, are set out in chapters 17, 18, 21 to 26 dealing with overseas companies, property companies, investment entities, public sector issuers, issuers of specialist securities and miscellaneous securities, innovative high growth companies and venture capital trusts.

The obligations applicable to companies without equity securities listed are set out in paragraphs 9.45 to 9.47.

Observance of the continuing obligations is essential to the maintenance of an orderly market in securities and to ensure that all users of the market have simultaneous access to the same information. Failure by a company to comply with any applicable continuing obligation may result in the UK Listing Authority taking any or all of the steps described in chapter 1.

The main headings are:

9.1	general obligation of disclosure for companies
9.10	notification relating to capital
9.11	notification of major interests in shares
9.15	notification when the Regulatory Information Service is not open for business
9.16	rights as between holders of securities
9.24	communication with shareholders
9.33	miscellaneous obligations
9.45	companies without listed equity securities
9.48	certificates representing shares.

When notifying a major interest in shares (see paragraphs 9.11 to 9.14) companies are recommended to use the form issued by the UK Listing Authority for this purpose (see schedule 10).

#### **General obligation of disclosure for companies**

9.1 A company must notify the Regulatory Information Service without delay of any major new developments in its sphere of activity which are not public knowledge which may:

- |     |                                                                                                                                                                                                                                                    |              |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| (a) | by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to substantial movement in the price of its listed securities; or                                 | CARD Art. 68 |
| (b) | in the case of a company with debt securities listed, by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to substantial movement in the price of its | CARD Art. 81 |

listed securities, or significantly affect its ability to meet its commitments.

9.2 A company must notify the Regulatory Information Service without delay of all relevant information which is not public knowledge concerning a change:

- (a) in the company's financial condition;
- (b) in the performance of its business; or
- (c) in the company's expectation as to its performance;

which, if made public, would be likely to lead to substantial movement in the price of its listed securities.

9.3 The requirements of paragraphs 9.1 and 9.2 are in addition to any specific requirements regarding notification contained in the listing rules.

9.3A A company must take all reasonable care to ensure that any statement or forecast or any other information it notifies to the Regulatory Information Service or makes available through the UK Listing Authority is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, forecast or other information.

9.4 A company need not notify to the Regulatory Information Service information about impending developments or matters in the course of negotiation, and may give such information in confidence to recipients within the categories described in paragraph 9.5. If the company has reason to believe that a breach of such confidence has occurred or is likely to occur, and, in either case, the development or matter in question is such that knowledge of it would be likely to lead to substantial movement in the price of its listed securities, the company must without delay notify to the Regulatory Information Service at least a warning announcement to the effect that the company expects shortly to release information which may lead to such a movement.

9.5 The categories of recipient referred to in paragraph 9.4 are:

- (a) the company's advisers and advisers of any other persons involved or who may be involved in the development or matter in question;
- (b) persons with whom the company is negotiating, or intends to negotiate, any commercial, financial or investment transaction (including prospective underwriters or placees of securities of the company);
- (c) representatives of its employees or trades unions acting on their behalf; and
- (d) any government department, the Bank of England, the Competition Commission or any other statutory or regulatory body or authority.

The company must be satisfied that such recipients of information are aware that they must not deal in the company's securities before the relevant information has been made available to the public.

9.6 Information that is required to be notified to the Regulatory Information Service must not be given to anyone else before it has been so notified, except as permitted by paragraphs 9.4 and 9.15.

9.7 Where it is proposed to announce at any meeting of holders of a company's listed securities information which might lead to substantial movement in their price, arrangements must be made for notification of that information to the Regulatory Information Service so that the announcement at the meeting is made no earlier than the time at which the information is published to the market.



**Exception**

- 9.8 If a company considers that disclosure to the public of information required by paragraph 9.1 or 9.2 to be notified to the Regulatory Information Service might prejudice the company's legitimate interests, the UK Listing Authority may grant a dispensation from the relevant requirement. CARD Art.68

**Equivalent information**

- 9.9 A company whose securities are also listed on any overseas stock exchange must ensure that equivalent information is made available at the same time to the public (by way of notification to the Regulatory Information Service) and to the market at each of such other exchanges. CARD Arts. 69 and 82

**Notification relating to capital**

- 9.10 A company must notify the Regulatory Information Service without delay (unless otherwise indicated) of the following information relating to its capital:

**Alterations to capital structure**

- (a) any proposed change in its capital structure including the structure of its listed debt securities, save that an announcement of a new issue may be delayed while a marketing or underwriting is in progress (see also paragraph 9.38);

**New issues of debt securities**

- (b) where a company has listed debt securities, any new issues of debt securities, and in particular any guarantee or security in respect thereof; CARD Art. 81

**Changes of rights attaching to securities**

- (c) any change in the rights attaching to any class of listed securities (including any change in loan terms or in the rate of interest carried by a debt security) or to any securities into which any listed securities are convertible; CARD Arts. 68 and 81

**Redemption or drawing**

- (d) any drawing or redemption of listed securities, other than purchases to meet sinking fund requirements of the current year;
- (e) prior to any drawing, the amount and date of the drawing and, in the case of a registered security, the date of entitlement;
- (f) after any drawing has been made, details of the amount of the security outstanding;

**Basis of allotment**

- (g) the basis of allotment of listed securities offered generally to the public for cash and of open offers to shareholders;

**Temporary documents of title**

- (h) any extension of time granted for the currency of temporary documents of title;

**Issues affecting conversion rights**

- (i) the effect, if any, of any issue of further securities on the terms of the exercise of rights under options, warrants and convertible securities; and

**Results of new issues**

- (j) the results of any new issue of listed securities other than specialist securities or of a public offering of existing securities. Where the securities are subject to an underwriting arrangement the issuer may at its discretion, delay notifying the Regulatory Information Service until the obligation by the underwriter to take or procure others to take securities is finally determined or lapses (see also paragraph 9.42). In the case of an issue or offer of securities which is not underwritten, notification of the result must be made as soon as it is known.

**Notification of major interests in shares**

9.11 A company must notify the Regulatory Information Service without delay (by the end of the business day following the receipt of the information by the company) of any information disclosed to it in accordance with sections 198 to 208 of the Companies Act 1985 (relating to the obligation to disclose certain major interests in the share capital of a company). The notification must also include the following details:

- (a) the date on which the information was disclosed to the company; and  
 (b) the date on which the transaction was effected, if known.

9.12 A company must notify the Regulatory Information Service of any information obtained by it pursuant to section 212 of the Companies Act 1985 (relating to persons interested in shares) or otherwise, without delay (by the end of the business day following the receipt of the information by the company) where it has become apparent that an interest exists or has been increased or reduced or has ceased to exist, and its existence, increase or reduction should have been disclosed under sections 198 to 208 of the Companies Act 1985 but has not previously been disclosed.

9.13 The requirement to make a notification under paragraph 9.11 or 9.12 will be deemed to have been discharged if the relevant interest has been notified to the Regulatory Information Service pursuant to the relevant disclosure provisions of the City Code or the Rules Governing Substantial Acquisitions of Shares issued by the Panel on Take-overs and Mergers.

9.14 A company which is not a company subject to the Companies Act 1985 must, where such information is known to the company, notify the Regulatory Information Service without delay (by the end of the business day following the receipt of the information by the company) of any information equivalent to that required under paragraphs 9.11 and 9.12.

**Notification when the Regulatory Information Service is not open for business**

9.15 When an issuer is required by the listing rules to notify information to the Regulatory Information Service at a time when the Regulatory Information Service is not open for business, it must ensure that there is adequate coverage of the information by distributing it to not less than two national newspapers in the United Kingdom and to two newswire services operating in the United Kingdom. In addition, the issuer must ensure that the information is notified to the Regulatory Information Service, for release as soon as it re-opens.

**Rights as between holders of securities****Equality of treatment**

- 9.16 A company having listed shares must ensure equality of treatment for all holders of such shares who are in the same position. CARD Art. 65(1)
- 9.17 A company having listed debt securities must ensure equality of treatment for all holders of such securities of the same class in respect of all rights attaching to such securities. CARD Art. 78(1)

**Pre-emption rights**

- 9.18 Unless shareholders otherwise permit, a company proposing to issue equity securities for cash must first offer those securities to existing equity shareholders and to holders of other equity securities of the company who are entitled to be offered them in proportion to their existing holdings (see also paragraphs 9.20 and 14.8). Only to the extent that the securities are not taken up by such persons under the offer may they then be issued for cash to others or otherwise than in the proportion mentioned above.
- 9.19 In a rights issue or open offer a company need not comply with paragraph 9.18 with respect to:
- (a) securities representing fractional entitlements; or
  - (b) securities which the directors of the company consider necessary or expedient to exclude from the offer on account of either legal problems under the laws of any territory, or the requirements of a regulatory body.

**Disapplication of pre-emption rights**

- 9.20 To the extent that shareholders of a company give their authorisation under section 95 of the Companies Act 1985 to the general disapplication of the statutory pre-emption rights set out in section 89(1) of that Act, issues by a company of equity securities for cash made otherwise than to existing shareholders in proportion to their existing holdings will be permitted in accordance with that authorisation.

**Holding company participation**

- 9.21 Where a company has listed equity shares, is a subsidiary undertaking of another company and has received notification from the parent undertaking that it proposes to participate in future issues of equity shares by the company not made to existing shareholders in proportion to their existing holdings (in order to maintain its percentage shareholding in the company), the proposal must be authorised by the company in general meeting. Such authority must terminate within twelve months of the relevant general meeting unless renewed by shareholders. The holding company must abstain from voting on the relevant resolution.

**Issues by major subsidiary undertakings**

- 9.22 A company must obtain the consent of shareholders before any major subsidiary undertaking of the company makes any issue for cash of equity securities so as materially to dilute the company's percentage interest in equity shares of that subsidiary undertaking. For the purposes of this paragraph and paragraph 9.23, a subsidiary undertaking which represents 25% or more of the aggregate of the share capital and reserves or profits (after deducting all charges except taxation and excluding extraordinary items) of the group will be regarded as a major subsidiary undertaking.
- 9.23 The obligation to obtain the consent of shareholders set out in paragraph 9.22 does not apply if the major subsidiary undertaking is itself listed and so must comply with paragraph 9.18. In such a case, the company must ensure that its equity interests in the major subsidiary undertaking are not materially diluted through any new cash issue by such subsidiary undertaking of equity securities. In the case of a rights issue, if the company does not propose to take up its rights, an arrangement must be made for the rights to be offered to its shareholders so that they can avoid a material dilution in their percentage equity interests.

## **Communication with shareholders**

### **Prescribed information to shareholders**

- 9.24 A company must ensure that at least in each member state in which its securities are listed all the necessary facilities and information are available to enable holders of such securities to exercise their rights. In particular it must: CARD Arts. 65(2) and 78(2)
- (a) inform holders of securities of the holding of meetings which they are entitled to attend;
  - (b) enable them to exercise their right to vote, where applicable; and
  - (c) publish notices or distribute circulars giving information on:
    - (i) the allocation and payment of dividends and interest;
    - (ii) the issue of new securities, including arrangements for the allotment, subscription, renunciation, conversion or exchange of the securities; and
    - (iii) redemption or repayment of the securities.

### **Registrar and paying agent**

- 9.25 The company must appoint a registrar and, where appropriate, a paying agent in the United Kingdom unless the company provides financial services and itself performs the functions of a paying agent and registrar within the United Kingdom. CARD Arts. 65(2) and 78(2)

### **Proxy forms**

- 9.26 A proxy form must be sent with the notice convening a meeting of holders of listed securities to each person entitled to vote at the meeting, and must comply with the other requirements set out in paragraphs 13.28 and 13.29.

### **Other classes of security**

- 9.27 If a circular is issued to the holders of any particular class of security, the company must issue a copy or summary of that circular to the holders of all other listed securities unless the contents of that circular are irrelevant to them.

### **Communications with holders of bearer securities**

- 9.28 If there is a need to communicate with holders of listed bearer securities the company must publish an advertisement in at least one national newspaper referring to the communication and giving an address or addresses from which copies can be obtained.

### **Use of airmail and first class mail**

- 9.29 Where available, airmail or an equivalent service that is no slower must be used when sending documents to holders of listed securities residing in non member states.
- 9.30 Where available, first class mail or an equivalent service that is no slower must be used when sending documents of title to holders of listed securities in the United Kingdom and other member states.

### **Copies of circulars and resolutions**

- 9.31 A company must forward to the UK Listing Authority two copies of:
- (a) all circulars, notices, reports, announcements or other documents at the same

time as they are issued; and

- (b) all resolutions passed by the company other than resolutions concerning ordinary business at an annual general meeting without delay after the relevant general meeting;

for publication by making them available to the public for inspection at the Document Viewing Facility.

- 9.32 A company must, without delay, notify a Regulatory Information Service when a document has been submitted for publication through the Document Viewing Facility under paragraph 9.31, unless the full text of the document is provided to a Regulatory Information Service.

## **Miscellaneous obligations**

### **Further issues**

- 9.33 When further securities are allotted of the same class as securities already listed, application for listing such further securities must be made not more than one month after allotment. CARD Art. 64

### **Controlling shareholder**

- 9.34 A company with a controlling shareholder (as defined in paragraph 3.13) must be capable at all times of carrying on its business independently of such controlling shareholder (including any associate thereof as defined in paragraph 3.13) and all transactions and relationships between the company and any controlling shareholder (or associate) must be at arm's length and on a normal commercial basis (see also paragraphs 6.C.23 and 6.J.17).

### **Board decisions**

- 9.35 Decisions by the board of directors of a company on dividends, profits and other matters requiring announcement must be notified to the Regulatory Information Service without delay and not later than 7.30 am on the next following business day.

### **Annual listing fee**

- 9.36 *Paragraph deleted - December 2001*

### **Shares in public hands**

- 9.37 A company must inform the UK Listing Authority in writing without delay if it becomes aware that the proportion of any class of listed equity shares in the hands of the public has fallen below 25% of the total issued share capital of that class or, where applicable, such lower percentage as the UK Listing Authority may have agreed (see paragraphs 3.18 and 3.19).

### **Restriction on dealings**

- 9.38 No dealings in any securities may be effected by or on behalf of the company or any other member of its group at a time when, under the provisions of the Model Code, a director of the company would be prohibited from dealing in its securities, unless such dealings are entered into:
- (a) in the ordinary course of business by a securities dealing business; or
  - (b) on behalf of third parties by the company or any other member of its group.

**Settlement arrangements**

- 9.39 A company must ensure that appropriate settlement arrangements for its listed securities are in place. Listed securities of a company incorporated in the United Kingdom (other than listed debt securities and fixed income securities which would require amendment to the underlying trust deed, or other constitutional document, to become so eligible or where the UK Listing Authority otherwise agrees) must be eligible for electronic settlement, which includes settlement by a “relevant system,” as that term is defined in the Uncertificated Securities Regulations 1995 (SI 1995/3272).

**Change of name**

- 9.40 A company which changes its name must without delay:
- (a) after the change takes effect, notify the Regulatory Information Service of the change, stating the date on which it has taken effect; and
  - (b) where applicable, inform the UK Listing Authority in writing upon receipt of the revised certificate of incorporation issued by the Registrar of Companies, enclosing a copy of that document.

**Sub-underwriting disclosure**

- 9.41 A company undertaking a sub-underwritten issue of equity securities, other than an initial public offering, in which less than two-thirds of the sub-underwriting is to be offered for tender as to the commissions payable, must include an explanation of the reasons for adopting such an approach to the use of tendering in the relevant listing particulars or other offer document.
- 9.42 A company which has undertaken a sub-underwritten issue of equity securities other than an initial public offering, in which less than two-thirds of the sub-underwriting was offered for tender, as to the commissions payable, must include an explanation of the reasons for having adopted such an approach to the use of tendering in the notification made pursuant to paragraph 9.10(j).

**Sanctions**

- 9.43 Where power is taken in the articles to impose sanctions on a shareholder who is in default in complying with a notice served under section 212 of the Companies Act 1985:
- (a) sanctions may not take effect earlier than 14 days after service of the notice;
  - (b) for a shareholding of less than 0.25% of the relevant class, the only sanction the articles may provide for is a prohibition against attending at meetings and voting; for a shareholding of 0.25% or more of the relevant class, the articles may also provide:
    - (i) for the withholding of the payment of dividends (including shares issued in lieu of dividend) on the shares concerned; and
    - (ii) for the placing of restrictions on the transfer of the shares, provided that restrictions on transfer do not apply to a sale to a bona fide unconnected third party (such as a sale through an RIE or an overseas exchange or by the acceptance of a takeover offer); and
  - (c) any sanctions imposed upon a shareholding in these circumstances must cease to apply after a specified period of not more than seven days after the earlier of:
    - (i) receipt by the company of notice that the shareholding has been sold to a third party in the manner described above; and

- (ii) due compliance, to the satisfaction of the company, with the notice under section 212.

### **Admission to trading**

9.44 A company's listed securities must be admitted to trading at all times.

9.44A A company must inform the UK Listing Authority in writing without delay if it has:

- (a) requested an RIE to admit or re-admit any of its listed securities to trading (except where a copy of the company's application for admission to trading will be or has been lodged with the UK Listing Authority pursuant to chapter 7);
- (b) requested an RIE to cancel or suspend trading of any of its listed securities; or
- (c) been informed by an RIE that trading of any of its listed securities will be cancelled or suspended.

### **Companies without listed equity securities**

9.45 Companies without listed equity securities need not comply with chapters 10 and 11.

### **Debt securities**

9.46 Companies which have only debt securities listed must comply with chapters 9, 12, 13, 14, 15 and 16 but need not comply with the following paragraphs of those chapters:

#### Paragraph

9.10(g)	basis of allotment
9.11 to 9.14	notification of major interests in shares
9.16	equality of treatment
9.18 to 9.23	pre-emption rights
9.35	board decisions
12.40(a)	preliminary statement of annual results
12.43(d)	annual accounts - waiver of emoluments
12.43(e)	annual accounts - waiver of dividends
12.43(t)	annual accounts - small related party transactions
12.43 A	annual accounts - corporate governance and directors' remuneration
12.46 to 12.59	half-yearly report
16.3 to 16.6	disclosure of directors' details
16.9 to 16.11	directors' service contracts

### **Fixed income shares**

9.47 Companies which have only fixed income shares listed must comply with chapters 9, 12, 13, 14, 15 and 16 but need not comply with the following paragraphs of those chapters:

#### Paragraph

9.10(g)	basis of allotment
9.11 to 9.14	notification of major interests in shares
9.18 to 9.23	pre-emption rights
12.43(d)	annual accounts - waiver of emoluments
12.43(e)	annual accounts - waiver of dividends
12.43(t)	annual accounts - small related party transactions
12.43 A	annual accounts - corporate governance and directors' remuneration

16.3 to 16.6	disclosure of directors' details
16.9 to 16.11	directors' service contracts

### **Certificates representing shares**

- 9.48 In the case of certificates representing shares, the issuer of the shares must fulfil the continuing obligations set out in this chapter.
- 9.49 In addition, any change of the issuer of the certificates must be notified. The notification must contain the information with respect to the issuer specified by Table VII of appendix 1 to chapter 5. The replacement issuer appointed must satisfy the applicable conditions for listing set out in paragraphs 3.33 to 3.37.



## CHAPTER 10

### TRANSACTIONS

#### Scope of chapter

This chapter deals with transactions, principally acquisitions and disposals, by a listed company. It describes how they are classified, what the requirements are for announcements and whether a circular and shareholder approval is required. It then considers additional requirements for takeovers and mergers. Chapter 11 deals with transactions with related parties.

The appendix to this chapter sets out, in a table, certain requirements for the contents of Class 1 circulars.

The main headings are:

- 10.1 general
- 10.2 classification and explanation of terms
- 10.29 Class 3 requirements
- 10.31 Class 2 requirements
- 10.37 Class 1 requirements
- 10.39 reverse takeover requirements
- 10.40 contents of Class 1 circular
- 10.45 takeovers and mergers.

Additional and alternative requirements relating to transactions are set out in chapters 18, 19, 21 to 26 dealing with property companies, mineral companies, investment entities, public sector issuers, issuers of specialist securities and miscellaneous securities, innovative high growth companies and venture capital trusts.

Where a Class 1 transaction involves the acquisition or disposal of property or of an unlisted property company, companies should have regard to the valuation requirements set out in chapter 18.

The UK Listing Authority supports the City Code and the Rules Governing Substantial Acquisitions of Shares published by the Panel on Takeovers and Mergers, but they do not form part of the listing rules.

#### **General**

- 10.1 References in this chapter to a transaction by a listed company:
- (a) include a transaction by any subsidiary undertaking of the listed company;
  - (b) include the grant or acquisition of an option as if the option had been exercised except that, where exercise is solely at the listed company's discretion, the transaction will be classified on exercise and only the consideration (if any) for the grant will be classified on such grant;
  - (c) exclude a transaction of a revenue nature in the ordinary course of business;
  - (d) exclude an issue of securities or a transaction to raise finance which, in either case, does not involve the acquisition or disposal of any fixed asset of the listed company or of its subsidiary undertakings;
  - (e) exclude transactions by a company which does not have equity securities listed; and

- (f) exclude transactions by a company which is an overseas company with a secondary listing by the UK Listing Authority, other than a transaction classified as a reverse takeover, in which case the UK Listing Authority should be consulted regarding the information to be provided to shareholders.

A company which is in any doubt as to the application of the listing rules contained in this chapter must consult the UK Listing Authority at an early stage.

### **Classification and explanation of terms**

- 10.2 Any listed company considering a transaction must, at an early stage, consider the classification of the transaction.
- 10.3 A transaction is classified by assessing its size relative to that of the listed company proposing to make it.
- 10.4 The comparison of size is made by the use of the percentage ratios set out in paragraph 10.5. The different classifications are:
  - (a) **Class 3** - a transaction where all percentage ratios are less than 5%.
  - (b) **Class 2** - a transaction where any percentage ratio is 5% or more but each is less than 25%.
  - (c) **Class 1** - a transaction where any percentage ratio is 25% or more.
  - (d) **Reverse takeover** - an acquisition by a listed company of a business, an unlisted company or assets where any percentage ratio is 100% or more or which would result in a fundamental change in the business or in a change in board or voting control of the listed company.

### **Percentage ratios**

- 10.5 The percentage ratios are the figures, expressed as a percentage, resulting from each of the following calculations:
  - (a) **Assets** - the gross assets the subject of the transaction divided by the gross assets of the listed company (see also paragraphs 10.7 to 10.12 and 10.17);
  - (b) **Profits** - the profits attributable to the assets the subject of the transaction divided by the profits of the listed company (see also paragraphs 10.13 and 10.17);
  - (c) **Turnover** - the turnover attributable to the assets the subject of the transaction divided by the turnover of the listed company.
  - (d) **Consideration to market capitalisation** - the consideration divided by the aggregate market value of all the ordinary shares of the listed company (see also paragraphs 10.14 and 10.17 (b) and (d)); and
  - (e) **Gross capital** - the gross capital of the company or business being acquired divided by the gross capital of the listed company. This percentage ratio is only to be applied in the case of an acquisition of a company or business (see also paragraphs 10.15 and 10.16).
- 10.5A In addition, where relevant, industry specific tests may be submitted by, or on behalf of, the issuer to support the standard calculations set out in paragraphs 10.5.

- 10.6 In circumstances where any of the above calculations produces an anomalous result or where the calculations are inappropriate to the sphere of activity of the listed company, the UK Listing Authority may disregard the calculation and may substitute other relevant indicators of size, including industry specific tests.

### Assets

- 10.7 The gross assets of the listed company means the total fixed assets of the listed company plus the total current assets of the listed company.

- 10.8 In the case of:

- (a) an acquisition of an interest in an undertaking which will result in consolidation of the net assets of that undertaking in the accounts of the listed company; or
- (b) a disposal of an interest in an undertaking which will result in the net assets of that undertaking no longer being consolidated in the accounts of the listed company:

the assets the subject of the transaction means the value of 100% of that undertaking's assets irrespective of what interest is acquired or disposed of.

- 10.9 In the case of an acquisition or disposal of an interest in an undertaking which does not fall within paragraph 10.8, the assets the subject of the transaction means:

- (a) for an acquisition, the consideration together with liabilities assumed (if any); and
- (b) for a disposal, the assets attributed to that interest in the listed company's accounts.

- 10.10 In the case of an acquisition of assets other than an interest in an undertaking, the assets the subject of the transaction means the consideration or, if greater, the book value of those assets.

- 10.11 In the case of a disposal of assets other than an interest in an undertaking, the assets the subject of the transaction means the book value of the assets.

- 10.12 In calculating the assets the subject of the transaction, the UK Listing Authority may require the inclusion of further amounts where contingent assets or arrangements within paragraph 10.24 are involved.

### Profits

- 10.13 Profits means profits after deducting all charges except taxation and extraordinary items. In the case of an acquisition or disposal of an interest in an undertaking which falls within paragraph 10.8(a) or (b) profits means 100% of the profits of the undertaking irrespective of what interest is acquired or disposed of.

### Consideration

- 10.14 When calculating the consideration:

- (a) where all or part of the consideration is in the form of securities to be listed or traded on AIM, the consideration attributable to those securities means the aggregate market value of those securities;
- (b) the consideration is the amount paid to the vendors but the UK Listing Authority may require the inclusion of further amounts (for instance where the purchaser agrees to discharge any liabilities, including the repayment of intercompany or third party debt, whether actual or contingent, as part of the terms of the

transaction); and

- (c) if deferred consideration is or may be payable or receivable by the listed company in the future, the consideration is the maximum total consideration payable or receivable under the agreement. If the total consideration is not subject to any maximum the transaction will normally be treated as Class 1, notwithstanding the class into which it otherwise falls.

### **Gross capital of company or business being acquired**

10.15 The gross capital of the company or business being acquired means the aggregate of:

- (a) the consideration;
- (b) if a company, any of its shares and debt securities which are not being acquired;
- (c) all other liabilities (other than current liabilities) including for this purpose minority interests and deferred taxation; and
- (d) any excess of current liabilities over current assets.

### **Gross capital of listed company**

10.16 The gross capital of the listed company means the aggregate of:

- (a) the market value of its shares and debt securities;
- (b) all other liabilities (other than current liabilities) including for this purpose minority interests and deferred taxation; and
- (c) any excess of current liabilities over current assets.

### **Figures used for classification**

10.17 Except as stated in paragraphs 10.18 and 10.19, figures used for classification purposes must be:

- (a) in the case of assets and profits, the figures shown in the latest published audited consolidated accounts or, where a listed company has, or will have, published a preliminary statement of later annual results at the time the terms of a transaction are agreed, the figures shown in that preliminary statement;
- (b) in the case of consideration in the form of securities of a class already listed, the aggregate market value of all those securities before the announcement or in the case of consideration in the form of a new class of securities for which an application to listing will be made the expected aggregate market value of all those securities;
- (c) in the case of the shares and debt securities aggregated for the purposes of the gross capital percentage ratio, the aggregate market value of all those shares and debt securities, if available, before the announcement, or their nominal value; and
- (d) in the case of market capitalisation for the purposes of the percentage ratio in paragraph 10.5(d), the aggregate market value of all the ordinary shares of the listed company at the close of business on the last day immediately preceding the announcement. In certain circumstances, the UK Listing Authority may agree to include the market value of other listed equity securities to determine the market capitalisation of the listed company.

10.18 The assets of the listed company may be adjusted to take account of subsequent transactions in respect of which information has already been published in compliance

with the listing rules. Assets on which the auditors are unable to report without qualification or reference to a matter of fundamental uncertainty may be disregarded by the UK Listing Authority. When applying the percentage ratios to an acquisition by a company whose assets consist wholly or predominantly of cash or short-dated securities, the cash and short-dated securities may be excluded by the UK Listing Authority in calculating its assets and market capitalisation.

- 10.19 Where a listed company has published a balance sheet in its half-yearly report, that balance sheet must be used for classification purposes when calculating the percentages in accordance with 10.5(a) and 10.5(e).

### **Change in percentage ratios**

- 10.20 If any of the percentage ratios changes to the extent that the classification of the transaction is altered between the time the transaction is first discussed with the UK Listing Authority and the announcement, the UK Listing Authority must be consulted.

### **Exceptions to classification rules**

- 10.21 In the case of a reverse takeover, if the following conditions are satisfied, the acquisition will be treated as Class 1:

- (a) the subject of the acquisition is of a similar size to that of the acquiring company;
- (b) the subject of the acquisition is in a similar line of business to that of the acquiring company;
- (c) the undertaking the subject of the acquisition complies with the conditions for listing set out in chapter 3; and
- (d) there will be no change of board or voting control.

- 10.22 *Paragraph deleted - January 1999*

- 10.23 Special requirements apply in the case of property companies (see paragraphs 18.3 and 18.4), mineral companies (see paragraph 19.7), investment entities (see paragraphs 21.23 and 21.24), innovative high growth companies (see paragraphs 25.17 to 25.19) and venture capital trusts (see paragraph 26.10).

### **Indemnities and similar arrangements**

- 10.24 Any agreement or arrangement with a party, not being a member of the listed company's group:

- (a) under which a listed company agrees to discharge any liabilities for costs, expenses, commissions or losses incurred by or on behalf of that party, whether or not on a contingent basis;
- (b) which would be exceptional; and
- (c) under which the maximum liability is either unlimited, or is equal to or exceeds an amount equal to 25% of the average of the company's profits (as calculated for classification purposes) for the last three financial years (losses should be taken as "nil" profit and included in this average):

will be treated as a Class 1 transaction. For the purpose of this paragraph indemnities such as those customarily given in connection with sale and purchase agreements or to underwriters or placing agents in an underwriting or placing agreement, and indemnities given to advisers against liabilities to third parties arising out of providing advisory services are not "exceptional". Payments or break fees payable to third parties in the event that a proposed transaction does not complete are exceptional. In those limited

circumstances where the calculation described in paragraph 10.24 (c) produces an anomalous result the UK Listing Authority may disregard the calculation and may substitute other relevant indicators of the size of the indemnity or other arrangement given. In cases of doubt the UK Listing Authority must be consulted at an early stage.

### **Aggregation of transactions**

- 10.25 The UK Listing Authority may require transactions completed during the 12 months prior to the date of the latest transaction to be aggregated with the latest transaction for the purpose of determining the classification to apply to the latest transaction. In cases of doubt the UK Listing Authority must be consulted at an early stage.
- 10.26 Without prejudice to the generality of paragraph 10.25, transactions will normally only be aggregated in accordance with that paragraph if they:
- (a) are entered into by the company with the same party or with parties connected with one another;
  - (b) involve the acquisition or disposal of securities or an interest in one particular company; or
  - (c) together lead to substantial involvement in a business activity which did not previously form a part of the company's principal activities.
- 10.27 If under paragraph 10.25 aggregation results in a Class 1 requirement for shareholder approval, then that approval is required only for the latest transaction.
- 10.28 Notwithstanding paragraph 10.26 where acquisitions are entered into during a period of 12 months which cumulatively exceed 100% in any of the percentage ratios the provisions relating to a reverse takeover may apply.

### **Class 3 requirements**

- 10.29 In the case of a Class 3 transaction which is an acquisition in respect of which the consideration includes the issue of securities for which listing will be sought, the company must notify a Regulatory Information Service without delay after the terms of the acquisition are agreed. The notification must include:
- (a) the amount of the securities being issued;
  - (b) particulars of the transaction, including the name of any company or business where this is relevant; and
  - (c) either the value of the consideration, and how this is being satisfied, or the value of the net assets acquired, whichever is the greater.
- 10.30 In the case of other Class 3 transactions, if the company releases any details to the public they must also be notified to a Regulatory Information Service. The notification must include:
- (a) particulars of the transaction, including the name of any company or business, where this is relevant;
  - (b) either the value of the consideration, and how this is being satisfied, or the value of the net assets acquired or disposed of; and
  - (c) in the case of a disposal, the effect on the company of the disposal.

### **Class 2 requirements**

- 10.31 The company must notify a Regulatory Information Service without delay after the terms

of a Class 2 transaction are agreed. The notification must include:

- (a) particulars of the transaction, including the name of any company or business, where this is relevant;
- (b) a description of the business carried on by, or using, the net assets the subject of the transaction;
- (c) the consideration, and how it is being satisfied (including the terms of any arrangements for deferred consideration);
- (d) the value of the net assets the subject of the transaction;
- (e) the profits attributable to the net assets the subject of the transaction;
- (f) the effect of the transaction on the listed company including any benefits which are expected to accrue to the company as a result of the transaction;
- (g) details of any service contracts of proposed directors of the listed company;
- (h) in the case of a disposal, the application of the sale proceeds; and
- (i) in the case of a disposal, if shares or other securities are to form part of the consideration received, a statement whether such securities are to be sold or retained.

### **Supplementary notification**

10.32 The UK Listing Authority must be advised and a supplementary notification to a Regulatory Information Service made without delay if, at any time after the notification referred to in paragraph 10.31 has been made, the listed company becomes aware that:

- (a) there has been a significant change affecting any matter contained in that earlier notification; or
- (b) a significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

10.33 In paragraphs 10.32 and 10.34, “significant” means significant for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the listed company and the rights attaching to any securities forming part of the consideration. It will include a change in the terms of the transaction such that the percentage ratios are affected and the transaction requires reclassification into a higher category.

10.34 The supplementary notification must give details of the change or new matter and also contain a statement that, save as disclosed, there has been no significant change affecting any matter contained in the earlier notification and no other significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

10.35 *Paragraph deleted - August 1995*

10.36 *Paragraph deleted - August 1995*

### **Class 1 requirements**

10.37 In the case of a Class 1 transaction the company must comply with paragraphs 10.31 to 10.34 (the Class 2 requirements). In addition an explanatory circular must be despatched to the company’s shareholders and the company must obtain the prior approval of its

shareholders in general meeting, and any agreement effecting the transaction must be conditional upon such approval being obtained.

10.38 The Class 1 circular must comply with the general requirements relating to circulars set out in chapter 14 and must be submitted to the UK Listing Authority for approval prior to its publication. It must also comply with the following requirements and include the following information:

- (a) the information given in the notification (see paragraph 10.31);
- (b) the information required by the appendix to this chapter (see paragraph 10.40);
- (c) in the case of an acquisition of an interest in an undertaking which will result in consolidation of the net assets of that undertaking or a disposal of an interest in an undertaking which will result in the net assets no longer being consolidated, the information required by paragraphs 12.9 to 12.12;
- (d) in the case of a transaction not falling within (c) above, the financial information requested by the UK Listing Authority (see paragraph 12.13) together with confirmation that the directors consider that the value to the company justifies the price paid or received by it;
- (e) a declaration by its directors in the following form (with appropriate modifications):

“The directors of [the company], whose names appear on page [ ], accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.”;

- (f) a statement of the effect of the acquisition or disposal on the earnings or assets and liabilities of the group;
- (g) where a statement or report attributed to a person as an expert is included in a circular which does not comprise listing particulars, a statement that it is included, in the form and context in which it is included, with the consent of that person.

### **Reverse takeover requirements**

10.39 Upon the announcement of a reverse takeover which has been agreed or is in contemplation the UK Listing Authority will suspend listing of the company's securities. The company must prepare a Class 1 circular, obtain the prior approval of shareholders and, if the company wishes to be listed following completion of the transaction, prepare listing particulars as though the company were a new applicant, save that paragraph 3.3(a) (audited accounts for three years) is modified to the extent that the latest accounts of the listed company may be in respect of a period ended not more than 12 months before the date of the listing particulars. The listing will be restored on publication of the circular and listing particulars.

### **Contents of Class 1 circular**

10.40 In addition to the requirements of paragraph 10.38, a Class 1 circular must include the information required by the table set out in the appendix to this chapter. Where the circular is accompanied by or includes listing particulars or summary particulars which themselves contain the information required, such information need not be repeated.

10.41 The information required by the appendix to this chapter must be presented on the following basis save where the UK Listing Authority otherwise agrees:



- (a) the information required by paragraphs 6.C.20 (material contracts), 6.D.8 (litigation) and 6.E.8 (significant changes):
  - (i) in the case of an acquisition, in separate statements for the listed company and its subsidiary undertakings and for the undertaking, business or assets to be acquired; or
  - (ii) in the case of a disposal, in separate statements for the listed company and its subsidiary undertakings (on the basis that the disposal has taken place), and for the undertaking, business or assets to be disposed of;
- (b) Paragraph deleted – January 2000.
- (c) the information required by paragraph 6.E.16 (working capital statement) and, where relevant 6.G.1(b) (information on group prospects):
  - (i) in the case of an acquisition, in a single statement for the listed company and its subsidiary undertakings (on the basis that the acquisition has taken place); or
  - (ii) in the case of a disposal, in a single statement for the listed company and its subsidiary undertakings (on the basis that the disposal has taken place); and
- (d) for a profit forecast:
  - (i) in the case of an acquisition, either in a single statement for the listed company and its subsidiary undertakings (on the basis that the acquisition has taken place) or in separate statements for the listed company and its subsidiary undertakings and for the undertaking, business or assets to be acquired; or
  - (ii) in the case of a disposal, either in a single statement for the listed company and its subsidiary undertakings (on the basis that the disposal has taken place) or in separate statements for the listed company and its subsidiary undertakings and for the undertaking, business or assets to be disposed of.

10.41A In determining what information is required to be included by virtue of paragraph 6.C.20 (b) where listing particulars are not required, regard should be had to whether information about that provision is information which holders of the securities of the issuer would reasonably require for the purpose of making a properly informed assessment about the manner in which to exercise the voting

rights attached to their securities or the manner in which to take any other action required of them in connection with the subject matter of the circular.

10.42 The information required by the appendix to this chapter is subject to the following modifications:

- (a) where the listed company is issuing shares for which listing is sought, the information regarding major interests in shares (paragraph 6.C.16) and directors' interests in shares (paragraphs 6.F.4 and 6.F.5) must be given in relation to the share capital both as existing and the share capital as enlarged by the shares for which listing is sought; and
- (b) information required by paragraphs 6.F.6 (directors' interests in transactions) and 6.F.12 (directors' service contracts) need not be given if it has already been published prior to the despatch of the circular.

10.43 Where a circular is required by this chapter and listing particulars are required by chapter

5:

- (a) the circular may include listing particulars or summary particulars; and
- (b) in circumstances to which paragraph 8.19 applies, if the listing particulars contain the information required by paragraph 10.38(c) or (d) then the circular need only include a summary of such information accompanied by a statement that the full information is contained in the listing particulars.

10.44 *Paragraph deleted - August 1995*

## **Takeovers and mergers**

### **Class 1 circulars**

10.45 Where a Class 1 circular relates to a takeover offer which is not recommended by the Board of the offeree at the time of publication of the circular, the approach set out in paragraph 10.47(c) (where the offer is not recommended) may be adopted in respect of the requirements of paragraph 6.E.16 (working capital). Other information on the offeree required by the appendix to this chapter should be disclosed in the circular on the basis of information published or made available by the offeree and of which the listed company is aware and is free to disclose. If the takeover offer becomes unconditional, any change or addition to the information so disclosed which is material in relation to the issuer, should be disclosed in a circular published in the absence of exceptional circumstances within 28 days after the offer is declared wholly unconditional.

### **Listing particulars**

10.46 In relation to takeovers and mergers where the consideration being offered consists of securities for which listing will be sought, listing particulars may be required as described in chapter 5. Listing particulars may be necessary either as a result of the original terms of the offer or as a result of a revision of the terms during the course of an offer (see paragraph 10.50). Where listing particulars have already been published and the offer is revised, supplementary listing particulars may be required.

### **Contents of listing particulars**

10.47 The listing particulars must comply with the relevant requirements of chapter 5 and appendix 1 to chapter 5, subject to the following:

- (a) references in chapter 6 to the issuer's group will not, save as required under (b) and (c) below, include the offeree company and its subsidiaries unless it has become a member of the issuer's group by the time the listing particulars are published;
- (b) the information regarding major interests in shares (see paragraph 6.C.16) and directors' interests in shares (see paragraphs 6.F.4 and 6.F.5) must be given in relation to the issuer's share capital both as existing and the share capital as enlarged by the shares for which listing is sought; and
- (c) if the offer is recommended by the board of the offeree at the time of the publication of an offer document the issuer must publish working capital (see paragraph 6.E.16 or 6.L.10) and indebtedness statements (see paragraph 6.L.6) on the basis that the acquisition has taken place. If the offer has not been recommended by the board of the offeree at the time of publication of an offer document the issuer must publish its own working capital and indebtedness statements, but the UK Listing Authority will allow the working capital and indebtedness statements on the combined basis to be given later, in a circular or supplementary listing particulars which must be published in the absence of exceptional circumstances within 28 days after the offer is declared wholly unconditional. In the latter case the listing particulars must state that the

statements on a combined basis will be available as soon as possible.

### **Publication of listing particulars**

- 10.48 Listing particulars or supplementary listing particulars must be published and circulated as set out in chapter 8. Where listing particulars are revised or supplementary listing particulars are prepared they will normally be required to be published and circulated to shareholders at the time of despatch of the revised offer document. The UK Listing Authority may, in appropriate cases, be prepared to allow listing particulars to be published subsequent to the despatch of the revised offer documents but before listing is granted.
- 10.49 In certain circumstances, as described in paragraphs 8.14 and 8.15, summary particulars may be despatched to the shareholders of the offeree company in place of the listing particulars. The requirements relating to the contents of summary particulars are set out in paragraph 5.33.

### **Revised takeover offers**

- 10.50 Where listing particulars have been published in connection with an offer which involves the exchange of securities for securities of another company and the offer is revised to include a new class of debt security for which listing is to be obtained it will be unnecessary to repeat the information contained in the original listing particulars but any additional information appropriate to an issue of those securities must be published in new listing particulars (see paragraphs 5.23, 5.23A(a) and 5.24).

## APPENDIX TO CHAPTER 10

The following table identifies the information required to be included in a Class 1 circular (in addition to that required by paragraph 10.38) in respect of the listed company and the undertaking the subject of the transaction by reference to certain paragraphs of chapter 6.

		<u>Listed company</u>	<u>Undertaking the subject of the transaction</u>
6.C.1	name and address	*	
6.C.7,8	documents on display	*	
6.C.16	major interests in shares (see paragraph 10.42)	*	
6.C.20	material contracts (see paragraphs 10.41 and 10.41A)	*	*
6.D.8	litigation (see paragraph 10.41)	*	*
6.E.8	significant changes (see paragraph 10.41)	*	*
6.E.16	working capital (see paragraph 10.41)	*	*
6.F.4,5	directors' interests in shares (see paragraph 10.42)	*	
6.F.6	directors' interests in transactions (see paragraph 10.42)	*	
6.F.12	directors' service contracts (see paragraph 10.42)	*	
6.G.1(b)	group prospects (see paragraph 10.41)	*	*
and in the case of acquisitions:			
6.B.1	application for listing, if relevant	*	
6.B.2	availability to public, if relevant	*	
6.C.22	takeovers	*	
6.G.2	report on any profit forecast (see paragraphs 10.41 and 12.24)	*	*

## CHAPTER 11

### TRANSACTIONS WITH RELATED PARTIES

#### Scope of chapter

This chapter provides certain safeguards against current or recent directors, or substantial shareholders (or associates of either) taking advantage of their position. Reference should also be made to the rules regarding transactions set out in chapter 10.

Where any transaction is proposed between a listed company (or any of its subsidiary undertakings) and a related party, a circular and the prior approval of the company in general meeting will generally be required. The related party should not be permitted to vote at the meeting.

Any circular sent to shareholders in connection with a transaction with a related party must provide sufficient information to enable any recipient of the circular to evaluate the effects of the transaction on the company. The ideal approach will generally involve an arithmetical evaluation being set out in the circular, although this may not be practicable in the case of a complex transaction.

Where the transaction involves the acquisition or disposal of property or an unlisted property company, companies should have regard to the valuation requirements set out in chapter 18. Additional requirements relating to transactions with related parties are set out in Chapters 21 and 26 dealing with investment entities and venture capital trusts.

The main headings are:

- 11.1 definitions
- 11.3 consultation with the UK Listing Authority
- 11.4 usual requirements for a transaction with a related party
- 11.7 exceptions to the usual requirements
- 11.10 contents of circular.

#### **Definitions**

11.1 The following definitions apply:

- (a) a “transaction with a related party” means:
  - (i) a transaction (other than a transaction of a revenue nature in the ordinary course of business) between a company, or any of its subsidiary undertakings, and a related party;
  - (ii) any arrangements pursuant to which a company, or any of its subsidiary undertakings, and a related party each invests in, or provides finance to, another undertaking or asset; or
  - (iii) a transaction (other than a transaction of a revenue nature in the ordinary course of business) between a company, or any of its subsidiary undertakings and any person who, or other entity which exercises significant influence over the company;
- (b) “related party” means:
  - (i) a substantial shareholder;
  - (ii) any person who is (or was within the 12 months preceding the date of the transaction) a director or shadow director of the company or of any other company which is (and, if he has ceased to be such, was while he was a director or shadow director of such other company) its subsidiary

- undertaking or parent undertaking or a fellow subsidiary undertaking of its parent undertaking; or
- (iii) *Paragraph deleted - January 1999*
- (iv) an associate of a related party within (i) or (ii) above;
- (c) “substantial shareholder” means any person (excluding a bare trustee) who is, or was within the 12 months preceding the date of the transaction, entitled to exercise or to control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the company (or any other company which is its subsidiary undertaking or parent undertaking or is a fellow subsidiary undertaking of its parent undertaking);
- (d) “associate” means in relation to either a director or a substantial shareholder who is an individual:
- (i) that individual’s spouse or child (together “the individual’s family”);
- (ii) the trustees (acting as such) of any trust of which the individual or any of the individual’s family is a beneficiary or discretionary object (other than a trust which is either an occupational pension scheme, as defined in regulation 3 of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, or an employees’ share scheme which does not, in either case, have the effect of conferring benefits on persons all or most of whom are related parties);
- (iii) any company in whose equity shares the individual or any member or members (taken together) of the individual’s family or the individual and any such member or members (taken together) are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they are (or would on the fulfillment of the condition or the occurrence of the contingency be) able:
- to exercise or control the exercise of 30% or more of the votes able to be cast at general meetings on all, or substantially all, matters; or
  - to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters; and
- (e) “associate” means in relation to a substantial shareholder which is a company:
- (i) any other company which is its subsidiary undertaking or parent undertaking or fellow subsidiary undertaking of the parent undertaking;
- (ii) any company whose directors are accustomed to act in accordance with the substantial shareholder’s directions or instructions; and
- (iii) any company in the capital of which the substantial shareholder, and any other company under (i) or (ii) taken together, is (or would on the fulfillment of a condition or the occurrence of a contingency be) interested in the manner described in (d)(iii) above.

11.2 For the purpose of paragraph 11.1(d)(iii), where more than one director of the listed company, its parent undertaking or any of its subsidiary undertakings is interested in the equity shares of another company, then the interests of those directors and their associates will be aggregated when determining whether such a company is an associate of the director.

### **Consultation with the UK Listing Authority**

11.3 If a company (or any of its subsidiary undertakings) proposes to enter into a transaction which could be a transaction with a related party and there is any doubt as to whether or to what extent the provisions of this chapter apply, the company must consult the UK Listing Authority at an early stage. The relevant draft contract must be supplied to the UK Listing Authority, if requested.

### **Usual requirements for a transaction with a related party**

11.4 If a company (or any of its subsidiary undertakings) proposes to enter into a transaction with a related party then the company must (subject to the exceptions in paragraphs 11.7 and 11.8):

- (a) make any announcement required by chapter 10 which must contain:
  - (i) the details required by paragraph 10.31;
  - (ii) the name of the related party concerned; and
  - (iii) details of the nature and extent of the interest of the related party in the transaction;
- (b) send a circular to its shareholders containing the information required by paragraph 11.10;
- (c) obtain the approval of its shareholders either prior to the transaction being entered into or, if it is expressed to be conditional on such approval, prior to completion of the transaction; and
- (d) where applicable, ensure that the related party itself abstains, and takes all reasonable steps to ensure that its associates abstain, from voting on the relevant resolution.

11.5 Where a meeting of the company has been called to approve a transaction and, after the date of the notice of meeting but prior to the meeting itself, a party to that transaction has become a related party, the UK Listing Authority will normally require that:

- (a) the company ensures that the related party concerned abstains from voting on the relevant resolution; and
- (b) a further circular is despatched, for receipt by shareholders prior to the meeting, containing any information required by paragraph 11.10 which was not contained in the original circular accompanying the notice of meeting.

11.6 The variation or novation of an existing agreement between the company (or any of its subsidiary undertakings) and a related party will be subject to the provisions of paragraph 11.4 whether or not, at the time the original agreement was entered into, that party was a related party.

### **Exceptions to the usual requirements**

11.7 The rules contained in this chapter do not apply to a company where it (or any of its subsidiary undertakings) proposes to enter into a transaction with a related party if:

- (a) it does not have any equity securities listed;

**Overseas company**

- (b) it is an overseas company with a secondary listing by the UK Listing Authority;

**Issue of new securities**

- (c) the transaction is an issue of new securities either:
  - (i) for cash by the company (or any of its subsidiary undertakings) pursuant to an opportunity which (so far as is practicable) is made available to all holders of the company's securities (or to all holders of a relevant class of its securities) on the same terms; or
  - (ii) made pursuant to the exercise of conversion or subscription rights attaching to a listed class of securities or previously approved by the company's shareholders in general meeting;

**Employees' share schemes and long term incentive schemes**

- (d) the transaction:
  - (i) involves the receipt of any asset (including cash or securities of the company or any of its subsidiary undertakings) by a director of the company, its parent undertaking or any of its subsidiary undertakings;
  - (ii) is a grant of an option or other right to a director of the company, its parent undertaking, or any of its subsidiary undertakings to acquire (whether or not for consideration) any asset (including cash or new or existing securities of the company or any of its subsidiary undertakings); or
  - (iii) is the provision of a gift or loan to the trustees of an employee benefit trust in order to finance the provision of assets as referred to in paragraph (d) (i) or (ii):

in accordance with the terms of either an employees' share scheme or a long-term incentive scheme;

**Credit**

- (e) the transaction is a grant of credit (including the lending of money or the guaranteeing of a loan) to the related party or, on an unsecured basis, by the related party:
  - (i) upon normal commercial terms; or
  - (ii) in amount and on terms no more favourable than those offered to employees of the group generally;

**Directors' indemnities**

- (f) the transaction is the grant of an indemnity to a director of the company (or any of its subsidiary undertakings) to the extent not prohibited by section 310 of the Companies Act 1985, or the maintenance of a contract of insurance to the extent contemplated by that section (whether for a director of the company or for a director of any of its subsidiary undertakings);

**Underwriting**

- (g) the transaction is an underwriting by the related party of all or part of an issue of



securities by the company (or any of its subsidiary undertakings) and the consideration to be paid by the company (or any of its subsidiary undertakings) in respect of such underwriting is no more than the usual commercial underwriting consideration and is the same as that to be paid to the other underwriters (if any);

### **Joint investment arrangements**

- (h) the terms and circumstances of the investment or provision of finance by the company, or any of its subsidiary undertakings are, in the opinion of an independent adviser acceptable to the UK Listing Authority, no less favourable than those applicable to the investment or provision of finance by the related party:

### **Small transactions**

- (i) the transaction is one where each of the percentage ratios referred to in paragraph 10.5 is equal to or less than 0.25%; or

### **Insignificant subsidiary**

- (j) the related party is such only by virtue of being:
  - (i) a substantial shareholder (see paragraph 11.1 (c)); or
  - (ii) any person who is (or was within the 12 months preceding the date of the transaction) a director or shadow director:

of a subsidiary undertaking of the company which has contributed less than 10% of the turnover and profits of, and which has represented less than 10% of the assets of, the listed company in each of the three financial years preceding the date of the transaction for which accounts have been published (or, in exceptional circumstances, for a shorter period where the UK Listing Authority so agrees).

This exception will not apply where the insignificant subsidiary is itself a party to the transaction or where securities in the insignificant subsidiary or its assets are the subject of the transaction and the ratio of consideration to market capitalisation of the issuer is 10% or more.

For the purpose of this paragraph, the figures to be used shall be as defined in chapter 10.

11.8 In the case of a transaction with the related party where each of the percentage ratios referred to in paragraph 10.5 is less than 5%, but one or more exceeds 0.25%, the usual requirements for a transaction with a related party set out in paragraph 11.4 do not apply and, instead, the company must prior to completing the transaction or amendment:

- (a) inform the UK Listing Authority in writing of the details of the proposed transaction;
- (b) provide the UK Listing Authority with written confirmation from an independent adviser acceptable to the UK Listing Authority that the terms of the proposed transaction with the related party are fair and reasonable so far as the shareholders of the company are concerned; and
- (c) undertake in writing to the UK Listing Authority to include details of the transaction in the company's next published annual accounts, including, where relevant, the identity of the related party, the value of the consideration for the

transaction and all other relevant circumstances.

### **Aggregation**

11.9 The UK Listing Authority will require all transactions to be aggregated which are entered into by the company (or any of its subsidiary undertakings) with the same related party (and any of its associates) in any twelve month period and which have neither been approved by shareholders nor described in a circular complying with the requirements of paragraph 11.10. If the transactions in aggregate would be classified as a Class 2 or larger transaction (see paragraph 10.4), the UK Listing Authority may require the company to comply with the requirements of paragraph 11.4 in respect of the latest transaction and to give in the circular all relevant details of each of the transactions being aggregated.

### **Contents of circular**

11.10 A circular relating to a transaction with a related party must comply with the general requirements relating to circulars set out in chapter 14 and must also include:

- (a) in all cases the information required by the following paragraphs of chapter 6 in relation to the company:

#### Paragraph

6.C.1	name and address
6.C.7	documents on display
6.C.16	major interests in shares
6.C.20	material contracts (as modified by paragraph 10.41A)
6.C.22	details of consideration
6.E.8	significant changes;

- (b) in the case of a transaction where the related party is a director, or an associate of a director, of the company (or its parent undertaking or any of its subsidiary undertakings or fellow subsidiary undertakings) the information specified by the following paragraphs in respect of that director:

6.F.4, 6.F.5	directors' interests in shares
6.F.6	directors' interests in transactions
6.F.12	directors' service contracts;

- (c) full particulars of the transaction, including the name of the related party concerned and of the nature and extent of the interest of such party in the transaction;
- (d) in the case of an acquisition or disposal of an asset, which also falls within Class 1 and for which appropriate financial information is not available, an independent valuation;
- (e) a statement by the directors (other than any director who is, or an associate of whom is, a related party, or who is a director of a related party, in respect of the transaction) that the transaction is fair and reasonable so far as the shareholders of the company are concerned and that the directors have been so advised by an independent adviser acceptable to the UK Listing Authority;
- (f) where applicable, a statement that the related party will abstain, and has undertaken to take all reasonable steps to ensure that its associates will abstain, from voting at the meeting;
- (g) if the transaction also falls within Class 1, the information required to be included in a Class 1 circular (see paragraph 10.40);

- (h) details of any other transactions entered into by the company (or any of its subsidiary undertakings) with the same related party (and any of its associates) which have not been approved by shareholders, if required by paragraph 11.9; and
- (i) where a statement or report attributed to a person as an expert is included in a circular which does not comprise listing particulars, a statement that it is included, in the form and context in which it is included, with the consent of that person.



## CHAPTER 12

### FINANCIAL INFORMATION

#### Scope of chapter

This chapter sets out financial information which may be required to be included in listing particulars and circulars. It also sets out the continuing obligations relating to matters of a financial nature.

The main headings are:

- 12.1 comparative table and accountants' report
- 12.21 profit forecast and estimate
- 12.28 pro forma financial information
- 12.37 financial information outside comparative table or accountants' report
- 12.40 preliminary statement of annual results and dividends
- 12.41 annual report and accounts
- 12.43A corporate governance and directors' remuneration
- 12.45 summary financial statements
- 12.46 half-yearly report
- 12.60 change of accounting reference date

Statements as to working capital (see paragraphs 3.10 and 6.E.16 or 6.L.10) and indebtedness (see paragraph 6.L.6) may be required by the listing rules but are not included in this chapter. Where an issuer is producing listing particulars additional financial information is required as set out in the paragraphs required by the appendices to chapter 5.

Additional and alternative requirements are set out in chapters 17, 18, 21 to 26 for overseas companies, property companies, investment entities, public sector issuers, issuers of specialist securities and miscellaneous securities, innovative high growth companies and venture capital trusts.

The UK Listing Authority supports the aims of the Financial Reporting Council.

#### **Comparative table and accountants' report**

##### **New applicant**

- 12.1 A comparative table of financial information (or, where an exempt listing document is produced, published accounts as required by paragraphs 2(a) and 3(a) of appendix 2 to chapter 5) is required in the listing particulars of a new applicant unless:
- (a) any material change has taken place to the group structure or business, including any acquisition or disposal which would have been classified at the date of application as Class 1 (see paragraph 10.4(c)), in the period covered by the audited accounts required by paragraph 3.3(a) (or any shorter period agreed by the UK Listing Authority under paragraph 3.4) or during the period from the end of the period to which the last audited accounts relate to the date of application for listing;
  - (b) any material change has been made to accounting policies, or any material adjustment has been made or is required to be made to published audited accounts in the period referred to in (a) above;
  - (c) the auditors' report on the accounts for any of the last three years (or for any shorter period agreed by the UK Listing Authority under paragraph 3.4) has been qualified or refers to a matter of fundamental uncertainty (see also paragraph 12.4); or

- (d) the UK Listing Authority decides for any other reason either not to accept an auditors' report or that an additional report is necessary:

in which event an accountants' report is required. In cases of uncertainty the UK Listing Authority must be consulted.

12.2 An accountants' report may be presented in substitution for a comparative table or the published accounts.

12.3 An accountants' report that:

- (a) would otherwise be required by paragraph 12.1(a) or (b) is not required if the issuer:
- (i) satisfies the UK Listing Authority that it has published in audited accounts sufficient information on any material change to allow an informed assessment of the cause and effects of the change to be made by shareholders of the issuer and this information is included in the listing particulars; or
  - (ii) is an overseas company whose primary listing is on an overseas stock exchange or whose securities are traded on a regulated, regularly operating open market and its sponsor confirms to the UK Listing Authority that adequate disclosure has been made in relation to any material change; or
- (b) would otherwise be required by paragraph 12.1 is not required if the issuer is a listed company which is being treated as a new applicant by virtue of being subject to a reverse takeover (see paragraph 10.39) in so far as the financial information relates to the previously listed company:

in which event a comparative table (or, if applicable the published accounts) is required.

12.4 Where an accountants' report is required by paragraph 12.1(c), the new applicant will only be suitable for listing if the reporting accountants can express for the purposes of their report an opinion which is neither qualified nor refers to a matter of fundamental uncertainty (see paragraph 3.3(e)) or satisfy the UK Listing Authority that their report does not contain a qualification or a reference to a matter of fundamental uncertainty which relates to a matter of significance for investors (see paragraph 12.14(g)).

12.5 The comparative table, the published accounts or accountants' report (as applicable) must cover the issuer and its subsidiary undertakings, together with any undertaking the acquisition of which would have been classified at the date of application as Class 1 (see paragraph 10.4(c)) and which were acquired as a result of either:

- (a) any agreement made since the date to which the last published annual accounts of the issuer have been made up and audited; or
- (b) an unconditional acceptance of any offer made during the period referred to in (a) above:

subject to any conditions contained in such agreement or offer being fulfilled.

12.6 When a new applicant has acquired or has agreed to acquire (see paragraph 12.5) at any time during the period referred to in paragraph 12.1(a) an undertaking or assets which would have been classified at the date of application as Class 1 (see paragraph 10.4(c)) financial information on that undertaking or those assets must be given, which should normally cover a minimum of three years. Pre-acquisition information on the undertaking which is not included in the financial information provided on the issuer, must have been unqualified, not refer to a matter of fundamental uncertainty and be given in the form of an accountants' report or a comparative table (as determined by paragraph

12.1). In cases of uncertainty the UK Listing Authority must be consulted.

12.7 Where a comparative table is, or the published accounts are, included in listing particulars for a new applicant, the sponsor must be satisfied that, in its opinion, an accountants' report is not required to be prepared under the rules set out in this chapter (see paragraph 2.16).

### **Listed issuer**

#### **Listing particulars**

12.8 When a listed issuer is required to produce listing particulars, in connection with an issue of shares other than a rights issue or open offer, a comparative table, or published annual accounts in the case of a shelf document, covering the issuer, its subsidiary undertakings and those undertakings which are to become its subsidiary undertakings in accordance with paragraph 12.5 must be included in the listing particulars as required by appendix 1 to chapter 5.

#### **Class 1 transaction**

12.9 In the case of a Class 1 acquisition by a listed company of an interest in an undertaking which will result in consolidation of the net assets of that undertaking, a comparative table for that undertaking is required unless:

- (a) any material change has taken place to the group structure or business, including any acquisition or disposal which would have been classified at the date of acquisition by the listed company as Class 1 for the listed company (see paragraph 10.4(c)), in the period covered by the three years up to the end of the last financial period for which audited accounts have been prepared or in the period from the last audited accounts to the date of acquisition;
- (b) any material change has been made to accounting policies, or any material adjustment has been made or is required to be made to achieve consistency with the listed company (see paragraph 12.19), to the audited accounts of that undertaking in the period referred to in (a) above (see also below);
- (c) the auditors' report on the accounts of that undertaking for the last financial year has been qualified, or refers to a matter of fundamental uncertainty;
- (d) the accounts of that undertaking have not been subject to audit; or
- (e) the UK Listing Authority decides for any other reason either not to accept an auditors' report or that an additional report is necessary:

in which event an accountants' report is required. In the case of (b) above and with the agreement of the UK Listing Authority, the report may be presented in accordance with the accounting policies of the undertaking being acquired where a reconciliation of the material differences is included in the report. In cases of uncertainty, the UK Listing Authority must be consulted.

12.10 An accountants' report may be presented in substitution for a comparative table.

12.11 An accountants' report that would otherwise be required by paragraph 12.9(a) to (c) is not required if the undertaking being acquired is:

- (a) listed;
- (b) an overseas company with a listing on an overseas stock exchange or whose securities are traded on a regulated, regularly operating open market; or
- (c) an AIM company:

in which event a comparative table is required on that undertaking. Where any material adjustment is required to be made to the financial statements of an undertaking being acquired in order to conform them with the accounting policies of the listed company, a reconciliation of financial information set out in the comparative table of the undertaking being acquired, on the basis of the accounting policies of the listed company, should be published in the document. Such a reconciliation must be reported on in the document by the auditors or reporting accountants who should report their opinion as to whether the reconciliation has been properly compiled on the basis stated and that the adjustments are appropriate for the purpose of presenting the financial information (as adjusted) on a basis consistent in all material respects with the accounting policies of the listed company. In the case of any audit qualification or fundamental uncertainty (see paragraph 12.9 (c)) details must be given. In the case of (b) and (c) above the sponsor must be satisfied that adequate disclosure has been made in relation to the material change referred to in paragraph 12.9 (a) (see paragraph 2.17).

- 12.12 In the case of a Class 1 disposal by a listed company of an interest in an undertaking which will result in the net assets no longer being consolidated, the circular must include the last audited consolidated balance sheet and the audited consolidated profit and loss accounts for the last three financial years for that undertaking.
- 12.13 In the case of a Class 1 transaction not falling within paragraphs 12.9 or 12.12, the UK Listing Authority must be consulted at an early stage on the financial information to be included and may waive the requirements of this chapter, wholly or in part.

### **Accountants' report**

- 12.14 An accountants' report must:
- (a) cover the issuer, its subsidiary undertakings and those undertakings which are to become its subsidiary undertakings or, in the case of a Class 1 acquisition, cover the undertaking being acquired, its subsidiary undertakings and those undertakings which are to become its subsidiary undertakings (see paragraph 12.5);
  - (b) cover a period of at least three years up to the end of the latest audited financial period for which accounts have been audited (or any shorter period agreed by the UK Listing Authority under paragraph 3.4);
  - (c) be prepared by independent accountants who are qualified to act as auditors (see paragraph 3.5);
  - (d) set out information as required by paragraph 12.19 drawn up in accordance with United Kingdom Generally Accepted Accounting Principles, United States Generally Accepted Accounting Principles or International Accounting Standards (but see paragraph 17.3 in respect of overseas companies);
  - (e) contain an opinion by the accountants as to whether or not, for the purpose for which it was prepared, it gives a true and fair view of the financial matters set out in it;
  - (f) if the opinion in (e) above is qualified, refer to all material matters about which the accountants have reservations, give all reasons for the qualification and, if both relevant and practicable, quantify its effect; and
  - (g) in the case of a new applicant, not contain any qualification or reference to a matter of fundamental uncertainty which relates to a matter of significance for investors.

### **Statement of adjustments**

- 12.15 The accountants' report must contain only such adjustments to the previously published figures as the accountants consider necessary. A written statement, signed by the



accountants, of the adjustments must be prepared and submitted to the UK Listing Authority for each period to which the report relates, in such form and detail and with such explanation as will show how the reported figures reconcile to the corresponding information in the published accounts.

12.16 The statement of adjustments must be made available for inspection (see paragraph 6.C.7(f) or 6.J.7(f)).

### **Comparative table**

12.17 The financial information contained in a comparative table must:

- (a) cover the issuer, its subsidiary undertakings and those undertakings which are to become its subsidiary undertakings or, in the case of a Class 1 acquisition, cover the undertaking being acquired, its subsidiary undertakings and those undertakings which are to become its subsidiary undertakings (see paragraph 12.5);
- (b) cover a period of at least three years up to the end of the latest audited financial period for which accounts have been audited (or any shorter period agreed by the UK Listing Authority under paragraph 3.4);
- (c) be extracted without material adjustment from audited accounts which have been prepared and audited in accordance with the standards referred to in paragraph 3.3(c) and (d) (but see paragraph 17.3 in respect of overseas companies); and
- (d) include the details set out in paragraph 12.19.

### **Basis of preparation**

12.18 In the case of a new applicant presenting a comparative table, a letter in a form acceptable to the UK Listing Authority is required from the issuer's auditors or reporting accountants as appropriate, stating that in their opinion the issuer's annual accounts have been prepared and audited in accordance with the standards referred to in paragraph 3.3(c) and (d), and that the financial information in the comparative table has been properly extracted without material adjustment from the audited accounts.

### **Financial information in a comparative table and an accountants' report**

12.19 A comparative table or an accountants' report must include the following financial information in respect of a period of at least three years up to the end of the latest audited financial period (or any shorter period agreed by the UK Listing Authority under paragraph 3.4):

- (a) profit and loss account;
- (b) balance sheet;
- (c) cash flow statement (or source and application of funds statement);
- (d) accounting policies; and
- (e) notes (see paragraph 12.20):

and must be presented in a form consistent with that which would be adopted in the issuer's annual accounts having regard to the accounting standards, policies and legislation applicable to such accounts (subject to paragraph 12.9 in the case of a Class 1 transaction) unless the UK Listing Authority otherwise agrees.

12.20 The notes to the accountants' report and comparative table must, as a minimum, cover:

- (a) the last two balance sheets (where either balance sheet relates to the position at the end of a period of less than 12 months, the UK Listing Authority must be

consulted); and

- (b) the profit and loss accounts and cash flow statements (or source and application of funds statements) for all periods included in the accountants' report or comparative table.

In the case of a Class 1 acquisition, earnings per share need not be given on the target company.

### **Profit forecast and estimate**

- 12.21 The following requirements apply equally to forecasts or estimates of profits or losses. A profit estimate is for a financial period which has expired but for which the results have not yet been published.
- 12.22 Any statement or information relating to the future prospects of an issuer, or an undertaking that is to become a significant part of an issuer's group, must be clear and unambiguous. The issuer must determine in advance with its sponsor whether such a statement or information will constitute a profit forecast or estimate. Any profit forecast or estimate must be presented in an explicit manner.
- 12.23 A form of words which expressly or by implication states a minimum or maximum for the likely level of profits or losses for a period subsequent to that for which the audited accounts have been published, or contains data from which a calculation of an approximate figure for future profits or losses may be made, is a profit forecast or estimate, even if no particular figure is mentioned and the word "profit" is not used. A dividend forecast must be treated as a profit forecast where the issuer has a known policy of relating dividends to earnings, or has an insufficient level of retained earnings or the forecast otherwise implies a forecast of profit. In the event of uncertainty the UK Listing Authority must be consulted (see also paragraph 21.16 and 26.8A regarding investment entities and venture capital trusts).
- 12.23A Where a profit forecast or estimate appears in an exempt listing document (see paragraph 5.24), the issuer must confirm to the UK Listing Authority in writing that the forecast or estimate has been properly compiled on a basis consistent with the accounting policies normally adopted by the company and has been made after due and careful enquiry.

### **Report**

- 12.24 A profit forecast or estimate of an issuer or an undertaking that is to become a significant part of an issuer's group included in listing particulars, a Class 1 acquisition circular, or any circular containing proposals to be put to shareholders in a general meeting concerning a refinancing or reconstruction of the issuer or its group must be reported on by the auditors or reporting accountants and by the sponsor (see paragraph 2.19). The accountants must report in the document their opinion as to whether:
  - (a) the profit forecast or estimate has been properly compiled on the basis stated; and
  - (b) the basis of accounting is consistent with the accounting policies of the issuer.
- 12.25 If an issuer has published a profit forecast or estimate, for a financial period for which the results have not yet been published, and subsequently is required to produce any of the documents referred to in paragraph 12.24, the issuer must either repeat or update the statement in the listing particulars or the relevant circular.

### **Period to be covered**

- 12.26 The period of the forecast or estimate should normally be to the end of the issuer's accounting period; if it is not, then it must be in respect of a period for which the results will be published or the issuer must make a new forecast for such a period. The forecast or estimate should normally be of profit before tax (disclosing separately any exceptional

items and tax charges if they are expected to be abnormally high or low). If the forecast or estimate is not of profit before tax, the reasons for presenting another figure from the profit and loss account must be disclosed and clearly explained. When the results are published relating to a period covered by a forecast or estimate, the published financial statements must disclose the relevant figure so as to enable the forecast and actual results to be directly compared.

### **Assumptions**

12.27 The profit forecast must include a statement of the principal assumptions for each factor which could have a material effect on the achievement of the forecast. The assumptions must:

- (a) be clearly segregated between assumptions about factors which the directors can influence and assumptions about factors which are exclusively outside the influence of the directors;
- (b) be readily understandable by investors;
- (c) be specific and precise; and
- (d) not relate to the general accuracy of the estimates underlying the forecast.

A profit estimate may be subject to assumptions only in exceptional circumstances.

## **Pro forma financial information**

### **General**

12.28 If an issuer publishes pro forma financial information in any document requiring approval by the UK Listing Authority prior to publication, that information must comply with paragraphs 12.29 to 12.34 and a report in the terms of paragraph 12.35 must be included in the relevant document.

### **Nature of information**

12.29 The pro forma financial information must provide investors with information about the impact of the transaction the subject of the document by illustrating how that transaction might have affected the financial information presented in the document, had the transaction been undertaken at the commencement of the period being reported on or, in the case of a pro forma balance sheet or net asset statement, at the date reported. The pro forma financial information presented must not be misleading, must assist investors in analysing the future prospects of the issuer and must include all appropriate adjustments permitted by paragraph 12.34, of which the issuer is aware, necessary to give effect to the transaction as if the transaction had been undertaken at the commencement of the period being reported on or, in the case of a pro forma balance sheet or net asset statement, at the date reported on.

### **Presentation of information**

12.30 The information must clearly state:

- (a) the purpose for which it has been prepared;
- (b) that it is prepared for illustrative purposes only; and
- (c) that because of its nature, it may not give a true picture of the issuer's financial position or results.

12.31 The information must be presented in columnar format showing separately the unadjusted financial information, the pro forma adjustments and the pro forma financial information.

The pro forma financial information must be prepared in a manner consistent with both the format and accounting policies adopted by the issuer in its financial statements and must identify:

- (a) the basis upon which it is prepared; and
- (b) the source of each item of information and adjustment.

Pro forma figures must be given no greater prominence in the document than audited figures.

12.32 Pro forma financial information may only be published in respect of

- (a) the current financial period;
- (b) the most recently completed financial period; and/ or
- (c) the most recent interim period for which relevant unadjusted information has been or will be published or is being published in the same document;

and, in the case of a pro forma balance sheet or net asset statement, as at the date on which such periods end or ended.

12.33 The unadjusted information must be derived from the most recent:

- (a) audited published accounts, published interim or preliminary statement;
- (b) accountants' report or comparative table;
- (c) previously published pro forma financial information reported on in accordance with paragraph 12.35; or
- (d) published profit forecast or estimate.

### **Adjustments**

12.34 Any adjustments which are made to the information referred to in paragraph 12.33 in relation to any pro forma statement must be:

- (a) clearly shown and explained;
- (b) directly attributable to the transaction concerned and not relating to future events or decisions;
- (c) factually supportable; and
- (d) in respect of a pro forma profit or cash flow statement, clearly identified as to those adjustments which are expected to have a continuing effect on the issuer and those which are not.

### **Report**

12.35 The pro forma financial information must be reported on in the document by the auditors or reporting accountants who must report that, in their opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the issuer; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 12.29 of the listing rules.

**Earnings per share**

12.35A Where pro forma earnings per share information is given for a transaction which includes the issue of securities, the calculation should be based on the weighted average number of shares outstanding during the period, adjusted as if that issue had taken place at the beginning of the period.

**Financial information outside comparative table or accountants' report**

12.36 Paragraph deleted – January 2000.

12.37 In listing particulars or a circular, the actual historical audited figures must be given greater prominence than any forecast, estimated or pro forma figures.

12.38 A clear indication must be given as to which figures relate to historical, forecast, estimated or pro forma information, as appropriate, with reference made to where the basis of presentation can be found.

12.39 Reference must be given to the source of the figures shown, including a statement that investors should read the whole document and not just rely on the key or summarised information.

CARD Art. 67

12.39A An investment entity (see chapter 21) and a venture capital trust which regularly publishes its net asset value (see chapter 26) may include unaudited net asset values in listing particulars or Class 1 circulars. If the unaudited net asset value depends to a significant extent on directors' valuations of investments, that fact must be disclosed and sufficient additional information provided to enable investors to understand the extent to which directors' valuations have been relied upon.

**Preliminary statement of annual results and dividends**

12.40 A company must notify a Regulatory Information Service of the following matters, relating to its preliminary statement of annual results and dividends, without delay after board approval (see paragraph 9.35) and in any event, in the case of its preliminary statement of annual results, within 120 days of the end of the period to which the statement relates (in exceptional circumstances the UK Listing Authority may grant an extension of this time limit):

**Preliminary statement of annual results**

- (a) a preliminary statement of the annual results, which must:
  - (i) have been agreed with the company's auditors;
  - (ii) show the figures in the form of a table, consistent with the presentation to be adopted in the annual accounts for that financial year, including at least the items required for a half-yearly report (see paragraphs 12.52 and 12.59);
  - (iii) if the auditors' report is likely to be qualified, give details of the nature of the qualification; and
  - (iv) include any significant additional information necessary for the purpose of assessing the results being announced.
- (b) Paragraph deleted - June 1996

**Dividends**

- (c) any decision to pay or make any dividend or other distribution on listed equity

securities or to withhold any dividend or interest payment on listed securities, giving details of:

- (i) the exact net amount payable per share;
- (ii) the payment date;
- (iii) the record date (where applicable); and
- (iv) any foreign income dividend election, together with any income tax treated as paid at the lower rate and not repayable.

### **Annual report and accounts**

12.41 A company must issue an annual report and accounts.

12.42 The annual report and accounts must:

- (a) have been prepared in accordance with the issuer's national law and, in all material respects, with United Kingdom Generally Accepted Accounting Principles, United States Generally Accepted Accounting Principles or International Accounting Standards (but see paragraph 17.3 in respect of overseas companies);
- (b) have been independently audited, and reported on, in accordance with the auditing standards required in the United Kingdom or the United States, or by International Standards on Auditing;
- (c) be in consolidated form if the company has subsidiary undertakings, unless the UK Listing Authority otherwise agrees (but the company's own accounts must also be published if they contain significant additional information);
- (d) if they do not give a true and fair view of the state of affairs, profit or loss and cash flows of the group, provide more detailed and additional information (but see paragraph 17.49 in respect of overseas companies); and
- (e) be published as soon as possible after the accounts have been approved and in any event within six months of the end of the financial period to which they relate. In exceptional circumstances the UK Listing Authority may grant an extension of this time limit.

CARD Art. 67

12.43 The following items must, unless the UK Listing Authority otherwise agrees, be included in the annual report and accounts:

- (a) Paragraph deleted - August 1995

### **Commentary on forecasts**

- (b) if the results for the period under review differ by 10% or more from any published forecast or estimate by the company for that period, an explanation of the difference;

### **Interest capitalised**

- (c) a statement of the amount of interest capitalised by the group during the period under review with an indication of the amount and treatment of any related tax relief;

### **Waiver of emoluments**

- (d) details of any arrangement under which a director of the company has waived or

agreed to waive any emoluments from the company or any subsidiary undertaking; where a director has agreed to waive future emoluments, details of such waiver together with those relating to emoluments which were waived during the period under review;

#### **Waiver of dividends**

- (e) details of any arrangement under which a shareholder has waived or agreed to waive any dividends; where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review; waivers of less than 1% of the total value of any dividend may be disregarded provided that some payment has been made on each share of the relevant class during the relevant calendar year;

#### **Subsidiary undertaking's country of operation**

- (f) Paragraph deleted - September 1997

#### **Associated undertakings**

- (g) Paragraph deleted - September 1997
- (h) Paragraph deleted - August 1995

#### **Non-executive directors**

- (i) *Paragraph deleted - January 1999*

#### **Financial aspects of corporate governance**

- (j) *Paragraph deleted - January 1999*

#### **Directors' interests in shares**

- (k) in the case of a company incorporated in the United Kingdom, a statement showing by way of note the beneficial and non-beneficial interests of each director of the company disclosed to the company under the Companies Act 1985, as at the end of the period under review, together with any change in those interests occurring between the end of the period under review and a date not more than one month prior to the date of the notice of the general meeting at which the annual accounts are to be laid before the company or, if there has been no such change, disclosure of that fact;

#### **Major interests in shares**

- (l) in the case of a company incorporated in the United Kingdom, a statement showing as at a date not more than one month prior to the date of the notice of meeting at which the annual report and accounts are to be laid before the company in general meeting:
  - (i) information disclosed to it in accordance with sections 198 to 208 of the Companies Act 1985 (disclosure of certain major interests in the share capital of a company); or
  - (ii) if there is no such interest, that fact;
- (m) Paragraph deleted - August 1995

#### **Purchase by company of its own shares**

- (n) in the case of a company incorporated in the United Kingdom, details of any shareholders' authority for the purchase by the company of its own shares still

valid at the end of the period under review and, in the case of such purchases made otherwise than through the market or by tender or partial offer to all shareholders, particulars of the names of sellers of such shares purchased, or proposed to be purchased, by the company during the period under review; in the case of any such purchases, or options or contracts to make such purchases, entered into since the end of the period covered by the report, equivalent information to that required under part II of schedule 7 to the Companies Act 1985 (disclosure required by company acquiring its own shares, etc.) must be given;

### **Allotments for cash**

- (o) in the case of any allotment for cash of equity securities made during the period under review otherwise than to the holders of the company's equity shares in proportion to their holdings of such equity shares and which has not been specifically authorised by the company's shareholders, in addition to the particulars required by paragraph 39 of schedule 4 to the Companies Act 1985:
  - (i) the names of the allottees, if less than six in number, and in the case of six or more allottees a brief generic description of them; and
  - (ii) the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed;

and similar information must be given for any unlisted major subsidiary undertaking (see paragraph 9.22) including the information required by paragraph 39 of schedule 4 to the Companies Act 1985, as if the major subsidiary undertaking were "the company" for the purposes of that paragraph;

### **Parent undertaking participation in a placing**

- (p) where a company has listed shares in issue and is a subsidiary undertaking of another company, particulars of the participation by the parent undertaking in any placing made during the period under review;

### **Interests in contracts**

- (q) particulars of any contract of significance (see paragraph 12.44), subsisting during the period under review, to which the company, or one of its subsidiary undertakings, is a party and in which a director of the company is or was materially interested;

### **Contracts of significance**

- (r) particulars of any contract of significance (see paragraph 12.44) between the company, or one of its subsidiary undertakings, and a controlling shareholder (see paragraphs 3.12 and 3.13) subsisting during the period under review;
- (s) particulars of any contract for the provision of services to the company or any of its subsidiary undertakings by a controlling shareholder (see paragraphs 3.12 and 3.13) subsisting during the period under review; such a contract need not be disclosed if it is a contract for the provision of services which it is the principal business of the shareholder to provide and it is not a contract of significance (see paragraph 12.44);

### **Small related party transactions**

- (t) details of small related party transactions as required by paragraph 11.8(c);

### **Long-term incentive scheme**



- (u) details of long-term incentive schemes as required by paragraph 13.13A(b); and

### **Going concern**

- (v) in the case of a company incorporated in the United Kingdom, a statement by the directors that the business is a going concern with supporting assumptions or qualifications as necessary, as interpreted by the Guidance on Going Concern and Financial Reporting for directors of listed companies registered in the United Kingdom, published in November 1994; such statement to be reviewed by the auditors before publication.

### **Directors' remuneration**

- (w) *Paragraph deleted - January 1999*
- (x) *Paragraph deleted - January 1999*

## **Corporate governance and directors' remuneration**

### **Corporate governance**

12.43A In the case of a company incorporated in the United Kingdom, the following additional items must be included in its annual report and accounts:

- (a) a narrative statement of how it has applied the principles set out in Section 1 of the Combined Code, providing explanation which enables its shareholders to evaluate how the principles have been applied;
- (b) a statement as to whether or not it has complied throughout the accounting period with the Code provisions set out in Section 1 of the Combined Code. A company that has not complied with the Code provisions, or complied with only some of the Code provisions or (in the case of provisions whose requirements are of a continuing nature) complied for only part of an accounting period, must specify the Code provisions with which it has not complied, and (where relevant) for what part of the period such non-compliance continued, and give reasons for any non-compliance; and

### **Directors' remuneration**

- (c) a report to the shareholders by the Board which must contain:
  - (i) a statement of the company's policy on executive directors' remuneration;
  - (ii) the amount of each element in the remuneration package for the period under review of each director by name, including, but not restricted to, basic salary and fees, the estimated money value of benefits in kind, annual bonuses, deferred bonuses, compensation for loss of office and payments for breach of contract or other termination payments, together with the total for each director for the period under review and for the corresponding prior period, and any significant payments made to former directors during the period under review; such details to be presented in tabular form, unless inappropriate, together with explanatory notes as necessary;
  - (iii) information on share options, including SAYE options, for each director by name in accordance with the recommendations of the Accounting Standards Board's Urgent Issues Task Force Abstract 10; such information to be presented in tabular form together with explanatory notes as necessary;

- (iv) details of any long-term incentive schemes, other than share options details of which have been disclosed under (iii) above, including the interests of each director by name in the long-term incentive schemes at the start of the period under review; entitlements or awards granted and commitments made to each director under such schemes during the period, showing which crystallize either in the same year or subsequent years; the money value and number of shares, cash payments or other benefits received by each director under such schemes during the period; and the interests of each director in the long-term incentive schemes at the end of the period;
- (v) explanation and justification of any element of remuneration, other than basic salary, which is pensionable;
- (vi) details of any directors' service contract with a notice period in excess of one year or with provisions for pre-determined compensation on termination which exceeds one year's salary and benefits in kind, giving the reasons for such notice period;
- (vii) the unexpired term of any directors' service contract of a director proposed for election or re-election at the forthcoming annual general meeting and, if any director proposed for election or re-election does not have a directors' service contract, a statement to that effect; and
- (viii) a statement of the company's policy on the granting of options or awards under its employees' share schemes and other long-term incentive schemes, explaining and justifying any departure from that policy in the period under review and any change in the policy from the preceding year.
- (ix) for defined benefit schemes (as in part I of schedule 6 to the Companies Act 1985):
  - (a) details of the amount of the increase during the period under review (excluding inflation) and of the accumulated total amount at the end of the period in respect of the accrued benefit to which each director would be entitled on leaving service or is entitled having left service during the period under review;
  - (b) and either:
    - (i) the transfer value (less director's contributions) of the relevant increase in accrued benefit (to be calculated in accordance with Actuarial Guidance Note GN11 but making no deduction for any underfunding) as at the end of the period; or
    - (ii) so much of the following information as is necessary to make a reasonable assessment of the transfer value in respect of each director:
      - (a) current age;
      - (b) normal retirement age;
      - (c) the amount of any contributions paid or payable by the director under the terms of the scheme during the period under review;
      - (d) details of spouse's and dependants'

benefits;

- (e) early retirement rights and options, expectations of pension increases after retirement (whether guaranteed or discretionary); and
- (f) discretionary benefits for which allowance is made in transfer values on leaving and any other relevant information which will significantly affect the value of the benefits.

Voluntary contributions and benefits should not be disclosed; and

- (x) for money purchase schemes (as in part I of schedule 6 to the Companies Act 1985) details of the contribution or allowance payable or made by the company in respect of each director during the period under review.

### **Requirements of auditors**

A company's statement under 12.43A(b) must be reviewed by the auditors before publication only insofar as it relates to Code provisions A.1.2, A.1.3, A.6.1, A.6.2, D.1.1, D.2.1 and D.3.1 of the Combined Code. The scope of the auditors' report on the financial statements must cover the disclosures made pursuant to paragraph 12.43A(c)(ii), (iii), (iv), (ix) and (x) above. The auditors must state in their report if in their opinion the company has not complied with any of the requirements of paragraph 12.43A (c)(ii), (iii), (iv), (ix) and (x) of the listing rules and, in such a case, must include in their report, so far as they are reasonably able to do so, a statement giving the required particulars.

### **Contracts of significance**

12.44 For the purpose of paragraph 12.43 (q), (r) and (s), a "contract of significance" is one which represents in amount or value (or, as the case may be, in annual amount or value) a sum equal to 1% or more, calculated on a group basis where relevant, of:

- (a) in the case of a capital transaction or a transaction of which the principal purpose or effect is the granting of credit, the aggregate of the group's share capital and reserves; or
- (b) in other cases, the total annual purchases, sales, payments or receipts, as the case may be, of the group.

### **Summary financial statements**

12.45 Where a listed company issues summary financial statements permitted under the Companies Act 1985, earnings per share must be disclosed in addition to the required contents for summary financial statements set out in the Companies (Summary Financial Statement) Regulations 1995.

### **Half-yearly report**

12.46 A company which has listed shares must prepare a report, on a group basis where relevant, on its activities and profit or loss for the first six months of each financial year.

CARD Art.70

12.47 The accounting policies and presentation applied to interim figures must be consistent with those applied in the latest published annual accounts save where:

- (a) they are to be changed in the subsequent annual financial statements, in which case the new accounting policies and presentation should be followed, and the changes and the reasons therefor should be disclosed in the half-yearly report; or
- (b) the UK Listing Authority otherwise agrees.

IRD Art.4  
Paras 1  
and 2

### Timing of publication

12.48 The half yearly report must be published as soon as possible and in any event within 90 days of the end of the period to which it relates. In exceptional circumstances, the UK Listing Authority may grant an extension of this time limit.

### Method of publication

12.49 A company must publish the half-yearly report by notifying it to a Regulatory Information Service, without delay after board approval (see paragraph 9.35) and where the company's shares are listed in another member state, simultaneously to the competent authority of each other member state in which the company's shares are listed, not later than the time the report is first published in a member state. The notification to a Regulatory Information Service must include the auditor's report or the review report issued pursuant to the Auditing Practices Board Bulletins 1993/1 and 1998/6 on Review of Interim Financial Information in full to the extent the half-yearly report includes such a report pursuant to paragraph 12.54.

CARD  
Art.102(2)

12.50 In addition, the company must either:

- (a) send the half-yearly report to the holders of its listed securities; or
- (b) insert the half-yearly report, as a paid advertisement, in at least one national newspaper.

### Contents

12.51 The half-yearly report must contain the information required by paragraphs 12.52 to 12.59 in respect of the group's activities and profit or loss during the relevant period.

CARD  
Art.73(1)

### Figures

12.52 The following figures presented in table form must be included in the half-yearly report:

CARD  
Art.73(2)

- (a) a profit and loss account comprising the following:
  - (i) net turnover;
  - (ii) operating profit or loss;
  - (iii) interest payable less interest receivable (net);
  - (iv) profit or loss before taxation and extraordinary items;
  - (v) taxation on profits on ordinary activities (United Kingdom taxation and, if material, overseas and share of associated undertakings' taxation to be shown separately);
  - (vi) profit or loss on ordinary activities after tax;
  - (vii) minority interests;
  - (viii) profit or loss attributable to shareholders, before extraordinary items;
  - (ix) extraordinary items (net of taxation);

CARD  
Art.73(2)

- (x) profit or loss attributable to shareholders;
- (xi) rates of dividend(s) paid and proposed and amount absorbed thereby;  
and  
CARD  
Art.73(4)
- (xii) earnings per share expressed as pence per share;
- (b) a balance sheet;
- (c) a cash flow statement; and
- (d) comparative figures in respect of (a) to (c) above for the corresponding period in the preceding financial year. CARD  
Art.73(5)
- 12.53 Where items specified in the previous paragraph are unsuited to the company's activities, appropriate adjustments must be made. CARD  
Art.73(7)
- 12.54 Where the figures in the half-yearly report have been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information, the report of the auditors must be reproduced in full. CARD Art. 75
- Special cases**
- 12.55 In exceptional circumstances, and only if the United Kingdom is the only member state in which the company is listed, the UK Listing Authority may allow the half-yearly report to include estimated figures for profit and loss; in such cases, a statement to the effect that the figures are estimates must be included in the half-yearly report. CARD Art.  
73(3)
- Explanatory statement**
- 12.56 The half-yearly report must contain:
- (a) an explanatory statement including any significant information enabling investors to make an informed assessment of the trend of the group's activities and profit or loss;
- (b) an indication of any special factor which has influenced those activities and the profit or loss during the period in question;
- (c) enough information to enable a comparison to be made with the corresponding period of the preceding financial year; and
- (d) so far as possible, a reference to the group's prospects in the current financial year. CARD  
Art.73(6)
- 12.57 Where the requirements of the listing rules in relation to half-yearly reports are unsuited to the company's activities or circumstances the UK Listing Authority may require suitable adaptations to be made. CARD Art.76
- 12.58 The UK Listing Authority may authorise the omission from a half-yearly report of the items of information required by paragraph 12.52(a)(i), (iv), (xi) and, so far as it relates to those items, the information required by (d) if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the company, provided that, in the latter case, such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the shares in question. The request for omission must be in writing and the company or its representatives will be responsible for the correctness and relevance of the facts on which any request to omit information is based. CARD Art.76
- 12.59 The UK Listing Authority may authorise the omission from a half-yearly report of any information in addition to the items of information referred to in paragraph 12.58, and

from the preliminary statement of annual results of any information, either on the grounds referred to above or if it considers such omission otherwise necessary or appropriate.

### **Change of accounting reference date**

- 12.60 If a company which has listed shares changes its accounting reference date it must notify a Regulatory Information Service without delay of the new accounting reference date. If the effect of the change in the accounting reference date is to extend the accounting period to more than 14 months, the company must prepare and publish a second interim report in accordance with the provisions of paragraphs 12.46 to 12.59 in respect of either the period up to the old accounting reference date or the period up to a date not more than six months prior to the new accounting reference date.

## CHAPTER 13

### DOCUMENTS NOT REQUIRING PRIOR APPROVAL

#### Scope of chapter

Generally, if a document complies with the requirements of this chapter, the company need not submit it in draft to the UK Listing Authority. The onus is placed on the company to ensure that the document meets the requirements of the listing rules. A letter of compliance from the company's legal advisers or other suitably qualified professional advisers will be required in the case of certain documents. Where the document does not comply with the relevant requirements of this chapter, or has unusual features, the UK Listing Authority must be consulted and may require such document to be submitted in draft form for approval.

Circulars not requiring prior approval are referred to in chapter 14.

The main headings are:

- 13.1 general
  - approval
  - lodging documents with the UK Listing Authority
  - variations
  - existing documents
- 13.5 letters of compliance
- 13.8 memorandum and articles of association
- 13.10 trust deeds
- 13.13 employees' share schemes and long-term incentive schemes
- 13.18 temporary documents of title (including renounceable documents)
- 13.20 definitive documents of title (including bearer securities)
- 13.28 proxy forms
- 13.30 discounted option arrangements

There are two appendices to this chapter, containing requirements for trust deeds and the printing of bearer securities.

#### **General**

##### **Approval**

- 13.1 If the following documents (and amendments to them) comply with the requirements of this chapter and have no unusual features then they do not need to be approved by the UK Listing Authority, but must be lodged with the UK Listing Authority in accordance with paragraph 13.2:
- (a) memoranda and articles of association;
  - (b) trust deeds;
  - (c) employees' share schemes, long-term incentive schemes and discounted option arrangements;
  - (d) temporary documents of title (including renounceable documents);
  - (e) definitive documents of title (including bearer securities);
  - (f) proxy forms; and
  - (g) a circular relating only to (a),(b) or (c) above.

### **Lodging documents with the UK Listing Authority**

13.2 In addition to any other requirements in the listing rules to lodge documents with the UK Listing Authority, two copies of any document referred to in paragraph 13.1 must be lodged with the UK Listing Authority, together with any letter of compliance required under paragraph 13.6, no later than: CARD Art. 66

- (a) the date of despatch of the notice convening the meeting to decide on the document or amendment to it;
- (b) where there is no such meeting, the date of despatch of the document to the holders of the relevant securities; or
- (c) where there is no such meeting and no such despatch, the effective date of the document or amendment to it

except that a company with only debt securities listed is not required to lodge an amendment to its memorandum and articles of association unless the proposed amendment affects the rights of the holders of the debt securities. CARD Art. 79

### **Variations**

13.3 Where a document does not comply with the requirements of this chapter or has unusual features the UK Listing Authority must be consulted at an early stage. The UK Listing Authority may:

- (a) permit variations from the requirements; or
- (b) require the issuer to submit the document for prior approval.

### **Existing documents**

13.4 Where an existing document which has been approved by the UK Listing Authority does not comply with the requirements of this chapter, the company will not be required to make immediate alterations to the document in order to ensure compliance. However, if changes are made to the document for some other reason, the company must take that opportunity to make such changes as may be necessary to ensure compliance. In cases of doubt the company must consult the UK Listing Authority.

### **Letters of compliance**

13.5 A letter of compliance is a letter written to the UK Listing Authority by the company's legal advisers which confirms that:

- (a) the provisions of the document to which it relates comply with the relevant requirements of this chapter; and
- (b) there is nothing in the document which is unusual for a document of that nature save, where relevant, for matters disclosed in that letter which have been discussed with the UK Listing Authority in advance.

13.6 A letter of compliance is required in respect of trust deeds. A letter of compliance is also required when a trust deed has been, or is proposed to be amended which confirms that:

- (a) the amended document complies with the relevant requirements of this chapter; and



- (b) the amendments contain nothing unusual for a document of that nature save, where relevant, for matters disclosed in that letter which have been discussed with the UK Listing Authority in advance.

13.7 In cases where it may not be possible to give a letter of compliance, the UK Listing Authority must be consulted at an early stage and a draft of the document (with an explanation of any unusual matters) must be submitted to the UK Listing Authority.

### **Memorandum and articles of association**

13.8 *Paragraph deleted – January 2000.*

#### **Amendments**

13.9 A circular to shareholders in connection with proposed amendments to the memorandum and articles of association must:

- (a) include an explanation of the effect of the proposed amendments;
- (b) include either the full terms of the proposed amendments, or a statement that the full terms will be available for inspection:
  - (i) from the date of dispatch of the circular until the close of the relevant general meeting at a place in or near the City of London or such other place as the UK Listing Authority may determine; and
  - (ii) at the place of the general meeting for at least 15 minutes prior to and during the meeting; and
- (c) comply with the relevant requirements of paragraph 14.1 (contents of all circulars).

### **Trust deeds**

13.10 A trust deed must comply with the requirements set out in appendix 2 to this chapter.

#### **Amendments**

13.11 A circular to shareholders or holders of debt securities, as appropriate, in connection with proposed amendments to a trust deed must:

- (a) include an explanation of the effect of the proposed amendments;
- (b) include either the full terms of the proposed amendments, or a statement that they will be available for inspection:
  - (i) from the date of the dispatch of the circular until the close of the relevant general meeting at a place in or near the City of London or such other place as the UK Listing Authority may determine; and
  - (ii) at the place of the general meeting for at least 15 minutes prior to and during the meeting; and
- (c) comply with the relevant requirements of paragraph 14.1 (contents of all circulars).

#### **Trustees**

13.12 There must be a trustee or trustees representing the holders of listed debt securities except in the case of issuers of listed specialist debt securities or where otherwise agreed by the UK Listing Authority. One of the trustees must be a trust corporation with no

interest in or relation to the issuer which might conflict with the position of trustee.

### **Employees' share schemes and long-term incentive schemes**

13.13 The following schemes of a listed company incorporated in the United Kingdom (and of any of its subsidiary undertakings even where that subsidiary undertaking is incorporated or operates overseas) must be approved by an ordinary resolution of the shareholders of the listed company in general meeting prior to their adoption:

- (a) an employees' share scheme if the scheme involves or may involve the issue of new shares; and
- (b) subject to the provisions of paragraph 13.13A, a long-term incentive scheme in which one or more directors of the issuer is eligible to participate.

13.13A The requirements of paragraph 13.13(b) and of paragraphs 13.14 to 13.16 do not apply to the following long-term incentive schemes:

- (a) an arrangement under which participation is offered on similar terms to all or substantially all employees of the issuer or any of its subsidiary undertakings whose employees are eligible to participate in the arrangement (provided that all or substantially all employees are not directors of the issuer); and
- (b) an arrangement in which the only participant is a director of the issuer (or an individual whose appointment as a director of the issuer is in contemplation) and the arrangement is established specifically to facilitate, in unusual circumstances, the recruitment or retention of the relevant individual. In these circumstances the following information must be disclosed in the first annual report published by the issuer following the date on which the relevant individual becomes eligible to participate in the arrangement: all of the information prescribed in paragraph 13.14(a) to (d); the name of the sole participant; the date on which the participant first became eligible to participate in the arrangement; explanation of why the circumstances in which the arrangement was established were unusual; the conditions to be satisfied under the terms of the arrangement; and the maximum award(s) under the terms of the arrangement or, if there is no maximum, the basis on which awards will be determined.

### **Contents of accompanying circular**

13.14 A circular to shareholders in connection with the approval (as required by paragraph 13.13) of an employees' share scheme or a long-term incentive scheme must:

- (a) include either the full text of the scheme or a description of its principal terms;
- (b) include, where directors of the company are trustees of the scheme, or have a direct or indirect interest in the trustees, details of such trusteeship or interest;
- (c) state that the provisions (if any) relating to:
  - (i) the persons to whom, or for whom, securities, cash or other benefits are provided under the scheme (the "participants");
  - (ii) limitations on the number or amount of the securities, cash or other benefits subject to the scheme;
  - (iii) the maximum entitlement for any one participant;
  - (iv) the basis for determining a participant's entitlement to, and the terms of, securities, cash or other benefit to be provided and for the adjustment thereof (if any) in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or

any other variation of capital:

cannot be altered to the advantage of participants without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the scheme or for the company operating the scheme or for members of its group);

- (d) state whether benefits under the scheme will be pensionable and, if so, the reasons for this;
  - (e) if the scheme is not circulated to shareholders, include a statement that it will be available for inspection:
    - (i) from the date of the dispatch of the circular until the close of the relevant general meeting, at a place in or near the City of London or such other place as the UK Listing Authority may determine; and
    - (ii) at the place of the general meeting for at least 15 minutes prior to and during the meeting; and
  - (f) comply with the relevant requirements of paragraph 14.1 (contents of all circulars).
- 13.15 The resolution contained in the notice of meeting accompanying the circular must refer either to the scheme itself (if circulated to shareholders) or to the summary of its principal terms included in the circular.
- 13.16 A resolution approving the adoption of an employees' share scheme or long-term incentive scheme under paragraph 13.13 may authorise the directors to establish further schemes based on any scheme which has previously been approved by shareholders but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the main scheme.

#### **Amendments**

- 13.17 A circular to shareholders in connection with any proposed amendments to an employees' share scheme or a long-term incentive scheme (if the scheme would require shareholder approval in terms of paragraph 13.13) must:
- (a) include an explanation of the effect of the proposed amendments;
  - (b) include the full terms of the proposed amendments, or a statement that the full text of the scheme as amended will be available for inspection as required in paragraph 13.14(e); and
  - (c) comply with the relevant requirements of paragraph 14.1 (contents of all circulars).

#### **Temporary documents of title (including renounceable documents)**

- 13.18 A temporary document of title other than one issued in global form must:
- (a) be serially numbered and printed on good quality paper with the document set in type size 8 point with a capital height of 2mm minimum;
  - (b) state where applicable:

- (i) the name and address of the first holder and names of joint holders (if any);
  - (ii) in the case of fixed income securities, the amount of the next payment of interest or dividend;
  - (iii) the pro rata entitlement;
  - (iv) the last date on which transfers were or will be accepted for registration for participation in the issue;
  - (v) how the securities rank for dividend or interest;
  - (vi) the nature of the document of title and proposed date of issue;
  - (vii) how fractions (if any) are to be treated; and
  - (viii) in the case of a rights issue the time, being not less than 21 days, in which the offer may be accepted, and how securities not taken up will be dealt with; and
- (c) where renounceable:
- (i) state in a heading that the document is of value and negotiable;
  - (ii) advise holders of securities who are in any doubt as to what action to take to consult appropriate independent advisers immediately;
  - (iii) state that where all of the securities have been sold by the addressee (other than “ex rights” or “ex capitalisation”), the document should be passed to the person through whom the sale was effected for transmission to the purchaser;
  - (iv) have the form of renunciation and the registration instructions printed on the back of, or attached to, the document;
  - (v) include provision for splitting (without fee) and for split documents to be certified by an official of the company or authorised agent;
  - (vi) provide for the last day for renunciation to be the second business day after the last day for splitting; and
  - (vii) if at the same time as an allotment is made of shares issued for cash, shares of the same class are also allotted credited as fully paid to vendors or others, provide for the period for renunciation to be the same as, but no longer than, that provided for in the case of shares issued for cash.

### **Allotment letters**

13.19 When a new security is issued on conversion of a security and the new security is also offered for subscription in cash, allotment letters must be marked “conversion” and “cash” respectively.

### **Definitive documents of title (including bearer securities)**

#### **Securities other than bearer securities**

13.20 A definitive document of title other than a bearer security must include the following matters on its face (or on the reverse in the case of (f) and (g) below):

- (a) the authority under which the issuer is constituted and the country of incorporation and registered number (if any);
- (b) the number or amount of securities the certificate represents and, if applicable, the number and denomination of units (in the top right-hand corner);
- (c) a footnote stating that no transfer of the security or any portion thereof represented by the certificate can be registered without production of the certificate;
- (d) if applicable, the minimum amount and multiples thereof in which the security is transferable;
- (e) the date of the certificate;
- (f) in the case of a debt security, the interest payable and the interest payment dates and on the reverse (with reference shown on the face) an easily legible summary of the rights as to redemption or repayment and (where applicable) conversion; and
- (g) in the case of shares with preferential rights, on the face (or, if not practicable, on the reverse), a statement of the conditions thereof as to capital, dividends and (where applicable) conversion.

13.21 A new certificate issued to replace one that has been worn out, lost or destroyed must be issued without charge (other than exceptional out of pocket expenses) although a company may require an indemnity prior to the issue of a replacement certificate. Where a holder of securities other than bearer securities has sold part of his holding, he must be entitled to a certificate for the balance without charge.

#### **Bearer securities**

13.22 A definitive document of title relating to a bearer security must include the following matters on its face (or, in the case of (g) and (h) below, on the reverse):

- (a) the authority under which the issuer is constituted and the country of incorporation and registered number (if any);
- (b) the date of issue of the security;
- (c) the authority under which the security is issued;
- (d) the dates when fixed interest or dividend payments are due;
- (e) the serial number of the securities (which must appear in the top right-hand corner, on the talon and on each coupon);
- (f) an authorising signature or signatures of the issuer, which may be in facsimile (and may also bear an authenticating signature which, if present, must be an original);
- (g) in the case of a debt security, a summary of the principal terms and conditions of issue including those relating to redemption, conversion, meetings and voting rights; and
- (h) in the case of shares with preferential rights, a statement of the conditions as to capital (including redemption), dividends, meetings and voting rights.

13.23 The issuer must entrust the printing of bearer securities to a recognised high security printer. The issuer must ensure that the printer complies with the printing requirements set out in appendix 3 to this chapter.

- 13.24 The name of the printer must appear on the face of the bearer security and the coupons as part of the intaglio border.
- 13.25 The overall size of the bearer security (excluding sheets of coupons) should be no more than 29.7cm x 21cm.
- 13.26 The issuer of bearer securities must obtain from the high security printers, and upon request supply to the UK Listing Authority (see paragraph 7.8(j)), a declaration of compliance with the requirements set out in appendix 3 to this chapter in the form set out in paragraph 6 of that appendix 3.
- 13.27 Notwithstanding paragraphs 13.22 to 13.26, bearer documents of title to securities (other than debt securities issued only in the United Kingdom) issued by a company, state monopoly, state finance organisation or other statutory body, if incorporated or established in a member state other than the United Kingdom, may be produced in compliance with the standards laid down in the member state of incorporation or establishment. This exception is subject to a certificate from an appropriate organisation, confirming that the documents comply with the requirements of that member state, being lodged with the UK Listing Authority two business days before or as soon as possible after the consideration of the application for admission but in any event prior to the date of issue of the definitive bearer document (see paragraph 7.5(j)). If no such certificate can be given, the UK Listing Authority will publish the fact of non-compliance. CARD Arts. 50 and 57
- 13.27A A new document of title in respect of bearer securities must not be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

### **Proxy forms**

- 13.28 A proxy form must:
- (a) be sent with the notice convening a meeting of holders of listed securities to each person entitled to vote at the meeting;
  - (b) provide for two-way voting on all resolutions intended to be proposed (except that it is not necessary to provide proxy forms with two-way voting on procedural resolutions);
  - (c) state that a shareholder is entitled to appoint a proxy of his own choice and provide a space for insertion of the name of such proxy; and
  - (d) state that if it is returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his discretion as to whether, and if so how, he votes.
- 13.29 Where the resolutions to be proposed include the re-election of retiring directors and if the number of retiring directors standing for re-election exceeds five, the proxy form may give shareholders the opportunity to vote for or against the re-election of the retiring directors as a whole but must also allow votes to be cast for or against the re-election of the retiring directors individually.

### **Discounted option arrangements**

- 13.30 Subject to the provisions of paragraph 13.31, a listed company may not, without the prior approval by an ordinary resolution of the shareholders of the listed company in general meeting, grant to a director or employee of the issuer or of any subsidiary undertaking of the issuer an option to subscribe, warrant to subscribe or other similar right to subscribe for shares in the capital of the issuer or any of its subsidiary undertakings, if the price per share payable on the exercise of such an option, warrant or other similar right to subscribe is less than whichever of the following is used to calculate the exercise price:

- (a) the market value of the share on the date when the exercise price is determined;
- (b) the market value of the share on the business day before such date; or
- (c) the average of the market values for a number of dealing days within a period not exceeding 30 days immediately preceding such date.

13.31 The provisions of paragraph 13.30 do not apply to the grant of an option to subscribe, warrant to subscribe or other similar right to subscribe for shares in the capital of the issuer or any of its subsidiary undertakings:

- (a) under an employees' share scheme pursuant to the terms of which participation is offered on similar terms to all or substantially all employees of the issuer or any of its subsidiary undertakings whose employees are entitled to participate in the scheme; or
- (b) following a take-over or reconstruction, in replacement for and on comparable terms with options to subscribe, warrants to subscribe or other similar rights to subscribe held immediately prior to the take-over or reconstruction in respect of shares in either a company of which the issuer thereby obtains control or in any of that company's subsidiary undertakings.

#### **Contents of accompanying circular**

13.32 Where shareholders' approval is required by paragraph 13.30, the following information must be circulated to shareholders:

- (a) details of the persons to whom the options, warrants or rights are to be granted;
- (b) a summary of the principal terms of the options, warrants or rights; and
- (c) details of the relevant requirements of paragraph 14.1 (contents of all circulars).

**APPENDIX 1 TO CHAPTER 13**  
**ARTICLES OF ASSOCIATION**

*Appendix 1 deleted – January 2000.*



## APPENDIX 2 TO CHAPTER 13

### TRUST DEEDS

This appendix sets out the matters which must be provided for in trust deeds relating to a listed debt security.

#### Purchase of debt securities

1. Where power is reserved to purchase a debt security convertible into equity shares:
  - (a) unless a tender or partial offer is made to all holders of the class of securities on the same terms, purchases must be limited to a maximum price which, in the case of purchases through the market, must not exceed 5% above the average of the market value for the ten business days before the purchase is made; and
  - (b) if purchases are by tender, tenders must be available to all holders alike.

#### Drawings

2. Where the outstanding amount of a debt security (other than a specialist debt security) subject to redemption by drawings is £2,000,000 or more, the lots into which the issue is to be divided under the terms of the trust deed for the purpose of a drawing, if required, may not be of more than £1,000. Where the outstanding amount is less than £2,000,000, such lots must be of not more than £100.

#### Repayment date

3. Where a debt security is repayable on a particular date the trust deed must specify the year of redemption by its inclusion in the title of the debt security. Where a debt security may be repaid within a fixed period the trust deed must specify that period by the inclusion in the title of the first and last years of the period, and where a debt security will be irredeemable. The description of the debt security must make this clear.

#### Conversion rights

4. During the existence of conversion rights:
  - (a) unless provision is made for appropriate adjustment of the conversion rights:
    - (i) the company must be precluded from effecting any reduction of capital involving repayment of capital or reduction of uncalled liability or from making any purchase of its own shares;
    - (ii) the company must be precluded from effecting any capitalisation of profits or reserves save in respect of shares issued in lieu of dividend; and
    - (iii) if the company makes or gives to its shareholders any offer or right in relation to securities of the company or any other company (other than in relation to shares, issued in lieu of dividend) then the company must at the same time make or give to the holders of the convertible debt securities the like offer or right on the appropriate basis having regard to their conversion rights;

- (b) the creation or issue of any new class of equity share capital must be prohibited or restricted within certain specified limits (unless sanctioned by an extraordinary resolution passed at a separate class meeting of the holders of the securities);
- (c) in the event of voluntary liquidation (except for the purpose of reconstruction or amalgamation on terms previously approved by the trustees, or by an extraordinary resolution of the holders), the holders of the convertible debt securities must, for a limited period, have rights equivalent to conversion;
- (d) the company must maintain at all times sufficient unissued capital to cover all outstanding conversion rights;
- (e) where provision is made enabling the company at its option to repay or convert the debt security if a specified proportion of the debt security has been converted, it must apply to the whole of the debt security outstanding;
- (f) all necessary allotments of shares consequent upon a conversion must be effected within a period no longer than 14 days after the last day for lodging notices of conversion; and
- (g) holders of the debt security must be given notice in writing of a specified period not less than four and not more than eight weeks prior to the end of each conversion period reminding them of the conversion right then arising or current and stating the applicable basis of conversion (after taking into account any required adjustments).

### **Designation**

5. The designation of any convertible debt security must include the word “convertible”, until the expiration of conversion rights, whereupon that word must cease within 14 days thereafter to form part of the designation.

### **Meetings and voting rights**

6. For meetings and voting rights of holders of debt securities:
  - (a) notice of not less than 21 days must be given of a meeting for the purpose of passing an extraordinary resolution;
  - (b) a meeting of holders of the debt securities must be called on a requisition in writing signed by holders of at least one-tenth of the nominal amount of the debt securities for the time being outstanding;
  - (c) the quorum for a meeting (other than an adjourned meeting) for the purpose of passing an extraordinary resolution must be the holders of at least one-third in nominal value of the outstanding debt securities;
  - (d) the necessary majority for passing an extraordinary resolution must be at least three-fourths of the persons voting on a show of hands and if a poll is demanded then at least three-fourths of the votes given on such a poll;
  - (e) on a poll, each holder of debt securities must be entitled to at least one vote in respect of each of those amounts held by him which represents the lowest denomination in which such debt securities can be transferred; and
  - (f) a proxy need not be a holder of the debt securities.

**Transfer of registered debt securities**

7. Transfers and other documents relating to or affecting the title to any debt securities must be registered without payment of any fee.

**Register**

8. The closing of the register must be discretionary.

**Replacement and balance certificates**

9. A new certificate issued to replace one that has been worn out, lost or destroyed must be issued without charge (other than exceptional out of pocket expenses) and, where a holder of securities other than bearer securities has sold part of his holding, he must be entitled to a certificate for the balance without charge.

**Partial repayment**

10. On any partial repayment of the amount due on the debt security, a note of such payment must, unless a new document is issued, be effaced on the document.

**Security**

11. Debt securities (other than specialist debt securities) which constitute an unsecured liability must be designated as "unsecured".

**Mortgage**

12. The designation in a trust deed of debt securities must not include the word "mortgage" unless they are fully secured by a specific mortgage or charge.

**Unclaimed interest**

13. Where power is taken in the trust deed to forfeit unclaimed interest, that power must not be exercisable until twelve years or more after the due date of payment of the interest to be forfeited.

**Appointment of trustees**

14. If the office of trustee becomes vacant any new trustee must prior to appointment be approved by an extraordinary resolution of the holders of the relevant class of debt securities unless such holders have a general power to remove any trustee and appoint another trustee in his place.

## APPENDIX 3 TO CHAPTER 13

### BEARER SECURITIES

This appendix sets out the requirements for printing bearer securities.

1. The paper for securities and coupons must be first class bond or banknote paper. It must be of 100g/m<sup>2</sup> weight, at least 50% rag and must contain a three dimensional multi-tone watermark of the printer, borrower or issuer. Accurate records must be kept regarding manufacture and consumption of security paper. The watermark should be repeated at staggered intervals such that it appears on each coupon.
2. The serial number (which must appear on the top right-hand corner of each security, on the talon and on each coupon) must be printed in indestructible black ink which fluoresces when exposed to ultra violet light.
3. The coupon sheets must be attached to the right-hand side or foot of the security and each coupon must bear the serial number of the security and be numbered consecutively. If a talon or renewal coupon is used it must be so placed as to be the last coupon to be removed. The margin between the coupons must be sufficiently wide to ensure that the text of any coupon is not damaged when coupons are detached.
4. Securities must have at least one printing by direct engraved steel plate which must include the border. The plates must be produced by the high security printer by mechanical or electrolytic means from original steel engravings and must remain in the responsible custody of the high security printer. The impression must be perfect, giving uniform sharpness, no interruptions or broken lines and no choking or widening at points of intersection. The background must contain guilloches which, if produced by indirect letterpress, must be in more than one colour.
5. The design of the intaglio border of the securities and coupons must either be unique to the issuer or must, as an alternative incorporate the following additional security features:
  - (a) lines composed of extra small print which appear as continuous lines when photocopied; and
  - (b) a latent image (not required on the coupons).
6. The high security printer must give a declaration to the issuer that:
  - (a) the security is being produced in accordance with the requirements of the UK Listing Authority;
  - (b) records will be kept of the production and consumption of the security paper;
  - (c) the steel engraved plates have been produced by the high security printers on their premises and since production they have remained and will remain under their control and, if the design of the intaglio border is unique to the issuer, it will not be used on the securities of any other issuer; and
  - (d) where the design of the intaglio border is unique to the issuer, at the request of the issuer all plates used in the preparation of the securities will be destroyed and satisfactory proof of destruction will be produced to the issuer.

## CHAPTER 14

### CIRCULARS

#### Scope of chapter

This chapter sets out the general requirements which apply to all circulars sent by a company to holders of its listed securities.

It also sets out specific requirements for circulars of a routine nature. Where these specific requirements are met (together with the requirements which apply to all circulars), such circulars do not need to be approved by the UK Listing Authority prior to their publication. Where the circular, or the transaction or matter to which it relates, has unusual features, or where it is not possible to comply with the relevant requirements set out in this chapter, the UK Listing Authority must be consulted at an early stage and it may require the circular to be submitted in draft form for approval.

Chapter 9 under the heading "Communication with shareholders" also contains provisions relevant to circulars. The specific requirements for circulars issued in connection with Class 1 transactions are set out in chapter 10, for transactions with a related party in chapter 11, for chapter 13 documents in chapter 13 and for purchases by a company of its own securities in chapter 15.

The main headings are:

- 14.1 contents of all circulars
- 14.2 formal approval of circulars
- 14.4 lodging of circulars
- 14.5 circulars of a routine nature
  - general
  - authority to allot shares
  - disapplication of pre-emption rights
  - increase in authorised share capital
  - reduction of capital
  - capitalisation issue
  - scrip dividend alternative
  - scrip dividend mandate schemes
  - purchase of own securities
  - notices of meetings
  - chapter 13 circulars
  - early redemption
  - reminders of conversion rights.

#### **Contents of all circulars**

- 14.1 Any circular sent by a company to holders of its listed securities must:
- (a) provide a clear and adequate explanation of its subject matter;
  - (b) if voting or other action is required, contain all information necessary to allow the holders of the securities to make a properly informed decision;
  - (c) if voting or other action is required, contain a heading drawing attention to the importance of the document and advising holders of securities who are in any doubt as to what action to take to consult appropriate independent advisers;
  - (d) where voting is required, contain a recommendation from the directors as to the voting action shareholders should take, indicating whether or not the proposal described in the circular is, in the opinion of the directors, in the best interests of the shareholders as a whole;

- (e) state that where all the securities have 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;
- (f) where new securities are being issued in substitution for existing securities, explain what will happen to existing documents of title;
- (g) not include any reference to a specific date on which listed securities will be marked "ex" any benefit or entitlement which has not been agreed in advance with the RIE on which the company's securities are or are to be traded;
- (h) where it relates to a transaction in connection with which securities are proposed to be listed, include a statement that application has been or will be made for the securities to be admitted to the Official List and, if known, a statement of the following matters:
  - (i) the dates on which the securities are expected to be admitted to listing and on which dealings are expected to commence;
  - (ii) how the new securities rank for dividend or interest;
  - (iii) whether the new securities rank *pari passu* with any existing listed securities;
  - (iv) the nature of the document of title;
  - (v) the proposed date of issue;
  - (vi) the treatment of any fractions;
  - (vii) whether or not the security may be held in uncertificated form; and
  - (viii) the names of the RIEs on which securities are or are to be traded; and
- (i) where a person is named in the circular as having advised the issuer or its directors, a statement that such adviser has given and has not withdrawn its written consent to the inclusion of the reference to the adviser's name in the form and context in which it is included.

### **Formal approval of circulars**

- 14.2 No circular, save for those described in paragraph 14.5, may be circulated or made available publicly until it has received the formal approval of the UK Listing Authority in final form. Such approval will not be given until the following documents, or such of them as are applicable, have been lodged with the UK Listing Authority in final form:
- (a) the letter from the sponsor referred to in paragraph 2.18 (working capital letter);
  - (b) in the case of a Class 1 or related party circular, a letter setting out which items of information required by paragraph 10.40 or 11.10 respectively are not applicable;
  - (c) the statement of adjustments referred to in paragraph 12.15;
  - (d) the sponsor's confirmation of independence (see paragraph 2.9(b)); and
  - (e) any other document required by the listing rules, of which the UK Listing Authority has informed the issuer or its sponsor in advance.

- 14.3 To obtain the approval of the UK Listing Authority three copies of the following documents (where applicable) must be submitted at least 10 clear business days (save where the UK Listing Authority otherwise agrees) prior to the intended publication date of the relevant circular:
- (a) the circular;
  - (b) the letters and documents referred to in paragraph 14.2(a), (b) and (c).

Where a circular submitted for approval is amended, three copies of amended drafts must be resubmitted, marked in red to show changes made to conform with the UK Listing Authority's comments and in blue or black to indicate other changes. Approval will only be given on a business day between the hours of 9.00am and 5.30pm, unless specific alternative arrangements are made in advance.

### **Lodging of circulars**

- 14.4 Two copies of any circular in its final form (whether or not it is required to be submitted to the UK Listing Authority for approval) must be lodged with the UK Listing Authority at the same time as it is despatched to shareholders.

### **Circulars of a routine nature**

#### **General**

- 14.5 A circular need not be submitted to the UK Listing Authority for approval before publication provided that:
- (a) it complies with the requirements of paragraph 14.1;
  - (b) it is of a type referred to in paragraphs 14.7 to 14.26 and complies with the specific requirements for a circular of that type or it is a circular only relating to a proposed change of name;
  - (c) neither it, nor the transaction or matter to which it relates, has unusual features; and
  - (d) it is not a document to which paragraph 8.23 or 8.24 applies:

or, in any other case, where the UK Listing Authority agrees that such circular need not be so submitted.

- 14.6 Where the circular, or the transaction or matter to which it relates, has unusual features the UK Listing Authority must be consulted at an early stage. If there is doubt about whether something is unusual, reference should be made to the UK Listing Authority.

#### **Authority to allot shares**

- 14.7 A circular in connection with a resolution proposing to grant the directors authority to allot relevant securities (as that term is defined in section 80 of the Companies Act 1985) must include:
- (a) a statement of the maximum amount of relevant securities which the directors will have authority to allot and the percentage which that amount represents of the total ordinary share capital in issue as at a date not more than one month prior to the date of the circular;

- (b) a statement by the directors as to whether they have any present intention of exercising the authority, and if so for what purpose; and
- (c) a statement as to when the authority will lapse.

#### **Disapplication of pre-emption rights**

14.8 A circular in connection with a resolution proposing to disapply the statutory pre-emption rights under section 89 of the Companies Act 1985 must include:

- (a) a statement of the maximum amount of equity securities which the disapplication will cover; and
- (b) in the case of a general disapplication in respect of equity securities for cash made otherwise than to existing shareholders in proportion to their existing holdings:
  - (i) the percentage which the amount generally disappplied represents of the total ordinary share capital in issue as at a date not more than one month prior to the date of the circular.
  - (ii) *Paragraph deleted - January 1999*

#### **Increase in authorised share capital**

14.9 A circular in connection with a resolution proposing to increase the company's authorised share capital must include:

- (a) a statement of the proposed percentage increase in the authorised share capital of the relevant class; and
- (b) a statement of the reason for the increase.

#### **Reduction of capital**

14.10 A circular in connection with a resolution proposing to reduce the company's capital must include a statement of the reasons for and the effects of the proposal.

#### **Capitalisation issue**

14.11 A circular in connection with a resolution proposing a capitalisation or bonus issue must include:

- (a) the reason for the issue;
- (b) a statement of the last date on which transfers were or will be accepted for registration to participate in the issue;
- (c) details of the pro rata entitlement;
- (d) a description of the nature and amount of reserves which are to be capitalised; and
- (e) the information required by paragraph 5.28.

14.11A Any timetable set out in the circular must be approved by the RIE on which the company's securities are traded before publication.



**Scrip dividend alternative**

- 14.12 A circular containing an offer to shareholders of the right to elect to receive shares in lieu of all or part of a cash dividend must include:
- (a) a statement of the total number of shares that would be issued if all eligible shareholders were to elect to receive shares in respect of their entire shareholdings, and the percentage which that number represents of the equity shares in issue at the date of the circular;
  - (b) in a prominent position, details of the equivalent cash dividend forgone to obtain each share or the basis of the calculation of the number of shares to be offered in lieu of cash;
  - (c) a statement of the total cash dividend payable and applicable tax credit on the basis that no elections for the scrip dividend alternative are received;
  - (d) a statement of the date for ascertaining the share price used as a basis for calculating the allocation of shares;
  - (e) details of the pro rata entitlement;
  - (f) details of what is to happen to fractional entitlements;
  - (g) the record date; and
  - (h) a form of election relating to the scrip dividend alternative which:
    - (i) is worded so as to ensure that shareholders must elect positively in order to receive shares in lieu of cash; and
    - (ii) includes a statement that the right is non-transferable.
- 14.13 Any timetable set out in the circular must be approved by the RIE on which the company's securities are traded before publication.
- 14.14 Six copies of the form of election and the document of title to be issued in connection with the scrip dividend alternative in final form must be lodged with the UK Listing Authority at the same time as the circular is lodged (see paragraph 14.4). A document of title need not be lodged with the form of election if it is in identical form to a document of title already in issue.

**Scrip dividend mandate schemes**

- 14.15 Any proposal whereby shareholders are entitled to complete a mandate in order to receive shares in lieu of future cash dividends must include, in addition to the requirements set out in paragraph 14.12(d) and (f):
- (a) the basis of the calculation of the number of shares to be offered in lieu of cash;
  - (b) a statement of the last date for lodging notice or participation or cancellation in order for that instruction to be valid for the next dividend;
  - (c) details of when adjustment to the number of shares subject to the mandate will take place;
  - (d) details of when cancellation of a mandate instruction will take place;
  - (e) a statement of whether or not the mandate instruction must be in respect of a shareholder's entire holding;
  - (f) the procedure for notifying shareholders of the details of each scrip dividend;

and

- (g) a statement of the circumstances, if known, under which the directors may decide not to offer a scrip alternative in respect of any dividend.

14.15A The timetable for each scrip alternative covered by a scrip dividend mandate scheme must be approved by the RIE on which the company's securities are traded.

### **Purchase of own securities**

14.16 A circular in connection with a resolution proposing to give the company authority to purchase its own securities must comply, if relevant, with the requirements of paragraphs 15.4 and 15.5. Save as provided in paragraph 15.4, the circular need not be submitted to the UK Listing Authority for approval before publication.

### **Notices of meetings**

14.17 Whenever holders of listed securities are sent a notice of meeting which includes any business, other than ordinary business at an annual general meeting, an explanatory circular must accompany the notice. If such other business is to be considered at or on the same day as an annual general meeting, the explanation may be incorporated in the directors' report.

14.18 A circular or other document convening an annual general meeting at which only ordinary business is to be conducted and, if applicable, any other matter covered by this chapter is to be considered or proposed need not be submitted to the UK Listing Authority for prior approval if, in respect of any such other matter to be considered or proposed, the circular or other document complies with the relevant provisions of this chapter.

14.19 A circular or other document convening an annual general meeting need not comply with paragraph 14.1(c), (d) and (e).

14.20 *Paragraph deleted - June 1996*

### **Chapter 13 circulars**

14.21 A circular in connection with a resolution proposing to approve the adoption or amendment of:

- (a) the memorandum or articles of association;
- (b) trust deeds; or
- (c) employees' share schemes, long-term incentive schemes and discounted option arrangements:

must satisfy the requirements for such circulars set out in chapter 13.

### **Early redemption**

14.22 A circular in connection with a resolution proposing to redeem a listed debt security prior to its due date for redemption must include:

- (a) an explanation of the reasons for the early redemption;
- (b) a statement of the market values for the securities on the first dealing day in each of the six months before the date of the circular and on the latest practicable date prior to despatch of the circular;
- (c) a statement of any interests of any director in the securities;

- (d) if there is a trustee, or other representative, of the holders of the securities to be redeemed, a statement that the trustee, or other representative, has given its consent to the issue of the circular or stated that it has no objection to the resolution being put to a meeting of the holders of the securities;
- (e) the timetable for redemption; and
- (f) an explanation of the procedure to be followed by the holders of the securities.

14.23 The circular must not contain specific advice as to whether or not to accept the proposal for redemption.

14.24 The timetable for redemption must be approved by the RIE on which the company's securities are traded before publication of the circular.

#### **Reminders of conversion rights**

14.25 A circular sent to holders of listed convertible securities reminding them of the times when conversion rights are exercisable must include:

- (a) the date of the last day for lodgement of conversion forms and of the expected despatch of the certificates;
- (b) a statement of the market values for the securities on the first dealing day in each of the six months before the date of the circular and on the latest practicable date prior to despatch of the circular;
- (c) the basis of conversion in the form of a table setting out capital and income comparisons;
- (d) a brief explanation of the tax implications of conversion for holders resident for tax purposes in the United Kingdom;
- (e) if there is a trustee, or other representative, of the holders of the securities to be redeemed, a statement that the trustee, or other representative, has given its consent to the issue of the circular or stated that it has no objection to the resolution being put to a meeting of the holders of the securities;
- (f) reference to future opportunities to convert and whether the terms of conversion will be the same as or will differ from those available at present, or, if there are no such opportunities, disclosure of that fact;
- (g) reference to letters of indemnity, for example, where certificates have been lost;
- (h) where power exists to allot shares issued on conversion to another person, reference to forms of nomination; and
- (i) a statement as to whether holders exercising their rights of conversion will retain the next interest payment due on the securities.

14.26 The circular must not contain specific advice as to whether or not to convert the securities.



## CHAPTER 15

### PURCHASE OF OWN SECURITIES

#### Scope of chapter

This chapter sets out the rules which apply to a company wishing to purchase its own listed securities, whether as a market purchase or an off-market purchase within the meaning of section 163 of the Companies Act 1985. The requirements mainly relate to the notification of proposed and actual purchases. The information required in annual accounts concerning the purchase of own securities is set out in paragraph 12.43(n). Where a company is proposing to purchase its own securities by way of a tender offer, reference should also be made to the rules of any RIE on which securities are admitted to trading.

The main headings are:

- 15.1 general
- 15.3 purchase of own equity shares
- 15.13 purchase of own securities other than equity shares.

#### General

##### Model Code

15.1 Purchases or early redemptions by a company of its own securities must not be made at a time when, under the provisions of the Model Code, a director of the company would be prohibited from dealing in its securities, unless:

- (a) the company is purchasing or redeeming securities belonging to a class whose price or value would not be likely to be substantially affected by the publication of the information giving rise to the prohibited period.

This subparagraph does not permit purchases or early redemptions of either equity securities or securities belonging to a class whose price or value is ordinarily affected by the knowledge of major new developments in the company's sphere of activity;

- (b) the company is purchasing or redeeming a security in accordance with the terms of issue of the security which have previously been made public, and which set out the timing of the purchase or redemption, the amount or formula used to determine the amount to be purchased or redeemed and the price or formula used to determine the price; or
- (c) the company is purchasing or redeeming a security in accordance with an agreement where the date, amount and price of the securities to be bought back was fixed, and was entered into at a time when a director of the company would have been free to deal.

##### Purchase from a related party

15.2 Where a purchase by a company of its own securities is to be made from a related party, whether directly or through intermediaries, the requirements of Chapter 11 (transactions with related parties) must also be complied with unless:

- (a) a tender or partial offer is made to all holders of the class of securities on the same terms; or
- (b) in the case of a market purchase pursuant to a general authority granted by shareholders, it is made without prior understanding, arrangement or agreement between the company and any related party.

## **Purchase of own equity shares**

### **Notification of proposal to purchase**

- 15.3 Any decision by the board to submit to shareholders a proposal for the company to be authorised to purchase its own equity shares other than the renewal of an existing authority must be notified to a Regulatory Information Service without delay, indicating whether the proposal relates to specific purchases (and, if so, the names of the persons from whom the purchases are to be made), or to a general authorisation to make purchases. The outcome of the shareholders' meeting must also be notified without delay.

### **Circular to shareholders**

- 15.4 A circular seeking shareholders' authority for the purchase by a company of its own equity shares need not be submitted to the UK Listing Authority for approval unless it falls within paragraph 15.2 or 15.5, but must include the following information:

- (a) where the authority sought is a general one, a statement of the directors' intentions regarding utilisation of the authority sought;
- (b) if known, the method by which the company intends to acquire its equity shares and the number to be acquired in that way;
- (c) where the authority sought relates to a proposal to purchase from specific parties, a statement of the names of the persons from whom equity shares are to be acquired together with all material terms of the proposal;
- (d) details regarding the price, or the maximum and minimum price, to be paid; and
- (e) the information required by paragraph 14.1 (contents of all circulars); and
- (f) the total numbers of warrants and options to subscribe for equity shares that are outstanding at the latest practicable date prior to publication of the circular and both the proportion of issued share capital that they represent at that time and that they will represent if the full authority to buyback shares (existing and being sought) is used.

- 15.5 Where the exercise in full of the authority sought would result in the purchase of 15% or more of the company's issued equity shares the circular to shareholders required by paragraph 15.4 must also include:

- 6.C.1 name and address
- 6.C.16 major interests in shares
- 6.E.8 significant changes
- 6.E.16 working capital
- 6.F.4,5 directors' interests in shares
- 6.G.1(b) group prospects.

The working capital statement required under this paragraph must be based on the assumption that the authority sought will be used in full at the maximum price allowed and this assumption must be stated.

**Purchases of less than 15%**

- 15.6 Unless a tender or partial offer is made to all holders of the class of securities on the same terms, purchases by a company of less than 15% of any class of its equity shares pursuant to a general authority granted by shareholders may be made through the market only if the price to be paid is not more than 5% above the average of the market values of those shares for the 5 business days before the purchase is made.

**Purchases of 15% or more**

- 15.7 Purchases by a company of 15% or more of any class of its equity shares pursuant to a general authority granted by shareholders must be made by way of either a tender or a partial offer to all shareholders of that class on the same terms. Where a series of purchases is made pursuant to a general authority granted by shareholders, which in aggregate amounts to 15% or more of the number of shares of the relevant class which were in issue immediately following the shareholders meeting at which the general authority to purchase was granted, a tender or partial offer need only be made in respect of any purchase that takes the aggregate to or above that level. Purchases that have been specifically approved by shareholders are not to be taken into account in determining whether the 15% level has been reached.
- 15.8 A tender offer must be made at a stated maximum price or at a fixed price. Notice of the offer must be given by advertisement in two national newspapers at least seven days before the offer closes, unless a circular is sent to all shareholders in accordance with the requirements of this chapter.

**Notification of purchases**

- 15.9 Any purchase of the company's own equity shares by or on behalf of the company, or any other member of its group must be notified to a Regulatory Information Service as soon as possible and in any event no later than 7.30am on the business day following the calendar day on which dealing occurred. The notification must include the date of the purchase, the number of equity shares purchased and the purchase price for each of the highest and lowest prices paid, where relevant.

**Consent of other classes**

- 15.10 Where there are in issue listed securities convertible into, exchangeable for or carrying a right to subscribe for equity shares of the class proposed to be purchased, a separate meeting of the holders of those securities must be held and their approval by extraordinary resolution obtained before the company enters into any contract to purchase equity shares of the relevant class unless the trust deed or terms of issue of those securities provide for the company purchasing its own equity shares.
- 15.11 A circular convening a meeting required by paragraph 15.10 must include:
- (a) a statement of the apparent effect on the conversion expectations of the holders in terms of attributable assets and earnings on the basis that the company exercises in full the authorisation which it is seeking to purchase its own equity shares at the maximum price allowed thereunder (where that price is to be determined by reference to a future market price the calculation must be made on the basis of market prices prevailing immediately prior to the publication of the circular and that basis must be disclosed);

- (b) any adjustments to the rights of the holders which the company may propose (in such a case, the information required under (a) above must be restated on the revised basis); and
- (c) the information required by paragraph 14.1 (contents of all circulars).

### **Exceptions**

15.12 The requirements of paragraphs 15.1 to 15.11 do not apply to transactions entered into:

- (a) in the ordinary course of business by securities dealing businesses; or
- (b) on behalf of third parties either by the company or any other member of its group.

## **Purchase of own securities other than equity shares**

### **Notification of decision to purchase**

15.13 Where a company intends to make a proposal, which is to be open to all holders in respect of all or part of their holdings, to purchase any of its listed securities other than equity shares it must:

- (a) while the proposal is being actively considered, ensure that no dealings in the relevant securities are carried out by or on behalf of the company or another member of its group, until the proposal has either been notified to a Regulatory Information Service or abandoned; and
- (b) notify a Regulatory Information Service of its decision to purchase unless the purchases will consist of individual transactions in accordance with the terms of issue of the securities, whether for sinking fund purposes or otherwise.

### **Circular to shareholders**

15.14 Where within a period of 12 months a company purchases warrants or options to subscribe or purchase its own equity shares which on exercise convey entitlement to shares representing 15% or more of the company's existing issued shares, the company must send to its shareholders a circular containing the following information:

- (a) a statement of the directors' intentions regarding future purchases of the company's warrants and options;
- (b) the number and terms of the warrants or options acquired and to be acquired and the method of acquisition;
- (c) where warrants and options have been or are to be acquired from specific parties, a statement of the names of those parties and all material terms of the acquisition;
- (d) details regarding the prices, or the minimum and maximum prices, paid or to be paid; and



- (e) the information required by:
  - 6.C.1 name and address
  - 6.C.16 major interests in shares
  - 6.E.8 significant changes
  - 6.E.16 working capital
  - 6.F.4,5 directors' interests in shares
  - 6.G.1(b) group prospects
  - 14.1 contents of all circulars.

The circular need not be submitted to the UK Listing Authority for approval before publication unless it falls within paragraph 15.2.

### **Notification of purchases, early redemptions and cancellations**

- 15.15 Any purchases, early redemptions or cancellations of the company's own listed securities other than equity shares by or on behalf of the company or any other member of the group of which it is part must be notified to a Regulatory Information Service when an aggregate of 10% of the initial amount of the relevant class of securities has been purchased, redeemed or cancelled and for each 5% in aggregate of the initial amount of that class acquired thereafter. Such notifications must be made as soon as possible and in any event no later than 7.30am on the business day following the calendar day on which the relevant threshold is reached or exceeded. The notification must state the amount of securities acquired, redeemed or cancelled since the last such notification, the amount of the class of securities remaining outstanding and whether or not the securities are to be cancelled.

### **Period between purchase and notification**

- 15.16 In circumstances where the purchase is not being made pursuant to a general offer announced in accordance with paragraph 15.13 and the purchase causes a relevant threshold in paragraph 15.15 to be reached or exceeded, no further purchases may be effected until after a notification in compliance with paragraph 15.15 has been made.

### **Convertible securities**

- 15.17 In the case of securities which are convertible into, exchangeable for or carrying a right to subscribe for equity shares, unless a tender or partial offer is made to all holders of the class of securities on the same terms, purchases must not be made at a price more than 5% above the average of the market values for the securities for the 5 business days immediately preceding the date of purchase.

### **Exceptions**

- 15.18 The requirements of paragraphs 15.1, 15.2 and 15.13 to 15.17 do not apply to transactions entered into:
- (a) in the ordinary course of business by securities dealing businesses; or
  - (b) on behalf of third parties either by the company or any other member of its group.



## CHAPTER 16

### DIRECTORS

#### Scope of chapter

This chapter imposes obligations on issuers relating to directors, including rules as to the disclosures a company must make about its directors and about dealings in securities of the company by directors and persons connected with them. Chapter 11 sets out requirements for transactions between a company and any of its directors (and other related parties). The appendix to this chapter contains the Model Code for transactions in securities by directors, certain employees and persons connected with them.

The main headings are:

- 16.1 directors' responsibilities
- 16.3 directors' details and board changes
- 16.9 directors' service contracts
- 16.13 notification of interests of directors and connected persons
- 16.18 the Model Code.

When notifying interests of directors and connected persons (see paragraphs 16.13 to 16.17) companies are recommended to use the form issued by the UK Listing Authority for this purpose (see schedule 11).

#### Directors' responsibilities

- 16.1 Under the Act and The Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001, directors and proposed directors may be personally responsible for information contained in listing particulars or supplementary listing particulars. In addition paragraph 5.2 requires a declaration by directors accepting responsibility for the information to be included in such particulars (see paragraph 6.A.3 or 6.H.3), and directors must provide the UK Listing Authority with an assurance in the terms set out in paragraph 5.5 where listing particulars are prepared.
- 16.2 A listed company must ensure that its directors accept full responsibility, collectively and individually, for the company's compliance with the listing rules.

#### Directors' details and board changes

##### Disclosure of directors' details

- 16.3 An issuer must include the details about each of its directors and, where relevant, members of its senior management required by paragraph 6.F.2 in any listing particulars published by it (see also paragraph 3.8).
- 16.4 A listed company must notify to a Regulatory Information Service the following information in respect of any new director appointed to the Board, unless such details have already been disclosed in listing particulars or other circular published by the company:
  - (a) details of all directorships held by such director in any other publicly quoted company at any time in the previous five years, indicating whether or not the individual is still a director; and
  - (b) the details required by paragraph 6.F.2(b) to (g):or, if there are no such details to be disclosed, that fact.
- 16.5 The notification required under paragraph 16.4 must be made either:

- (a) in the notification made regarding the appointment of the relevant director (see paragraphs 16.7 to 16.8A below); or
- (b) within 14 days of the appointment of the relevant director becoming effective.

16.6 A company must require each of its directors to disclose to it all information which the company needs in order to comply with paragraphs 16.3 to 16.5. A company is not required to notify the Company Announcement Office information which, notwithstanding compliance by it with this paragraph, it does not have.

### **Board changes**

16.7 A company must notify a Regulatory Information Service of any change to the board including:

- (a) the appointment of a new director;
- (b) the resignation, removal or retirement of a director; and
- (c) changes to any important functions or executive responsibilities of a director;

without delay and no later than by the end of the business day following the decision or receipt of notice about the change by the company. No such notification is required where a director retires and is re-appointed at a shareholders' general meeting.

16.8 The notification required by paragraph 16.7 must state the effective date of the change if it is not with immediate effect. If the effective date is not yet known or has not yet been determined, the notification should state this fact, and the company must notify a Regulatory Information Service when the effective date has been decided.

16.8A In the case of an appointment, the company's notification must:

- (a) state whether the position is executive or non-executive; and
- (b) state the nature of any specific function or responsibility of the position.

### **Directors' service contracts**

16.9 Copies of each directors' service contract must be made available for inspection by any person:

- (a) at the registered office of the company, or in the case of an overseas company, at the offices of any paying agent in the United Kingdom during normal business hours on each business day; and
- (b) at the place of the annual general meeting for at least 15 minutes prior to and during the meeting.

16.10 Where one directors' service contract covers both directors and executive officers, the company may make available for inspection in accordance with paragraph 16.9 a memorandum of the terms of the contract which relate to the directors only.

16.11 Directors' service contracts available for inspection must disclose or have attached to them the following information:

- (a) the name of the employing company;
- (b) the date of the contract, the unexpired term and details of any notice periods;
- (c) full particulars of the director's remuneration including salary and other benefits;

- (d) any commission or profit sharing arrangements;
- (e) any provision for compensation payable upon early termination of the contract; and
- (f) details of any other arrangements which are necessary to enable investors to estimate the possible liability of the company upon early termination of the contract.

16.12 *Paragraph deleted - September 1997*

### **Notification of interests of directors and connected persons**

16.13 A company must notify a Regulatory Information Service of the following information:

- (a) any information relating to interests in securities that are, or are to be, listed which is disclosed to the company in accordance with section 324 (duty of director to disclose shareholdings in own company) as extended by section 328 (extension of section 324 to spouses and children) of the Companies Act 1985 or entered in the company's register in accordance with section 325(3) or (4) of that Act, together with:
  - (i) the date on which the disclosure was made to the company;
  - (ii) the date on which the transaction giving rise to the interest (or cessation of interest) was effected;
  - (iii) the price, amount and class of securities concerned;
  - (iv) the nature of the transaction; and
  - (v) the nature and extent of the director's interest in the transaction;
- (b) information (unless notified under (a) above) relating to any interest of a connected person of a director in securities that are, or are to be, listed which, if the connected person were a director, would be required to be disclosed by him to the company or entered in the company's register as referred to in (a) above; the notification by the company must identify the director, the connected person and the nature of the connection between them, give the particulars specified in (a)(i) to (iv) above and state the nature and extent of the director's interest (if any) in the transaction; and
- (c) details of (unless notified under (a) or (b) above):
  - (i) the grant to, or acceptance by, a director or a person connected with a director of any option (whether for the call or put or both) relating to securities of the company or of any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of any securities in the company which are or will be listed or any interest of whatsoever nature in such securities; and
  - (ii) the acquisition, disposal, exercise or discharge of, or any dealing with, any such option, right or obligation by a director or a person connected with a director;

the notification by the company must identify the director and, where relevant, the connected person and the nature of the connection between them, give the particulars specified in (a)(i) to (iv) above and state the nature and extent of the directors' interest (if any) in the transaction.

16.14 Any notification required by paragraph 16.13 must be made without delay (by the end of

the business day following the receipt of the information by the company).

- 16.15 A company not subject to the Companies Act 1985 must notify to a Regulatory Information Service equivalent information to that required under paragraph 16.13 so far as such information is known to the company. Any notification under this paragraph must be made without delay following the company becoming aware of the relevant information.
- 16.16 In the case of a dealing during a prohibited period in exceptional circumstances as permitted by paragraph 9 of the Model Code (set out in the appendix to this chapter), the information notified to a Regulatory Information Service by the company pursuant to paragraph 16.13 or 16.15 must also include a statement of the nature of the exceptional circumstances in the light of which dealing was permitted.
- 16.17 A company must require each of its directors to disclose to it all information which the company needs in order to comply with paragraph 16.13 or 16.15 (so far as that information is known to the director or could with reasonable diligence be ascertained by the director), as soon as possible and not later than the fifth business day following the day on which the existence of the interest to which the information relates comes to the director's knowledge. A company must require each of its directors at such times as it deems necessary or desirable to confirm that he has made all due enquiry of those persons who are connected with him. A company is not required to notify a Regulatory Information Service information which, notwithstanding compliance by it with this paragraph, it does not have.

### **The Model Code**

- 16.18 A company must require:
- (a) its directors; and
  - (b) any employee of the company or director or employee of a subsidiary undertaking or parent undertaking of the company who, because of his office or employment in the company or subsidiary undertaking or parent undertaking, is likely to be in possession of unpublished price-sensitive information in relation to the company:
- to comply with a code of dealing in terms no less exacting than those of the Model Code (set out in the appendix to this chapter) and must take all proper and reasonable steps to secure such compliance.
- 16.19 Companies may impose more rigorous restrictions upon dealings by directors and employees if they so wish.

## APPENDIX TO CHAPTER 16

### THE MODEL CODE

#### Introduction (not forming part of the Model Code)

The freedom of directors and certain employees of listed companies to deal in their company's securities is restricted in a number of ways - by statute, by common law and by the requirement of the listing rules that listed companies require their directors and certain employees to comply with a code of dealing in terms no less exacting than those set out in this appendix. This requirement imposes restrictions beyond those that are imposed by law. Its purpose is to ensure that directors, certain employees and persons connected with them (within the meaning of section 346 of the Companies Act 1985) do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of results. Company directors, like other individuals, are prohibited from insider dealing by the Criminal Justice Act 1993. Under that Act it is a criminal offence for an individual who has information as an insider to deal on a regulated market, or through or as a professional intermediary, in securities whose price would be significantly affected if the inside information were made public. It is also an offence to encourage insider dealing and to disclose inside information with a view to others profiting from it.

The main headings of the Model Code for transactions in securities by directors, certain employees and persons connected with them are:

- definitions
- dealings by directors and relevant employees
  - purpose of dealing
  - dealing in close periods
  - clearance to deal
  - circumstances for refusal
  - dealing in exceptional circumstances
  - director acting as trustee
- dealings by connected persons and investment managers
- special circumstances
  - awards of securities and options
  - exercise of options
  - qualification shares
  - saving schemes
  - guidance on other dealings
- relevant employees.

A company which is in any doubt as to the application of the Model Code should consult the UK Listing Authority at an early stage.

#### **Definitions**

1. In this code the following definitions, in addition to those contained in the listing rules, apply unless the context otherwise requires:
  - (a) "close period" means any of the periods when a director is prohibited from dealing as specified in paragraph 3 of this code;
  - (b) "dealing" includes any acquisition or disposal of, or agreement to acquire or dispose of, any securities of the company and the grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call, or put, or both) or other right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities, or any interest in securities, of the company and "deal" shall be construed accordingly;
  - (c) "prohibited period" means any period to which paragraph 7 of this code applies;
  - (d) "relevant employee" means any employee of the listed company or director or

employee of a subsidiary undertaking or parent undertaking of the listed company who, because of his office or employment in the listed company or subsidiary undertaking or parent undertaking, is likely to be in possession of unpublished price-sensitive information in relation to the listed company;

- (e) “securities” means any listed securities or any unlisted securities that are convertible into listed securities and, where relevant, securities which have been listed in a member state or admitted to dealing on, or have their prices quoted on or under the rules of, any regulated market, or any unlisted securities that are convertible into such securities;
- (f) “unpublished price-sensitive information” means information which:
- (i) relates to particular securities or to a particular issuer or to particular issuers of securities and not to securities generally or issuers of securities generally (and, for these purposes, information shall be treated as relating to an issuer of securities which is a company not only where it is about the company but also where it may affect the company’s business prospects);
  - (ii) is specific or precise;
  - (iii) has not been made public within the meaning of section 58 of the Criminal Justice Act 1993; and
  - (iv) if it were made public would be likely to have a significant effect in the price or value of any securities

and, without prejudice to the generality of the above, it should be considered whether any unpublished information regarding transactions required to be notified to a Regulatory Information Service in accordance with chapter 10 or chapter 11 of the listing rules and unpublished information of the kind referred to in the paragraphs of the listing rules set out below is price-sensitive:

9.1 and 9.2	general obligation of disclosure
9.10(a)	alterations to capital structure
9.11 and 9.12	notification of major interests in shares
15.3, 15.9, 15.13 and 15.15	purchase of own securities
16.13 and 16.15	notification of directors’ interests; and

- (g) “regulated market” means any regulated market defined as such in the Insider Dealing (Securities and Regulated Markets) Order 1994, as amended or supplemented by any further order made under section 60(1) of the Criminal Justice Act 1993.

## **Dealings by directors and relevant employees**

### **Purpose of dealing**

2. A director must not deal in any securities of the listed company on considerations of a short term nature. A director must take reasonable steps to prevent any dealings by or on behalf of any person connected with him (within the meaning of section 346 of the Companies Act 1985) in any securities of the listed company on considerations of a short term nature.



**Dealing in close periods**

3. A director must not deal in any securities of the listed company during a “close period”. A close period is:
  - (a) the period of two months immediately preceding the preliminary announcement of the company’s annual results or, if shorter, the period from the relevant financial year end up to and including the time of the announcement; and
  - (b) if the company reports on a half-yearly basis, the period of two months immediately preceding the publication of the half-yearly report in accordance with paragraph 12.49 of the listing rules or, if shorter, the period from the relevant financial period end up to and including the time of such publication; or
  - (c) if the company reports on a quarterly basis, the period of one month immediately preceding the announcement of the quarterly results or, if shorter, the period from the relevant financial period end up to and including the time of the announcement (save that for the final quarter paragraph 3(a) of this code applies).
4. A director must not deal in any securities of the listed company at any time when he is in possession of unpublished price-sensitive information in relation to those securities, or otherwise where clearance to deal is not given under paragraph 7 of this code.
5. *Paragraph deleted - July 1994*

**Clearance to deal**

6. A director must not deal in any securities of the listed company without advising the chairman (or one or more other directors designated for this purpose) in advance and receiving clearance. In his own case, the chairman, or other designated director, must advise the board in advance at a board meeting, or advise another designated director, and receive clearance from the board or designated director, as appropriate.

**Circumstances for refusal**

7. A director must not be given clearance (as required by paragraph 6 of this code) to deal in any securities of the listed company during a prohibited period. A “prohibited period” means:
  - (a) any close period;
  - (b) any period when there exists any matter which constitutes unpublished price sensitive information in relation to the company’s securities (whether or not the director has knowledge of such matter) and the proposed dealing would (if permitted) take place after the time when it has become reasonably probable that an announcement will be required in relation to that matter; or
  - (c) any period when the person responsible for the clearance otherwise has reason to believe that the proposed dealing is in breach of this code.
8. A written record must be maintained by the company of the receipt of any advice received from a director pursuant to paragraph 6 of this code and of any clearance given. Written confirmation from the company that such advice and clearance (if any) have been recorded must be given to the director concerned.

**Dealing in exceptional circumstances**

9. In exceptional circumstances where it is the only reasonable course of action available to a director, clearance may be given for the director to sell (but not to purchase) securities when he would otherwise be prohibited from doing so. An example of the type of circumstance which may be considered exceptional for these purposes would be a pressing financial commitment on the part of the director that cannot otherwise be satisfied. The determination of whether circumstances are exceptional for this purpose must be made by the person responsible for the clearance. Where dealings in exceptional circumstances have taken place, the information notified to a Regulatory Information Service by the company pursuant to paragraphs 16.13 or 16.15 must also include a statement of the nature of the exceptional circumstances in the light of which the dealing was permitted.

**Director acting as trustee**

10. Where a director is a sole trustee (other than a bare trustee), the provisions of this code will apply, as if he were dealing on his own account. Where a director is a co-trustee (other than a bare trustee), he must advise his co-trustees of the name of the listed company of which he is a director. If the director is not a beneficiary, a dealing in his company's securities undertaken by that trust will not be regarded as a dealing by the director for the purposes of this code, where the decision to deal is taken by the other trustees acting independently of the director or by investment managers on behalf of the trustees. The other trustees or the investment managers will be assumed to have acted independently of the director for this purpose where they:
- (a) have taken the decision to deal without consultation with, or other involvement of, the director concerned; or
  - (b) if they have delegated the decision making to a committee of which the director is not a member.

**Dealings by connected persons and investment managers**

11. A director must (so far as is consistent with his duties of confidentiality to his company) seek to prohibit (by taking the steps set out in paragraph 12 of this code) any dealing in securities of the listed company during a close period or at a time when the director is in possession of unpublished price sensitive information in relation to those securities and would be prohibited from dealing under paragraph 7(b) of this code:
- (a) by or on behalf of any person connected with him (within the meaning of section 346 of the Companies Act 1985); or
  - (b) by an investment manager on his behalf or on behalf of any person connected with him where either he or any person connected with him has funds under management with that investment manager, whether or not discretionary (save as provided in paragraphs 10 and 17 of this code).
12. For the purposes of paragraph 11 of this code, a director must advise all such connected persons and investment managers:
- (a) of the name of the listed company of which he is a director;
  - (b) of the close periods during which they cannot deal in the company's securities;

- (c) of any other periods when the director knows he is not himself free to deal in securities of the company under the provisions of this code unless his duty of confidentiality to the company prohibits him from disclosing such periods; and
- (d) that they must advise him immediately after they have dealt in securities of the company (save as provided in paragraphs 10 and 17 of this code).

## **Special circumstances**

### **Awards of securities and options**

13. The grant of options by the board of directors under an employees' share scheme to individuals who are not directors or relevant employees may be permitted during a prohibited period if such grant could not reasonably be made at another time and failure to make the grant would be likely to indicate that the company was in a prohibited dealing period.
- 13A. Subject to paragraph 13B below, the award of securities, the grant of options and the grant of rights (or other interests) to acquire securities by a company to directors and/or relevant employees of the company is permitted in a prohibited period if:
- (a) the award or grant is made under the terms of an employees' share scheme;
  - (b) the terms of such employees' share scheme set out:
    - (i) the timing of the award or grant and such terms have either:
      - previously been approved by shareholders or summarised or described in a document sent to shareholders, or
      - the timing of the award or grant is in accordance with the timing of previous awards or grants under the scheme; and
    - (ii) the amount or value of the award or grant or the basis on which the amount or value of the award or grant is calculated; and
  - (c) the failure to make the award or grant would be likely to indicate that the company is in a prohibited period.

In cases of doubt the UK Listing Authority should be consulted.

- 13B. The following dealings are not covered by paragraph 13A and are consequently subject to the provisions of this code, unless they fall within paragraph 20(h):
- (a) a discretionary award or grant under an employees' share scheme, which would not otherwise have been made but for the event that led to the commencement of the prohibited period; and
  - (b) an award or grant under an employees' share scheme which is made in a prohibited period during which the relevant scheme was introduced, or in the case of an existing scheme, the relevant scheme was amended.

**Exercise of options**

14. The chairman or other designated director may allow the exercise of an option or right under an employees' share scheme, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during any prohibited period and the director could not reasonably have been expected to exercise it at an earlier time when he was free to deal (see also paragraph 20(h)).
15. Where an exercise or conversion is permitted pursuant to paragraph 14 or 20(h) of this code, the chairman or other designated director may not, however, give clearance for the sale of securities acquired pursuant to such exercise or conversion.

**Qualification shares**

16. The chairman or designated director may allow a director to acquire qualification shares without regard to the provisions of this code where, under the company's Articles of Association, the final date for acquiring such shares falls during a prohibited period and the director could not reasonably have been expected to acquire those shares at another time.

**Saving schemes**

17. A director may enter into a scheme in which only the securities of the company are purchased pursuant to a regular standing order or direct debit or by regular deduction from the director's salary, or where such securities are acquired by way of a standing election to re-invest dividends or other distributions received, or are acquired as part payment of a director's remuneration without regard to the provisions of the code, if the following provisions are complied with:
  - (a) the director does not enter into the scheme during a prohibited period, unless the scheme involves the part payment of remuneration in the form of securities and is entered into upon the director's appointment to the board;
  - (b) the director does not carry out the first purchase of securities of the listed company under the scheme during a prohibited period, unless the director is irrevocably bound under the terms of the scheme to carry out the first purchase of securities at a fixed point in time which falls in a prohibited period;
  - (c) the director does not cancel or vary the terms of his participation, or carry out sales of the securities of the listed company within the scheme during a prohibited period; and
  - (d) before entering into the scheme or cancelling the scheme or varying the terms of his/her participation or carrying out sales of the securities of the listed company within the scheme, the director obtains clearance under paragraph 6 of this code.
18. The provisions of this code do not apply to an investment by a director in a scheme or arrangement where the assets of the scheme or arrangement are invested at the discretion of a third party or to a dealing by the director in the units of an authorised unit trust or in shares in an open ended investment company. In the case of a scheme investing only in the securities of the listed company the provisions of paragraph 17 of this code apply.

**Guidance on other dealings**

19. For the avoidance of doubt, and subject to the specific exceptions set out in paragraph 20 below, the following constitute dealings for the purposes of this code and are consequently subject to the provisions of this code:
- (a) dealings between directors and/or relevant employees of the company;
  - (b) off-market dealings;
  - (c) transfers for no consideration by a director other than transfers where the director retains a beneficial interest under the Companies Act 1985;
  - (d) entering into, or terminating, assigning or novating any stock lending agreement in respect of securities of the company;
  - (e) using as security, or otherwise granting a charge, lien or other encumbrance over, securities of the company; and
  - (f) any transaction, or the exercise of any power or discretion, effecting a change in the ownership of a beneficial interest in securities of the company.
20. For the avoidance of doubt, and notwithstanding the definition of dealing contained in paragraph 1(b) of this code, the following dealings are not subject to the provisions of this code:
- (a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
  - (b) the take up of entitlements under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
  - (c) allowing entitlements to lapse under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
  - (d) the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under a rights issue;
  - (e) undertakings to accept, or the acceptance of, a takeover offer;
  - (f) dealing by a director with a person whose interest in securities is to be treated by virtue of section 328 of the Companies Act (extension of section 324 to spouses and children) as the director's interest;
  - (g) transfers of shares arising out of the operation of an employees' share scheme into a saving scheme investing only in securities of the listed company following:
    - (i) exercise of an option under a savings related share option scheme; or
    - (ii) release of shares from a profit sharing scheme;
  - (h) with the exception of a disposal of securities received by a director as a participant, dealings in connection with an Inland Revenue approved "Save-as-you-earn" share option scheme, or any other employees' share scheme under which participation is extended, on similar terms to those contained in an Inland Revenue approved "Save-as-you-earn" share option scheme, to all or most employees of the participating companies in that scheme;
  - (i) with the exception of a disposal of securities received by a director as a

participant, dealings in connection with an Inland Revenue approved profit share scheme, or any similar profit share scheme under which participation is extended, on similar terms to those contained in an Inland Revenue approved profit share scheme, to all or most employees of the participating companies in that scheme;

- (j) arrangements which involve a sale of securities in the listed company with the intention of making a matched purchase of such securities on the next business day (“bed and breakfast” dealings);
- (k) transfers of shares already held by means of a matched sale and purchase into a saving scheme or into a pension scheme in which the relevant director is a participant or beneficiary;
- (l) the cancellation or surrender of an option under an employees’ share scheme;
- (m) transfers of securities by an independent trustee of an employees’ share scheme to a beneficiary who is not a director or a relevant employee; and
- (n) bona fide gifts to a director by a third party.

### **Relevant employees**

21. Relevant employees must comply with the terms of this code as though they were directors.

## CHAPTER 17

### OVERSEAS COMPANIES

#### Scope of chapter

This chapter contains modifications to the listing rules in respect of overseas companies listed or seeking a listing by the UK Listing Authority. Certain of these modifications apply to all overseas companies. Other modifications depend on whether the overseas company is seeking, or has, a primary or secondary listing in the United Kingdom. The primary listing will normally be in the country of incorporation or the country of first listing or the country in which a majority of the company's securities are held.

An overseas company which is an investment entity or venture capital trust should refer also to chapter 21 or 26, as appropriate, and an overseas company issuing specialist securities or miscellaneous securities should refer to chapter 23 or 24, as appropriate.

An overseas company which has a listing in another member state and which is seeking a listing by the UK Listing Authority by way of introduction should refer to paragraphs 5.23A(b) and 5.24.

This chapter also describes the circumstances under which a document approved by the competent authority of another member state will be recognised as listing particulars by the UK Listing Authority ("mutual recognition").

The main headings are:

- 17.1 general
- 17.2 modifications to the listing rules applicable to all overseas companies
- 17.12 overseas companies with or seeking a primary listing by the UK Listing Authority
- 17.14 overseas companies with or seeking a secondary listing by the UK Listing Authority
- 17.22 continuing obligations of overseas companies with a secondary listing by the UK Listing Authority
- 17.68 mutual recognition.

#### **General**

- 17.1 An overseas company with, or seeking, a listing by the UK Listing Authority must comply with all relevant listing rules applicable to companies generally as modified by the provisions of this chapter. The modifications depend on whether the overseas company's listing by the UK Listing Authority is the primary or secondary listing of that overseas company. For an overseas company which has more than one listing for a class of a security the primary listing of that security is the listing by a competent authority, equivalent regulatory body or stock exchange where that security is subject to the full requirements applicable to listing of that competent authority, equivalent regulatory body or stock exchange.

#### **Modifications to the listing rules applicable to all overseas companies**

##### Conditions for listing

- 17.2 Shares of a company incorporated in a non-member state which are not listed either in its country of incorporation or in the country in which a majority of its shares are held, will not be admitted to listing unless the UK Listing Authority is satisfied that the absence of such a listing is not due to the need to protect investors. CARD Art. 51
- 17.3 If the UK Listing Authority is satisfied that an overseas company's accounts have been prepared to a standard appropriate to protect the interests of investors different

standards from those referred to in paragraph 3.3(c) may be accepted in an accountants' report (see paragraph 12.14(d)), in a comparative table (see paragraph 12.17(c)) and in the annual report and accounts (see paragraph 12.42(a)). However:

- (a) consolidation practices must be adopted such as to provide a fair presentation of the results and financial position of the group as a whole with adequate disclosure of the basis of presentation;
- (b) unless otherwise required by law, amounts transferred to reserves must be dealt with as appropriations of profit; and
- (c) adequate information must be provided in the accounts as to the basis of asset valuation.

17.4 Where the accounts of an overseas company have not been prepared in accordance with the requirements of paragraphs 3.3 and 3.5 (conditions relating to accounts), the overseas company or its advisers must consult the UK Listing Authority at an early stage to discuss possible variations of these requirements.

### **Listing particulars**

17.5 An overseas company which is subject to public reporting and filing obligations in its country of incorporation (or primary listing if different) may, subject to the UK Listing Authority's consent, incorporate in listing particulars relevant documents published in accordance with those obligations. These documents must be in English or accompanied by a translation into English.

17.6 The UK Listing Authority may authorise the omission of certain information otherwise required by chapter 5 to be included in listing particulars (see paragraph 5.18). In considering whether to authorise an omission by an overseas company of information which is not required by the Consolidated Admissions and Reporting Directive, the UK Listing Authority will, in addition to the factors described in paragraph 5.18, have regard to:

- (a) whether the company is listed on a regulated regularly operating, recognised open market and conducts its business and makes disclosure according to internationally accepted standards; and
- (b) the nature and extent of the regulation to which the company is subject in its country of incorporation.

### **Half-yearly reports**

17.7 If a company incorporated in a non-member state publishes a half-yearly report in that country, the UK Listing Authority may authorise it to publish that report (if necessary translated into English) instead of the half-yearly report required by paragraphs 12.46 to 12.59 or 17.52 to 17.63, as appropriate, provided that the information given is equivalent to that which would otherwise have been required.

CARD Art. 76

### **Pre-emption rights**

17.8 An overseas company is not required to comply with paragraphs 9.18 to 9.23 (pre-emption rights).

17.9 Paragraph deleted - August 1995



**English language**

- 17.10 When an overseas company issues any information in any circular, report or other document required by the listing rules to be sent to shareholders, it must issue a version in English. Information notified to a Regulatory Information Service must be in English.

**Overseas companies with or seeking a primary listing by the UK Listing Authority****Directors**

- 17.11 The information about directors required by paragraph 6.F.2 (contents of listing particulars) and 16.3 to 16.5 (notification of directors' details) may be adjusted to take into account the laws to which the overseas company is subject.

**Application of rules**

- 17.12 An overseas company with, or seeking, a primary listing by the UK Listing Authority must comply with all the listing rules relevant to companies as modified by paragraphs 17.2 to 17.13. Where the listing rules refer to a company incorporated in the United Kingdom, the overseas company:

- (a) must nevertheless comply so far as:
  - (i) the information available to it enables it to do so; and
  - (ii) compliance is not contrary to the law in the country of its incorporation; but
- (b) need not comply with paragraph 12.43(v), and 12.43A (save that it must include in its annual report and accounts a statement as required by paragraph 12.43A (c)(vii)).

An overseas company must, on request by the UK Listing Authority, produce a letter from an independent legal adviser explaining why compliance with a listing rule would be contrary to that law.

**Interests in shares**

- 17.13 An overseas company must notify to a Regulatory Information Service without delay information equivalent to that required under paragraphs 9.11 and 9.12 (notification of major interests in shares) and 16.13 (notification of interests of directors and connected persons) whenever it becomes aware of such information.

CARD Art. 68

**Overseas companies with or seeking a secondary listing by the UK Listing Authority****General**

- 17.14 An overseas company with, or seeking, a secondary listing by the UK Listing Authority must comply with all the listing rules relevant to companies as modified by paragraphs 17.2 to 17.10, this paragraph and paragraphs 17.15 to 17.21A unless the UK Listing Authority otherwise agrees, save that it need not comply with paragraph 3.27 chapters 9, 10 (but see paragraph 10.1(f)), 11, 14 and 15 and the continuing obligations set out in paragraphs 12.40 to 12.59 (financial continuing obligations), 13.13 to 13.17 (employees' share schemes), 13.28 (proxy forms) and 16.4 to 16.19 (directors' continuing obligations). If an overseas company is in any doubt as to whether, or to what extent, a continuing obligation applies, the UK Listing Authority must be consulted at an early stage.

**Working capital**

- 17.15 The sponsor of an overseas company with, or seeking, a secondary listing by the UK Listing Authority is not required to report to the UK Listing Authority on the matters described in paragraph 2.18 (working capital).

**Profit forecasts**

- 17.16 Where the laws or regulations in the country where an overseas company has its primary listing require a statement to be included in listing particulars as to the future prospects of the company which constitutes a profit forecast the UK Listing Authority will allow its inclusion without the need for it to have been reported on by the issuer's sponsors and auditors or reporting accountants (see paragraph 12.24), provided that the issuer confirms to the UK Listing Authority in writing that the statement has been properly compiled on a basis consistent with the accounting policies normally adopted by the company and has been made after due and careful enquiry.

**Conditions for listing**

- 17.17 Paragraph 3.3(a) (audited accounts for three years) is modified to the extent that the published audited accounts of an overseas company which is a new applicant seeking a secondary listing by the UK Listing Authority must cover at least three years ended not more than twelve months before the date of the listing particulars.
- 17.18 Paragraph 3.23 (20% limit on warrants and options to subscribe) does not apply to an overseas company with or seeking a secondary listing by the UK Listing Authority.
- 17.19 An overseas company with or seeking a secondary listing by the UK Listing Authority must:
- (a) be in compliance with the requirements of:
    - (i) any overseas stock exchange on which it has securities listed; and
    - (ii) any competent authority or equivalent regulatory body which regulates it; and
  - (b) in the case of a new applicant, submit a letter to the UK Listing Authority in accordance with paragraphs 5.9(o) and 5.12(l) confirming that it is in compliance with the requirements of the bodies mentioned in (a) above and stating the number and amount of its securities currently listed on any overseas stock exchange (see also paragraph 12.3(a)(ii)).

- 17.20 Paragraph deleted - August 1995

**Indebtedness statement**

- 17.21 Paragraph deleted – January 2000

**Directors**

- 17.21A An overseas company with, or seeking, a secondary listing by the UK Listing Authority is not required to comply with paragraph 6.F.2 (contents of listing particulars).

## **Continuing obligations of overseas companies with a secondary listing by the UK Listing Authority**

### **Notification of information**

#### **General obligation of disclosure**

- 17.22 An overseas company must notify a Regulatory Information Service without delay of any major new developments in its sphere of activity which are not public knowledge which may:
- (a) by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to substantial movement in the price of its listed securities; or CARD Art. 68
  - (b) in the case of a company with debt securities listed, by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to substantial movement in the price of its listed securities, or significantly affect its ability to meet its commitments. CARD Art. 81
- 17.23 An overseas company must notify a Regulatory Information Service without delay of all relevant information which is not public knowledge concerning a change:
- (a) in the company's financial condition;
  - (b) in the performance of its business; or
  - (c) in the company's expectation of its performance
- which if made public, would be likely to lead to substantial movement in the price of its listed securities.
- 17.24 The requirements of paragraphs 17.22 and 17.23 are in addition to any specific requirements regarding notification contained in the listing rules.
- 17.24A An overseas company must take all reasonable care to ensure that any statement or forecast or any other information it notifies to a Regulatory Information Service or makes available through the UK Listing Authority is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, forecast or other information.
- 17.25 An overseas company need not notify to a Regulatory Information Service information about impending developments or matters in the course of negotiation, and may give such information in confidence to recipients within the categories described in paragraph 17.26. If the company has reason to believe that a breach of such confidence has occurred or is likely to occur, and (in either case) the development or matter in question is such that knowledge of it would be likely to lead to substantial movement in the price of its listed securities, the company must without delay notify to a Regulatory Information Service at least a warning announcement to the effect that the company expects shortly to release information that may lead to such a movement.
- 17.26 The categories of recipient referred to in paragraph 17.25 are:
- (a) the overseas company's advisers and advisers of any other person involved or who may be involved in the development or matter in question;
  - (b) persons with whom the overseas company is negotiating, or intends to negotiate, any commercial, financial or investment transaction (including prospective underwriters or places of securities of the company);

- (c) representatives of its employees or trades unions acting on their behalf; and
- (d) any regulatory body or authority.

The overseas company must be satisfied that such recipients are aware that they must not deal in the company's securities before the relevant information has been made available to the public.

17.27 Information that is required to be notified to a Regulatory Information Service must not be given to anyone else before it has been so notified, except as permitted by paragraphs 17.25 and 17.67.

17.28 Where it is proposed to announce at any meeting of holders of a company's listed securities information which might lead to substantial movement in their price, arrangements must be made for notification of that information to a Regulatory Information Service so that the announcement at the meeting is made no earlier than the time at which the information is published to the market.

### Exception

17.29 If an overseas company considers that disclosure to the public of information required by paragraph 17.22 or 17.23 to be notified to a Regulatory Information Service might prejudice the company's legitimate interests, the UK Listing Authority may grant a dispensation from the relevant requirement. CARD Arts. 81  
and  
82

### Equivalent information

17.30 An overseas company must ensure that equivalent information is notified to a Regulatory Information Service at the same time as any information is made available to the stock exchange where the company has a primary listing or, if earlier, to any other stock exchange on which its securities are listed. CARD Arts. 81  
and  
82

### Changes in capital structure

17.31 The overseas company must notify a Regulatory Information Service without delay of the following information relating to its capital:

- (a) any proposed change in its capital structure, including the structure of its listed debt securities, save that an announcement of a new issue may be delayed while a marketing or underwriting is in progress;
- (b) where the company has listed debt securities, any new issues of debt securities and in particular any guarantee or security in respect thereof; CARD Art. 81
- (c) any change in the rights attaching to any class of listed securities (including any change in loan terms or in the rate of interest carried by a debt security) or to any securities into which any listed securities are convertible or exchangeable; and CARD Arts. 68  
and  
81
- (d) any drawing or redemption of listed securities, other than purchases to meet the sinking fund requirements of the current year.

### Acquisitions and disposals

17.32 An overseas company must notify to a Regulatory Information Service details of acquisitions and disposals of assets as required by the stock exchange on which the company has its primary listing or by any competent authority or equivalent regulatory body which regulates it (see also paragraph 10.1 (f)).

### Interests in shares

17.33 An overseas company must notify to a Regulatory Information Service:

- (a) if it is incorporated in a member state, details of the interests of which the company is aware in the shares of the company of directors and major shareholders as communicated to the issuer pursuant to the law of the company's country of incorporation and (if different) the requirements of the competent authority of the member state where the company has its primary listing; CARD Art. 68
  
- (b) if it is incorporated in a non-member state, whenever it becomes aware that a person or entity has acquired or disposed of a number of shares such that that person or entity's holding of the voting rights in the company reaches, exceeds or falls below 10%, 20%, one third, 50% and two thirds of the total voting rights, the following details: CARD Art. 68
  - (i) the proportion of voting rights held;
  - (ii) the identity of the person or entity; and
  - (iii) the date on which the company became so aware; and

the notification must be made within nine calendar days of the date on which the company becomes aware of the acquisition or disposal. The voting rights that are to be regarded as held by a person or entity are to be determined in accordance with the Consolidated Admissions and Reporting Directive.

#### **Change in directorate**

17.34 An overseas company must notify a Regulatory Information Service of any change to the Board including:

- (a) the appointment of a new director;
- (b) the resignation, removal or retirement of a director; and
- (c) changes to any important functions or executive responsibilities of a director;

without delay following the decision or receipt of notice about the change by the company.

#### **Preliminary statement of annual results**

17.35 An overseas company must notify without delay to a Regulatory Information Service a preliminary statement of its annual results or, if it has a subsidiary undertaking, those of its group. The statement must consist of figures in the form of a table including at least the following information:

- (a) net turnover;
- (b) profit or loss before taxation and extraordinary items;
- (c) taxation on profits;
- (d) minority interests;
- (e) profit or loss attributable to shareholders, before extraordinary items;
- (f) extraordinary items (net of taxation);
- (g) profit or loss attributable to shareholders;

- (h) rates of dividend(s) paid and proposed and amount absorbed thereby;
- (i) earnings per share (computed on the figures shown for profits after taxation); and
- (j) comparative figures in respect of (a) to (i) above for the corresponding period in the preceding financial year.

17.36 Paragraph deleted - June 1996

### **Dividends**

17.37 An overseas company must notify to a Regulatory Information Service any decision to pay or make any dividend or other distribution on listed equity securities or any failure to pay any dividend or interest payment on listed securities.

### **Equality of treatment**

- 17.38 An overseas company having listed shares must ensure equality of treatment for all holders of such shares who are in the same position. CARD Art. 65(1)
- 17.39 An overseas company having listed debt securities must ensure equality of treatment for all holders of such securities of the same class in respect of all rights attaching to such securities. Early repayment of debt securities issued by an overseas company may be permitted if such repayment is in accordance with the relevant national law. CARD Art. 78(1)

### **Communication with shareholders**

#### **Prescribed information to shareholders**

- 17.40 An overseas company must ensure that at least in each member state in which its securities are listed all the necessary facilities and information are available to enable holders of such securities to exercise their rights. In particular it must: CARD Arts. 65(2) and 78(2)
- (a) inform holders of securities of the holding of meetings which they are entitled to attend;
  - (b) enable them to exercise their right to vote, where applicable; and
  - (c) publish notices or distribute circulars giving information on:
    - (i) the allocation and payment of dividends and interest;
    - (ii) the issue of new securities, including arrangements for the allotment, subscription, renunciation, conversion or exchange of the securities; and
    - (iii) redemption or repayment of the securities.

#### **Paying agent and registrar**

- 17.41 Unless an overseas company provides financial services and itself performs the functions of a paying agent and registrar within the United Kingdom, it must: CARD Arts. 65(2) and 78(2)
- (a) appoint a paying agent in London or such other place as the UK Listing Authority may agree; and
  - (b) unless the UK Listing Authority otherwise agrees and save in respect of bearer securities, where either there are 200 or more holders resident in the United Kingdom or 10% or more of the securities are held by persons resident in the United Kingdom, a registrar in the United Kingdom.

**Other classes of security**

- 17.42 If a circular is issued to the holders of any particular class of security, an overseas company must issue a copy or summary of that circular to the holders of all other listed securities unless the contents of that circular are irrelevant to them.

**Use of airmail**

- 17.43 An overseas company incorporated in a member state must use first class mail, or an equivalent service that is no slower, when sending documents to holders of listed securities residing in other member states and airmail, or an equivalent service that is no slower, when sending documents to holders of listed securities residing in non-member states. An overseas company not incorporated in a member state must use airmail, or an equivalent service that is no slower, when sending documents to holders of listed securities residing outside its country of incorporation.

**Copies of circulars**

- 17.44 An overseas company must send by airmail, or an equivalent service that is no slower, to the UK Listing Authority at the same time as they are issued, two copies of any circular, notice, report, announcement or other document issued by the company in compliance with the Listing Rules or the requirements of any other stock exchange on which it has its securities listed, or any competent authority or equivalent regulatory authority which regulates it, for publication by making them available to the public for inspection at the Document Viewing Facility.

- 17.44A A company must, without delay, notify a Regulatory Information Service when a document has been submitted for publication through the Document Viewing Facility under paragraph 17.44, unless the full text of the document is provided to a Regulatory Information Service.

**Annual accounts**

- 17.45 An overseas company must issue an annual report and accounts which must:
- (a) be drawn up and independently audited in accordance with the requirements of paragraphs 3.3(c), 3.3(d), 3.4 and 3.5 (subject to paragraphs 17.3 and 17.4);
  - (b) be in consolidated form if the company has subsidiary undertakings (but the company's own accounts must also be published if they contain significant additional information);
  - (c) be published within six months of the end of the financial period to which they relate; and
  - (d) if they do not give a true and fair view of the state of affairs and profit or loss of the group, provide more detailed and additional information (see paragraph 17.49).

**Circulation of annual accounts**

- 17.46 An overseas company must circulate to all holders of its listed securities whose addresses are in the United Kingdom a copy of the annual report and accounts together with a copy of the auditors' report. If any listed securities are in bearer or quasi-bearer form, the company must insert an advertisement in two national newspapers published in the United Kingdom stating the time and place in or near the City of London, or such other place as the UK Listing Authority may determine, at which copies of such report and accounts and auditors' report thereon may be obtained without charge.

**Auditor's report**

- 17.47 The report of the auditor must be annexed to all copies of the annual accounts and indicate whether in his opinion the accounts give a true and fair view save as provided for in paragraphs 17.48 and 17.49:
- (a) in the case of the company's accounts, of the state of its affairs at the end of the financial year and the profit or loss and changes in the financial position for the financial year; and
  - (b) where consolidated accounts are required, of the state of affairs at the end of the financial year and profit or loss and changes in the financial position of the company and its subsidiary undertakings for the financial year.
- 17.48 An auditor's report which conforms to auditing practice in the United States of America is acceptable instead of that referred to in paragraph 17.47.
- 17.49 A company incorporated in a non-member state which is not required to draw up its accounts so as to give a true and fair view must consult the UK Listing Authority to establish whether the standard to which they are drawn up will be sufficient.
- 17.50 In the case of banking and insurance companies, the wording of an auditor's report must make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.

#### **Contents of annual report and accounts**

- 17.51 The annual report and accounts must be prepared to a standard appropriate to protect the interests of investors and must also include:
- (a) particulars of the interest in its equity share capital of each director and major shareholder as required by the company's country of incorporation; and
  - (b) the information necessary to enable holders of its listed securities resident in the United Kingdom to obtain any relief from United Kingdom taxation to which they are entitled in respect of their holding of such securities.

#### **Half-yearly reports**

- 17.52 An overseas company which has shares admitted to listing by the UK Listing Authority must prepare a report, on a group basis where relevant, on its activities and profit or loss for the first six months of each financial year. CARD Art. 70
- 17.53 Where the half-yearly report is not prepared on a basis consistent with that of the annual accounts, the half-yearly report must include a statement that, in the opinion of the company's directors, the half-yearly report enables investors to make an informed assessment of the results and activities of the group for the period.

#### **Timing of publication**

- 17.54 The report must be published within four months of the end of the period to which it relates. In exceptional circumstances the UK Listing Authority may grant an extension to this time limit. CARD Art. 72

#### **Method of publication**

- 17.55 A company must publish the half-yearly report by notifying it to a Regulatory Information Service and, where the company's shares are listed in another member state, to the competent authority of each other member state in which the company's shares are listed, not later than the time the report is first published in a member state. The notification to a Regulatory Information Service must include the auditor's report in full to the extent the half-yearly report includes such a report pursuant to paragraph 17.60. CARD Art. 102(2)



- 17.56 In addition, an overseas company must either:
- (a) send the report to the holder of its listed securities;
  - (b) make copies available to the public at an address in the United Kingdom details of which are inserted, as a paid advertisement, in at least one national newspaper in the United Kingdom; or
  - (c) insert the report, as a paid advertisement, in at least one national newspaper in the United Kingdom.

### Contents

- 17.57 The half-yearly report must contain the information required by paragraphs 17.58 to 17.63 in respect of the group's activities and profit or loss during the relevant period. CARD Art. 73(1)

### Figures

- 17.58 The following figures presented in table form must be included in the half yearly report:
- (a) net turnover; CARD Art. 73(2)
  - (b) profit or loss before taxation and extraordinary items; CARD Art. 73(2)
  - (c) profit or loss after taxation (where the company has paid or proposes to pay an interim dividend); CARD Art. 73(4)
  - (d) the interim dividend paid or proposed; and
  - (e) comparative figures in respect of (a) to (d) above for the corresponding period in the preceding financial year. CARD Art. 73(5)
- 17.59 Where items specified in paragraph 17.58 are unsuited to the company's activities, appropriate adjustments must be made. CARD Art. 73(7)
- 17.60 Where the figures in the half-yearly report have not been audited, a statement to that effect must be included. Where they have been audited, the report of the auditors, including any qualifications, must be reproduced in full. CARD Art. 75

### Explanatory statement

- 17.61 The half-yearly report must contain: CARD Art. 73(6)
- (a) an explanatory statement including any significant information enabling investors to make an informed assessment of the trend of the group's activities and profit or loss;
  - (b) an indication of any special factor which has influenced those activities and the profit or loss during the period in question;
  - (c) enough information to enable a comparison to be made with the corresponding period in the preceding financial year; and
  - (d) so far as possible, a reference to the group's prospects in the current financial year.
- 17.62 Where the requirements of the listing rules in relation to half-yearly reports are unsuited to the company's activities or circumstances the UK Listing Authority may require suitable adaptations to be made. CARD Art. 76

- 17.63 The UK Listing Authority may authorise the omission from a half-yearly report of the information required by paragraph 17.58(a), (b), (d) and, so far as it relates to these items, the information required by (e) of that paragraph and the information required by paragraph 17.61 if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the company, provided that, in the latter case, such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the shares in question. The request for omission must be in writing and the company or its representatives will be responsible for the correctness and relevance of the facts on which any request to omit information is based. CARD Art. 76

#### **Change of accounting reference date**

- 17.63A If a company which has listed shares changes its accounting reference date it must notify a Regulatory Information Service without delay of the new accounting reference date.

#### **Miscellaneous obligations**

##### **Further issues**

- 17.64 When further securities are allotted of the same class as securities already listed, application for listing such further securities must be made either not more than one year after their issue or when they become freely negotiable. CARD Art. 64

##### **Annual listing fee**

- 17.65 An overseas company must pay the annual listing fee, calculated in accordance with the UK Listing Authority's scale of fees for the time being in force, as soon as such payment becomes due.

##### **Shares in public hands**

- 17.66 An overseas company must inform the UK Listing Authority in writing without delay if it becomes aware that the proportion of any class of listed equity shares in the hands of the public has fallen below 25% of the total issued share capital of that class or, where applicable, such lower percentage as the UK Listing Authority may have agreed (see paragraphs 3.18 and 3.19).

##### **Notification when a Regulatory Information Service is not open for business**

- 17.67 When an overseas company is required by the listing rules to notify to a Regulatory Information Service information relating to the continuing obligations set out in the listing rules at a time when a Regulatory Information Service is not open for business, it must ensure that there is adequate coverage of the information by also distributing it to not less than two national newspapers in the United Kingdom and to two newswire services operating in the United Kingdom. In addition, the company must ensure that the information is notified to a Regulatory Information Service, for release as soon as it re-opens.

##### **Admission to trading**

- 17.67A An overseas company's listed securities must be admitted to trading at all times.
- 17.67B An overseas company must inform the UK Listing Authority in writing without delay if it has:
- (a) requested an RIE to admit or re-admit any of its listed securities to trading (except where a copy of the company's application for admission to trading will be or has been lodged with the UK Listing Authority pursuant to chapter 7); or

- (b) requested an RIE to cancel or suspend trading of any of its listed securities; or
- (c) been informed by an RIE that trading of any of its listed securities will be cancelled or suspended.

## **Mutual recognition**

### **Mutual recognition of a qualifying document as listing particulars**

17.68 A document issued by an overseas company and approved by the competent authority of another member state (“a qualifying document”) will qualify as listing particulars complying with the requirements of chapter 5 provided that the following provisions are satisfied:

#### **Conditions**

- (a) the overseas company must have its registered office in another member state or, if not, either:
  - (i) have securities listed on an overseas stock exchange; or
  - (ii) the UK Listing Authority must be satisfied that it can properly be regarded as a company of international standing and repute;
- (b) either:
  - (i) the overseas company must have applied for listing of the same securities on a stock exchange in another member state at the same time as, or within a short interval (which the UK Listing Authority will normally consider to be three months) of its application to the UK Listing Authority; and the qualifying document must have been approved by the relevant competent authority as listing particulars; or CARD Art. 37
  - (ii) the qualifying document must have been approved in the three months prior to the company’s application to the UK Listing Authority by the competent authority in another member state as a prospectus drawn up in accordance with Article 7, 8 or 12 of the Public Offers Directive; CARD Art. 39
- (c) the approval required by (b)(i) above must be given by the competent authority of the member state where the company has its registered office (“the issuer’s home state”) or, if its registered office is not in a member state where application for listing has been made, by the competent authority chosen by the company from among the member states where application for listing has been made; CARD Art. 37
- (d) the approval required by (b)(ii) above must be given by the competent authority of the issuer’s home state if public offers are made in two or more member states and:
  - (i) both a public offer and an application for admission to official listing are made in the issuer’s home state; or
  - (ii) either a public offer or an application for admission to official listing is made in the issuer’s home state and it provides in general for the prior scrutiny of public offer prospectuses.

In any other case the approval must be given by the competent authority chosen by the company from among the member states in which the offer is made and

which provide in general for the prior scrutiny of public offer prospectuses;

### Contents of the qualifying document

- (e) the qualifying document must either be in English or be accompanied by a translation into English and contain such additional information specific to the United Kingdom market as the UK Listing Authority may require including: CARD Art. 38
- (i) a description of the tax treatment of holders of the securities resident in the United Kingdom;
  - (ii) the names and addresses of the registrars and paying agents for the securities in the United Kingdom; and
  - (iii) a statement of how notices of meetings will be given to holders of the securities resident in the United Kingdom; and
- (f) where, because of exemptions or derogations from the requirements set out in Annex I schedule A or B, as the case may be, of the Consolidated Admissions and Reporting Directive, the qualifying document does not contain all the items required by that schedule then, except to the extent that the UK Listing Authority otherwise permits: CARD Art. 38
- (i) each exemption or derogation must be of a type that is recognised in the listing rules;
  - (ii) the circumstances that justify the exemption or derogation must also exist in the United Kingdom; and
  - (iii) there must be no other circumstances which might have led to the exemption not having been available under the listing rules or to the UK Listing Authority refusing such a derogation if the
- qualifying document had been listing particulars not falling within this paragraph.

### Procedure for application - qualifying document as listing particulars

- 17.69 An overseas company intending to utilise the provisions of paragraph 17.68 must submit a draft of the qualifying document to the UK Listing Authority 10 clear business days prior to the intended publication of that document or at the time of the company's application for admission in the other member state. Notwithstanding the above, such documents must be submitted as early as possible to avoid any delay in the listing timetable. CARD Art. 38
- 17.70 The overseas company must submit to the UK Listing Authority at least 10 clear business days prior to the intended publication of the qualifying document:
- (a) a certificate by the relevant competent authority:
    - (i) confirming that the qualifying document has been approved by it for one of the purposes referred to in paragraph 17.68(b); and CARD Art. 38
    - (ii) giving details of any derogation granted, or exemption applied, as referred to in paragraph 17.68(f), and stating the grounds on which such derogation has been granted or exemption applied; and CARD Art. 38
  - (b) such of the documents referred to in paragraph 5.9 as the UK Listing Authority may require.
- 17.71 The overseas company must submit to the UK Listing Authority (marked for the

attention of Listing Applications) the qualifying document in final form at least two business days prior to the consideration of the application for admission to listing. The qualifying document must be submitted with the documents required by chapter 7, save that paragraph 7.5(b) does not apply, and with any documents required under paragraph 17.70(b) in final form.

### **Mutual recognition of a qualifying document as a prospectus**

17.72 Where application is made for admission to listing of securities of an overseas company which are to be offered to the public in the United Kingdom (within the meaning of Schedule 11 to the Act) for the first time before admission, a prospectus relating to those securities which has been approved by the competent authority of another member state and which complies with the requirements referred to below (“a qualifying document”) will qualify as a prospectus complying with the requirements of chapter 5. These requirements are that:

#### **Conditions**

- (a) the conditions set out in paragraph 17.68(a) must be satisfied;
- (b) (i) a public offer of the same securities is made in another member state at the same time as, or within a short interval (which the UK Listing Authority will normally consider to be three months) of, the public offer of the securities in the United Kingdom; and POD Art.20
- (ii) the qualifying document must have been approved by the competent authority in another member state as a prospectus drawn up in accordance with Article 7, 8 or 12 of the Public Offers Directive; POD Art.20  
Para 1
- (c) the approval required by (b)(ii) above must be given by the competent authority determined in accordance with paragraph 17.68(d); POD Art.20

#### **Contents of the qualifying document**

- (d) the qualifying document must comply with the provisions of paragraph 17.68(e) and paragraph 17.68(f)(i) and (ii). POD Art.21  
Para 1  
POD Art.21  
Para 2

#### **Procedure for application - qualifying document as prospectus**

17.73 An overseas company intending to utilise the provisions of paragraph 17.72 must submit a draft of the qualifying document to the UK Listing Authority 10 clear business days prior to the intended publication of that document or at the time of the company’s application for admission in the other member state. Notwithstanding the above, such documents must be submitted as early as possible to avoid any delay in the listing timetable. POD Art.21  
Para 3

17.73A The overseas company must provide to the UK Listing Authority at least 10 clear business days prior to the intended publication of the qualifying document:

- (a) evidence that the qualifying document has been approved by the relevant competent authority; POD Art.21  
Para 2
- (b) details of any derogation granted, or exemption applied, as referred to in paragraph 17.68(f)(i) and (ii), and details of the grounds on which such derogation has been granted or exemption applied; and POD Art.21  
Para 2
- (c) such of the documents referred to in paragraph 5.9 as the UK Listing Authority may require.

17.74 The overseas company must submit to the UK Listing Authority (marked for the attention of Listing Applications) the qualifying document in final form at least two

business days prior to the consideration of the application for admission to listing. The qualifying document must be submitted with the documents required by chapter 7, save that paragraph 7.5(b) does not apply, and with any documents required under paragraph 17.73A(c) in final form.

### **Confirmation**

- 17.75 The UK Listing Authority will give written confirmation that the qualifying document satisfies the requirements for mutual recognition under these rules when:
- (a) in the case of a qualifying document recognised as listing particulars, it has received the certificate referred to in paragraph 17.70 and is satisfied that the requirements set out in paragraph 17.68 have been satisfied; and
  - (b) in the case of a qualifying document recognised as a prospectus, it is satisfied that the requirements set out in paragraphs 17.72 to 17.74 have been satisfied.

### **Application of the listing rules**

- 17.76 Where the UK Listing Authority has given the confirmation referred to in paragraph 17.75, none of the other provisions of chapter 5 apply except for paragraph 5.14 (supplementary listing particulars). The qualifying document must not be published in the United Kingdom until such confirmation has been given, but once it has been given the qualifying document will, for all other purposes of the listing rules, be treated as listing particulars approved in accordance with paragraph 5.12. Where the original document was not in English, the required English translation will be treated as the qualifying document for the above purposes.
- 17.77 With regard to the conditions for listing set out in chapter 3, the UK Listing Authority will consider requests for variations of conditions which are not derived from the Directives, provided that the UK Listing Authority is satisfied that investors have the necessary information available to arrive at an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities.

### **Translations**

- 17.78 Where the qualifying document was written in a language other than English and has been translated into English, the translation must be certified as a correct translation in the manner prescribed in regulation 6 of the Companies (Forms) Regulations 1985.
- 17.79 Where any documents described in the qualifying document as being available for public inspection are not in the English language, translations into English must also be available for inspection.

## CHAPTER 18

### PROPERTY COMPANIES

#### Scope of chapter

Listed companies which own property (including land), carry out certain property related transactions or which are companies primarily engaged in property activities are subject to additional disclosure requirements, principally relating to valuations.

A single property can be the basis for obtaining a listing if it meets the requirements for a single property scheme as described in section 239(2) of the Act and meets the conditions of this chapter.

The main headings are:

- 18.1 general
- 18.2 definitions
- 18.3 classification of transactions by property companies
- 18.5 requirement for a valuation and a valuation report
- 18.7 valuation
- 18.10 valuation report

Reference is made in this chapter to the RICS Appraisal and Valuation Manual. Guidance may be obtained from the Royal Institution of Chartered Surveyors, 12 Great George Street, Parliament Square, London SW1P 3AD (Tel: 020 7222 7000) and copies of the RICS Manual may be obtained from RICS Books, Surveyor Court, Westwood Way, Coventry, CV4 8JE.

#### **General**

18.1 A property company with or seeking a listing must comply with the rules contained in this chapter in addition to all other applicable listing rules. Other listed companies which own property or which carry out certain property related transactions must comply with paragraphs 18.5 to 18.19 where appropriate.

#### **Definitions**

18.2 The following definitions apply:

- (a) a “property company” is a company primarily engaged in property activities which include:
  - (i) the holding of properties and development of properties for letting and retention as investments;
  - (ii) the purchase or development of properties for subsequent sale; or
  - (iii) the purchase of land for development of properties for retention as investments.
- (b) a “single property scheme” has the meaning in section 239(2) of the Act;
- (c) “property” means freehold, heritable or leasehold property;
- (d) “net annual rent” is the current income or income estimated by the valuer:
  - (i) ignoring any special receipts or deductions arising from the property;
  - (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

- (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent;
- (e) “published valuation” is the valuation, whether produced independently or by the directors, referred to in the company’s latest published annual report and accounts or the most recent listing particulars or circular published since such annual report and accounts;
- (f) “book value of properties” is the value of the company’s properties, excluding those classified as current assets and before deduction of mortgages or borrowings, as shown in the latest published annual report and accounts; and
- (g) “RICS Manual” means the RICS Appraisal and Valuation Manual.

### **Classification of transactions by property companies**

18.3 Acquisitions and disposals of property by a property company (including any transactions or arrangements the purpose of which is to change, in whole or in part, the beneficial ownership of a property) are subject to the rules contained in chapter 10 regarding the classification of transactions save as indicated below:

- (a) for the purposes of paragraph 10.5(a) the assets the subject of the transaction means the consideration (and paragraphs 10.10 and 10.11 do not apply);
- (b) for an acquisition of land to be developed, for the purposes of paragraph 10.5 (a), the assets the subject of the transaction means the consideration plus any financial commitments relating to the development; and
- (c) for the purposes of paragraph 10.5(a) and (c) the assets of the listed property company are, at the option of the property company, either:
  - (i) the aggregate of the company’s share capital and reserves (excluding minority interests);
  - (ii) the book value of the company’s properties (excluding those properties classified as current assets in the latest published annual report and accounts); or
  - (iii) the published valuation of such properties (excluding those properties classified as current assets in the latest published annual report and accounts);
- (d) for the purposes of paragraph 10.5(b), the profits attributable to the assets and the profits of the listed company means the net annual rental income;
- (e) paragraph 10.5(d) does not apply, but when any of the consideration for an acquisition is in shares an alternative test will be applied comparing the shares to be issued with the number of shares in issue;
- (f) paragraph 10.5(e) applies to disposals as well as acquisitions in respect of all property transactions; and
- (g) for an acquisition of a property or property portfolio by a property company which is a Class 1 transaction, financial information in the form of a comparative table or accountants’ report will not normally be required (but see 18.5(b)).

18.4 The acquisition or disposal by a property company of a property in the ordinary course of business which, in the case of an acquisition will be classified as a current asset in the company’s published accounts, or, in the case of a disposal was so classified in the



company's published accounts, will not be subject to the rules contained in chapter 10 regarding the classification of transactions. The UK Listing Authority may deem a transaction not to be in the ordinary course of business because of its size or incidence. Subsequent transfers of property assets from current to fixed assets or from fixed to current assets in the accounts of a property company may be subject to the rules regarding the classification of transactions and the UK Listing Authority must be consulted at an early stage.

### **Requirement for a valuation and a valuation report**

- 18.5 A valuation must be obtained by:
- (a) a new applicant if it is a property company or a single property scheme;
  - (b) an issuer if it makes an acquisition or disposal of property, or of a property company which is not listed, which is either a Class 1 transaction within the meaning of chapter 10 or is a related party transaction within the meaning of chapter 11;
  - (c) an issuer issuing debt securities which are to be listed and which are secured on property; or
  - (d) an issuer which makes significant reference to the valuation of property in listing particulars or in a circular.
- 18.6 Where a valuation is required under paragraph 18.5, the listing particulars or circular must include:
- (a) a valuation report (see paragraphs 18.10 to 18.19); and
  - (b) where appropriate, a statement reconciling the valuation figure with the equivalent figure included in the company's latest published annual accounts.

### **Valuation**

- 18.7 A valuation required by paragraph 18.5 (including the basis of valuation) must be made in accordance with the RICS Manual, save as provided in paragraph 18.8.

#### **Non-compliance**

- 18.8 Where the valuation does not comply in all applicable respects with the RICS Manual, the valuation report must contain a statement to this effect and a full explanation of such non-compliance. Where such a statement appears, the UK Listing Authority may withhold its approval of the relevant listing particulars or circular in which the valuation report appears.

#### **Independence of valuer**

- 18.9 The valuation must be carried out by an external valuer (as defined in the RICS Manual) unless otherwise approved by the UK Listing Authority. The UK Listing Authority may permit the valuation to be carried out by the company's internal valuer (as defined in the RICS Manual).

### **Valuation report**

#### **Contents of valuation report**

- 18.10 The valuation report to be included in the listing particulars or circular must:
- (a) be in substantially the form set out in the RICS Manual and contain a preamble in substantially the form set out in schedule 8;

- (b) give the date or dates of inspection;
- (c) state the following details which should be summarised in respect of each property:
  - (i) the address;
  - (ii) nature of valuer's inspection;
  - (iii) a brief description (e.g. land or buildings, approximate site and floor areas);
  - (iv) existing use (e.g. shops, offices, factories, residential);
  - (v) relevant planning permissions;
  - (vi) any material contravention of statutory requirements;
  - (vii) tenure (i.e. freehold or leasehold, giving unexpired term);
  - (viii) main terms of tenants' leases or underleases (including repairing obligations);
  - (ix) approximate age of any buildings;
  - (x) present capital value in existing state;
  - (xi) terms of any intra-group lease on property occupied by the group (identifying the properties) to the extent that such leases are taken into account in the valuation;
  - (xii) any other matters which materially affect the value (including any assumptions and information on contamination, if any); and
  - (xiii) sources of information and verification;
- (d) state the name, address and professional qualifications of the valuer;
- (e) be dated and state the effective date of valuation for each property which, unless otherwise agreed by the UK Listing Authority, must not be more than 42 days prior to the date of publication of the listing particulars or circular;
- (f) state that the valuation is based on open market value or existing use value (as each is defined in the RICS Manual) or, if necessary, depreciated replacement cost subject to adequate profitability (as defined in the RICS Manual);
- (g) state any assumptions on which the valuation is based and, where open market value is the basis of valuation, identify any qualifying words to be applied to the definition of open market value and state reasons for the adoption of any such qualification;
- (h) divide the valuation between freehold, long leasehold (over 50 years) and short leasehold properties;
- (i) where the directors have required a valuation of the benefit or detriment of contractual arrangements in respect of property or where there is thought to be benefit in any options held, show such valuations separately and include a reconciliation of the costs and values;
- (j) in cases in which directors or promoters have been interested in any acquisitions or disposals of any of the properties during the two years preceding the valuation, contain details of the nature and extent of such interests and the date

of the transactions and the prices paid or received or other terms on which the transactions were effected. In such cases, the information required must be provided by the directors to the valuer for this purpose. Alternatively, the information on interests of directors or promoters may be given elsewhere in the listing particulars or circular; and

- (k) identify any other matter which the valuer considers relevant for the purposes of the valuation.

### **Valuations of property in course of development**

18.11 Where the valuation is in respect of property currently being developed the following additional information must be given in the valuation report:

- (a) whether planning consent has been obtained, and, if so, the date of relevant consents and whether there are any material or onerous conditions attached to such consents;
- (b) the date when the development is expected to be completed and any estimate of letting or occupation dates;
- (c) the estimated total cost of completing the development (as defined in the RICS Manual) including, without limitation, the cost of financial carrying charges, letting commissions and other ancillary costs;
- (d) the open market value of the property in its existing state at the date of valuation; and
- (e) the estimated capital values at current prices and on the basis of current market conditions:
  - (i) after development has been completed; and
  - (ii) after the development has been completed and the property has been let.

### **Progressive development**

18.12 Where property in the course of development is being developed in phases over a period of time by the erection of a number of buildings, each of which is intended to be sold soon after completion of construction, the requirements of paragraph 18.11(c) and (e) may be satisfied by the provision of information for each phase or for groups of phases. For this purpose, property in the course of development includes any phase where, at the date of valuation, work is in progress and any other phase where a start is imminent, all appropriate consents have been obtained and a building contract has been entered into. Later phases, where construction at the date of valuation has not yet started, or where all appropriate consents have not been obtained or a building contract has not been entered into, may be treated as properties held for development (see paragraph 18.13).

### **Properties held for development**

18.13 Where property is held for future development the valuation report must contain the following additional information so far as it is known and relevant at the valuation date:

- (a) whether or not planning permission has been applied for, whether such application has been granted or refused and the date of such grant or refusal;
- (b) the nature and a brief description of the proposed development;
- (c) an indication of when it is reasonable to expect development to commence;
- (d) the expected development period; and

- (e) the estimated total costs of the development including, without limitation, the cost of financial carrying charges, letting commissions and other ancillary costs.

### **Valuation of property occupied for purposes of business**

- 18.14 A property which is occupied for the purposes of a business should be valued at existing use value. Where open market value for an alternative use significantly exceeds this basis the alternative use valuation must be stated in the valuation report, together with the directors' estimate of the costs of cessation and removal of the business. Where the alternative use value is significantly lower than the existing use value and the existing use value is no longer appropriate, the alternative use valuation must be stated in the valuation certificate.

### **Overseas premises**

- 18.15 If the company owns any overseas property that property must be shown separately in the valuation report and its basis of valuation clearly identified. As far as possible, the general principles set out in the RICS Manual must be followed.

### **Rentals used in valuations**

- 18.16 In respect of each property which is rented out by the company, the net annual rent and the estimated net annual rent (based on its current open market rental value) at a named future date (where this differs materially) must be included in the valuation report.

### **Summary of valuations**

- 18.17 The valuation report must include a summary of the number of properties and the aggregate of their valuations must be split to show the separate totals for the freehold and leasehold properties. Negative values must be shown separately and not aggregated with the other valuations. Separate totals should be given for:
- (a) properties valued on an open market basis;
  - (b) properties valued on an existing use value basis;
  - (c) properties valued on a depreciated replacement cost basis; and
  - (d) for any overseas properties.

### **Condensed format**

- 18.18 If the properties held are too numerous to enable the company to comply with the normal requirements for a valuation report, the UK Listing Authority may consent to a suitably condensed format in the relevant listing particulars. The full valuation report must be available for inspection pursuant to paragraph 8.22.
- 18.19 The UK Listing Authority may authorise the omission of any specific item of information in the valuation report if the UK Listing Authority considers that disclosure would be seriously detrimental to the issuer and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

### **Single property scheme**

*Paragraphs 18.20 to 18.28 deleted - December 2001*

## CHAPTER 19

### MINERAL COMPANIES

#### Scope of chapter

Mineral, oil and natural gas companies (collectively referred to in this chapter as mineral companies) are subject to additional disclosure requirements as set out in this chapter but they may be admitted to listing without a trading record as required by paragraph 3.3(a). A competent person's report must be contained in listing particulars of a new applicant. Companies that are involved only in exploration for mineral resources and are not undertaking or proposing to undertake their extraction on a commercial scale are not suitable for listing.

This chapter also sets out requirements where a listed company undertakes a major transaction involving significant mineral resources (see paragraphs 19.7 to 19.11).

The main headings are:

- 19.1 definitions
- 19.2 general
- 19.3 conditions for listing
- 19.4 listing particulars
- 19.7 transactions
- 19.12 competent person
- 19.14 competent person's report
- 19.17 confidentiality.

#### Definitions

19.1 The following definitions apply:

- (a) a "mineral company" is a company or group of which a principal activity is, or is planned to be, the extraction of mineral resources (which may or may not include exploration for mineral resources). In determining what constitutes a principal activity, the UK Listing Authority will have regard to all the circumstances, including whether the activity represents 25% or more of gross revenue, operating expenses, assets or market capitalisation of the company or group;
- (b) "extraction" includes mining, production, quarrying or similar activities and the reworking of mine tailings or waste dumps;
- (c) "mineral resources" include metallic and non-metallic ores, mineral concentrates, industrial minerals, construction aggregates, mineral oils, natural gases, hydrocarbons and solid fuels, including coal;
- (d) "proven reserves" mean:
  - (i) in respect of mineral companies primarily involved in the extraction of oil and gas resources, those reserves which on the available evidence and taking into account technical and economic factors have a better than 90% chance of being produced; and
  - (ii) in respect of mineral companies other than those primarily involved in the extraction of oil and gas resources, those measured mineral resources (see (f) below) of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of the determination and under specified economic conditions;
- (e) "probable reserves" mean:
  - (i) in respect of mineral companies primarily involved in the extraction of

oil and gas resources, those reserves which are not yet “proven” but which on the available evidence and taking into account technical and economic factors have a better than 50% chance of being produced; and

- (ii) in respect of mineral companies other than those primarily involved in the extraction of oil and gas resources, those measured and/or indicated mineral resources (see (f) and (g) below), which are not yet “proven” but of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of the determination and under specified economic conditions;
- (f) “measured mineral resource” is that portion of a mineral resource for which tonnage or volume can be calculated from outcrops, pits, trenches, drill-holes or mine workings, supported where appropriate by other exploration techniques. The sites used for inspection, sampling and measurement must be so spaced that the geological character, continuity, grades and nature of the material are so well defined that the physical character, size, shape, quality and mineral content will be established with a high degree of certainty; and
- (g) “indicated mineral resource” is that portion of a mineral resource for which quantity and quality can only be estimated with a lower degree of certainty than for a measured mineral resource because the sites used for inspection, sampling and measurement are too widely or inappropriately spaced to enable the material or its continuity to be defined or its grade throughout to be established.

## **General**

19.2 The UK Listing Authority may list the securities of a mineral company which cannot comply with paragraphs 3.3(a) (audited accounts for three years) and 3.6 (nature and duration of business activities) in respect of its activities in the extraction of mineral resources, if the company complies with the listing rules as modified by the provisions of this chapter.

## **Conditions for listing**

19.3 A new applicant, which is a mineral company, must:

- (a) satisfy the conditions set out in chapter 3, except paragraphs 3.3(a) (audited accounts for three years) and 3.6 (nature and duration of business activities) in respect of its activities in the extraction of mineral resources;

## **Commercial extraction**

- (b) either be undertaking or be proposing to undertake the extraction of mineral resources on a commercial scale and must demonstrate that it is or will be in a position to undertake such extraction in a commercially viable manner;
- (c) demonstrate that, immediately prior to its application for admission to listing, its proven reserves are sufficient to maintain a level of extraction sufficient to support trading on a commercial scale throughout at least the two years immediately following admission to listing or throughout the first two years following the date of commencement of extraction on a commercial scale if that date is after admission to listing;

## **Value of reserves**

- (d) demonstrate that, immediately prior to its application for admission to listing, the aggregate value (see paragraph 19.15(1)) of its proven and probable reserves as estimated in the competent person’s report, required by paragraph 19.4(a), is not less than 50% of the expected aggregate market value of its equity share capital immediately following admission to listing;

**Interests in extraction**

- (e) where it does not hold controlling interests in a majority (by value) of the properties, fields, mines or other assets in which it has invested, demonstrate that it has a reasonable spread of direct interests in mineral resources and has rights to participate actively in their extraction, whether by voting or through other rights which give it influence in decisions over the timing and method of extraction of those resources;

**Management**

- (f) demonstrate that:
  - (i) the directors and management have, collectively, appropriate experience and technical expertise to manage the company's operations.
  - (ii) *Paragraph deleted - January 1999*
- (g) *Paragraph deleted - January 2000.*

19.3A *Paragraph deleted - January 2000.*

**Listing particulars****New applicant**

19.4 A new applicant, which is a mineral company, must comply with the requirements of chapter 5 and include in its listing particulars:

**Competent person's report**

- (a) the competent person's report, as described in paragraphs 19.14 and 19.15;

**Directors' and others' interests**

- (b) details of any interest, direct or indirect, of each director, competent person and promoter:
  - (i) in any asset which has within two years of the date of the listing particulars been acquired or disposed of by, or leased to or by the company or any of its subsidiary undertakings, including any interest in the consideration passing to or from the company or any of its subsidiary undertakings (and brief details, including consideration terms and other significant terms, must be given of all transactions which have taken place relating to those assets, or an appropriate negative statement);
  - (ii) in the share capital of the company; and
  - (iii) otherwise in the promotion of the company;

**Business**

- (c) the general nature of the business of the company, distinguishing between different activities which are material having regard to the profits or losses, assets employed or any other factor affecting the importance of each activity;

**Geographical location**

- (d) the geographical location of the company's exploration and extraction activities;

**Claims**

- (e) a statement of any legal claims which are potentially of material significance to the company in relation to exploration or extraction rights or an appropriate negative statement;

**Glossary**

- (f) a glossary of the terms used in presenting information in the competent person's report required by paragraph 19.4(a) and elsewhere in the listing particulars; and

**Financial matters**

- (g) the following information on financial matters (in addition to the statement as to the sufficiency of working capital required by paragraph 6.E.16 or 6.L.10):
  - (i) an estimate of the funding requirements of the company for at least two years following publication of the listing particulars;
  - (ii) particulars of estimated cash flow for either the two years following publication of the listing particulars or, if greater, the period until the end of the first full financial year in which extraction of mineral resources is expected to be conducted on a commercial scale; such particulars must include details of the relevant mineral resources to be extracted, the expected prices and grade structures of the saleable resources, mineral concentrates or products, the expected extraction costs of the various extraction stages and the evidence and assumptions on which this information is based; and
  - (iii) confirmation from the sponsor that it is satisfied that the estimated cash flow has been stated by the company after due and careful enquiry; and

**Restrictions on disposal of shares**

- (h) where it does not satisfy paragraphs 3.3 (a) (audited accounts for three years) and 3.6 (nature and duration of business activities), 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 must 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.

**Listed mineral company**

19.5 A listed mineral company publishing listing particulars must ensure they contain the information specified in appendix 1 to chapter 5 and must include:

- (a) a description of the company's principal mineral interests together with a statement in respect of the company's reserves giving an estimate of the volume, tonnage in place and grades, as appropriate, each split between proven and probable reserves;
- (b) the expected period of working of those reserves;
- (c) an indication of the periods and main terms of any licences or concessions and the economic conditions for working those licences or concessions;
- (d) indications of the progress of actual working; and

CARD Ann I  
Schs A and B,  
Chpt. 4, Para  
4.1.3



- (e) an explanation of any exceptional factors that have influenced (a) to (d) above. CARD Ann I Schs A and B, Chpt. 4, Para 4.1.4
- 19.6 The information required by paragraph 19.5(a) to (e) is not required to be included in listing particulars relating to a rights issue or open offer by an issuer with shares listed or an issue of debt securities by a listed issuer which are not convertible. 25(1) and (2) and 26(1)

## **Transactions**

### **Classification of transactions**

- 19.7 A mineral company undertaking a transaction involving significant mineral resources must comply with chapter 10 as though at the end of paragraph 10.5 the following additional percentage ratio were added:

“(f) **Reserves** - the volume or amount of the aggregate proven and probable reserves acquired or disposed of divided by the volume of the aggregate proven and probable reserves of the acquiring or disposing company. In the case of mineral resources which are not directly comparable, the UK Listing Authority may permit the use of valuations instead of volumes or amounts.”

### **Transaction by a listed company**

- 19.8 The prior approval of the shareholders in general meeting must be obtained where a listed company proposes to undertake a transaction involving significant mineral resources and the transaction results in or might reasonably be expected to result in any of the percentage ratios set out in paragraph 10.5 (as amended by paragraph 19.7) being 25% or more.
- 19.9 In assessing whether a proposal requires prior shareholder approval under paragraph 19.8, account must be taken of any associated transactions or loans effected or intended and any associated contingent liabilities or commitments. Where any doubt exists as to the application of paragraph 19.8 and this paragraph the UK Listing Authority must be consulted at an early stage.

### **Requirements for an announcement and circular**

- 19.10 Where a mineral company acquires or disposes of assets representing interests in mineral resources, appropriate details of the relevant interests must be disclosed in any notification made to a Regulatory Information Service and, if required, the circular as well.

### **Circular seeking shareholders' approval**

- 19.11 If a circular to shareholders seeking their prior approval is required by paragraph 19.8, the circular must include, in respect of the significant mineral resources involved, the following information as well as complying with the requirements set out in paragraph 10.40 (contents of Class 1 circulars) and in paragraph 14.1 (contents of all circulars):
- (a) the competent person's report as described in paragraphs 19.14 and 19.15;
  - (b) a glossary of the terms used in presenting information in the circular; and
  - (c) a statement as to the existence of reserves which must be substantiated by the competent person and supported by the actual details of drilling results, analyses or other evidence.

In the case of a disposal the UK Listing Authority may waive the requirements in (a) to (c) above if the information required by paragraph 19.5(a) to (e) is included in respect of the mineral resources involved and the competent person's report on those resources would not provide significant additional information.

**Subsequent announcements relating to lock-in arrangements**

- 19.11A An issuer must notify a Regulatory Information Service without delay of information relating to the disposal of shares by way of an exception allowed within the lock-in arrangements disclosed under paragraph 19.4 (h).
- 19.11B Subject to the requirements of chapter 11, an issuer must notify a Regulatory Information Service without delay of the details of any variation of the lock-in arrangements disclosed under paragraph 19.4 (h) above or by way of subsequent announcement under this paragraph.

**Competent person**

19.12 The competent person, if an individual, must:

- (a) be professionally qualified and be a member in good standing of an appropriate professional association, institution or body;
- (b) have at least five years' relevant professional experience in the estimation, assessment and evaluation of the type of mineral reserves being or to be exploited by the company; and
- (c) be independent of the company and its other advisers or, if he is not, clear disclosure of the relevant relationships and interests must be made both within the competent person's report and prominently elsewhere in the relevant listing particulars or circular.

19.13 If the competent person is a firm or company:

- (a) a partner or director must produce or directly supervise the production of the report on behalf of the company and must satisfy the criteria set out in paragraph 19.12(a) and (b); and
- (b) that firm or company and all of its partners or directors must be independent of the mineral company and its other advisers or, if they are not, clear disclosure of the relevant relationships and interests must be made both within the competent person's report and prominently elsewhere in the relevant listing particulars or circular.

**Competent person's report**

19.14 The competent person's report must:

- (a) be dated and made up to a date within six months of publication of the listing particulars or circular;
- (b) state the full name, address and professional qualification of the competent person and if the competent person is a firm or company, of the relevant partner or director;
- (c) state that the existence of natural resources is substantiated by evidence obtained from the competent person's site visits and observation and is supported by details of drilling results, analyses or other evidence and takes account of all relevant information supplied to the competent person by the directors; and
- (d) be updated prior to publication of the listing particulars or circular if further data becomes available unless the listing particulars or circular set out and explain the

effect of the further data.

19.15 The competent person's report must include:

#### **Description of reserves**

- (a) a description of:
  - (i) the nature and extent of the company's rights of exploration and extraction and a description of the properties to which the rights attach, with details of the duration and other principal terms and conditions of the concessions including environmental and rehabilitation requirements, abandonment costs, and any necessary licences and consents including planning permission;
  - (ii) the geological characteristics of the occurrence of the reserves, the type of deposit, its dimensions and grade distribution;
  - (iii) the methods to be employed for exploration and extraction, and where appropriate the mineral and metallurgical processes to be employed; and
  - (iv) for hydrocarbon deposits the porosity and permeability characteristics of the reservoir, the thickness of the relevant formation (net pay), the pressure of the hydrocarbon within it and the recovery mechanism planned;

#### **Maps and plans**

- (b) maps, sections and plans demonstrating for each major property or field its location, the nature and extent of workings thereon and its principal geological characteristics;
- (c) a surface location plan showing wells, platforms, pipelines, bore holes, sample pits, trenches and other evidence;

#### **Reserves**

- (d) a statement, in respect of the company's reserves, giving:
  - (i) an estimate of the volume, tonnage in place and grades, as appropriate, each split between proven and probable reserves;
  - (ii) the method by which they were estimated;
  - (iii) the expected recovery and dilution factor;
  - (iv) where appropriate, mineral processing and metallurgical recovery factors and grades, with evidence in support thereof, or recovery factors with respect to mineral reserves in place on a deposit by deposit basis, together with the expected period of working;
  - (v) the expected extraction tonnage or volume; and
  - (vi) where relevant, processing volumes or tonnages together with the other principal assumptions relating to forecast revenues and operating costs;

- (e) if there are mineral resources which have not been sufficiently appraised to demonstrate them as proven or probable reserves, a separate statement of such mineral resources, which may not include any quantified information other than in respect of such mineral resources which have been appraised as measured or indicated mineral resources, in which case quantified information with regard to tonnage (or volume) and grade may be included in the statement but no information in respect of such measured or indicated mineral resources may be included in the valuation or statement of reserves;

**Long term prospects**

- (f) details of any other mineral resources relevant to the long term future of the company;

**Nature of evidence**

- (g) a statement of:
  - (i) the nature of any geophysical and geological evidence used in the estimation of reserves;
  - (ii) summarised details of this evidence including information on quality control procedures;
  - (iii) the results of drilling and sampling, stating the number of holes drilled, sample pits or trenches and their location, with a description of their current status; and
  - (iv) the names of the organizations that carried out the investigation and analysis;

**Production schedule**

- (h) a statement in relation to the company or, where relevant, to the consortium to which it belongs giving:
  - (i) the production policy, including production rates of sites, mines and wells where production has already been commenced;
  - (ii) the estimated production rates relating to new mines, or reworkings, or new drilling, or work-overs;
  - (iii) an estimate of the working lives and degree of depletion of each major property;
  - (iv) an assessment of the expertise of the technical staff being or to be employed; and
  - (v) an indication of the bases on which these estimates have been arrived at;

**Commencement of working**

- (i) the date(s) on which commercial extraction by the applicant was commenced, or is expected to commence, on each major property;

**Progress of workings**

- (j) an indication of the progress of actual working, including analysis (both in

narrative and numerical form) of previous exploration, development and extraction carried out on the relevant properties or fields;

#### **Forecast extraction rates**

- (k) comment on the reasonableness of the directors' forecasts (if any) of the rate(s) of extraction of the major properties or fields;

#### **Valuation of reserves**

- (l) an estimate of net present value (or a valuation arrived at on an alternative basis, with an explanation of the basis and of the reasons for adopting it) of proven and probable reserves (analysed separately);
- (m) the principal assumptions on which the valuation of proven and probable reserves is based including those relating to discount factors, exchange rates and economic conditions;
- (n) information to demonstrate the sensitivity to changes in the principal assumptions;

#### **Plant and equipment**

- (o) commentary on the type, extent and condition of plant and equipment which is of material significance to the company's operations and which is currently in use on the company's major properties or fields;
- (p) information on additional plant and equipment which will be required to achieve the forecast rates of extraction (including an estimate of the relevant costs and of the costs of maintaining and repairing all plant and equipment);

#### **Valuation of plant**

- (q) a valuation (made on an existing use basis within six months of the date of publication of the listing particulars or circular) of the plant and equipment owned by the company currently in use for exploration or extraction of mineral reserves, save that a valuation is not required if a statement is made confirming that either:
  - (i) the directors do not consider the plant and equipment to be of material importance to an investor's assessment of the company's operations; or
  - (ii) the valuation of the plant and equipment has been included in the net present valuation of the reserves; and

#### **Special factors**

- (r) a statement setting out any additional information required for a proper appraisal of any special factors affecting the exploration or extraction businesses of the company, including difficulties of access to, or in recovery of, mineral reserves on properties where the company has extraction rights, and special circumstances, such as difficulties in transporting or marketing the extracts which may affect the commercial viability of the project, or an appropriate negative statement.

#### **Separate report**

- 19.16 A statement required by paragraph 19.15 to be given in the competent person's report may (if it relates to matters outside the training and experience of the competent person) be omitted from his report and replaced by a separate report by another appropriately

qualified and experienced person.

### **Confidentiality**

- 19.17 If a mineral company wishes to exclude from listing particulars or a circular, or from a competent person's report included in them, information which is confidential for legal or other reasons it must allow an independent person, mutually approved, to verify to the UK Listing Authority in confidence the importance of such information in order that the UK Listing Authority can assess whether investors have all relevant information.

## CHAPTER 20

### SCIENTIFIC RESEARCH BASED COMPANIES

#### Scope of chapter

This chapter is intended to enable substantial scientific research based companies without an adequate trading record to raise finance by listing their securities if the criteria set out below are satisfied. It is intended for companies which are primarily involved in the laboratory research and development of chemical or biological products or processes, including pharmaceutical companies and those involved in the areas of diagnostics, agriculture and food.

Due to the nature of applications pursuant to this chapter it will be necessary to contact the UK Listing Authority at an early stage to discuss an applicant's suitability for listing. The consideration of the suitability of any applicant under the provisions of this chapter may raise issues which will require variations or additions, as appropriate, to the rules set out in this chapter.

The main headings are:

- 20.1 definitions
- 20.2 general
- 20.3 conditions for listing
- 20.8 listing particulars.

#### Definitions

20.1 The following definitions apply:

- (a) a "scientific research based company" is a company which is primarily involved in the laboratory research and development of chemical or biological products or processes and may include, subject to the agreement of the UK Listing Authority, other similar innovative science based companies; and
- (b) "validations" are tests or trials of importance or significance in assessing the effectiveness or viability of a product of a scientific research based company.
- (c) Paragraph deleted – January 2000.

#### General

20.2 The UK Listing Authority may list the securities of a scientific research based company which cannot comply with paragraph 3.6 (nature and duration of business activities) if the company otherwise complies with the listing rules as modified by the provisions of this chapter.

## **Conditions for listing**

- 20.3 A new applicant to which this chapter applies must satisfy the requirements of chapter 3 except for paragraph 3.6 (nature and duration of business activities) (see paragraph 20.2) and in addition must:
- (a) have demonstrated its ability to attract funds from sophisticated investors;
  - (b) intend to raise at least £10 million pursuant to a marketing at the time of listing;
  - (c) have a capitalisation, prior to the marketing at the time of listing, of at least £20 million (based on the issue price and excluding the value of any securities which have been issued in the six months prior to listing); and
  - (d) have as its primary reason for listing the raising of finance to bring identified products to a stage where they can generate significant revenues.
  - (e) Paragraph deleted – July 2001
- 20.4 For the purposes of paragraph 3.8 (directors), the directors and senior managers of the company must be able to demonstrate that they have, collectively, the knowledge and experience necessary for the company's activities, including technical, financial, marketing and, if appropriate, manufacturing experience. In particular, the board of directors and senior managers must include at least one executive director or senior manager who has been responsible for the company's research activities throughout the period covered by the accounts required by paragraph 3.3 (a) and must include other persons who have played a significant role in the company's activities throughout the relevant period.
- 20.5 *Paragraph deleted – January 2000.*
- 20.6 *Paragraph deleted – January 2000.*
- 20.7 *Paragraph deleted – August 1995.*

## **Listing particulars**

- 20.8 The listing particulars of a new applicant under this chapter must comply with the requirements of chapter 5 and must:
- (a) demonstrate that the company has at least a three year record of operations in laboratory research and development including:
    - (i) details of patents granted or details of the progress of patent applications; and
    - (ii) in relation to its products the successful completion of, or the successful progression of, validations;
  - (b) demonstrate that the operations referred to in (a) above are supported by directors and technical staff of appropriate expertise and experience and that those directors and technical staff are reasonably expected to remain available to the company;
  - (c) contain an estimate of its funding requirements for a period of two years following the listing and state 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;



- (d) contain in a separate prominent section entitled “Business development and prospects”, a detailed explanation of the issuer’s business plan and strategic objectives and the assumptions on which the plan is based. This section should include a detailed analysis of the programme of developments to date and those which are key strategic objectives in the development of the business;
- (e) contain 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 must 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;
- (f) state that the proceeds of the issue of securities made at the time of the listing, together with the company’s existing resources, will be applied primarily towards progressing identified products to a stage where they can generate significant revenues and explain in detail the uses to which the monies will be applied;
- (g) demonstrate that the company has engaged in collaborative research and development agreements with organisations of high standing and repute within the industry or that it can establish that the absence of such agreements does not reduce the standing or quality of its research efforts;
- (h) fully set out, explain and give appropriate prominence in presentation to the risks associated with the exploitation of its products; and
- (i) contain a prominent statement confirming that the company is making its application for listing under the provisions of this chapter.

20.9 The listing particulars must also give, in relation to each of the new applicant’s products the development of which may have a material effect on the future prospects of the company, a full description of:

- (a) the type of product being developed;
- (b) the expected advantages of the product including any appropriate technical information;
- (c) the nature and effectiveness of the research and development undertaken;
- (d) the development status of the product including the results of validations (see also paragraph 20.10);
- (e) in relation to any product undergoing validation, any material information relating to the prospects of the successful completion of such validation;
- (f) the exact status of the patent position, to include details of the nature of the applications filed, the expected timetable in relation to any patents pending and the potential impact of any significant prior applications by third parties;
- (g) the copyright position in relation to any software which is a part of or connected with the product;
- (h) the current or expected market competitors;
- (i) the basis of any claimed market potential; and
- (j) the future strategy of the company regarding the generation of significant revenues from the product, including:

- (i) whether the company intends to implement the strategy itself or in collaboration with others;
- (ii) where the company intends to undertake such activities itself, its plans in relation to the manufacture and marketing of the product;
- (iii) where the company intends to collaborate with others in relation to the implementation of the strategy, details (including the consideration and parties) and the financial effect of any agreement or intended agreement; and
- (iv) if the strategy varies according to the expected major markets for the product, an explanation of any geographical or segmental variants.

20.10 For the purposes of paragraph 20.9(d), details must be given, in relation to each product, of all material:

- (a) internal validations of the product by the company;
- (b) external validations of the product by independent third parties;
- (c) validations by regulatory authorities; and
- (d) academic papers in relation to the product.

### **Independent report**

20.11 The listing particulars must include a report or reports by an organisation or organisations assessing:

- (a) the merits of the company's products;
- (b) the company's business plan, including the critical path and timescale to commercial exploitation and any projections of the market potential for the company's products; and
- (c) the risk factors which might affect the company's business plan.

Each report must also include a summary of the instructions pursuant to which it has been prepared. Each reporting organisation must be independent of the company and be of demonstrable high standing, repute and expertise in the field concerned and must confine the opinions expressed to matters within its expertise.

20.12 *Paragraph deleted - August 1995*

### **Valuation**

20.13 The listing particulars must include details of:

- (a) the historic valuation of the company at each fund raising undertaken, giving the date, price, amount and principal terms of the fund raising, presented in tabular form and prominently set out in the particulars;
- (b) any other recent valuations, including details of trades, on any market; and
- (c) a full explanation of any trends in the valuation of the company, justifying, to the satisfaction of the UK Listing Authority, any substantial increases in valuation.

### **Subsequent announcements relating to lock-in arrangements**

20.14 An issuer must notify a Regulatory Information Service without delay of information relating to the disposal of shares by way of an exception allowed within the lock-in

arrangements disclosed under paragraph 20.8 (e) above.

- 20.15 Subject to the requirements of chapter 11, an issuer must notify a Regulatory Information Service without delay of the details of any variation of the lock-in arrangements disclosed under paragraph 20.8 (e) above or by way of subsequent announcement under this paragraph.

### **Transactions**

- 20.16 A company with securities listed under the provisions of this chapter which is considering a transaction must consult the UK Listing Authority at an early stage to establish whether industry specific tests need to be submitted in substitution for or in addition to, the standard classification tests set out in paragraph 10.5.
- 20.17 In the case of a class 1 acquisition of a scientific research based company or related assets, the issuer must provide an explanation of the impact of the transaction on the issuer's business plan and the information on the subject of the transaction required by paragraphs 20.8(h), 20.9 (a) to (j), and 20.10.
- 20.18 Where a company listed under the provisions of this chapter undertakes a class 1 acquisition within the first year following admission and this acquisition was not referred to explicitly in its statement of funding requirements under the provisions of paragraph 20.8(c), a new statement is required by the company to cover the remaining months of the original two-year period incorporated in the funding requirements statement. For this remaining period, the company should also describe the impact of the transaction on its current and future funding requirements and details of how the development of any acquired products is to be funded.



## CHAPTER 21

### INVESTMENT ENTITIES

#### Scope of chapter

This chapter sets out the requirements for the listing of the securities of investment entities, which comprise investment companies, investment trusts and unit trusts. Venture capital trusts should refer to the provisions of chapter 26.

The main headings are:

- 21.1 definitions
- 21.2 general
- 21.8 sponsors
- 21.9 investment companies and investment trusts
  - conditions for listing, investment companies other than investment trusts
  - conditions for listing, investment trusts
  - methods of bringing securities to listing
  - listing particulars or equivalent offering document
  - listing application procedures
  - “multi-class fund” or “umbrella fund”
  - publication and circulation
  - continuing obligations
  - annual accounts of investment trusts
  - transactions
  - transactions with related parties
- 21.26 property investment companies
  - general
  - conditions for listing
  - listing particulars or equivalent offering document
  - continuing obligations
  - transactions
  - change of status
- 21.35 authorised property unit trusts
  - general
  - conditions for listing
  - equivalent offering document
  - listing application procedures
  - continuing obligations

This chapter does not deal with companies or unit trusts which invest directly in properties other than those which comply with the requirements of paragraphs 21.26 to 21.34 or 21.35 to 21.39 (see paragraphs 21.4 and 21.5A).

The complexities of the different investment categories are such that the UK Listing Authority encourages potential issuers to discuss their proposed issues with it at an early stage.

#### **Definitions**

21.1 The following definitions apply:

- (a) “authorised unit trust scheme” has the meaning given by section 243 of the Act;
- (b) “authorised property unit trust” means a unit trust scheme authorised by the Financial Services Authority and which is a property scheme or an umbrella scheme each separate part of which would qualify as a property scheme if it were a separate authorised unit trust scheme (“property scheme” and “umbrella scheme” shall have the meaning ascribed to them in the glossary giving the

meanings of defined terms used in the FSA Handbook of rules and guidance);

- (c) “closed-ended investment company” means an investment company which is not an open-ended investment company;
- (d) *Paragraph deleted - August 1995*
- (e) “collective investment scheme” has the meaning given by section 235 of the Act;
- (f) “investment company” means a company whose object is to invest its funds wholly or mainly in “investments” specified in articles 76 to 81, 83 to 85 and (in so far as they relate to investments specified in those articles) 89 of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (or in property or in such other assets referred to in paragraph 21.6 as the UK Listing Authority may approve) with the object of spreading investment risk and managing its portfolio for the benefit of its shareholders;
- (g) *Paragraph deleted - January 1999*
- (h) “investment trust” means a company which has been approved by, or is seeking approval from, the Inland Revenue as an investment trust for the purposes of section 842 of the Income and Corporation Taxes Act 1988 in respect of its most recent accounting period, or which has announced that it will direct its affairs so as to enable it to seek such approval in respect of its current accounting period;
- (i) *Paragraph deleted - August 1995*
- (j) “open-ended investment company” has the meaning given by section 236 of the Act;
- (k) “property investment company” means an investment company (including an investment trust) which satisfies the requirements of paragraphs 21.26 to 21.34 in addition to the other relevant requirements of this chapter;
- (l) “recognised scheme” means a collective investment scheme recognised under section 264, 270 or 272 of the Act; and
- (m) *Paragraph deleted – January 1999*
- (n) *Paragraph deleted - August 1995*
- (o) “unrecognised scheme” means a collective investment scheme which is neither a recognised scheme nor a scheme that is constituted as an authorised unit trust scheme.

## **General**

21.2 In evaluating an application for listing pursuant to this chapter, the UK Listing Authority will have regard to the following fundamental principles:

- (a) those responsible for managing the investments must have adequate experience;
- (b) there must be an adequate spread of investment risk;
- (c) the applicant must be a passive investor and must not control or seek to control, or be actively involved in the management of, any companies or businesses in which it invests; and
- (d) the applicant must not, to a significant extent, be a dealer in investments.

21.3 *Paragraph deleted – January 1999*

- 21.4 Investment companies (including investment trusts) which invest or intend to invest directly 20% or more of their gross assets in property must satisfy the requirements set out in paragraphs 21.26 to 21.34. Any companies which do not satisfy those requirements will not be listed unless they satisfy the requirements of chapter 18 in relation to property companies and apply for listing in accordance with that chapter.
- 21.5 Both newly formed and existing open-ended investment companies which are recognised schemes may apply for listing. Open-ended investment companies which are unrecognised schemes may also apply for listing but will be subject to the advertising restrictions set out in paragraphs 21.19 and 21.20(d). Open-ended investment companies which redeem or purchase their own shares but do not do so at the request of shareholders or do so in accordance with the requirements of Council of the European Communities Directive 77/91/EEC and which do not regularly intervene in the market to keep the price of shares in line with net asset value will be treated as closed-ended for the purpose of this chapter except that if such a company is an unrecognised scheme advertising restrictions as set out in paragraphs 21.19 and 21.20(d) will apply.
- 21.5A Authorised property unit trusts may apply for listing if they satisfy the requirements of paragraphs 21.35 to 21.39. Other authorised unit trust schemes may be listed on a similar basis. Potential issuers should consult the UK Listing Authority at an early stage.
- 21.6 The underlying investments held by an investment company need not be limited to investments as defined in section 22 of the Act as supplemented by Part II of schedule 2 to the Act and The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, but may take the form of partnership arrangements, participations, joint ventures and other forms of non-corporate investment provided that the conditions of listing are met and may take the form of property provided that the relevant requirements of this chapter are met.
- 21.7 Issuers of securities falling within paragraph 24A of schedule 11 to the Act must produce an equivalent offering document, rather than listing particulars, when an application is made for listing of those securities. References in other chapters to “listing particulars” shall in relation to such issuers be construed as references to equivalent offering documents with appropriate modifications, except where this chapter provides otherwise or where the UK Listing Authority agrees.

## **Sponsors**

- 21.8 Investment entities must comply with the provisions regarding sponsors set out in chapter 2. In the case of an authorised property unit trust, references in paragraphs 2.13 to 2.15 to the directors of the issuer shall be treated as referring to the directors of the managers of the trust. The sponsor to a new applicant must, prior to submitting an application for listing, advise the UK Listing Authority in writing as to which of the definitions in paragraph 21.1 apply to the issuer. Any subsequent changes should also be advised to the UK Listing Authority by the sponsor or the issuer.

## **Investment companies and investment trusts**

### **Conditions for listing - investment companies other than investment trusts**

- 21.9 An investment company (other than an investment trust) must comply with the conditions for listing, as set out in chapter 3, with the following modifications and additional conditions:
- (a) if the investment company is not able to satisfy fully the conditions set out in paragraph 3.3(a) (audited accounts for three years) and paragraph 3.6 (nature and duration of business activities), it must satisfy the UK Listing Authority that its directors and investment managers have sufficient and satisfactory experience in the management of investments of the type in which the company proposes to invest;

- (b) paragraph 3.10 (working capital) does not apply;
- (c) if the investment company's investment policy is principally to invest its funds in another company or fund which invests in a portfolio of investments, it must satisfy the UK Listing Authority that at all times its directors will comprise a majority of the directors of that other company or fund and will control the policy of that other company or fund to ensure that the other company or fund conforms with the investment policies and related requirements that apply to investment companies as set out in this chapter;
- (d) the board of directors (or equivalent body) of the investment company must be able to demonstrate that it will act independently of any investment managers of the investment company and a majority must not be directors or employees of or professional advisers to the investment managers or any other company in the same group as the investment managers;
- (e) *Paragraph deleted - August 1995*
- (f) distributable income must be principally derived from investment and the investment company and any of its subsidiaries must not conduct a trading activity which is significant in the context of the group as a whole;
- (g) except as provided in (c) above, and except for property investment companies, the issuer must not take legal or management control of investments in its portfolio;
- (h) except as provided in (c) above, not more than 20% of the gross assets of the issuer (consolidated where applicable) may be lent to or invested in the securities of any one company or group (including loans to or shares in the issuer's own subsidiaries) at the time the investment or loan is made; for this purpose any existing holding in the company concerned must be aggregated with the proposed new investment (this restriction does not apply to cash deposits awaiting investment);
- (i) dividends must not be paid unless they are covered by income received from underlying investments, and for this purpose a share of profit of an associated company is unavailable unless and until distributed to the investment company;
- (j) except to the extent that the UK Listing Authority agrees, the distribution as dividend of surpluses arising from the realisation of investments must be prohibited and a provision to this effect must be contained in the issuer's memorandum or articles of association; and
- (k) paragraphs 3.18 to 3.21 (shares in public hands) do not apply to open-ended investment companies.

#### **Conditions for listing - investment trusts**

21.10 An investment trust must comply with the conditions for listing set out in chapter 3 as amended by paragraph 21.9(a) to (d). In addition, an investment trust must comply with the requirements laid down for investment trusts in section 842 of the Income and Corporation Taxes Act 1988.

#### **Methods of bringing securities to listing**

21.11 Investment companies (including investment trusts) must comply with chapter 4 which deals with the methods of bringing securities to listing, save that in the case of open-ended investment companies, paragraph 4.38 (new applicants and disclosure of advisers' interests) is modified to require the notification of interests of 10% or more.

21.12 *Paragraph deleted - August 1995*



**Listing particulars or equivalent offering document**

21.13 An investment company (including an investment trust) must comply with the requirements relating to listing particulars or equivalent offering documents set out in chapter 5 as modified by this chapter and in the case of overseas companies by chapter 17. Listing particulars or equivalent offering documents must contain:

- (a) a description of the investment policy to be followed;
- (b) if it is intended that fewer than 20 investments will be made, a statement of this fact;
- (c) a list of all investments (including debt securities or derivatives) made or to be made (if known) with a value of greater than 5% of the gross assets of the investment company and at least the 10 largest investments, stating, in relation to any company or group in which each such investment is held:
  - (i) a brief description of the business;
  - (ii) the proportion of capital owned or intended to be owned;
  - (iii) the cost of the investment and aggregate market value (if any) at the latest practicable date;
  - (iv) a directors' valuation at the latest practicable date, if different from the value in (iii) or if there is no market value;
  - (v) the earnings per share for the latest audited financial year;
  - (vi) the dividend per share received in the most recent financial year (including any abnormal dividends or other payments);
  - (vii) dividend cover or underlying earnings for the latest audited financial year;
  - (viii) any extraordinary items for the latest audited financial year; and
  - (ix) the net assets attributable to the investment as at the date of the latest audited balance sheet;

and such information shall be modified appropriately for investments other than shares;

- (d) an analysis of any provision for diminution in value of investments, naming the investments against which provision has been made and stating in respect of each investment:
  - (i) the cost;
  - (ii) any provision made;
  - (iii) the book value; and
  - (iv) the reason for the provision;
- (e) an analysis of realised and unrealised surpluses, stating separately profits and losses as between investments listed on any stock exchange and those not so listed;
- (f) the name of any company or group (if other than the issuer) which manages the investments, together with an indication of the terms and duration of its appointment, the basis for its remuneration and any arrangements relating to the

- termination of its appointment;
- (g) details of any basis upon which management expenses are to be charged to capital;
  - (h) the information required by the relevant paragraphs of chapter 6 according to the nature and circumstances of the issue and the type of security as specified in the appendices to chapter 5 but excluding paragraphs 6.E.16 or 6.L.10 (working capital) and, for a newly formed company, excluding paragraphs 6.E.1 to 6.E.15 or 6.L.1 to 6.L.9;
  - (i) in the case of an investment company (other than an investment trust), a statement that the conditions set out in paragraph 21.9(f) to (j) will be met;
  - (j) in the case of an open-ended investment company, details of the circumstances in which valuations and redemptions or repurchases may be suspended, and any special arrangements for dealing with requests for redemption or repurchase on any day of 10% or more of the outstanding share capital of the issuer;
  - (k) in the case of an investment trust, the following statements:
    - (i) that the investment trust has been approved by or is seeking approval from the Inland Revenue as an investment trust in respect of its most recent accounting period or, in the case of a new applicant without a trading record, that it will direct its affairs to enable it to seek such approval in respect of its current accounting period; and
    - (ii) that the investment trust intends that its income will consist wholly or mainly of eligible investment income as defined in section 842 of the Income and Corporation Taxes Act 1988; and
  - (l) brief details of the experience of the directors of the investment company and any investment managers in the management of investments.
- 21.14 A newly formed investment company (including an investment trust) must include in its listing particulars or equivalent offering document:
- (a) in the absence of an accountants' report, a statement by the directors of the date upon which the company was incorporated and registered and that the company has not traded and no accounts have been made up; and
  - (b) a statement that its principal investment policies there set out will, in the absence of unforeseen circumstances, be adhered to for at least three years following listing, and that any material change in the policies within that period may only be made with shareholder approval.
- 21.15 Listing particulars and equivalent offering documents must not include information the purpose of which appears to the UK Listing Authority to be to promote the products or services of the investment managers or any other organisation.
- 21.16 Statements of expected yield or forecasts of dividends will not be treated as profit forecasts even if they fall within the scope of paragraph 12.23 provided they are clearly stated not to be profit forecasts.

### **Listing application procedures**

- 21.17 An investment company (including an investment trust) applying for listing is subject to the requirements for application set out in chapter 7, or such of them as are applicable.
- 21.17A An open-ended investment company which is a new applicant may apply to list such shares as it requires for future issues. A further equivalent offering document will be required if the company issues shares in excess of the number listed.

### **“Multi-class fund” or “umbrella fund”**

- 21.18 An application for listing of the securities of a “multi-class fund” or “umbrella fund”

must provide details of the various classes or designations of securities intended to be issued by the company and these details must be given in the listing particulars (or equivalent offering document). The UK Listing Authority will admit to listing such number of securities as the issuer may request for the purpose of future issues. At the time of issue the securities will be designated to the relevant class. A multi-class or umbrella fund which is open-ended and which seeks to create a new class of security without increasing its share capital for which listing has previously been granted must provide the UK Listing Authority with the details of the new class and no further application for listing is required. An existing listed class may not be converted into a new class or an unlisted class unless approved by the shareholders of that existing class.

### **Publication and circulation**

21.19 An investment company (including an investment trust) is subject to the requirements set out in chapter 8, except that open-ended investment companies which are unrecognised schemes are not required to publish any formal notice and are only required to make other information available to the UK Listing Authority and to other recipients permitted under the Act. It is the responsibility of the issuer to ensure that any information made available in accordance with this paragraph or paragraph 21.20(d) complies with sections 21 and 238 of the Act to the extent applicable.

### **Continuing obligations**

21.20 An investment company (other than an investment trust) must continue to comply with paragraph 21.9(g) and (h). An investment company (including an investment trust) must continue to comply with paragraph 21.9(d) and must comply with the applicable continuing obligations set out in the listing rules, modified by paragraphs 21.22 to 21.25 and, in the case of overseas companies, by chapter 17, save that:

- (a) an overseas investment company will not be required to have a registrar situated in the United Kingdom if it has a transfer agent in the United Kingdom with authority to remit transfers to the overseas registrar; any change in transfer agent must be notified to a Regulatory Information Service without delay;
- (b) for open-ended investment companies, changes in issued capital need not be disclosed under paragraph 9.10(a), (b), (d) and (j) as a result of issues and redemptions or repurchases in the normal course as described in the listing particulars or equivalent offering document, unless and until the number of securities of the relevant class currently in issue increases or decreases by more than 10 per cent since the publication of listing particulars or an equivalent offering document or the last notification to a Regulatory Information Service as the case may be;
- (c) for open-ended investment companies, paragraphs 9.11, 9.12 and 9.14 (notification of major interests in shares) do not apply (but interests of any one person or entity which exceed 10% of the issued shares of any class in the capital of the company must, so far as they are known to the company, be notified to a Regulatory Information Service without delay following the company becoming aware of those interests);
- (d) in the case of an open-ended investment company which is an unrecognised scheme, any provision of this paragraph 21.20 requiring such a company to publish information or a document to the public will be modified to require the sending of such information or document only to the UK Listing Authority and to other recipients permitted under the Act;
- (e) in addition to the requirements of chapter 12 (financial information) the issuer (if not an investment trust) must include in its annual report and accounts a list of all investments with a value greater than 5% of the company's investment portfolio, and at least the 10 largest investments, stating, with comparative figures where relevant, the value and the other information specified under paragraph 21.13(c)

and (d) with respect to any such investment which is not listed on any stock exchange;

- (f) any change in the status of the investment company for taxation purposes must be notified to a Regulatory Information Service without delay;
- (g) chapter 15 (purchase of own securities) does not apply to open-ended investment companies;
- (h) in addition to the requirements for half-yearly reports and preliminary profit statements information must be given showing the split between:
  - (i) dividend and interest received; and
  - (ii) other forms of income (including income of associated companies);
- (i) in the case of an investment company (including an investment trust) with no executive directors:
  - (i) paragraph 12.43A(a) does not apply in respect of Combined Code principles B.1 to B.3;
  - (ii) paragraph 12.43A(b) does not apply in respect of Combined Code provisions B.1.1 to B.1.10, B.2.1 to B.2.6 and B.3.1 to B.3.5; and
  - (iii) paragraph 12.43A(c) does not apply; and
- (j) for an investment company (including an investment trust), dealings by directors and purchases by the company of its own securities during a close period which would otherwise be prohibited under the provisions of the Model Code, may be permitted if the UK Listing Authority is satisfied that all price sensitive information which the directors and the company may have in periods leading up to an announcement of results has previously been notified to a Regulatory Information Service. The UK Listing Authority must be consulted at an early stage.

21.20A The granting of an exemption under paragraph 21.20(j) does not in any way affect the application of paragraphs 4, 7(b) or 7(c) of the Model Code to an investment company (including an investment trust) and its directors at times when there exists any matter which constitutes unpublished price sensitive information in relation to the company's securities.

21.21 Unless authorised by the shareholders, a closed-ended investment company may not issue further shares of the same class as existing shares for cash at a price below the net asset value per share of those shares unless they are first offered pro rata to existing holders of shares of that class.

#### **Annual accounts of investment trusts**

21.22 In addition to the information specified in chapter 12 and paragraph 21.20(e), an investment trust must include in its annual report and accounts:

- (a) a statement confirming that the Inland Revenue has approved the company as an investment trust for the purpose of section 842 of the Income and Corporation Taxes Act 1988, specifying the last accounting period in respect of which such approval has been given (or, in the case of a newly listed company, a statement that it has announced that it will direct its affairs so as to enable it to seek approval) and that the company has subsequently directed its affairs so as to enable it to be so approved or to continue to be so approved as the case may be;
- (b) an analysis of the investment portfolio by broad industrial or commercial sector;

- (c) a list of the 10 largest investments by their aggregate market value, the value being stated in the case of each such investment and the other information specified in paragraph 21.13(c) and (d) with respect to investments not listed on any stock exchange;
- (d) an analysis of the investment portfolio between equity shares, convertible securities, fixed income securities and other investments;
- (e) an analysis of income between dividends, interest and other forms of income;
- (f) an analysis, where material to an appreciation of the investment trust's financial position, of realised and unrealised profits and losses as between investments listed on any stock exchange and those not so listed; and
- (g) the name of the investment managers together with an indication of the terms and duration of their appointment, the basis for their remuneration and any arrangements relating to the termination of their appointment.

### **Transactions**

21.23 For closed-ended investment companies (including investment trusts) the provisions of chapter 10 apply, except to any transaction that falls within the stated investment policies.

21.24 The provisions of chapter 10 do not apply to open-ended investment companies.

### **Transactions with related parties**

21.25 The provisions of chapter 11 apply to all investment companies (including investment trusts) and for the purposes of this chapter a related party includes any investment manager of the investment company (or investment trust).

## **Property investment companies**

### **General**

21.26 A property investment company must comply with the relevant provisions of paragraphs 21.2 to 21.25 and must comply with the additional and modified requirements set out in paragraphs 21.27 to 21.34.

### **Conditions for listing**

21.27 A property investment company must comply with the conditions for listing set out in paragraph 21.9 or 21.10 as appropriate and must comply with the following additional conditions:

- (a) if it is a new applicant, the company must have net assets of at least £30 million, including any funds raised at the time of listing;
- (b) the articles of association of the company, if it is a new applicant, must prohibit the borrowings of the company from exceeding 65% of the gross assets of the company (consolidated where applicable);
- (c) in addition to complying with paragraph 21.9(a), the directors of the company and any property manager must be able to demonstrate sufficient and satisfactory experience in property investment over at least a three year period involving the management of a portfolio of similar type and size as is proposed for the company;
- (d) in addition to being independent of any investment managers in accordance with paragraph 21.9(d), the board of directors of the company must be similarly independent of any property manager or property adviser of the company;

- (e) no one property (including all adjacent or contiguous properties) must, at the time of initial listing or, if later, at the time of acquisition, represent more than 15% of the gross assets of the company (consolidated where applicable);
- (f) income receivable from any one tenant, or tenants within the same group in any one financial year, must not exceed 20% of the total rental income of the company in that financial year;
- (g) at least 90% by value of properties held must be in the form of freehold or long leasehold (over 60 years remaining at the time of initial listing or, if later, at the time of acquisition) properties or the equivalent;
- (h) the proportion of the company's property portfolio which is unoccupied or not producing income or which is in course of substantial development, redevelopment or refurbishment must not exceed 25% of the value of the portfolio;
- (i) the company (if not an investment trust) must not retain more than 15% of its net profits (before gains and losses on the disposal of properties and other investments); and
- (j) if it is a new applicant, the company must ensure that all directors, associates of directors and promoters agree not to dispose of their shares, other than among themselves, for a period of two years from the date on which dealings first commence.

#### **Listing particulars or equivalent offering document**

21.28 A property investment company must comply with paragraphs 21.13 to 21.16 (other than paragraph 21.13(i)) and must include in its listing particulars or equivalent offering document the following information:

- (a) details of the experience of the directors of the property investment company and managers in the selection and management of properties for investment purposes;
- (b) a statement that the conditions set out in paragraphs 21.27(e) to (i) will be met or will continue to be met;
- (c) a clear description, in a prominent position, of the risks involved in investing in property investment companies generally and the risks of the particular market in which the company has chosen to invest; and
- (d) a clear indication of the extent to which the company intends to invest in property and the time within which it is intended that such investment will be made.

#### **Continuing obligations**

21.29 A property investment company must continue to comply with the conditions set out in paragraph 21.27(c) to (i) above save that, in respect of 21.27(h), properties acquired by an investment trust need not be counted as part of the property portfolio until six months after acquisition. The company must inform the UK Listing Authority without delay if it ceases to comply with any of these conditions. The company's annual accounts must state that conditions 21.27(e) to 21.27 (i) have been met throughout the accounting period or disclose and explain any exceptions.

21.30 A valuation of a property investment company's portfolio must be included in any listing particulars issued by the company and in the company's annual accounts. Such a valuation must be carried out in accordance with paragraphs 18.7 to 18.9. Where a valuation is included in listing particulars, the information required by paragraphs 18.10 to 18.19 must be given. In the annual accounts a summary may be given which must

include at least the total value of properties held at the year end, totals of the cost of properties acquired and the net book value of properties disposed of during the year and an indication of the geographical location and type of properties held at the year end. Valuations must be performed by an independent valuer.

- 21.31 In addition to notifying board changes to a Regulatory Information Service in accordance with paragraph 16.7, property investment companies must, so far as practicable, consult the UK Listing Authority in advance about any proposed changes to the board in order that the UK Listing Authority may consider whether the board still has the experience required by paragraph 21.27(c).

### **Transactions**

- 21.32 Paragraphs 21.23 and 21.24 do not apply to property investment companies. Acquisitions and disposals of properties by property investment companies will be treated in the same way as acquisitions and disposals of properties by property companies as set out in paragraphs 18.3 and 18.4.

### **Change of status**

- 21.33 Any existing listed company which applies to be listed as a property investment company will be treated as a new applicant and its current listing will be suspended.
- 21.34 Any existing listed property investment company which applies to be listed as a property company will be treated as a new applicant and its current listing will be suspended.

## **Authorised property unit trusts**

### **General**

- 21.35 An authorised property unit trust must comply with paragraphs 21.2, 21.5A to 21.8, 21.18 and 21.19, as they apply to open-ended investment companies, with appropriate modifications to reflect the legal form of the trust, and must comply with the additional and modified requirements set out in paragraphs 21.36 to 21.39.

### **Conditions for listing**

- 21.36 An authorised property unit trust must comply with the conditions set out in paragraphs 21.9(a), 21.27(a) and 21.27(c) as if it were an investment company with appropriate modifications to reflect the legal form of the trust. In addition, the trustee of the authorised property unit trust must be independent of the manager.

### **Equivalent offering document**

- 21.37 The equivalent offering document of an authorised property unit trust must include the information required by paragraph 21.28 (other than 21.28(b)) and must also include the following:
- (a) a declaration by the directors of the managers (in place of that set out in paragraph 6.A.3), modified appropriately if the managers are not a company, in the following form:

“The directors of the managers of the trust, whose names appear on page [ ], are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the directors (who have all taken reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors accept responsibility accordingly.”
  - (b) details of the basis of remuneration of the trustee, together with details of any ancillary payments to be made to the trustee or any associate of the trustee together with details of how and when those details can be altered;

- (c) details of all indemnities or restrictions of liability (if any) in respect of the trustee and the manager;
- (d) details of arrangements for termination of the trust; and
- (e) a valuation report containing the information specified in paragraphs 18.10 to 18.19, which is based on a valuation carried out in accordance with paragraphs 18.7 to 18.9.

### **Listing application procedures**

21.38 Authorised property unit trusts must comply with the application procedures set out in paragraphs 21.17 and 21.17A as they apply to open-ended investment companies.

### **Continuing obligations**

21.39 Authorised property unit trusts must comply with the continuing obligations contained in the listing rules and paragraph 21.20 (b), (c), (e), (f) and (h), modified as necessary to reflect the legal form of the trust. However, chapters 10 and 11 and paragraphs 9.18 to 9.23 (pre-emption rights etc.), 9.24(c)(ii) and (iii) (circulars on issues and redemptions), 9.33 (further issues), 9.35 (board decisions), 9.38 (restriction on dealings), 9.39 (transfer of securities) and 16.1 to 16.17 (directors) do not apply. Paragraphs 16.18 and 16.19 (the Model Code) apply in relation to the directors and employees of the managers of the trust as if it were a company and such directors and employees were its own directors and employees. In addition the following modifications and additional obligations apply:

- (a) the amount of the charges and expenses (to the extent borne by the trust) of the managers, the trustee and any agent of the managers or trustee, or any sub-custodian, must be clearly set out in each annual report of the trust;
- (b) the number of units outstanding in bearer or registered form must be notified to a Regulatory Information Service at least monthly;
- (c) the bid and offer prices must be notified to a Regulatory Information Service on the occasion of each valuation of units;
- (d) the trust must notify the following information to a Regulatory Information Service without delay and in any event within 3 months of the end of each distribution or allocation period:
  - (i) the total gross and net income per unit before charging fees to the trust;
  - (ii) the net amount per unit (after allowing for charges and adjustments) to be distributed or allocated, together with the gross equivalent attributable to the distribution or allocation period (specifying, where grouping is permitted by the trust deed or equivalent constitutional document, the amount per unit represented by income equalisation);
  - (iii) the date of the striking of the unit holders' register balances; and
  - (iv) any date on and from which trading ex distribution (where applicable) will take place;
- (e) the trust must notify the following information to a Regulatory Information Service without delay:
  - (i) any changes in the identity or control of the manager or trustee;
  - (ii) any change in the investment policy of the trust; and
  - (iii) any proposal to renew, vary, amalgamate or terminate the trust;



- (f) a complete file must be maintained by the manager of all advertisements, brochures, leaflets and other documents issued by or on behalf of the manager with a view to effecting or stimulating sales or purchases of units; the file must be produced to the UK Listing Authority at any time on demand; and
- (g) paragraph 16 of the appendix to chapter 16 does not apply to dealings in the trust.



## CHAPTER 22

### PUBLIC SECTOR ISSUERS

#### Scope of chapter

This chapter contains the rules relating to public sector issuers issuing debt securities other than securities falling within chapter 23 (specialist securities) or chapter 24 (miscellaneous securities).

When the security being issued is a security falling within chapters 23 or 24, the rules contained in those chapters will apply.

The main headings are:

- 22.1 general
- 22.3 conditions for listing
- 22.5 methods of bringing securities to listing
- 22.6 listing particulars and equivalent offering documents
- 22.10 listing application procedures
- 22.15 publication and circulation
- 22.28 continuing obligations
- 22.32 mutual recognition.

#### **General**

A public sector issuer issuing debt securities (other than those securities falling within chapter 23 or 24) must comply with the rules contained in this chapter. When a public sector issuer issues securities falling within chapter 23 or 24, it must comply with the rules contained in those chapters applicable to it.

22.1A In the listing rules:

- (a) in the context of the prospectus required where application for listing is made for securities which are or are to be offered to the public in the United Kingdom (within the meaning of Schedule 11 to the Act) before admission, references to state monopolies are to be construed as though the definitions of those terms were modified as follows:-
  - (i) in the definition of state monopoly the words "federated states" are replaced by the words "regional or local authorities"; and
  - (ii) in the definition of state finance organisation, after the words "resources provided by a member state" in (c) are inserted the words "and/or acquiring a holding in such production";
- (b) in the context of listing particulars required (or any applicable exemptions from the requirement for listing particulars) where application for listing is made for securities other than in the circumstances referred to in (a) above, references to state monopolies or state finance organisations are to be construed as applying to such bodies without reference to the modifications made by (a) above;
- (c) in contexts other than those referred to in (a) and (b) above, references to state monopolies or state finance organisations are to be construed as applying both to such bodies without reference to the modifications made by (a) above and to bodies which fall within the modified definitions of state monopolies and state finance organisations under (a) above.

22.2 *Paragraph deleted - December 2001.*

### **Conditions for listing**

- 22.3 A public sector issuer must satisfy the relevant conditions for listing set out in chapter 3, as modified by paragraph 22.4.
- 22.4 Only paragraphs 3.14 to 3.17 and 3.22 apply in the case of debt securities issued by a state, its regional or local authorities or a public international body.

### **Methods of bringing securities to listing**

- 22.5 Public sector issuers need not comply with the requirements of chapter 4.

### **Listing particulars and equivalent offering documents**

#### **States and their regional and local authorities**

- 22.6 States and their regional or local authorities need not comply with chapter 5 and are not required to produce listing particulars when making an application for listing. Instead, such issuers must produce an equivalent offering document containing the information (with adaptation as necessary according to the type of issuer) set out in paragraph 22.7. The UK Listing Authority will, however, have regard to information already available to the public in deciding on the application of the requirements of that paragraph and of paragraph 22.8 for each particular issue.
- 22.7 An equivalent offering document must contain
- (a) the name of the issuer;
  - (b) a statement that application has been made to the UK Listing Authority for the securities to be admitted to the Official List, setting out the relevant securities;
  - (c) the nominal amount and title of the securities in respect of which listing is sought;
  - (d) the authority under which the securities are issued;
  - (e) the names and addresses of the bankers, London agents and trustees;
  - (f) details of the revenue and capital against which the security is charged and of the revenue cover for interest, if appropriate; and
  - (g) the terms and conditions of issue of the securities including, in particular:
    - (i) the rights conferred as regards income and capital, with information as to the amount and application of any sinking fund;
    - (ii) any right of the issuer to redeem before maturity;
    - (iii) any rights of conversion or other similar rights and the securities on which any loan is charged;
    - (iv) the interest payment dates and, if included in the conditions of issue or other provisions, the dates on which a balance is struck for the purposes of payment; and
    - (v) the price at which and the terms upon which the securities have been issued or agreed to be issued, and whether the securities have or have not been paid up in full (and if not paid up in full, particulars of all payments still to be made with due dates of payments).

- 22.8 The equivalent offering document must be formally approved by the UK Listing Authority before publication. Formal approval will only be given on any business day between the hours of 9.00am and 5.30pm. Three copies of the document in draft must be submitted for approval.

#### **State monopolies, state finance organisations, public international bodies and statutory bodies**

- 22.9 A state monopoly, state finance organisation, public international body or statutory body is required to produce listing particulars in compliance with chapter 5 when making an application for listing of its securities, save that the information required by paragraph 5.6(a) will be that information required by the paragraphs of chapter 6 specified in the appendix to this chapter depending on the nature of the issuer. Paragraphs 5.9 to 5.13 (approval of listing particulars) apply, save that the reference to paragraphs 8.10, 8.11 and 8.24 in paragraphs 5.9(c) and (f) should be read as references to paragraphs 22.23, 22.24 and 22.26 respectively.

### **Listing application procedures**

#### **States and their regional and local authorities**

- 22.10 States and their regional and local authorities need not comply with chapter 7, save for the paragraphs of that chapter specified in paragraph 22.14. Such issuers must instead comply with paragraphs 22.12 and 22.13 below save where the UK Listing Authority otherwise allows having regard to information already available to the public and the particular circumstances of the issue.

#### **State monopolies, state finance organisations, public international bodies and statutory bodies**

- 22.11 State monopolies, state finance organisations, public international bodies and statutory bodies need not comply with chapter 7 save for the paragraphs of that chapter specified in paragraph 22.14. Such issuers must comply with paragraph 22.13.

#### **Submission of draft documents**

- 22.12 Three copies of the following documents (wherever relevant), marked as described in paragraph 5.11, must be submitted in draft to the UK Listing Authority at least 10 clear business days (save where the UK Listing Authority otherwise agrees) prior to the intended publication date of the equivalent offering document:

- (a) the equivalent offering document;
- (b) application forms to purchase or subscribe securities; and
- (c) formal notices (see paragraphs 22.23 and 22.24).

#### **48 hour documents**

- 22.13 The following documents (“the 48 hour documents”) must be lodged in final form with the UK Listing Authority (marked for the attention of Listing Applications) no later than midday at least two business days prior to the consideration of the application for admission to listing:
- (a) unless already submitted to the UK Listing Authority under paragraph 5.12(a), an application for admission to listing in the appropriate form issued by the UK Listing Authority (see schedule 3A or 3B), signed by a duly authorised official of the issuer;

- (b) when listing particulars are, or an equivalent offering document is, required and unless already submitted to the UK Listing Authority under paragraph 5.12(b), the letter referred to in paragraph 5.12(b)(ii) (confirmation of compliance from an authorised adviser);
- (c) two copies of the listing particulars or equivalent offering document satisfying all requirements for the contents of such documents, one of which, in the case of an application in respect of securities of a class not already listed, must be signed and dated by a duly authorised official of the issuer or by his agent or attorney and lodged with a certified copy of the authority of any such agent or attorney;
- (d) where applicable, a copy of a national newspaper which contains the listing particulars, equivalent offering document or any notice submitted for approval or authorisation under paragraph 5.9 or 22.12;
- (e) a Queen's Printer's copy of any Act, or the equivalent in the case of a public sector issuer from outside the United Kingdom, and a copy of any consent, order and/or resolution, authorising the issue;
- (f) *Paragraph deleted - September 1997*
- (g) where a regional or local authority has offered securities for sale to or subscription by the public, a certificate of the authority in the form set out in schedule 9;
- (h) in the case of a state monopoly, state finance organisation or statutory body which is incorporated or established in a member state other than the United Kingdom, and which is issuing bearer securities, some or all of which are being issued outside the United Kingdom, a certificate of compliance with the standards laid down in that other member state as referred to in paragraph 13.27 (but this will not be required if the documents of title comply with the requirements of paragraphs 13.22 to 13.26);
- (i) a letter from an authorised adviser confirming that any deferred settlement arrangements applying to the class of securities the subject of the application have been formally agreed with the RIE on which the securities are to be admitted to trading; and
- (j) a copy of the issuer's application for admission to trading in the appropriate form issued by the relevant RIE signed by a duly authorised officer of the issuer for each RIE to which the issuer is applying for admission to trading.

### **Additional requirements**

- 22.14 A public sector issuer is also subject to the applicable provisions of the paragraphs of chapter 7 listed below:

#### Paragraph

- 7.1 admission to listing becoming effective
- 7.2 failure to lodge 48 hour documents
- 7.7 items to be lodged on the day (save, in the case of states and their regional and local authorities only, for 7.7(b))
- 7.8 documents to be lodged later (save for 7.8(i))
- 7.9 additional documents.

## **Publication and circulation**

### **States and their regional or local authorities**

- 22.15 States and their regional or local authorities need not comply with chapter 8. Such issuers must instead comply with paragraphs 22.17 to 22.24 with regard to the publication and circulation of equivalent offering documents, save where the UK Listing Authority otherwise allows having regard to information already available to the public and the particular circumstances of the issue.

### **State monopolies, state finance organisations, public international bodies and statutory bodies**

- 22.16 State monopolies, state finance organisations, public international bodies and statutory bodies need not comply with chapter 8. Such issuers must instead comply with paragraphs 22.17 to 22.27 with regard to the publication and circulation of listing particulars.

### **Prior approval**

- 22.17 Listing particulars and equivalent offering documents must not be published, advertised or circulated until they have been formally approved by the UK Listing Authority.
- 22.18 Listing particulars and equivalent offering documents must not be circulated or made available publicly unless they have first been published as required by paragraphs 22.20 to 22.24.
- 22.19 Subject to any prohibitions imposed by law, draft listing particulars and equivalent offering documents, clearly marked as such, may, however, be circulated without approval for the purpose of arranging an underwriting or placing.

### **Publication**

- 22.20 Listing particulars and equivalent offering documents issued by a public sector issuer must be published by making them available to the public for inspection at the Document Viewing Facility, and in printed form and free of charge in sufficient numbers to satisfy public demand at:

- (a) the registered, or principal, office of the issuer in the United Kingdom (if any); and
- (b) the office of any paying agent of the issuer in the United Kingdom.

(A note stating that such documents have been published and are available at the issuer's registered office will be inserted by the UK Listing Authority on the Website no later than the next business day following the date of publication.)

- 22.20A In the case of a public sector issuer other than a state or regional or local authority where a prospectus relating to any securities is required under paragraph 5.1(a), the offeror of those securities shall be responsible for the publication of the prospectus.

### **Period of time available**

- 22.21 Copies of the listing particulars or equivalent offering document (as appropriate) must be available during normal business hours at the registered or principal office of the issuer and the offices of its paying agent in the United Kingdom (if any) for a period of at least 14 days commencing from the start of business on the earliest of:

- (a) the day on which the text of the listing particulars or equivalent offering document or the formal notice is inserted in a national newspaper;
- (b) the business day following the date of despatch in cases where the listing particulars or equivalent offering document are despatched to holders of securities of the issuer; and
- (c) the business day on which admission to listing is expected to become effective.

22.22 *Paragraph deleted - January 1999*

### **Advertising**

22.23 A public sector issuer must advertise the publication of listing particulars or an equivalent offering document (as appropriate) by the insertion in at least one national newspaper of either the full text of the relevant document, or a formal notice (see paragraph 22.24) unless they relate to securities which are of a class already listed.

22.24 For the purposes of paragraph 22.23, a formal notice is an advertisement, not constituting listing particulars or an equivalent offering document, containing the following items of information where applicable:

- (a) the name and country of incorporation or establishment of the issuer;
- (b) the amount and title of the securities in respect of which listing is sought;
- (c) the name and country of incorporation of any guarantor of the principal or interest on such debt securities;
- (d) a statement that the relevant document has been published and the addresses and times at which copies of the relevant document are available to the public (see paragraphs 22.20 and 22.21);
- (e) the date of the formal notice; and
- (f) in the case of securities with a facility to issue further tranches, the total amount of the securities which could be issued under such facility.

### **Additional requirements for public sector issuers other than states and their regional or local authorities**

22.25 State monopolies, state finance organisations, public international bodies or statutory bodies must, in the case of any issue of debt securities, in addition to complying with paragraphs 22.20 to 22.24, make available (at the addresses and times at which it makes available copies of its listing particulars) the documents listed in paragraph 6.C.7 or 6.J.7 for inspection by the issuer, during normal business hours, for a period of not less than 14 days from the date of the listing particulars, at a named place in or near the City of London (or such other place in the United Kingdom as the UK Listing Authority may agree).

22.26 Where listing particulars are, or are to be, published, any advertisement or document (excluding listing particulars) which is to be issued in the United Kingdom and which is to be issued by or on behalf of a state monopoly, state finance organisation, public international body or statutory body for the purpose of announcing the admission to listing is specified for the purpose of section 98 of the Act, and must be authorised for issue (without approval of its contents) by the UK Listing Authority before its issue. Press releases and advertisements that merely include a reference to admission or a public offer are not required to be submitted to the UK Listing Authority under section 98 of the Act.

22.27 Any advertisement or document described in paragraph 22.26 must contain:



- (a) a statement that its issue has been authorised by the UK Listing Authority without approval of its contents;
- (b) a statement that listing particulars or a prospectus, as the case may be, have been or will be published; and
- (c) the addresses and times at which copies of the listing particulars are or will be available to the public (see paragraphs 22.20 and 22.21). CARD Art.101

22.27A Any advertisement or other document (other than a prospectus) issued by or on behalf of a state monopoly, state finance organisation, public international body or statutory body for the purpose of announcing a public offer where a prospectus is required by the listing rules, must be lodged with the UK Listing Authority prior to its publication and:

- (i) must contain a statement that a prospectus has been or will be published; POD Art.10  
Paras 1 and  
2
- (ii) must contain the addresses and times at which copies of the prospectus are or will be available to the public (see paragraphs 22.20 and 22.21); and
- (iii) unless it is issued by an authorised person under Part III of the Act, its contents must have been approved by such an authorised person and it must contain a statement to the effect that its contents have been so approved.

## **Continuing obligations**

### **General**

22.28 A public sector issuer which only has debt securities listed need not comply with the continuing obligations set out in other chapters of the listing rules except:

- (a) those contained in chapter 23 as specified below; and
- (b) those contained in paragraphs 13.20 to 13.27.

### **State monopolies, state finance organisations, public international and statutory bodies**

22.29 State monopolies, state finance organisations, public international and statutory bodies are subject to the continuing obligations set out in paragraph 23.22.

### **States and their regional and local authorities**

22.30 A public sector issuer which is a state or a regional or local authority must, subject to paragraph 22.31:

### **Exercise of rights**

- (a) ensure that, at least in each member state in which its securities are listed, all necessary facilities and information are available to enable holders of such securities to exercise their rights; in particular, it must publish notices or distribute circulars concerning the holding of meetings of holders of its listed debt securities, the payment of interest on and redemption of its listed debt securities, and in addition it must appoint a registrar and/or where appropriate a paying agent in the United Kingdom; CARD Art.  
83(2)

### **Equality of treatment**

- (b) ensure equal treatment for all holders of its listed debt securities of the same class in respect of all rights attaching to such securities; the UK Listing Authority may, in exceptional cases, permit an early repayment contrary to this paragraph, provided that the repayment is in accordance with national law; CARD Art.  
83(1)

**Equivalent information**

- (c) where securities are listed by the UK Listing Authority and on any overseas stock exchange, ensure that equivalent information is made available at the same time to the public (by way of notification to a Regulatory Information Service) and each of such other stock exchanges. In the case of issuers with debt securities listed on a stock exchange situated or operating in a non-member state, equivalent information to that notified to the market of the non-member state need only be notified to a Regulatory Information Service if such information may be of importance for the evaluation of the debt securities listed by the UK Listing Authority;

CARD Art. 84

**Interest payment**

- (d) notify to a Regulatory Information Service all proposed payments of interest or the decision to pass any interest payment and in the case of a registered or inscribed security, the date of the closing of the books or the striking of the balance for the payment of interest, prior to the due date;

**Proposal to purchase own securities**

- (e) notify to a Regulatory Information Service any proposed repurchase by it or on its behalf of its listed debt securities open to all holders in respect of all or part of their holdings, and whilst the proposal is being actively considered, the issuer must ensure that no dealings in the relevant securities are effected by or on behalf of the issuer until the proposal has been announced or abandoned, save that:
- (i) this requirement does not apply to transactions entered into in the ordinary course of business by securities dealing businesses;
  - (ii) the UK Listing Authority may be prepared to grant a waiver of this requirement in cases where the issue is not widely held and it is possible to contact all holders directly; and approved.
  - (iii) no prior announcement is required for individual transactions in accordance with the terms of issue of the securities, whether for sinking fund purposes or otherwise;

**Notification of purchases**

- (f) notify to a Regulatory Information Service any purchase by it or on its behalf, or redemption or cancellation by it of its listed debt securities when an aggregate of 10% of the initial nominal amount of the securities has been purchased, redeemed or cancelled and for each 5% of the initial nominal amount purchased, redeemed or cancelled in aggregate thereafter and, in this connection:
- (i) such notifications must be made as soon as possible and in any event no later than 7.30 am on the business day following the calendar day on which the transaction occurred to reach or exceed the relevant threshold;
  - (ii) the notification must state the nominal amount of the securities purchased, redeemed or cancelled since the last such notification, the nominal amount of the securities remaining outstanding and whether or not the securities acquired are to be cancelled; and
  - (iii) where a purchase is not being made pursuant to a general offer announced in accordance with (e) above and the purchase causes a relevant threshold in this paragraph (f) to be reached or exceeded, no further purchases are to be effected until after a notification in

compliance with this paragraph (f) has been made:

save that these requirements do not apply to transactions entered into in the ordinary course of business by securities dealing businesses;

### **Drawings**

- (g) notify to a Regulatory Information Service in advance all proposed drawings, and, in the case of a registered security, the date on which it is proposed to close the books for the purpose of making the drawing;

### **Outstanding amount**

- (h) notify to a Regulatory Information Service immediately the amount of the security outstanding after any purchase or drawing has been made;

### **Announcements**

- (i) notify to a Regulatory Information Service without delay all announcements made in respect of a listed security;

### **Transfers**

- (j) ensure that transfers are certified against definitive certificates or temporary documents of title and are returned on the day of receipt or (should that not be a business day) on the first business day following their receipt; allotment letters must be split and returned within the same period;

### **Certificates**

- (k) ensure that definitive certificates are issued within 14 days of the date of the lodgement of a transfer and if required balance certificates are issued within one month without charge;

### **Notification when a Regulatory Information Service is closed**

- (l) comply with the procedures for notification of information set out in paragraph 9.15 when a Regulatory Information Service is closed;

### **Changes to rights**

- (m) notify to a Regulatory Information Service without delay any change in the rights attaching to listed debt securities (including any change in loan terms or in the rate of interest carried by a security);

### **Bearer securities**

- (n) if the debt securities are in bearer form, insert a paid advertisement in at least one leading national newspaper circulating in the United Kingdom drawing the attention of holders to the holding of meetings which they are entitled to attend and the procedure for voting on any resolution affecting holders, notice of which must be set out in the advertisement; this requirement may be waived if the debt securities are in global form and the issuer is able to confirm that such notices will be transmitted without delay to all holders. Such advertised notices must be notified to a Regulatory Information Service (at the same time as they are published);

### **Annual listing fee**

- (o) other than an issuer of international securities, pay the annual fee for listing,

calculated in accordance with the UK Listing Authority's scale of fees for the time being in force, as soon as such payment becomes due;

### **Admission to trading**

- (p) ensure that its listed securities are admitted to trading at all times;
- (q) inform the UK Listing Authority in writing without delay if it has;
  - (i) requested an RIE to admit or re-admit any of its listed securities to trading (except where a copy of the issuer's application for admission to trading will be or has been lodged with the UK Listing Authority pursuant to paragraph 22.13 (j));
  - (ii) requested an RIE to cancel or suspend trading of any of its listed securities; or
  - (iii) been informed by an RIE that the trading of any of its listed securities will be cancelled or suspended

22.31 In appropriate cases, the UK Listing Authority will have regard to information already available to the public and the particular circumstances in deciding on the application of the requirements of paragraph 22.30.

### **Mutual recognition**

22.32 The provisions contained in paragraphs 17.68 to 17.79 (dealing with the circumstances under which listing particulars or a prospectus approved by the competent authority of another member state will qualify as listing particulars or a prospectus for the purpose of listing in the United Kingdom) apply, with necessary changes only, to public sector issuers (other than states or their regional or local authorities). In the case of states or their regional or local authorities, the UK Listing Authority may be prepared to grant exemption from the requirement to prepare an equivalent offering document in appropriate cases where mutual recognition would have been available if the issuer had been a company.

**APPENDIX TO CHAPTER 22**

1. This appendix sets out the information required to be included in listing particulars produced by a state monopoly or state finance organisation (see Table I) and a public international body or statutory body (see Table II) issuing debt securities.
2. Where the information required by a particular paragraph is inappropriate to the issuer's sphere of activity or legal form, the information must be appropriately adapted so that equivalent information is given.
3. Negative statements are required only where so indicated in the paragraphs.
4. Where the issue of debt securities is guaranteed by a state or a federated state the information required by paragraph 22.7, in so far as it is appropriate, must be given in respect of the guarantor.
5. Where the UK Listing Authority has permitted admission of securities to listing in the case of an issuer having a financial record of less than three years, the references in the paragraphs mentioned below to three or two financial years are to be read as references to such shorter period (if any) for which accounts have been published or filed:  
  
6.H.4, 6.K.3, 6.K.8, the paragraphs in chapter 12 referred to in 6.L.1 and 6.L.2, and 6.L.7.
6. The information in relation to the issuer's group required in parts 6.K and 6.N must also be given separately for the issuer, if it is material.
7. If information which would be required by any paragraph of chapter 6 is given in accordance with paragraph 6.L.1 or 6.L.2 it need not be repeated.
8. To determine whether paragraph 6.L.1 or 6.L.2 applies to a new applicant, see paragraph 12.1.
9. Where information required by paragraph 6.L.8(a)(iv) to (viii) is to be omitted in accordance with paragraph 6.L.8(d), an authorised adviser must confirm to the UK Listing Authority in writing that the applicable condition set out in paragraph 6.L.8(d) has been met and that, in its opinion, the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for assessment of the securities in question.

**TABLE I : ISSUE OF DEBT SECURITIES BY A STATE MONOPOLY OR STATE FINANCE ORGANISATION**

	<u>New applicant</u>	<u>Listed issuer</u>
The persons responsible for listing particulars etc.	6.H.1 to 4, 7 to 9	6.H.1 to 4, 7, 9
The securities	6.I.1 to 38	6.I.1 to 38, 41
The issuer and its capital	6.J.1 (name of issuer only), 2, 7, 8, 15, 16	6.J.1 (name of issuer only), 2, 7, 8, 16
The group's activities	6.K.1 to 10, 13	6.K.7
The management	6.M.1, 2	6.M.1, 2
The development and prospects of the group	6.N.1, 2	6.N.1, 2

**TABLE II : ISSUE OF DEBT SECURITIES BY A PUBLIC INTERNATIONAL BODY OR STATUTORY BODY**

	<u>New applicant</u>	<u>Listed issuer</u>
The persons responsible for listing particulars etc.	6.H.1 to 9	6.H.1 to 6, 8
The securities	6.I.1 to 38	6.I.1 to 38, 41
The issuer and its capital	6.J.1 to 14(a), 15, 16	6.J.1, 2, 7 to 9, 11, 13 14(a), 16
The group's activities	6.K.1 to 10	6.K.7
Financial information	6.L.1 or 2* to 10	6.L.4 to 6, 10
The management	6.M.1, 2	6.M.1, 2
The development and prospects of the group	6.N.1, 2	6.N.1, 2

\* see note 8 of this appendix

## CHAPTER 23

### SPECIALIST SECURITIES (INCLUDING EUROBONDS)

#### Scope of chapter

This chapter details the requirements relating to specialist securities (including eurobonds) and specialist certificates representing shares. The requirements relating to other certificates representing shares are contained in chapters 3,5,6 and 9. The chapter also deals with the procedures relating to specialist debt securities and miscellaneous securities issued under a programme.

Additional and alternative conditions for listing apply in the case of securities issued by property companies, mineral companies, scientific research based companies, investment entities, innovative high growth companies and venture capital trusts.

The main headings are:

- 23.1 definitions
- 23.2 general

#### Specialist debt securities (including eurobonds)

- 23.4 conditions for listing
- 23.5 methods of bringing securities to listing
- 23.6 listing particulars
- 23.13 listing application procedures
- 23.18 publication and circulation
- 23.22 continuing obligations
- 23.25 documents constituting specialist debt securities
- 23.27 asset-backed securities
- 23.33 debt and asset-backed securities issuance programmes.

#### Specialist certificates representing shares

- 23.45 general
- 23.46 conditions for listing
- 23.47 methods of bringing securities to listing
- 23.48 listing particulars
- 23.52 listing application procedures
- 23.55 publication and circulation
- 23.57 continuing obligations
- 23.88 documents constituting specialist certificates representing shares.

#### Definitions

- 23.1 In addition to the definitions set out at the front of the listing rules, the following definitions also apply:
- (a) “specialist securities” mean securities which, because of their nature, are normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters and “specialist debt securities” and “specialist certificates representing shares” should be interpreted accordingly;
  - (b) “asset-backed securities” mean specialist debt securities backed by assets which, at the time of the relevant issue, are evidenced by agreements and intended to produce funds to be applied towards interest payments due on the securities and repayment of principal on maturity except those debt securities which are directly

secured, in whole or in part, on real property or other physical assets; and

- (c) *Paragraph deleted - December 2001*
- (d) “state-guaranteed” means benefiting both as regards principal and interest from the unconditional and irrevocable guarantee of a state or federated state.

## **General**

23.2 Issuers of specialist securities with or seeking a listing by the UK Listing Authority must comply with the listing rules as modified by the provisions of this chapter.

23.2A In respect of securities falling within the scope of this chapter, the UK Listing Authority has exercised its powers under section 82(1)(c) of the Act to authorise the omission from listing particulars of information which would otherwise have been required under chapter 5. Accordingly, information not required by this chapter, but which would otherwise have been required by chapter 5, is not required to be included in listing particulars pursuant to section 80 of the Act.

CARD Art. 27

23.3 *Paragraph deleted - December 2001*

## **Conditions for listing**

### **Specialist debt securities (including eurobonds)**

23.4 Issuers of specialist debt securities other than states, their regional or local authorities and public international bodies must, if they are overseas companies, comply with paragraph 17.19(a) (compliance with overseas requirements) and must in all cases comply with the following conditions for listing as set out in chapter 3 modified as stated:

#### Paragraph

3.1	special conditions
3.2	incorporation
3.3(a)	audited accounts, modified so as only to require the accounts to cover at least two years and so that the latest accounts must be in respect of a period ended not more than 18 months before the date of the listing particulars
3.3(c)	accounting standards, modified so as only to require the audited accounts to have been prepared in accordance with the applicant’s national law (subject to paragraph 23.11(1))
3.3(d)	auditing standards, modified so as only to require the accounts to have been independently audited (subject to paragraph 23.11(1))
3.4	accounts relating to a shorter period
3.5	independence of auditors
3.6, 3.6A	nature and duration of business activities
3.8	directors
3.14	validity
3.14A	admission to trading
3.15	transferability
3.16, 3.17	market capitalisation
3.22	whole class to be listed
3.24	warrants or options to subscribe
3.25, 3.26	convertible securities

In the case of specialist debt securities issued by states or their regional or local authorities or public international bodies, only paragraphs 3.14 to 3.17 (validity,



admission to trading, transferability and market capitalisation) and 3.22 (whole class to be listed) apply.

### **Methods of bringing securities to listing**

23.5 Issuers of specialist debt securities need not comply with the requirements of chapter 4.

### **Listing particulars**

23.6 An issuer of specialist debt securities (other than states and their regional and local authorities, see paragraph 23.12) preparing listing particulars need only comply with the following provisions of chapter 5 as amended or adapted by this chapter:

#### Paragraph

5.1	requirement for prospectus or listing particulars
5.2	responsibility (see paragraph 23.11(a))
5.6, 5.7, 5.8	form and content (see paragraphs 23.7 and 23.9)
5.9(a),(c),(f),(j),(k) and (l), 5.10	submission of draft documents (see paragraph 23.8)
5.11	annotation of drafts
5.12(a),(b)(ii),(d)(ii), (f),(g),(h) and (p), 5.13	approval
5.14 to 5.16	supplementary listing particulars
5.17 to 5.21	omission of information (see paragraph 23.7)
5.22	omission of material contract from display.

23.7 *Paragraph deleted - December 2001 and inserted at 23.2A*

23.8 The requirements set out in paragraph 23.6 are subject to the following modifications:

- (a) draft listing particulars may be submitted to the UK Listing Authority less than 10 clear business days, or in the circumstances where paragraph 5.10 applies, less than 20 clear business days, prior to the intended publication date. However, they must be submitted as early as possible as any significant delay may affect the listing timetable; and
- (b) the documents referred to in paragraph 5.9(a),(c),(f),(j),(k) and (l) may be submitted to the UK Listing Authority less than 10 clear business days prior to the intended publication date. However, they must be submitted as early as possible as any significant delay may affect the listing timetable. Only one copy of the documents referred to in paragraph 5.9(c),(j),(k) and (l) need be submitted.

23.9 Listing particulars prepared by or on behalf of an issuer of specialist debt securities must contain the information required by chapter 6 according to the nature and circumstances of the applicant and the type of security as specified in Table I in the appendix to this chapter, subject to the modifications, exceptions and additions specified in paragraph 23.11 and the following:

#### **New applicant issuing non-convertible specialist debt securities**

- (a) a new applicant making an issue of non-convertible specialist debt securities must include all the information specified under the relevant heading in Table I in the appendix;

#### **Listed issuer issuing non-convertible specialist debt securities**

- (b) a listed issuer making an issue of non-convertible specialist debt securities must

include all the information listed under the relevant heading in the appendix;

- (c) where the issuer or, where relevant, the guarantor is not a listed company but is a company with a primary listing of debt or equity on a major stock exchange it may, if the UK Listing Authority considers it appropriate, be treated as a listed issuer. The UK Listing Authority must be consulted at an early stage in such cases and the issuer's or guarantor's published annual accounts in English for the previous two years must be submitted;

**Any issuer issuing convertible specialist debt securities**

- (d) a new applicant or a listed issuer making an issue of convertible specialist debt securities must include:
  - (i) where the securities offered by way of conversion are those of the issuer, all the information specified under the relevant heading in Table I in the appendix; and
  - (ii) where the securities offered by way of conversion are not those of the issuer, the information required under (a), (b) or (c) above (depending on whether the issuer is a new applicant or is already listed) with respect to the issuer and, with regard to the issuer of the securities which are being offered by way of conversion, the information specified under the relevant heading in Table I in the appendix. CARD Art. 31(2)

**Any issuer issuing specialist debt securities which are state-guaranteed**

- (e) a new applicant or a listed issuer making an issue of specialist debt securities which are state-guaranteed must include:
  - (i) all the information specified under the relevant heading in Table I in the appendix; and
  - (ii) in the case of a new applicant the information required by paragraph 6.K.1;
- (f) information in relation to the guarantor must comply with paragraph 22.7 insofar as it is appropriate;

**Any issuer issuing specialist debt securities guaranteed by a regional or local authority**

- (g) a new applicant or a listed issuer making an issue of specialist debt securities guaranteed by a regional or local authority must include:
  - (i) with regard to the issuer, at least the information required by (a), (b), (c) or (d) above depending on whether the debt securities are non-convertible or convertible and whether it is a new applicant or a listed issuer; and
  - (ii) with regard to the guarantor, the information required by paragraph 22.7 insofar as it is appropriate; and

**Any issuer issuing specialist debt securities guaranteed by another entity**

- (h) a new applicant or a listed issuer making an issue of specialist debt securities guaranteed by another entity must include:
  - (i) with regard to the issuer, at least the information required by (a), (b), (c)

or (d) above depending on whether the debt securities are non-convertible or convertible and whether it is a new applicant or a listed issuer; and

- (ii) with regard to the guarantor, at least the information required by (b) above (where the guarantor is listed or is guarantor of other listed debt securities), or by (a) or (c) above (where the guarantor is not listed and is not guarantor of other listed debt securities), in both cases omitting information relating to “The securities” specified in Table I in the appendix to this chapter.

- (i) *Paragraph deleted - September 1997*

### Special types of issuer

23.10 Paragraph 23.9(e) also applies in the case of state monopolies, state finance organisations, public international bodies, statutory bodies and companies set up or governed by a special law or pursuant to such a law which have the power to levy charges on their consumers. CARD Art.34

### Modifications, exceptions and additions

23.11 This paragraph sets out modifications, exceptions and additions to the requirements described above with regard to information to be included in listing particulars relating to specialist debt securities. Where issuers are not able to comply with all the requirements in this chapter concerning listing particulars, the UK Listing Authority must be consulted at an early stage in order to establish whether a particular requirement may be waived in any particular case:

### Responsibility

- (a) the declaration required under paragraph 6.H.3 (responsibility statement) must be given by the issuer and may also be given by the directors. The statement should also be appropriately adapted where other persons are in addition responsible for all or part of the listing particulars. As an alternative, in the case of specialist debt securities exchangeable into the shares of third parties who do not cooperate with the preparation of the listing particulars, a declaration in the following form is acceptable:

“Subject as set out below, the issuer [and the directors] accept[s] responsibility for the information contained in this document and to the best of the knowledge and belief of the issuer [and the directors] (which [who] has [have] taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to [name of issuer of the shares], its subsidiaries and the shares has been accurately reproduced from information published by that company. So far as the issuer [and the directors] is [are] aware and/or is [are] able to ascertain from information published by [name of the issuer of the shares], no facts have been omitted which would render the reproduced information misleading.”

### Conditionality

- (b) if the issue may be cancelled at any time until the document of title is issued and therefore the grant of the listing may not become effective, this must be made clear in the listing particulars. The subscription agreements must make the

obligations thereunder conditional upon the debt securities being admitted to listing;

### **Negative statements**

- (c) in the absence of any information to be disclosed in compliance with paragraphs 6.C.14 (changes in capital), 6.C.16 (major interests in shares), 6.F.4 (directors' interests) and 6.F.6 (directors' interests in transactions) negative statements need not be made;

### **Changes in capital**

- (d) compliance with paragraph 6.C.14 may take the form of a summary of the events or transactions during the three preceding years which have changed the amount of the issued capital of the issuer and/or the number and classes of shares of which it is composed. If any such issues are not already fully paid, such summary must also state the dates when any instalments are payable together with the amount of all calls or instalments in arrears;

### **Major interests in shares**

- (e) the information required by paragraph 6.C.16 may be modified in respect of an overseas company the equity securities of which have a primary listing on an overseas stock exchange. In such cases, details of shareholdings of less than 20% are not required if such disclosure is not required by the company's home exchange or by the laws of the company's country of incorporation. In such cases, the level above which shareholdings are disclosed must be indicated;

### **Dealing arrangements**

- (f) the listing particulars must contain details of the dealing and settlement arrangements for the debt securities, and of any stock exchange where a listing or admission to trading has been, is being or will be sought;

### **Material contracts**

- (g) the particulars of material contracts required by paragraphs 6.C.20(a) and 6.J.14(a) may be restricted to a summary of the principal contents of each contract directly concerning the issue, for example the trust deed, the guarantee, the fiscal or paying agency and subscription or underwriting agreements;

### **Inspection**

- (h) the requirements in paragraphs 6.C.7 and 6.J.7 concerning documents on display are modified as follows:
  - (i) the memorandum and articles of association required to be made available for inspection by paragraphs 6.C.7(a) and 6.J.7(a) need only be made available for inspection if they have been amended since they were last made available for inspection pursuant to the listing rules. Instead, a letter from the issuer confirming that there has been no such amendment must be made available for inspection;
  - (ii) copies of letters from experts consenting to the inclusion of statements or reports in the listing particulars need not be available for inspection;
  - (iii) the accounts required to be available for inspection by paragraphs 6.C.7(g) and 6.J.7(g) must be accompanied by any interim financial statements published subsequently. The principles regarding the basis of

preparation of financial information set out in paragraph 23.11(k)(v) and (m) may be applied to those accounts and interim statements;

- (iv) the documents mentioned in paragraphs 6.F.12 and 6.M.2 (directors' service contracts) need not be made available for inspection;
- (v) *Paragraph deleted - August 1995*
- (vi) paragraphs 6.C.7(f) and 6.J.7(f) do not apply; and
- (vii) only the trust deed relating to the relevant issue need be available for inspection under paragraphs 6.C.7(b) and 6.J.7(b);

### **Capitalisation and indebtedness**

- (i) compliance with paragraphs 6.C.9 or 6.J.9 and 6.L.6 may take the form of a combined capitalisation and indebtedness statement as at the most recent practicable date (which must be stated), accompanied by particulars of any material changes since that date or a negative statement. The principles regarding the basis of preparation of financial information set out in paragraph 23.11(k)(v) may be applied to the information required by paragraph 6.L.6;
- (j) if a combined capitalisation and indebtedness statement is disclosed:
  - (a) the particulars required under paragraph 6.L.6(a) may be modified to include only an indication as at the most recent practicable date (which must be stated), accompanied by particulars of any material changes since that date or a negative statement, of all of the following, but only if material:
    - (i) the total amount of any loan capital outstanding, and loan capital created but unissued, and term loans, distinguishing between loans guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured;
    - (ii) the total amount of all other borrowings and indebtedness in the nature of borrowing, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debts; and
    - (iii) the total amount of any contingent liabilities or guarantees (the information in this subparagraph (iii) need not be presented as part of the combined capitalisation and indebtedness statement referred to above);
  - (b) the UK Listing Authority will require disclosure of capitalisation and indebtedness only as at the date of the last audited accounts or interim period end (whichever is more recent), and without particulars of any material changes since that date or a negative statement, for issuers whose business is entirely or substantially that of banking, insurance or the provision of similar financial services, provided that the UK Listing Authority is satisfied that:
    - (i) the inclusion of more recent information would not provide any significant information for investors; and
    - (ii) the issuer's solvency and capital adequacy are regulated by the FSA or suitably regulated by another regulatory body.

### **Financial information**

- (k) compliance with paragraphs 6.E.1 and 6.L.1. is subject to the following modifications:

- (i) the letter from the issuer's auditors or reporting accountants referred to in paragraph 12.18 is not required;
  - (ii) the financial information need only relate to the last two years and in respect of non-convertible debt securities a cash flow statement is not required;
  - (iii) the notes to the annual accounts for the last financial year only need be included;
  - (iv) in the case of new applicants, the full text of the auditors' report accompanying the last accounts referred to in the statement must be included. Where inclusion of the full text of the auditors' report in the listing particulars is prohibited, a letter from the auditors, confirming that they have audited those accounts and have given an unqualified opinion thereon, may be substituted for their report. If audited accounts have not yet been prepared, the auditors should prepare a report in the format normally adopted for these circumstances for inclusion in the listing particulars;
  - (v) the financial information need not be prepared on a consolidated basis if the issuer has in the past always presented accounts on another basis. If the issuer prepares both own and consolidated annual accounts, the issuer may include either the own or the consolidated annual accounts on condition that the accounts which are not included do not provide any significant additional information; and
  - (vi) the audited accounts from which the financial information has been extracted need not have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles, United States Generally Accepted Accounting Principles or International Accounting Standards. Similarly, the accounts need not have been audited in accordance with International Standards on Auditing;
- (l) the UK Listing Authority may enquire as to whether accounting principles which are consistent with International Accounting Standards have been applied and as to the standing of the auditors within the accounting profession of the country where they practise and as to whether the audit has been carried out in accordance with International Standards on Auditing. An explanation of any significant departures from International Accounting Standards or International Standards on Auditing may be required to be included in the listing particulars;
- (m) the interim statement required by paragraph 6.E.7(a) and (b) need not be prepared on a consolidated basis if the issuer has in the past always presented interim statements on another basis. If the issuer prepares both own and consolidated interim statements, the issuer may include either the own or the consolidated interim statement on condition that the interim statement which is not included does not provide any significant additional information;

#### **Directors' interests**

- (n) compliance with paragraphs 6.F.4 and 6.F.5 may take the form of a statement of the total of the interests of the directors in the share capital, together with, in the case of paragraph 6.F.5, any options in respect of such share capital;

#### **Financial position**

- (o) compliance with paragraphs 6.G.1(a) and (b) or 6.N.1(a) may take the form of a statement that there has been no material adverse change in the financial position or prospects of the group (see paragraph 5 of the appendix to this chapter) since

the date of its last published annual accounts;

#### **Profit forecast or estimate**

- (p) compliance with 6.G.2 and 6.N.2 is modified so that the report of the auditors or reporting accountants and the sponsor referred to in paragraphs 12.24 and 2.19 are not required.

#### **Expert's reports**

- (q) where a report is required to be included in listing particulars of an overseas company by paragraphs 18.6 (valuation report), 19.4 (competent person's report) and 20.11 (independent report) and that report has been prepared in accordance with the requirements and practice of the company's country of primary listing, the UK Listing Authority may permit the inclusion of that report, notwithstanding that it does not comply fully with the relevant requirements, provided that the listing particulars contain sufficient information for investors to make an informed assessment of the issuer and the securities;

#### **Financial information outside comparative table or accountants' report**

- (r) the source of any financial information not extracted from the comparative table or accountant's report must be identified, including a statement to the effect that the information is unaudited, if applicable;

#### **Pro forma financial information**

- (s) compliance with paragraphs 12.28 to 12.35 (pro forma financial information) is modified as follows:
  - (i) paragraphs 12.30 and 12.31 (presentation of information) only apply; and
  - (ii) if an accountant's report on the pro forma information has been published, it must be included in the listing particulars.

#### **Valuation**

- (t) compliance with the valuation requirements of paragraph 18.5 may be modified to apply only to the following:
  - (i) an issuer issuing specialist debt securities that is a property company (as defined in paragraph 18.2(a));
  - (ii) an issuer issuing specialist debt securities which are to be listed and which are secured on property; or
  - (iii) an issuer issuing specialist debt securities which makes significant reference to the valuation of property in listing particulars;
- (u) compliance with paragraph 23.11(t) will not be required if the issue is of securities backed by mortgage loans with property as security, where there has been no revaluation of any of the properties for the purposes of the issue, and it is prominently stated that the valuations quoted are as at the date of the original initial mortgage loan origination;
- (v) where a valuation is required under paragraph 23.11(t), the listing particulars must include:

- (i) a valuation report (prepared in accordance with paragraphs 18.10 to 18.19); and
  - (ii) where appropriate, a statement reconciling the valuation figure with the equivalent figure included in the company's latest published annual accounts;
- (w) a valuation required by paragraph 23.11(t) (including the basis of valuation) must be made in accordance with the RICS Manual, save as provided in paragraph 23.11(x);

### **Non-compliance**

- (x) where the valuation does not comply in all applicable respects with the RICS Manual, the valuation report must contain a statement to this effect and a full explanation of such non-compliance. Where such a statement appears, the UK Listing Authority may withhold its approval of the relevant listing particulars in which the valuation report appears unless:
- (i) the UK Listing Authority is satisfied that any details omitted through non compliance are of minor importance;
  - (ii) the issuer is not a property company (as defined in paragraph 18.2(a));
  - (iii) the valuation as a whole is not considered material to investors by the issuer's legal advisers and/or an authorised adviser;
  - (iv) the securities to be issued are backed by other assets and/or income streams in addition to the property; and
  - (v) recourse to the property secured in the issue arises only on default.
- (y) information required to be included in listing particulars, pursuant to section 80 of the Act or otherwise required by the listing rules, cannot be incorporated by reference to form part of listing particulars. References to documents not included in listing particulars may be made if those documents provide information in excess of that required by the Act or Listing Rules and as such do not form part of the listing particulars. Accordingly, if the listing particulars include statements and references to such documents then the declaration required under 6.H.3 needs additionally to include the following;

“Any reference in this document to listing particulars means this document excluding all information incorporated by reference. The company has confirmed that any information incorporated by reference, including any such information to which readers of this document are expressly referred, has not been and does not need to be included in the listing particulars to satisfy the requirements of the Act or the Listing Rules. The company believes that none of the information incorporated therein by reference conflicts in any material respect with the information included in the listing particulars.”

### **Interest and principal payments in cash linked to other securities, indices or other assets**

23.11A Where debt securities are linked to other securities for cash settlement the information required by paragraph 24.26(a), (c), (e), and (f) should be given in respect of those other securities, indices or assets.

### **States and their regional and local authorities**

23.12 States and their regional and local authorities must publish an equivalent offering document when an application is made for the listing of specialist debt securities. The



requirements for the contents of equivalent offering documents published by states and their regional or local authorities are set out in paragraph 22.7.

### **Listing application procedures**

23.13 Issuers of specialist debt securities other than public sector issuers (see paragraph 23.16) are only subject to the following requirements of chapter 7, as modified or augmented by paragraph 23.14:

#### Paragraph

7.1,7.2	general
7.5	48 hour documents as follows:
(a)	application form
(b)	listing particulars
(c)	advertisement
(e)	board resolution
(g)(i)	additional documents for new applicants
(j)	bearer securities
(k)	authorised adviser's deferred settlement letter
(l)	copy of application for admission to trading
7.6	delays in obtaining allotment resolution
7.7(a)	items to be lodged on the day
7.8(e),(f),(g) and (j)	documents to be lodged later
7.9(a) to (g)	additional documents.

23.14 The above requirements are subject to the following modifications and augmentations:

- (a) copies of letters from experts consenting to the inclusion of statements or reports in the listing particulars are not required to be produced under paragraph 7.9;
- (b) offering or invitation telexes, and other similar documents need not be submitted;
- (c) *Paragraph deleted - August 1995*
- (d) signature of the listing particulars, as required under paragraph 7.5(b), must be by a duly authorised officer or by an agent or attorney of the issuer and, if applicable, of the guarantor;
- (e) *Paragraph deleted - September 1997*
- (f) *Paragraph deleted - September 1997*
- (g) *Paragraph deleted - September 1997*
- (h) *Paragraph deleted - September 1997*
- (i) where there is no trust deed the issuer must retain a copy of the fiscal agency agreement or equivalent document pursuant to paragraph 7.9; and
- (j) the copy of any certificate required under 7.5(j) need only be submitted as soon as possible after the consideration of the application for admission to listing.

23.15 In addition, confirmation of the nature of the specialist debt securities may be required by the UK Listing Authority from an authorised adviser.

**Public sector issuers**

- 23.16 The application procedure requirements for public sector issuers are set out in paragraphs 22.10 to 22.14 save that the provisions of paragraphs 22.12(b) and 22.13(g) do not apply and the other documents referred to in paragraph 22.12 may be submitted to the UK Listing Authority less than 10 clear business days prior to the intended publication date. However they must be submitted as early as possible as any significant delay may affect the listing timetable. Paragraphs 7.7(b) and (c), 7.8(a) to (c) and 7.9(h) and (i) do not apply. The documents referred to in paragraph 22.13(h) must be lodged pursuant to paragraph 7.8 (documents to be lodged later) and paragraph 23.14(i) applies.
- 23.17 Following submission of the relevant documents, listing may be granted, subject to the issue of the securities in question.

**Publication and circulation**

- 23.18 Issuers of specialist debt securities other than public sector issuers are subject only to the following provisions of chapter 8 relating to publication of listing particulars, as modified by paragraph 23.19:

Paragraph

8.1 to 8.3	prior approval
8.4 to 8.5	publication
8.7	advertising
8.8	timing
8.10	formal notice (excluding 8.10(e))
8.20	supplementary listing particulars (excluding 8.20(b))
8.21, 8.22	documents available for inspection
8.23 to 8.27	approval and authorisation of advertisements.

- 23.19 The above requirements are subject to the following modifications:

- (a) as regards paragraph 8.5 (period of time available) the copies of the listing particulars must be published and the formal notice must be advertised as soon as possible after their approval and in any event, no later than the day before the date when admission to listing is expected to become effective;
- (b) paragraph 8.7 (advertising) shall apply except that advertising may be by notification to a Regulatory Information Service, rather than in a national newspaper;
- (c) as regards paragraph 8.8 (timing), the listing particulars must be published and the formal notice must be advertised as soon as possible after the listing particulars have been approved and, in any event, no later than the day before the date when admission to listing is expected to become effective;
- (d) the issuer and any guarantor's accounts required to be available for inspection by paragraphs 6.C.7(g) or 6.J.7(g) and 8.21 (documents available for inspection) must be accompanied by any interim statements published subsequently. The principles regarding the basis of preparation of financial information set out in paragraph 23.11(k)(v) and (m) may be applied to those accounts and interim statements; and
- (e) as regards paragraph 8.22 (documents available for inspection), the reference to documents listed in paragraph 6.C.7 or 6.J.7 shall be taken not to include any reference to the directors' service contracts mentioned in paragraph 6.F.12 or

## 6.M.2.

- 23.20 State monopolies, state finance organisations, public international bodies and statutory bodies are subject to the publication requirements set out in paragraphs 22.17 to 22.27A with the exception that:
- (a) as regards paragraph 22.21 (period of time available) copies of the listing particulars must be published and the formal notice must be advertised as soon as possible after their approval and, in any event, no later than the day when admission to listing is expected to become effective; and
  - (b) as regards paragraph 22.23 (advertising) instead of advertising in a national newspaper, advertising may be by notification to a Regulatory Information Service.
- 23.21 States and their regional and local authorities are subject to the publication requirements set out in paragraph 22.17 to 22.24 with the exception that:
- (a) as regards paragraph 22.21 (period of time available) copies of the equivalent offering document must be published and the formal notice must be advertised as soon as possible after its approval and in any event, no later than the day when admission to listing is expected to become effective; and
  - (b) as regards paragraph 22.23 (advertising) instead of advertising in a national newspaper, advertising may be by notification to a Regulatory Information Service.

### **Continuing obligations**

- 23.22 Issuers other than states and their regional and local authorities (as to which see paragraph 23.24) which only have specialist debt securities listed need not comply with the continuing obligations set out in other chapters of the listing rules but are subject to the following continuing obligations:

#### **New developments**

- (a) the issuer must notify to a Regulatory Information Service any major new developments in its sphere of activity which are not public knowledge and which may:
  - (i) by virtue of their effect on its assets and liabilities or financial position or on the general course of its business, lead to substantial movements in the price of the listed securities; or
  - (ii) significantly affect its ability to meet its commitments:

CARD Arts. 68  
and 81

save that if the issuer considers that disclosure to the public of information required by this paragraph to be notified to a Regulatory Information Service might prejudice the issuer's legitimate interests, the UK Listing Authority may grant a dispensation from the requirement.

A company must take all reasonable care to ensure that any statement or forecast or any other information it notifies to a Regulatory Information Service or makes available through the UK Listing Authority is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, forecast or other information;

**Equivalent information**

- (b) the issuer must, if any of its debt securities are listed by the UK Listing Authority and on overseas stock exchanges, ensure that equivalent information is made available at the same time to the public (by way of notification to a Regulatory Information Service) and at each such other stock exchange. In the case of issuers with debt securities listed on a stock exchange situated or operating in a non-member state, equivalent information to that notified to the market of the non-member state need only be notified to a Regulatory Information Service if such information may be of importance for the evaluation of the debt securities listed by the UK Listing Authority; CARD Art. 82

**Equality of treatment**

- (c) the issuer must ensure equal treatment for all holders of listed debt securities of the same class in respect of all rights attaching to such securities; CARD Art. 78(1)

**Interest**

- (d) any decision to pass any interest payment on listed debt securities must be notified to a Regulatory Information Service without delay;

**New issues**

- (e) any new issues of debt securities and any guarantee or security in respect thereof must be notified to a Regulatory Information Service without delay; CARD Art. 81

**Changes to rights**

- (f) any change in the rights attaching to listed debt securities (including any change in loan terms or in the rate of interest carried by a security) must be notified to a Regulatory Information Service without delay; CARD Art. 81

**Annual accounts**

- (g) subject to paragraph (h) below, the issuer must publish annual accounts as soon as possible after they have been approved and in any event within six months of the end of the financial period to which they relate together with an annual report. If the issuer prepares both own and consolidated annual accounts it may publish either form provided that the form which is not published does not contain any significant additional information. If the relevant annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits or losses of the company or group, additional information must be provided to the satisfaction of the UK Listing Authority. In the case of an issuer incorporated or established in a non-member state which is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the latter may be sufficient. Issuers which are in doubt as to what additional information should be given should apply to the UK Listing Authority for guidance. Issuers having significant interests outside the country of incorporation may apply for an extension of the six months' period; CARD Art. 80
- (h) the UK Listing Authority will waive the above requirements on annual reports and accounts in the circumstances set out in paragraph 23.32 relating to asset-backed securities or if: CARD Art. 80

- (i) the issuer is a wholly owned subsidiary of a listed company;
- (ii) the listed debt securities of the issuer benefit from the unconditional and irrevocable guarantee of its listed holding company or equivalent arrangements;
- (iii) the issuer is included in the consolidated accounts of its listed holding company;
- (iv) no other requirement for the preparation of annual reports and accounts exists; and
- (v) non-publication of the issuer's accounts would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question;

such waivers will be granted on an annual basis and the issuer will be required to confirm on each occasion that the above conditions are satisfied;

- (i) if the same have not already been sent to the noteholders, the availability of the annual report and accounts of the issuer and, if applicable, any other company providing a guarantee for the security or into the securities of which any conversion rights are exercisable (unless that company's equity share capital is itself listed or adequate information is otherwise available) must be notified to a Regulatory Information Service immediately following the publication of the accounts;

#### **Communications with holders**

- (j) notify to a Regulatory Information Service all notices to holders of listed debt securities no later than the date of despatch. In addition, draft copies of any proposed amendment to the memorandum and articles of association which would affect the rights of such holders must be submitted to the UK Listing Authority;

CARD Art. 79

#### **Exercise of rights**

- (k) the issuer must, at least in each member state in which its debt securities are listed, publish notices or distribute circulars giving details of the holding of meetings which holders are entitled to attend, the payment of interest in respect of such securities, the exercise of any conversion, exchange, subscription or renunciation rights and repayment of its debt securities; and otherwise ensure that all necessary facilities and information are available to enable holders of those securities to exercise their rights, in particular, the right to vote, where applicable;

CARD Art.  
78(2)

#### **Paying agent**

- (l) the issuer must maintain a paying agent in the United Kingdom until the date on which the debt securities are finally redeemed (unless the issuer provides financial services and itself performs the function of a paying agent in the United Kingdom and is not a public international body). Any change of paying agent within the United Kingdom must be notified to a Regulatory Information Service without delay;

CARD Art.  
78(2) and  
83(2)

#### **Bearer securities**

- (m) if the debt securities are in bearer form, a paid advertisement must be inserted in at least one leading national newspaper circulating in the United Kingdom drawing the attention of holders to the holding of meetings which they are entitled to attend and the procedure for voting on any resolution affecting holders, notice of which must be set out in the advertisement. Such advertised notices must be notified to a

Regulatory Information Service at the same time as they are published;

- (n) the requirement for the paid advertisements referred to above may be waived if the debt securities are in global form and the issuer is able to confirm that such notices will be transmitted without delay to all holders. However, the notices must still be notified to a Regulatory Information Service;

### **Convertible and guaranteed securities**

- (o) where listed debt securities carry rights of conversion into securities of another company any changes in the rights attaching to the securities to which their conversion rights relate must be notified. Where that other company, or, in the case of listed debt securities guaranteed by another company, the guarantor, is not already listed on a stock exchange, its annual report and accounts and any half yearly or other interim report must be submitted;

CARD Art. 81

### **Purchase of own securities**

- (p) the following paragraphs relating to notification of purchases of a company's own securities also apply as modified by (q) below:

#### Paragraph

- 15.13 notification of decision to purchase
- 15.15 notification of purchases
- 15.16 period between purchase and notification
- 15.18 exceptions.

- (q) the UK Listing Authority may be prepared to grant a waiver of the requirements of paragraph 15.13 in those cases where the issue is not widely held and it is possible to contact all holders directly;

### **Annual listing fee**

- (r) issuers of specialist debt securities need not pay the annual fee for listing;

### **English language**

- (s) all documents lodged with the UK Listing Authority and announcements notified to a Regulatory Information Service must be in English; and

### **Admission to trading**

- (t) an issuer's listed securities must be admitted to trading at all times; and
- (u) an issuer must inform the UK Listing Authority in writing without delay if it has:
  - (i) requested an RIE to admit or re-admit any of its listed securities to trading (except where a copy of the issuer's application for admission to trading will be or has been lodged with the UK Listing Authority pursuant to chapter 7);
  - (ii) requested an RIE to cancel or suspend trading of any of its listed securities; or
  - (iii) been informed by an RIE that the trading of any of its listed securities will be cancelled or suspended.

Listing Authority two copies of any document required pursuant to paragraph 23.22 (at the same time as they are issued) for publication by making them available to the public for inspection at the Document Viewing Facility.

23.23A An issuer must, without delay, notify a Regulatory Information Service when a document has been submitted for publication through the Document Viewing Facility under paragraph 23.23, unless the full text of the document is provided to a Regulatory Information Service.

#### **States and their regional and local authorities**

23.24 States and their regional and local authorities must comply with the continuing obligations set out in paragraph 22.30, subject to paragraph 22.31.

#### **Documents constituting specialist debt securities**

23.25 Any document constituting specialist debt securities must comply with the relevant requirements of chapter 13, except that paragraphs 1(a), 2, 9 and 11 to 14 of appendix 2 to chapter 13 do not apply. If there is no such document the relevant requirements must instead be complied with by the inclusion of appropriate provisions in the terms and conditions of the issue contained in the listing particulars or equivalent offering document and in the documents of title.

23.26 In the case of specialist debt securities in bearer form the issuer must also comply with the requirements for security printing set out in appendix 3 to chapter 13 subject to paragraph 13.27.

#### **Asset-backed securities**

23.27 Paragraphs 23.28 to 23.32 set out requirements, which are additional to or modify those set out above, relating to issues of asset-backed securities. Due to the complex nature of such transactions, the UK Listing Authority should be consulted at an early stage. Depending on the nature of any particular issue, the requirements of paragraphs 23.28 to 23.32 may be modified or additional requirements may apply.

#### **Conditions for listing**

23.28 The following additions and exceptions to the conditions for listing apply to issuers of asset-backed securities:

- (a) the issuer must normally be a special purpose undertaking for the issuance of asset-backed securities;
- (b) paragraphs 3.3(a) (audited accounts for three years) and 3.6 (nature and duration of business activities) do not apply;
- (c) where an issue of asset-backed securities is backed by equity securities, those securities must be listed on a stock exchange or traded on another regulated and regularly operating open market, must represent minority interests and must not confer legal or management control of the issuing companies. Where options or other rights relating to equity securities are used to back an issue, this paragraph applies in respect of the equity securities to which those options or other rights relate. If there is a possibility for the noteholders to receive delivery of such equity securities (other than in the case of a default or winding up of the issuer), then the issue will also be treated as a convertible issue under paragraph 23.9(d); and
- (d) there must be a trustee or other appropriate independent party representing the interests of the holders of the asset-backed securities and with the right of access to appropriate information relating to the assets.

**Listing particulars**

23.29 The listing particulars published in connection with the issue of asset-backed securities must include the following additional information:

**The underlying assets**

- (a) a description of the assets used to back the asset-backed securities, giving at least the following (where relevant):
  - (i) the legal jurisdiction(s) to which the assets are subject;
  - (ii) the type(s) of assets;
  - (iii) the expiry or maturity date(s) of the assets;
  - (iv) the amount of the assets;
  - (v) where the assets are secured on or backed by real property or other physical assets, or rely on such security, the ratio of the amount of the assets to the value or amount of such security at origination, if available;
  - (vi) for loans and credit agreements, the principal lending criteria and extent to which loans may be included which do not meet these criteria;
  - (vii) an indication of significant representations and warranties given to the issuer relating to the assets;
  - (viii) the method of origination or creation of the assets;
  - (ix) any rights to substitute the assets and a description of the assets which may be substituted for the original assets;
  - (x) for loans and credit agreements, any rights or obligations to make further advances;
  - (xi) a description of the principal insurance policies, including the names, and where appropriate, the addresses and a brief description of the providers. Any concentration with one insurer should be disclosed if it is material to the transaction;
  - (xii) where the assets consist of obligations of 10 or fewer obligors or where an obligor accounts for 10% or more of the assets, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) the information required in respect of each obligor will be the same as that which would be required if it were itself the issuer of the securities to be listed unless it is already listed on a stock exchange or the obligations are guaranteed by an entity listed on a stock exchange, in which case only the name, address, country of incorporation, nature of business and name of the exchange on which its securities are listed must be disclosed in respect of the obligor and the guarantor (if applicable). Any relationship between the issuer, guarantor and obligor, if any, must be included. The principal terms and conditions of the obligations must be stated, except where the obligations are debt securities listed on a stock exchange;
  - (xiii) where the assets consist of obligations of more than 10 obligors, or where an obligor accounts for less than 10% of the assets the general characteristics and descriptions of the obligors must be given; and
  - (xiv) where the assets consist of equity securities, the information required by



paragraph 24.26(a) should be included in respect of those securities.

### **Investment considerations**

- (b)
  - (i) An explanation of any matter of significance to investors relating to the issue. Any such explanation should be given appropriate prominence depending on the nature of the matter concerned and its significance to investors; and
  - (ii) where the issuer proposes to or may issue further debt securities backed by the same assets, a prominent statement to that effect and unless those further debt securities are fungible with or are subordinated to any class of existing listed debt security, a statement that the prior approval of the holders of that class will be sought;

### **Structure and cash flow**

- (c) a description of the method and a statement of the date of the sale, transfer or assignment of the assets or of any rights in the assets to the issuer;
- (d) a description of the structure of the transaction;
- (e) an explanation of the flow of funds stating:
  - (i) how the cash flow from the assets is expected to meet the issuer's obligations to holders of the securities;
  - (ii) information on any credit enhancements, an indication of where material potential liquidity shortfalls are expected to occur and the availability of any liquidity supports and indication of provisions to cover interest shortfall risks;
  - (iii) an indication of any investment parameters for the investment of temporary liquidity surpluses;
  - (iv) how payments are collected in respect of the assets;
  - (v) the order of priority of payments made by the issuer to the holders of the class of debt securities in question;
  - (vi) any fees payable by the issuer;
  - (vii) details of any other arrangements upon which payments of interest and principal to investors are dependent;
  - (viii) information regarding the accumulation of surpluses in the issuer; and
  - (ix) details of any subordinated debt finance;
- (f) the name, address, description and significant business activities of the originator or creator of the assets backing the issue;
- (g) the name, address, description and significant business activities of the administrator or equivalent, (if any), together with a summary of the administrator's responsibilities and a summary of the provisions relating to the termination of the appointment of the administrator and the appointment of an alternative administrator;
- (h) the names and addresses and brief description of:

- (i) any swap counterparties and any providers of other material forms of enhancement; and
- (ii) the banks with which the main accounts relating to the transaction are held; and

### **Accounts**

- (i) if applicable, a statement that the issuer does not intend to publish annual reports and accounts and that the trust deed constituting the issue requires the issuer to provide written confirmation to the trustee (or equivalent), on an annual basis, that no event or default or other matter which is required to be brought to the trustee's attention has occurred.
- 23.30 If an issue is guaranteed as to principal and interest by a listed company or a company that is suitable for listing, the UK Listing Authority may be prepared to accept a shorter form of disclosure as regards the additional information required under paragraph 23.29 in the listing particulars, if it is satisfied that any information omitted is not material from the point of view of the investors likely to be concerned.
- 23.31 Where information is disclosed about an undertaking/obligor (pursuant to paragraph 23.29(a)(xii)) which is not involved in the issue, then, as an alternative to the declaration required under paragraph 6.H.3 (responsibility statement), modified by paragraph 23.11(a) if appropriate, a declaration in the following form is acceptable:

“Subject as set out below, the issuer [and the directors] accept[s] responsibility for the information contained in this document and to the best of the knowledge and belief of the issuer [and the directors] (which [who] has [have] taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to [the undertaking/obligor(s)] has been accurately reproduced from information published by [that undertaking/obligor]. So far as the issuer [and the directors] is [are] aware and/or is [are] able to ascertain from information published by [the undertaking/obligor(s)] no facts have been omitted which would render the reproduced information misleading”.

### **Continuing obligations**

- 23.32 If no other requirement for the publication of annual reports and accounts exists, the UK Listing Authority may consider an application for a waiver of the requirements in paragraph 23.22(g) to publish annual reports and accounts. If a waiver is granted, the trust deed constituting the issue must include a requirement for the issuer to provide written confirmation to the trustee (or equivalent), on an annual basis, that no event of default or other matter which is required to be brought to the trustee's attention has occurred. Such waivers will be granted on an annual basis and the issuer will be required to confirm on each occasion that no event of default or other matter which is required to be brought to the trustee's attention has occurred.
- 23.32A If further debt securities are to be issued backed by the same assets, unless those further debt securities are fungible with or are subordinated to any class of existing listed debt security, prior approval of holders of that class must be sought.

### **Debt and asset-backed securities issuance programmes**

- 23.33 All references to listing particulars include reference to any equivalent offering documents as appropriate.

### **Initial application and publication of listing particulars**

- 23.34 The initial application procedure to be followed is as set out in paragraphs 23.13 to 23.17

and includes the preparation of listing particulars. The application for listing must cover the maximum amount of securities which may be in issue and listed at any one time under the programme. If the UK Listing Authority approves the application, it will admit to listing all securities which may be issued under the programme within 12 months after the publication of the listing particulars, subject to the UK Listing Authority:

- (a) being advised of the final terms of each issue;
- (b) receiving and approving for publication any supplementary listing particulars that may be appropriate;
- (c) receiving confirmation that the securities in question have been issued; and
- (d) receiving any listing fees payable.

### **Subsequent application and publication of listing particulars**

23.35 For issues in excess of the notified maximum or made more than 12 months after publication of listing particulars, initial application and publication procedures as set out above must be followed.

### **Submission and publication of pricing supplements**

23.36 The final terms of each issue which is intended to be listed (“the pricing supplement”) must be submitted in writing to the UK Listing Authority as soon as possible after they have been agreed and in any event no later than 2.00pm on the day before listing is required to become effective. The pricing supplement may be submitted by the issuer or one or more firms designated by the issuer so long as in the latter case the UK Listing Authority has received a letter of appointment signed by a duly authorised officer of the issuer.

23.37 The pricing supplement relating to an issue, when read together with the listing particulars and any supplementary listing particulars in respect of the programme, must provide an investor with the full terms and conditions of that issue.

23.38 The application for admission to listing in the form set out in schedule 3B need not be submitted for issues made after the first issue in any 12 month period after publication of listing particulars.

### **Contents of listing particulars**

23.39 The listing particulars must contain all the information required by paragraphs 23.6 to 23.11 (or paragraph 23.12 in respect of equivalent offering documents issued by a state or its regional or local authority) except for the final terms of each issue. Specifically, they must contain the general terms and conditions applicable to all securities that may be issued and listed under the programme.

23.40 The listing particulars must include a statement that the documents required by paragraph 6.J.7 (documents on display) as modified by paragraphs 23.11(g) and (h) may be inspected at the registered office of the issuer and the office of the paying agent in the United Kingdom for as long as issues are made under the programme.

23.41 The declaration required by paragraph 6.H.3 (responsibility statement) must take the following form:

“The issuer accepts responsibility for the information contained in these listing particulars. To the best of the knowledge and belief of the issuer (which has taken all reasonable care to ensure that such is the case) the information contained in these listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.”

**Publication requirements**

- 23.42 Listing particulars must be published in accordance with paragraphs 23.18 to 23.20.
- 23.43 In addition to those documents mentioned in paragraph 6.J.7 (documents on display), the following must be available for inspection at the registered office of the issuer and the office of its paying agent in the United Kingdom for as long as issues are made under the programme:
- (a) the current listing particulars;
  - (b) any supplementary listing particulars published since the current listing particulars were published; and
  - (c) any pricing supplements (relating to listed and outstanding issues) issued since the current listing particulars were published.

**Supplementary listing particulars**

- 23.44 Supplementary listing particulars are required in the circumstances described by paragraphs 5.14 to 5.16 and must be published as required by paragraph 8.20 (except for 8.20(b)).
- 23.44A Where asset-backed securities are issued under a programme, the relevant pricing supplements (as required by paragraphs 23.36 to 23.38) will normally comprise supplementary listing particulars which should contain information on the underlying assets as required by paragraph 23.29.

**Specialist certificates representing shares****General**

- 23.45 Where application is made to list specialist certificates representing shares, the issuer of the shares is the issuer for the purpose of the listing rules and the application will be dealt with in accordance with paragraphs 23.46 to 23.88.

**Conditions for listing**

- 23.46 Issuers of the underlying shares must, if they are overseas companies, comply with paragraph 17.19(a) (compliance with overseas requirements) and with the following conditions for listing, as set out in chapter 3, modified as stated:

Paragraph**Issuer of shares**

- |           |                                                                                                                                                                                 |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1       | special conditions                                                                                                                                                              |
| 3.2       | incorporation                                                                                                                                                                   |
| 3.3(a)    | audited accounts for three years, modified so that the latest accounts must be in respect of a period ended not more than 18 months before the date of the listing particulars  |
| 3.3(c)    | accounting standards, modified so as only to require the audited accounts to have been prepared in accordance with the applicant's national law (subject to paragraph 23.51(m)) |
| 3.3(d)    | auditing standards, modified so as only to require the accounts to have been independently audited (subject to paragraph 23.51(m))                                              |
| 3.4       | accounts relating to a shorter period                                                                                                                                           |
| 3.5       | independence of auditors                                                                                                                                                        |
| 3.6, 3.6A | nature and duration of business activities                                                                                                                                      |

- 3.6(a) nature and duration of business activities. This rule is modified to the extent that the issuer is not required to carry on a business which is independent of other entities.
- 3.8 directors

### **Shares**

- 3.14 validity
- 3.14A admission to trading
- 3.18, 3.19 shares in public hands
- 3.22 whole class to be listed
- 3.24 warrants or options to subscribe
- 3.25, 3.26 convertible securities

### **Issuer of the specialist certificates and the specialist certificates**

- 3.33 incorporation
- 3.34 suitably authorised
- 3.35 shares held on trust
- 3.36 conditions relating to certificates
- 3.37 obligations of issuer

## **Methods of bringing securities to listing**

- 23.47 Issuers of specialist certificates representing shares need not comply with the requirements of Chapter 4.

## **Listing particulars**

- 23.48 An issuer of specialist certificates representing shares preparing listing particulars need only comply with the following provisions of chapter 5 as amended or adapted by this chapter:

### **Paragraph**

- |                                                    |                                                     |
|----------------------------------------------------|-----------------------------------------------------|
| 5.1                                                | requirement for prospectus or listing particulars   |
| 5.2, 5.3(a)                                        | responsibility (see paragraph 23.51(a))             |
| 5.6, 5.7, 5.8                                      | form and content (see paragraph 23.50)              |
| 5.9(a),(c),(f),(j),(k) and (l), 5.10               | submission of draft documents (see paragraph 23.49) |
| 5.11                                               | annotation of drafts                                |
| 5.12(a),(b)(ii),(d)(ii), (f),(g),(h) and (p), 5.13 | approval                                            |
| 5.14 to 5.16                                       | supplementary listing particulars                   |
| 5.17 to 5.21                                       | omission of information                             |
| 5.22                                               | omission of material contract from display.         |

- 23.49 The requirements set out in paragraph 23.48 are subject to the following modifications:

- (a) draft listing particulars may be submitted to the UK Listing Authority less than 10 clear business days, or in the circumstances where paragraph 5.10 applies, less than 20 clear business days, prior to the intended publication date. However, they must be submitted as early as possible as any significant delay may affect the listing timetable; and
- (b) the documents referred to in paragraph 5.9(a),(c),(f),(j),(k) and (l) may be submitted to the UK Listing Authority less than 10 clear business days prior to the intended publication date. However, they must be submitted as early as possible as any significant delay may affect the listing timetable. Only one copy of the documents referred to in paragraph 5.9(c),(j),(k) and (l) need be submitted.

- 23.50 Listing particulars prepared by or on behalf of an issuer of specialist certificates representing shares must contain the information required by chapter 6 specified in Table II in the appendix to this chapter, subject to the modifications, exceptions and additions specified in paragraph 23.51.

### **Modifications, exceptions and additions**

- 23.51 This paragraph sets out modifications, exceptions and additions to the requirements described above with regard to information to be included in listing particulars relating to specialist certificates representing shares. Where issuers are not able to comply with all the requirements in this chapter concerning listing particulars, the UK Listing Authority must be consulted at an early stage in order to establish whether a particular requirement may be waived in any particular case:

### **Responsibility**

- (a) the declaration required under paragraph 6.A.3 (responsibility statement) must be given by the issuer and may also be given by the directors. The statement should also be appropriately adapted where other persons are in addition responsible for all or part of the listing particulars;

### **Nature of securities**

- (b) the listing particulars must include a prominent statement on the front page to the effect that the securities are of a specialist nature and should normally only be bought and traded by investors who are particularly knowledgeable in investment matters. This statement may be omitted if an authorised adviser confirms in writing that the securities will normally be bought and traded by investors who are particularly knowledgeable in investment matters;

### **Conditionality**

- (c) if the issue may be cancelled at any time until the document of title is issued and therefore the grant of the listing may not become effective, this must be made clear in the listing particulars. The subscription agreements must make the obligations thereunder conditional upon the specialist certificates representing shares being admitted to listing;
- (d) in the absence of any information to be disclosed in compliance with paragraphs 6.C.14 (changes in capital), 6.C.16 (major interests in shares), 6.F.4 (directors' interests) and 6.F.6 (directors' interests in transactions) negative statements need not be made;

### **Changes in capital**

- (e) compliance with paragraph 6.C.14 may take the form of a summary of the events or transactions during the three preceding years which have changed the amount of the issued capital of the issuer and/or the number and classes of shares of which it is composed. If any such issues are not already fully paid, such summary must also state the dates when any instalments are payable together with the amount of all calls or instalments in arrears;

### **Major interests in shares**

- (f) the information required by paragraph 6.C.16 may be modified in respect of an overseas company the equity securities of which have a primary listing on an overseas stock exchange. In such cases, details of shareholdings of less than 20% are not required if such disclosure is not required by the company's home

exchange or by the laws of the company's country of incorporation. In such cases, the level above which shareholdings are disclosed must be indicated;

### Dealing arrangements

- (g) the listing particulars must contain details of the dealing and settlement arrangements for the securities, and of any stock exchanges where a listing or admission to trading has been, is being or will be sought;

### Material contracts

- (h) the particulars of material contracts required by paragraph 6.C.20(a) may be restricted to a summary of the principal contents of each contract directly concerning the issue, for example the deposit agreement, the custodian agreement and the subscription agreement;

### Inspection

- (i) the requirements in paragraph 6.C.7 concerning documents on display are modified as follows:
  - (i) the memorandum and articles of association required to be made available for inspection by paragraph 6.C.7(a) need only be made available for inspection if they have been amended since they were last made available for inspection pursuant to the listing rules. Instead, a letter from the issuer confirming that there has been no such amendment must be made available for inspection;
  - (ii) copies of letters from experts consenting to the inclusion of statements or reports in the listing particulars need not be available for inspection;
  - (iii) the accounts required to be available for inspection by paragraph 6.C.7(g) must be accompanied by any interim financial statements published subsequently. The principles regarding the basis of preparation of financial information set out in paragraph 23.51(l)(iv) and (n) may be applied to those accounts and interim statements;
  - (iv) the documents mentioned in paragraph 6.F.12 (directors' service contracts) need not be made available for inspection;
  - (v) *Paragraph deleted - August 1995*
  - (vi) paragraph 6.C.7(b) and (f) does not apply;

### Capitalisation and indebtedness

- (j) *Paragraph deleted – January 2000.*
- (k) *Paragraph deleted – January 2000.*

### Financial information

- (l) compliance with paragraph 6.E.1 is subject to the following modifications:
  - (i) the letter from the issuer's auditors or reporting accountants referred to in paragraph 12.18 is not required;
  - (ii) the notes to the annual accounts for the last financial year only need be included;

- (iii) in the case of new applicants, the full text of the auditors' report accompanying the last accounts referred to in the statement must be included. Where inclusion of the full text of the auditors' report in the listing particulars is prohibited, a letter from the auditors, confirming that they have audited those accounts and have given an unqualified opinion thereon, may be substituted for their report. If audited accounts have not yet been prepared, the auditors should prepare a report in the format normally adopted for these circumstances for inclusion in the listing particulars;
  - (iv) the financial information need not be prepared on a consolidated basis if the issuer has in the past always presented accounts on another basis. If the issuer prepares both own and consolidated annual accounts, the issuer may include either the own or the consolidated annual accounts on condition that the accounts which are not included do not provide any significant additional information; and
  - (v) the audited accounts from which the financial information has been extracted need not have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles, United States Generally Accepted Accounting Principles or International Accounting Standards. Similarly, the accounts need not have been audited in accordance with International Standards on Auditing;
- (m) the UK Listing Authority may enquire as to whether accounting principles which are consistent with International Accounting Standards have been applied and as to the standing of the auditors within the accounting profession of the country where they practise and as to whether the audit has been carried out in accordance with International Standards on Auditing. An explanation of any significant departures from International Accounting Standards or International Standards on Auditing may be required to be included in the listing particulars;
  - (n) the interim statement required by paragraphs 6.E.7(a) and (b) need not be prepared on a consolidated basis if the issuer has in the past always presented interim statements on another basis. If the issuer prepares both own and consolidated interim statements, the issuer may include either the own or the consolidated interim statement on condition that the interim statement which is not included does not provide any significant additional information;

**Directors' interests**

- (o) compliance with paragraphs 6.F.4 and 6.F.5 may take the form of a statement of the total of the interests of the directors in the share capital, together with, in the case of paragraph 6.F.5, any options in respect of such share capital;

**Financial position**

- (p) compliance with paragraphs 6.G.1(a) and (b) may take the form of a statement that there has been no material adverse change in the financial position or prospects of the group (see paragraph 5 of the appendix to this chapter) since the date of its last published annual accounts;

**Expert's reports**

- (q) where a report is required to be included in listing particulars of an overseas company by paragraphs 18.6 (valuation certificate), 19.4 (competent person's report) and 20.11 (independent report) and that report has been prepared in accordance with the requirements and practice of the company's country of primary listing, the UK Listing Authority may permit the inclusion of that report, notwithstanding that it does not comply fully with the relevant requirements



provided that the listing particulars contain sufficient information for investors to make an informed assessment of the issuer and the securities;

### **Investment considerations**

- (r) the listing particulars must include an explanation of any matter of significance to investors relating to the issue, the issuer and the issuer's country of incorporation. Any such explanation should be given appropriate prominence depending on the nature of the matter concerned and its significance to investors;

### **Financial information outside comparative table or accountants' report**

- (s) the source of any financial information not extracted from the comparative table or accountant's report must be identified;

### **Pro forma financial information**

- (t) compliance with paragraphs 12.28 to 12.35 (pro forma financial information) is modified as follows:
  - (i) paragraphs 12.30 and 12.31 (presentation of information) only apply; and
  - (ii) if an accountant's report on the pro forma information has been published, it must be included in the listing particulars.

### **Pro forma financial information**

- (u) compliance with 6.G.2 is modified so that the report of the auditors or reporting accountants and the sponsor referred to in paragraphs 12.24 and 2.19 are not required.

### **Listing Particulars**

23.51A If an issuer of certificates representing shares does not have an independent business at the time of admission, disclosure must be given in relation to any conflicts or potential conflicts of interest that directors or any controlling shareholder may have.

### **Listing application procedures**

23.52 Issuers of specialist certificates representing shares are only subject to the following requirements of chapter 7, as modified or augmented by paragraph 23.53:

#### Paragraph

7.1, 7.2	general
7.5	48 hour documents as follows:
(a)	application form
(b)	listing particulars
(c)	advertisement
(e)	board resolution
(g)(i)	additional documents for new applicants
(j)	bearer securities
(k)	authorised adviser's deferred settlement letter
(l)	application for admission to trading
7.6	delays in obtaining allotment resolution
7.7(a)	items to be lodged on the day
7.8(e),(f),(g) and (j)	documents to be lodged later

7.9(a) to (g) additional documents.

23.53 The above requirements are subject to the following modifications and augmentations:

- (a) copies of letters from experts consenting to the inclusion of statements or reports in the listing particulars are not required to be produced under paragraph 7.9;
- (b) a copy of the executed deposit agreement (and if the executed deposit agreement is not available, a final draft of the deposit agreement together with confirmation from the issuer that a copy of the executed deposit agreement will be lodged with the UK Listing Authority as soon as possible after execution) must be lodged in final form with the UK Listing Authority (marked, save as otherwise noted below, for the attention of Listing Applications) no later than midday at least two business days prior to the consideration of the application for admission to listing;
- (c) offering or invitation telexes, and other similar documents need not be submitted;
- (d) signature of the listing particulars, as required under paragraph 7.5(b), must be by a duly authorised officer or by an agent or attorney of the issuer;
- (e) *Paragraph deleted - August 1995*
- (f) *Paragraph deleted - September 1997*
- (g) *Paragraph deleted - September 1997*
- (h) *Paragraph deleted - September 1997*
- (i) the copy of any certificate required under 7.5(j) need only be submitted as soon as possible after the consideration of the application for admission to listing.

23.54 Following submission of the relevant documents, listing may be granted, subject to the issue of the securities in question.

### **Publication and circulation**

23.55 Issuers are subject only to the following provisions of chapter 8 relating to publication of listing particulars, as modified by paragraph 23.56:

#### Paragraph

8.1 to 8.3	prior approval
8.4 to 8.5	publication
8.7	advertising
8.8	timing
8.10	formal notice (excluding 8.10(e))
8.20	supplementary listing particulars (excluding 8.20(b))
8.21, 8.22	documents available for inspection
8.23 to 8.27	approval and authorisation of advertisements.

23.56 The above requirements are subject to the following modifications:

- (a) as regards paragraph 8.5 (period of time available) the copies of the listing particulars must be published and the formal notice must be advertised as soon as possible after their approval and in any event, no later than the day before the date when admission to listing is expected to become effective;

- (b) paragraph 8.7 (advertising) shall apply except that advertising may be by notification to a Regulatory Information Service rather than in a national newspaper;
- (c) as regards paragraph 8.8 (timing), the listing particulars must be published and the formal notice must be advertised as soon as possible after the listing particulars have been approved and in any event, no later than the day before the date when admission to listing is expected to become effective;
- (d) the issuer's accounts required to be available for inspection by paragraphs 6.C.7(g) and 8.21 (documents available for inspection) must be accompanied by any interim statements published subsequently. The principles regarding the basis of preparation of financial information set out in paragraph 23.51(l)(iv) and (n) may be applied to those accounts and interim statements; and
- (e) as regards paragraph 8.22 (documents available for inspection), the reference to documents listed in paragraph 6.C.7 shall be taken not to include any reference to the directors' service contracts mentioned in paragraph 6.F.12.

### **Continuing obligations**

23.57 In the case of specialist certificates representing shares, the issuer of the shares is subject only to the continuing obligations set out in paragraphs 23.58 to 23.87B. All documents lodged with the UK Listing Authority and announcements notified to a Regulatory Information Service must be in English.

### **Notification of information**

#### **New developments**

23.58 The issuer must notify a Regulatory Information Service without delay of any major new developments in its sphere of activity which are not public knowledge and which may by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to substantial movements in the price of its listed securities (save that if the issuer considers that disclosure to the public of information required by this paragraph to be notified to a Regulatory Information Service might prejudice the issuer's legitimate interests, the UK Listing Authority may grant a dispensation from the requirement).

CARD Art. 68

23.58A A company must take all reasonable care to ensure that any statement or forecast or any other information it notifies to a Regulatory Information Service or makes available through the UK Listing Authority is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, forecast or other information.

#### **Equivalent information**

23.59 The issuer must, if any of its securities are listed by the UK Listing Authority and on overseas stock exchanges, ensure that equivalent information is made available at the same time to the public (by way of notification to a Regulatory Information Service) and at each such other stock exchange. In the case of issuers with shares listed on a stock exchange situated or operating in a non-member state, equivalent information to that notified to the market of the non-member state need only be notified to a Regulatory Information Service if such information may be of importance for the evaluation of the securities listed by the UK Listing Authority;

CARD Art. 69

#### **Changes in capital structure**

23.60 The issuer must notify a Regulatory Information Service without delay of any change in the rights attaching to any class of listed securities or to any securities into which any listed securities are exchangeable.

CARD Art. 68

**Interests in shares**

23.61 The issuer must notify to a Regulatory Information Service:

- (a) if it is incorporated in a member state, details of the interests of which the company is aware in the shares of the issuer of directors and major shareholders as communicated to the issuer pursuant to the law of the issuer's country of incorporation and (if different) the requirements of the competent authority of the member state where the issuer has its primary listing; CARD Art. 68
- (b) if it is incorporated in a non-member state, whenever it becomes aware that a person or entity has acquired or disposed of a number of shares such that that person or entity's holding of the voting rights in the issuer reaches, exceeds or falls below 10%, 20%, one third, 50% and two thirds of the total voting rights, the following details: CARD Art. 68
  - (i) the proportion of voting rights held;
  - (ii) the identity of the person or entity; and
  - (iii) the date on which the issuer became so aware; and

the notification must be made within nine calendar days of the date on which the issuer becomes aware of the acquisition or disposal. The voting rights that are to be regarded as held by a person or entity are to be determined in accordance with the Consolidated Admissions and Reporting Directive.

**Dividends**

23.62 The issuer must notify to a Regulatory Information Service any decision to pay or make any dividend or other distribution on the shares represented by the listed certificates or any failure to pay any dividend or other distribution on those shares.

**Equality of treatment**

23.63 The issuer must ensure equality of treatment for all holders of shares who are in the same position. CARD Art. 65(1)

**Communication with shareholders****Prescribed information to shareholders**

23.64 The issuer must ensure that at least in each member state in which its securities are listed all the necessary facilities and information are available to enable holders of such securities to exercise their rights. In particular it must: CARD Art. 65(2)

- (a) inform holders of meetings which they are entitled to attend;
- (b) enable them to exercise their right to vote, where applicable;
- (c) publish notices or distribute circulars giving information on:
  - (i) the allocation and payment of dividends;
  - (ii) the issue of new shares, including arrangements for the allotment, subscription, renunciation, conversion or exchange of the shares;
- (d) unless the issuer of the certificates provides financial services and itself performs the function of a paying agent in the United Kingdom, appoint a paying agent in London or such other place as the UK Listing Authority may agree; and CARD Art. 65(2)

- (e) if the securities are in bearer form, a paid advertisement must be inserted in at least one leading national newspaper circulating in the United Kingdom drawing the attention of holders to the holding of meetings which they are entitled to attend and the procedure for voting on any resolution affecting holders, notice of which must be set out in the advertisement. The requirement for the paid advertisement may be waived if the securities are in global form and the issuer is able to confirm that such notices will be transmitted without delay to all holders. Such notices must be notified to a Regulatory Information Service at the same time as they are published.

### **Copies of circulars**

23.65 The issuer must send by airmail or an equivalent service that is no slower to the UK Listing Authority at the same time as they are issued, two copies of any circular, notice, report or other document issued by the issuer in compliance with the requirements of the Listing Rules or any stock exchange on which it has its securities listed, or any competent authority or equivalent regulatory authority which regulates it, for publication by making them available at the Document Viewing Facility.

23.65A An issuer must, without delay, notify a Regulatory Information Service when a document has been submitted for publication through the Document Viewing Facility under paragraph 23.65, unless the full text of the document is provided to a Regulatory Information Service.

### **Annual accounts**

#### **Preparation and publication**

23.66 The issuer must issue an annual report and accounts which must:

- (a) be drawn up and independently audited in accordance with the requirements of paragraphs 3.3(c), 3.3(d), 3.4 and 3.5 (subject to paragraph 23.46);
- (b) be published within six months of the end of the financial period to which they relate (Issuers having significant interests outside the country of incorporation may apply for an extension of the six month's period); and
- (c) if they do not give a true and fair view of the state of affairs and profit or loss of the group, provide more detailed and additional information (see paragraph 23.70).

If the company prepares both own and consolidated annual accounts it may publish either form provided that the form which is not published does not contain any significant additional information.

#### **Availability of annual accounts**

23.67 The time and place in or near the City of London, or such other place as the UK Listing Authority may determine, at which copies of the issuer's annual report and accounts and auditors' report thereon may be obtained without charge must be notified to a Regulatory Information Service immediately following the publication of the accounts.

#### **Auditor's report**

23.68 The report of the auditor must be annexed to all copies of the annual accounts and indicate whether in his opinion the accounts give a true and fair view save as provided for in paragraphs 23.69 and 23.70:

- (i) in the case of the issuer's accounts, of the state of its affairs at the end of the financial year and the profit or loss and changes in the financial position for the financial year; and
- (ii) where consolidated accounts are prepared, of the state of affairs at the end of the financial year and profit or loss and changes in the financial position of the company and its consolidated subsidiary undertakings for the financial year.

23.69 An auditor's report which conforms to auditing practice in the United States of America is acceptable instead of that referred to in paragraph 23.68.

23.70 An issuer incorporated in a non-member state which is not required to draw up its accounts so as to give a true and fair view must consult the UK Listing Authority to establish whether the standard to which they are drawn up will be sufficient.

### **Contents of annual report and accounts**

23.71 The annual report and accounts must be prepared in accordance with the issuer's national law and must also include:

- (a) a statement of the total interests of the directors in the equity share capital as required by the issuer's country of incorporation;
- (b) particulars of the interest in its equity share capital of each major shareholder as required by the issuer's country of incorporation;
- (c) the information necessary to enable holders of its listed securities resident in the United Kingdom to obtain any relief from United Kingdom taxation to which they are entitled in respect of their holding of such securities.

### **Half-yearly reports**

23.72 The issuer must prepare a report on its activities and profit or loss for the first six months of each financial year. If a change in the financial year is proposed, the UK Listing Authority must be consulted as to the period or periods to be covered by the half-yearly report. CARD Art. 70

### **Timing of publication**

23.73 The report must be published within four months of the end of the period to which it relates. In exceptional circumstances the UK Listing Authority may grant an extension to this time limit. CARD Art. 72

### **Method of publication**

23.74 The issuer must publish the half-yearly report by notifying it to a Regulatory Information Service and, where the issuer's shares or certificates representing shares are listed in another member state, to the competent authority of each other member state in which the issuer's shares or certificates representing shares are listed, not later than the time the report is first published in a member state. CARD Art. 102(2)

23.75 In addition, an issuer must either:

- (a) send the report to holders of its listed securities;
- (b) make copies available to the public at an address in the United Kingdom, details of which are inserted, as a paid advertisement, in at least one national newspaper in the United Kingdom or notified to a Regulatory Information Service; or

- (c) insert the report, as a paid advertisement, in at least one national newspaper in the United Kingdom.

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- 23.76 The half-yearly report must consist of figures and an explanatory statement relating to the issuer's activities and profit or loss during the relevant period. If an issuer publishes consolidated annual accounts it may publish its half-yearly report in either consolidated or unconsolidated form provided that the form which is not published does not contain any significant additional information
- CARD Art. 73(1) and 74

### Figures

- 23.77 The following figures presented in table form must be included in the half yearly report:
- CARD Art. 73(2)
- (a) net turnover;
- (b) profit or loss before taxation;
- CARD Art. 73(2)
- (c) profit or loss after taxation (where the issuer has paid or proposes to pay an interim dividend);
- CARD Art. 73(4)
- (d) the interim dividend paid or proposed; and
- (e) comparative figures in respect of (a) to (d) above for the corresponding period in the preceding financial year.
- CARD Art. 73(5)
- 23.78 Where items specified in paragraph 23.77 are unsuited to the issuer's activities, appropriate adjustments must be made.
- CARD Art. 73(7)
- 23.79 Where the figures in the half-yearly report have not been audited, a statement to that effect must be included. Where they have been audited, the report of the auditors, including any qualifications, must be reproduced in full.
- CARD Art. 75

### Explanatory statement

- 23.80 The half-yearly report must contain:
- CARD Arts. 73 (6)
- (a) an explanatory statement including any significant information enabling investors to make an informed assessment of the trend of the activities and the profit or loss;
- (b) an indication of any special factor which has influenced those activities and the profit or loss during the period in question;
- (c) enough information to enable a comparison to be made with the corresponding period in the preceding financial year; and
- (d) so far as possible, a reference to the prospects in the current financial year.
- 23.81 Where the requirements of the listing rules in relation to half-yearly reports are unsuited to the issuer's activities or circumstances the UK Listing Authority may require suitable adaptations to be made.
- CARD Art. 76
- 23.82 The UK Listing Authority may authorise the omission from a half-yearly report of the information required by paragraph 23.77(a), (b), (d) and, so far as it relates to these items, the information required by (e) of that paragraph and the information required by paragraph 23.80 if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer, provided that, in the latter case, such omission would not be likely to mislead the public with regard to facts and
- CARD Art. 76

circumstances, knowledge of which is essential for the assessment of the shares in question. The request for omission must be in writing and the issuer or its representatives will be responsible for the correctness and relevance of the facts on which any request to omit information is based.

- 23.83 If an issuer incorporated in a non-member state publishes a half-yearly report in a non-member state, the UK Listing Authority may permit the issuer to publish that report instead of complying with paragraphs 23.76 to 23.82 provided that the UK Listing Authority is satisfied that the report published gives equivalent information to that required by those paragraphs. CARD Art. 76

### **Miscellaneous obligations**

#### **Further issues**

- 23.84 When further specialist certificates representing shares of the same class are issued, application for listing such further certificates must be made either not more than one year after their issue or when they become freely negotiable.

#### **Annual listing fee**

- 23.85 An issuer must pay the annual fee for listing, calculated in accordance with the UK Listing Authority's scale of fees for the time being in force, as soon as such payment becomes due.

#### **Certificates in public hands**

- 23.86 An issuer must inform the UK Listing Authority in writing without delay when it becomes aware that the proportion of any class of listed specialist certificates representing shares in the hands of the public has fallen below 25% of the total number of issued certificates of that class, or, where applicable such lower percentage as the UK Listing Authority may have agreed (see paragraphs 3.18 and 3.19).

#### **Change of issuer of certificates**

- 23.87 Any change of the issuer of the certificates must be notified to a Regulatory Information Service. The notification must contain the information with respect to the issuer of the certificates specified in Table II of the appendix to this chapter. The replacement issuer appointed must satisfy the applicable conditions for listing set out in paragraphs 3.33 to 3.38.

#### **Admission to trading**

- 23.87A An issuer's listed securities must be admitted to trading at all times.

- 23.87B An issuer must inform the UK Listing Authority in writing without delay if it has:

- (a) requested an RIE to admit or re-admit any of its listed securities to trading (except where a copy of the issuer's application for admission to trading will be or has been lodged with the UK Listing Authority pursuant to chapter 7);
- (b) requested an RIE or any stock exchange to cancel or suspend trading of any of its listed securities; or
- (c) been informed by an RIE or any stock exchange that the trading of any of its listed securities will be cancelled or suspended.

### **Documents constituting specialist certificates representing shares**

CARD Art. 50

- 23.88 Specialist certificates representing shares in bearer form must comply with the



requirements for security printing set out in appendix 3 to chapter 13 subject to paragraph 13.27.

**APPENDIX TO CHAPTER 23**

1. This appendix sets out the information required to be included in listing particulars produced in connection with an issue of specialist debt securities (Table I) and specialist certificates representing shares (Table II). Some of the paragraphs referred to in chapter 6 are amended by this chapter.
2. Where the information in a paragraph which is required below is inappropriate to the issuer's sphere of activity or legal form, the information must be appropriately adapted so that equivalent information is given.
3. Negative statements are required only where so indicated in the paragraphs and subject to paragraph 23.11(c) or paragraph 23.51(d).
4. Where the UK Listing Authority has permitted admission of securities to listing in the case of an issuer having a financial record of less than three years, references in a paragraph required below to three or two financial years are to be read as references to such shorter period (if any) for which accounts have been published or filed.
5. The information required in parts 6.D, 6.G, 6.K and 6.N may be given for either the issuer or the group, provided that in the case of 6.D and 6.G the information not given for the group or the issuer respectively is not material and in the case of 6.K and 6.N the information not given for the group is not material.
6. If information which would be required by any paragraph of chapter 6 is given in accordance with paragraphs 6.E.1 or 6.L.1 it need not be repeated.
7. Where information required by paragraph 6.E.11(a)(iv) to (x) is to be omitted in accordance with paragraph 6.E.11(d) the sponsor or an authorised adviser, as applicable, must confirm to the UK Listing Authority in writing that the applicable condition set out in paragraph 6.E.11(d) has been met and that, in its opinion, the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

TABLE I: SPECIALIST DEBT SECURITIES

	<u>Non-convertible securities</u>		<u>Convertible securities*</u>		
	<u>New applicant</u>	<u>Listed issuer</u>	<u>State guaranteed securities</u>	<u>Convertible into issuer's securities</u>	<u>Convertible** into another issuer's securities</u>
The persons responsible for listing particulars etc.	6.H.2 to 5,9	6.H.2 to 5,9	6.H.2, 3, 9	6.A.4 to 6, 6.H.2, 3,9	6.A.4 to 6 6.H.9
The securities	6.I.1,3 to 6, 8(a),9 to 12, 14 to 16, 21,23(a), 24 to 27, 33(g) and (h), 34,35,38	6.I.1,3 to 6, 8(a), 9 to 12, 14 to 16, 21,23(a), 24 to 27, 33(g) and (h), 34, 35,38	6.I.1,3 to 6, 8(a), 9 to 12, 14 to 16, 21,23(a), 24 to 27, 33(g) and (h), 34, 35,38	6.I.1,3 to 6, 8(a), 9 to 12, 14 to 16, 21,23(a), 24 to 27, 33(g) and (h), 34, 35,38 to 40	6.I.39, 40
The issuer and its capital	6.J.1 to 4,6 to 9, 11, 14(a)	6.J.1,2,7 to 9, 11,14(a)	6.J.1,2,7,8, 14(a)	6.C.1 to 18, 20(a)	6.C.1 to 18, 20(a)
The group's activities	6.K.1,7	6.K.7	6.K.7	6.D.1 to 13,16	6.D.1 to 13, 16
Financial information	6.L.1,4(c),6	6.L.4(c),6	—	6.E.1,3 to 13, 6.L.6	6.E.1,3 to 13
The management	6.M.1	6.M.1	6.M.1	6.F.1,3 to 8	6.F.1,3 to 8
The development and prospects of the group	6.N.1(a), 2	6.N.1(a), 2	—	6.G.1,2	6.G.1,2

\* In the case of securities convertible into other debt securities, the UK Listing Authority may adapt these requirements and substitute any additional or modified requirements that are appropriate to the circumstances.

\*\* The information required under this heading relates to the issuer whose securities are being offered on conversion (the issuer of the securities to be listed must comply with the items detailed under "Non-convertible securities", for a new applicant or listed issuer as appropriate).

**TABLE II: SPECIALIST CERTIFICATES REPRESENTING SHARES****Information in respect of the issuer of the underlying shares and the underlying****shares.**

The persons responsible for listing particulars etc.	6.A.1 to 6, 9
The securities	6.B.I to 22, 24, 25
The issuer and its capital	6.C.1 to 18, 20(a)
The group's activities	6.D.1 to 13,16
Financial information	6.E.1,3 to 13
The management	6.F.1,3 to 8
The development and prospects of the group	6.G.1,2

**Information in respect of the issuer of the certificates and the certificates**

General information about the issuer	6.O.1 to 11
Information about the certificates	6.P.1 to 10

Information on the financial position of the issuer of the certificates (paragraphs 6.O.9 to 6.O.11) is not required when that issuer is:

- (a) a credit institution which is a national of a member state and is set up or governed by a special law or is subject to public supervision designed to protect savings;
- (b) a subsidiary, 95% or more of which is owned by a credit institution within the meaning of the preceding paragraph, the commitments of which towards the holders of the certificates are unconditionally guaranteed by that credit institution and which is subject to the same supervision; or
- (c) an "Administratiekantoor" in the Netherlands governed, for the safe custody of the original securities, by special regulations laid down by the competent authorities.

In the case of certificates issued by a securities transfer organisation or by an auxiliary institution set up by such organisation, the UK Listing Authority may dispense with the publication of the information provided for in paragraphs 6.O.1 to 6.O.11.

## CHAPTER 24

### MISCELLANEOUS SECURITIES

#### Scope of chapter

This chapter sets out the rules relating to certain warrants and certificates representing debt securities which, because of their nature, are normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

Issuers of warrants should note that permission may be required from the owner or publisher for the use of indices and prices on which the valuation of the warrants is based.

The main headings are:

#### General

- 24.0 omission from listing particulars

#### Warrants

- 24.1 general
- 24.7 conditions for listing
- 24.12 methods of bringing securities to listing
- 24.13 listing particulars
- 24.30 listing application procedures
- 24.34 publication and circulation
- 24.38 continuing obligations

#### Certificates representing debt securities

- 24.40 general
- 24.44 conditions for listing
- 24.50 methods of bringing securities to listing
- 24.51 listing particulars
- 24.61 listing application procedures
- 24.64 publication and circulation
- 24.66 continuing obligations.

### **General**

- 24.0 In respect of securities falling within the scope of this chapter, the UK Listing Authority has exercised its powers under section 82(1)(c) of the Act to authorise the omission from listing particulars of information which would otherwise have been required under chapter 5. Accordingly, information not required by this chapter, but which would otherwise have been required by chapter 5, is not required to be included in listing particulars pursuant to section 80 of the Act.

### **Warrants**

#### **General**

- 24.1 Issuers of warrants to which this chapter applies with or seeking a listing by the UK Listing Authority must comply with the listing rules as modified by the provisions of paragraphs 24.1 to 24.39 and appendix 1 to this chapter. Such warrants issued under a programme must be issued in accordance with paragraphs 23.33 to 23.44.
- 24.2 The warrants to which this chapter apply are those warrants which entitle the holder to require delivery of, to make delivery of or to receive or make payment in cash in respect of securities (of an issuer which is not the issuer of the warrants), assets, indices or other

specified variables. This chapter only applies to warrants which are "specialist securities" as defined in paragraph 23.1(a). This chapter does not apply to warrants to subscribe for securities.

- 24.3 Issuers should note that warrants with a "money back" alternative may constitute debt securities falling within article 77 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and as such will be governed by chapter 23 and not by this chapter.
- 24.4 Warrants linked directly or indirectly to the following may be admitted to listing:
- (a) equity securities of companies other than the issuer of the warrants, provided that those securities are listed on a stock exchange or traded on another regulated and regularly operating open market;
  - (b) debt securities of entities other than the issuer of the warrants;
  - (c) metals, provided that they are traded on a regulated and regularly operating open market;
  - (d) oil, provided that it is traded on a regulated and regularly operating open market;
  - (e) currencies; and
  - (f) indices based on the prices of any of the above.
- 24.5 Applications to list other similar types of warrants may be permitted with the specific approval of the UK Listing Authority; the UK Listing Authority must be consulted at an early stage in such cases. However, the UK Listing Authority will only be prepared to consider such applications which relate to warrants linked to financial products, metals or minerals which are traded on a regulated and regularly operating open market.
- 24.6 *Paragraph deleted - December 2001*

### **Conditions for listing**

- 24.7 Subject to paragraph 24.9, an issuer seeking to list warrants must satisfy one of the following conditions for listing:
- (a) it must have permission under the Act to carry on such activity and be either a bank or a securities and futures firm. For the purposes of this paragraph "bank" and "securities and futures firm" shall have the meaning ascribed to them in the glossary giving the meanings of defined terms used in the FSA Handbook of rules and guidance;
  - (b) if incorporated outside the United Kingdom, it must be regulated by an overseas securities or futures regulator which has a lead regulation agreement for financial supervision with the Financial Services Authority;
  - (c) it must be a state; or
  - (d) the obligations created by the issuer must be unconditionally and irrevocably guaranteed by or benefit from an equivalent arrangement provided by an entity which satisfies one of the above conditions.
- 24.8 Issuers unable to satisfy any of the conditions stated in paragraph 24.7 must consult the UK Listing Authority and obtain specific approval. The UK Listing Authority may require such an issuer to provide a clear explanation of its proposed hedging strategy and, exceptionally, include the explanation in the listing particulars. In addition any such issuer or guarantor must have:

- (a) net assets of at least £50 million; or
- (b) an investment grade rating of its equity or unsecured debt by an appropriate agency.

24.9 The issuer will not have to satisfy any of the conditions set out in paragraphs 24.7 and 24.8 if the UK Listing Authority is satisfied that arrangements have been made for the underlying assets to be held by a trustee (or an equivalent third party) to meet the exercise of all outstanding warrants. The trustee (or equivalent) must have no interest in or relationship with the issuer which might conflict with its position of trustee (or equivalent).

24.10 *Paragraph deleted - September 1997*

24.11 Issuers of warrants other than states must, if they are overseas companies, comply with paragraph 17.19(a) (compliance with overseas requirements) and must in all cases comply with the following conditions for listing as set out in chapter 3 modified as stated:

Paragraph

3.1	special conditions
3.2	incorporation, first sentence only
3.3(c)	accounting standards, modified so as only to require the audited accounts to have been prepared in accordance with the applicant's national law (subject to paragraph 23.11(l))
3.3(d)	auditing standards, modified so as only to require the accounts to have been independently audited (subject to paragraph 23.11(l))
3.5	independence of auditors
	directors
3.14	validity
3.14A	admission to trading
3.15	transferability
3.22	whole class to be listed;

in the case of a state, only paragraphs 3.14 (validity), 3.14A (admission to trading), 3.15 (transferability) and 3.22 (whole class to be listed) apply.

## **Methods of bringing securities to listing**

24.12 Issuers of warrants to which this chapter applies need not comply with the requirements of chapter 4.

## **Listing particulars**

24.13 *Paragraph deleted - December 2001*

24.14 An issuer of warrants preparing listing particulars need only comply with the following provisions of chapter 5 as amended or adapted by chapter 23 and by this chapter:

Paragraph

5.1	requirement for prospectus or listing particulars
5.2	responsibility
5.6, 5.7, 5.8	form and content
5.9(a),(c),(f),(j),(k) and (l),5.10	submission of draft documents (see paragraph 24.15)
5.11	annotation of drafts
5.12(a),(b)(ii),(d)(ii), (f),(g),(h) and (o),5.13	approval
5.14 to 5.16	supplementary listing particulars
5.17, 5.19	omission of information
5.22	omission of material contract from display.

- 24.15 The requirements set out in paragraph 24.14 are subject to the following modifications:
- (a) draft listing particulars may be submitted to the UK Listing Authority less than 10 clear business days, or in the circumstances where paragraph 5.10 applies, less than 20 clear business days, prior to the intended publication date. However, they must be submitted as early as possible as any significant delay may affect the listing timetable; and
  - (b) the documents referred to in paragraph 5.9(a),(c),(f),(j),(k) and (l) may be submitted to the UK Listing Authority less than 10 clear business days prior to the intended publication date. However, they must be submitted as early as possible as any significant delay may affect the listing timetable. Only one copy of the documents referred to in paragraph 5.9(c),(j),(k) and (l) need be submitted.
- 24.16 The information required in listing particulars must be in respect of:
- (a) the warrants, issuer and any guarantor (see paragraphs 24.18 to 24.25); and
  - (b) the underlying securities, assets, indices or variables (see paragraphs 24.26 to 24.29).
- 24.17 The requirements for the various cases are set out in paragraphs 24.18 to 24.29. The listing particulars must contain the information required by chapter 6 as required by paragraphs 24.18 and 24.26 and subject to the modifications, exceptions and additions noted in paragraphs 24.19 to 24.25 and 24.27 to 24.29.

**Information required in respect of the warrants, the issuer of the warrants and any guarantor**

24.18 The listing particulars must:

**New applicant and listed issuer**

- (a) in the case of a both new applicant and listed issuer, include all the information detailed under the relevant heading for non-convertible specialist debt securities in Table 1 in the appendix to chapter 23 subject to the modifications, exceptions and additions contained in paragraphs 24.19 to 24.25; and

**Issues by states**

- (b) in the case of a state, include all the information set out in paragraph 22.7, and in addition, all the information described in paragraph 24.25.

**Modifications, exceptions and additions**

- 24.19 All the provisions of paragraph 23.11 apply except paragraph 23.11(a).
- 24.20 Where the warrants relate to securities issued by a third party, the declaration by the issuer of the warrants required under paragraph 6.H.3 should take the following form:
- “Subject as set out below, the issuer whose name appears on page .... accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The information contained herein with regard to [name of issuer of underlying securities], its subsidiary undertakings and the [description of underlying securities], consists of extracts from or summaries of information contained in financial and other information released publicly by [name of issuer of underlying securities] and summaries of certain provisions



of [jurisdiction of issuer of underlying securities] law. The issuer accepts responsibility for accurately reproducing such extracts or summaries. The issuer accepts no further or other responsibility in respect of such information”.

- 24.21 In the case of warrants related to anything other than securities, the third sentence of the declaration set out in paragraph 24.20 should be appropriately modified.
- 24.22 Where the issue of warrants is guaranteed, the information requirements which apply to the issuer should also be applied to the guarantor, depending on whether the guarantor is listed or is the guarantor of other listed securities.
- 24.23 Where the issue of warrants is guaranteed, but the guarantee is not necessary to enable the issuer to satisfy the conditions set out in paragraphs 24.7 and 24.8 and the guarantor's equity share capital is listed on the UK Listing Authority, disclosure of the name, address and a brief description of the guarantor will be accepted in substitution for the requirements set out in paragraph 24.22.
- 24.24 Where the issuer, or where relevant, the guarantor is not a listed company but is a company with a primary listing of debt or equity on a major stock exchange, it may if the UK Listing Authority considers it appropriate, be treated as a listed issuer. The UK Listing Authority must be consulted at an early stage in such cases and the issuer's or guarantor's published annual accounts in English for the previous three years must be submitted.
- 24.25 The listing particulars must include details of conditions of and procedures for exchange, exercise or cash settlement and details of the situations in which they may be amended, including any provisions for the adjustment of the terms of the warrants.

#### **Information required in respect of the underlying securities, assets, indices or variables**

- 24.26 The following information is required in the listing particulars in respect of the underlying securities and the issuer thereof, or in respect of the assets, indices or variables to the extent that, having made reasonable enquiries, such information is publicly available:

##### **Warrants relating to securities (for cash settlement)**

- (a) where the warrants relate to securities:
- (i) all the information detailed under the relevant heading in Table 1 in the appendix to this chapter; and
  - (ii) the title of the securities including nominal value.

##### **Warrants relating to securities (with rights to acquire securities)**

- (b) where the warrants relate to securities and offer rights to acquire those securities:
- (i) all the information detailed under the relevant heading in Table 1 in the appendix to this chapter;
  - (ii) the title of the securities including nominal value;
  - (iii) how price information is published.

##### **Additional information**

- (c) in respect of warrants falling within either 24.26(a) (warrants relating to securities (for cash settlement)) or 24.26(b) (warrants relating to securities (with rights to acquire securities)) and in addition to the information required under 24.26(a) and 24.26(b), where any security represents 10% or more of the total value of the securities underlying the warrant:

- (i) a table showing the price range of each such security for each of the last three years; and
- (ii) 6.C.7(g) and 6.J.8, in respect of the most recently published consolidated annual accounts (or non-consolidated annual accounts if the issuer has not published consolidated accounts).

**Warrants relating to debt securities issued by states (and their regional and local authorities)**

- (d) *Paragraph deleted - September 1997*

**Warrants relating to indices**

- (e) where the warrants relate to indices, in respect of the index:
  - (i) a description of the index, including the name of the publisher of the index and how it is compiled;
  - (ii) an explanation of the computation of the index;
  - (iii) the frequency with which the index is updated and published; and
  - (iv) the provisions in the event of modification and discontinuance of the index.

**Warrants relating to other types of securities, assets or variables**

- (f) where the warrants relate to securities, assets or variables other than those referred to in (a) to (e) above:
  - (i) a description of the securities, assets or variables;
  - (ii) a description of the market on which they are traded, including its date of establishment, an indication of daily trading volumes, how price information is published, information as to the standing of the market in its country and the name of the market's regulatory authority; and
  - (iii) the frequency with which prices of the relevant securities, assets or variables are published.

**Modifications, exceptions and additions****General**

- 24.27 Where the issuer fulfils the condition for listing set out in paragraph 24.9, details of the arrangements with the trustee (or the equivalent third party) must be included in the listing particulars.
- 24.28 Where it is necessary for the issuer to inform the FSA or another regulatory body of the issue, there should be a statement in the listing particulars, or a letter to the UK Listing Authority from the issuer, guarantor or an authorised adviser, confirming that this has been done.

**Inspection**

- 24.29 The requirements concerning documents on display are modified as follows:
- (a) the memorandum and articles of association required to be made available for inspection by paragraph 6.J.7(a) need only be made available for inspection if they have been amended since they were last made available for inspection pursuant to the listing rules. Instead, a letter from the issuer confirming that there has been no such amendment should be made available for inspection; and

- (b) the accounts required to be available for inspection by paragraph 6.J.7(g) must be accompanied by any interim financial statements published subsequently and need not be consolidated if the issuer has in the past always presented accounts on another basis.
- (c) *Paragraph deleted - August 1995*

### **Listing application procedures**

24.30 Issuers of warrants (other than states) are only subject to the following requirements of chapter 7, as modified or augmented by paragraph 24.31:

#### Paragraph

7.1, 7.2	general
7.5	48 hour documents as follows:
(a)	application form
(b)	listing particulars
(c)	advertisement
(e)	board resolution
(g)(i)	additional documents for new applicants
(j)	bearer securities
(l)	application for admission to trading
7.6	delays in obtaining allotment resolution
7.7(a)	items to be lodged on the day
7.8(e),(f),(g), and (j)	documents to be lodged later
7.9(a) to (g)	additional documents.

24.31 The requirements of paragraph 24.30 are subject to the following modifications and augmentation:

- (a) copies of letters from experts consenting to the inclusion of statements or reports in the listing particulars need not be submitted;
- (b) offering or invitation telexes and other similar documents need not be submitted;
- (c) *Paragraph deleted - August 1995*
- (d) the signature on the listing particulars, as required under paragraph 7.5(b), must be by a duly authorised officer, or by an agent or attorney of the issuer and, if applicable, of the guarantor;
- (e) *Paragraph deleted - September 1997*
- (f) *Paragraph deleted - September 1997*
- (g) *Paragraph deleted - September 1997*
- (h) *Paragraph deleted - September 1997*
- (i) the copy of any certificate required under 7.5 (j) need only be submitted as soon as possible after the consideration of the application for admission to listing; and
- (j) the issuer must also submit a copy of the warrant agreement, warrant instrument or equivalent document (as appropriate) as soon as possible after the date on which admission becomes effective.
- 24.32 The requirements for applications by states are set out in chapter 22 save that the provisions of paragraphs 22.12(b) and 22.13(g) do not apply and the documents otherwise referred to in paragraph 22.12 may be submitted to the UK Listing Authority less than 10 clear business days prior to the intended publication date. However, they

must be submitted as early as possible as any significant delay may affect the listing timetable.

24.33 Following submission of the relevant documents, listing may be granted, subject to the issue of the securities in question.

### **Publication and circulation**

24.34 Issuers of warrants (other than states) are subject only to the following provisions of chapter 8 relating to publication of listing particulars, as modified by paragraph 24.35:

#### Paragraph

8.1 to 8.3	prior approval
8.4 to 8.5	publication
8.7	advertising
8.8	timing
8.10	formal notice (excluding 8.10(e))
8.20	supplementary listing particulars (excluding 8.20(b))
8.21, 8.22	documents available for inspection
8.23 to 8.27	approval and authorisation of advertisements.

24.35 The requirements of paragraph 24.34 are subject to the following modifications:

- (a) as regards paragraph 8.5 (period of time available) the copies of the listing particulars must be published and the formal notice must be advertised as soon as possible after its approval and in any event, no later than the day before the date when admission to listing is expected to become effective;
- (b) as regards paragraph 8.7 (advertising), instead of advertising in a national newspaper, advertising may be by notification to a Regulatory Information Service;
- (c) as regards paragraph 8.8 (timing), the formal notice must be advertised as soon as possible after approval of the listing particulars and in any event no later than the day before the date when admission to listing is expected to become effective;
- (d) the issuer and any guarantors' accounts required to be available for inspection by paragraphs 6.C.7(g) or 6.J.7(g) and 8.21 (documents available for inspection) must be accompanied by any interim statements published subsequently. The principles regarding the basis of preparation of financial information set out in paragraph 23.11(k)(v) and (m) may be applied to those accounts and interim statements; and
- (e) as regards paragraph 8.22 (documents available for inspection), the reference to documents listed in paragraph 6.J.7 shall be taken not to include any reference to the directors' service contracts mentioned in paragraph 6.M.2.

24.36 State monopolies, state finance organisations, public international bodies and statutory bodies are subject to the publication requirements set out in paragraphs 22.17 to 22.27A with the exception that:

- (a) as regards paragraph 22.21 (period of time available) copies of the listing particulars must be made available as soon as possible after their approval, and in any event, no later than the day before the date when admission to listing is expected to become effective; and
- (b) as regards paragraph 8.7 (advertising), instead of advertising in a national newspaper, advertising may be by notification to a Regulatory Information Service.

- 24.37 States and their regional and local authorities are subject to the publication requirements set out in paragraphs 22.17 to 22.24 with the exception that:
- (a) as regards paragraph 22.21 (period of time available) copies of listing particulars must be published and the formal notice must be advertised as soon as possible after their approval and in any event no later than the day before the date when admission to listing is expected to become effective; and
  - (b) as regards paragraph 8.7 (advertising), instead of advertising in a national newspaper, advertising may be by notification to a Regulatory Information Service.

### **Continuing obligations**

- 24.38 Issuers of warrants (other than states) are subject to the same continuing obligations as issuers of specialist debt securities, as set out in paragraphs 23.22, 23.23 and 23.23A, with the exception of those relating to interest (paragraph 23.22(d)) and new issues (paragraph 23.22(e)). States are subject to the requirements referred to in paragraph 22.30 subject to paragraph 22.31 with the exception of that relating to interest (paragraph 22.30(d)).
- 24.39 Other modifications for issuers of warrants are as follows:
- (a) compliance with the requirements on notification of purchases (paragraph 15.15 or 22.30(f)) requires notification of redemptions and cancellations only;
  - (b) the issuer must maintain a warrant agent (which must be located in London if definitive warrants are issued) instead of a paying agent (paragraph 23.22(l));
  - (c) paid advertisements (paragraph 23.22(m)) are not required if the issuer is satisfied that such notices will be transmitted promptly to all warrant holders by the settlement system; and
  - (d) where warrants relate to assets or variables, paragraph 23.22(o) does not apply. Instead issuers must ensure that adequate information is at all times available about the assets or variables. This includes the publication of such information as is necessary for a realistic valuation of the warrants to be made, but does not include publication of price changes for the assets or variables in the market on which they are traded.

## **Certificates representing debt securities**

### **General**

- 24.40 The certificates to which this chapter applies are certificates evidencing entitlement to capital and interest payments arising from debt securities (which for the purposes only of paragraphs 24.40 to 24.67 and appendix 2 of this chapter shall mean investments falling within articles 77 and 78 of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001) held by a suitably authorised and regulated financial institution acting as custodian or depository. This chapter only applies to certificates representing debt securities which are "specialist securities" as defined in paragraph 23.1(a).
- 24.41 An issuer of certificates representing debt securities must comply with the listing rules as modified by the provisions of this chapter. Such certificates issued under a programme must be issued in accordance with paragraphs 23.25, 23.26 and 23.33 to 23.44.
- 24.42 *Paragraph deleted - March 1994*
- 24.43 *Paragraph deleted - December 2001*

## **Conditions for listing**

24.44 An issuer of certificates is subject to the following requirements only of chapter 3 and, in the case of an overseas company, paragraph 17.19(a):

### Paragraph

3.2	incorporation
3.14	validity
3.14A	admission to trading
3.15	transferability
3.22	whole class to be listed.

24.45 The issuer of the certificates must be a suitably authorised and regulated financial institution.

24.46 The underlying debt securities must not be assets of the issuer of the certificates and, subject to paragraph 24.47, the certificates must not represent liabilities of the issuer of the certificates. The issuer of the certificates must operate in a jurisdiction where the underlying securities would not form part of its assets on bankruptcy or insolvency.

24.47 The certificates should impose no obligations on their issuer other than to the extent necessary for the protection of the certificate-holders' rights to and the transmission of entitlements of the underlying debt securities.

24.48 The issuer of the underlying debt securities must have debt or equity listed on a stock exchange.

24.49 At the time of issue the payments arising from the underlying debt securities must be sufficient to meet the payments required under the certificates.

## **Methods of bringing securities to listing**

24.50 The requirements of chapter 4 do not apply to issues of certificates covered by this chapter.

## **Listing Particulars**

24.51 *Paragraph deleted - December 2001*

24.52 An issuer of certificates to which this chapter applies preparing listing particulars need only comply with the following provisions of chapter 5, as amended or adapted by chapter 23 and by this chapter.

### Paragraph

5.1	requirement for prospectus or listing particulars
5.2	responsibility
5.6, 5.7, 5.8	form and content
5.9(a),(c),(f),(j),(k) and (l),5.10	submission of draft documents (see paragraph 24.53)
5.11	annotation of drafts
5.12(a),(b)(ii),(d)(ii), (f),(g),(h) and approval (o), 5.13	
5.14 to 5.16	supplementary listing particulars
5.17 and 5.19	omission of information
5.22	omission of material contract from display.

24.53 The requirements set out in paragraph 24.52 are subject to the following modifications:

- (a) draft listing particulars may be submitted to the UK Listing Authority less than 10 clear business days, or in the circumstances where paragraph 5.10 applies, less than 20 clear business days, prior to the intended publication date.

However, they must be submitted as early as possible as any significant delay may affect the listing timetable; and

- (b) the documents referred to in paragraph 5.9(a),(c),(f),(j),(k) and (l) may be submitted to the UK Listing Authority less than 10 clear business days prior to the intended publication date. However, they must be submitted as early as possible as any significant delay may affect the listing timetable. Only one copy of the documents referred to in paragraph 5.9(c),(j),(k) and (l) need be submitted.

24.54 The information required in listing particulars must be in respect of:

- (a) the certificates and their issuer (see paragraph 24.56); and
- (b) the underlying debt securities and their issuer (see paragraphs 24.57 and 24.58).

24.55 The information required in listing particulars is set out below. Information required by chapter 6 should be taken to relate to the certificates in respect of which the application is being made, or to the underlying debt securities to which they relate, as appropriate, and to the issuer of the certificates or to the issuer of the underlying debt securities, as appropriate.

#### **Information required in respect of the certificates and their issuer**

24.56 The listing particulars must contain the following information in respect of the certificates and the issuer:

#### **New applicant**

- (a) where the issuer of the certificates is a new applicant:
  - (i) all the information detailed under the relevant heading in Table II in the appendix to this chapter;
  - (ii) a declaration in the following form:

“Subject as set out below, the issuer whose name appears on page .... accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The information contained herein with regard to [name of issuer of underlying debt securities], its subsidiary undertakings and the [description of underlying debt securities], consists of extracts from or summaries of information contained in financial and other information released publicly by [name of issuer of underlying debt securities] and summaries of certain provisions of [jurisdiction of issuer of underlying debt securities] law. The issuer accepts responsibility for accurately reproducing such extracts or summaries. The issuer accepts no further or other responsibility in respect of such information”; and

- (iii) the information required by paragraph 6.J.14(a) (material contracts) as modified by paragraph 23.11(g);

#### **Listed issuer**

- (b) where the issuer of the certificates is already listed:
  - (i) all the information detailed under the relevant heading in Table II in the appendix to this chapter;
  - (ii) a declaration taking the same form as that set out in (a)(ii) above; and

- (iii) the information required by paragraph 6.J.14(a) (material contracts) as modified by paragraph 23.11(g);

**Additional information**

- (c) information to demonstrate the suitability of the issuer under paragraph 24.45 and the name of the authority regulating the issuer's activities;
- (d) a summary of the issuer's responsibilities and obligations and in particular a statement that the issuer's only obligations in respect of the certificates are to make certain payments as and when payments on the underlying debt securities are received;
- (e) confirmation that under the laws governing the issuer's activities the underlying securities would not form part of the issuer's assets in the event of bankruptcy or insolvency and that there is no credit risk of the issuer attaching to the certificates;
- (f) information on any relevant tax considerations;
- (g) a description of the structure of the transaction and explanation of the flow of funds; a description of any material risks together with any methods whereby they are sought to be addressed; and details of the consequences of an event of default occurring on the underlying debt securities; and
- (h) the names of banks with which the main accounts relating to the transaction are held.

**Information required in respect of the underlying debt securities and their issuer**

24.57 Save where paragraphs 24.58 to 24.60 apply, the listing particulars must contain the following information in respect of the underlying debt securities to the extent that, having made reasonable enquiries, such information is publicly available:

**Issuers other than public sector issuers and state guaranteed issuers**

- (a) where the issuer of the underlying debt securities is not a public sector issuer, and does not benefit from a state guarantee:
  - (i) all the information detailed under the relevant heading in Table II in the appendix to this chapter; and
  - (ii) the names and addresses of the paying agents and trustees or fiscal agents;

**States and their regional and local authorities**

- (b) where the issuer of the underlying debt securities is a state or a regional or local authority:
  - (i) the information required by paragraph 22.7(a), (c), (d), (f) and (g); and
  - (ii) the names and addresses of the paying agents and trustees or fiscal agents; and

**Public sector issuers (other than states and their regional and local authorities) and state guaranteed issuers**

- (c) where the issuer of the underlying debt securities is a public sector issuer other than a state or its regional or local authority, or where the issue benefits both as regards principal and interest from the irrevocable and unconditional guarantee of a state or federated state:



- (i) all the information detailed under the relevant heading in Table II in the appendix to this chapter; and
- (ii) the names and addresses of the paying agents and trustees or fiscal agents:

where underlying debt securities are guaranteed, the information requirements which apply to the issuer of the underlying debt securities should also be applied to the guarantor, depending on whether the guarantor is listed or the guarantor of other listed securities.

### **Circumstances when the issuer of the underlying debt securities is treated as the issuer**

24.58 In the case of an issue of certificates being made with the full co-operation of the issuer of the underlying debt securities, the UK Listing Authority may permit the information required in listing particulars as set out in paragraphs 23.6 to 23.11 or in equivalent offering documents as set out in paragraph 23.12 (as appropriate) to be given by the issuer of the underlying debt securities. In such cases, the issuer of the underlying debt securities must take full responsibility for the information required and the issuer of the certificates need not take any responsibility for that information.

24.59 The UK Listing Authority may treat the issuer of the underlying debt securities as being the issuer for the purposes of the listing rules, if the issue involves an issuing custodian or depositary acting in a trustee capacity and if the following conditions are satisfied:

- (a) the issue of the certificates is made with the full co-operation of the issuer of the underlying debt securities;
- (b) in respect of the issuer of the certificates, the requirements of paragraphs 24.45 to 24.47 are satisfied;
- (c) at the time of issue the payments arising from the underlying debt securities must be sufficient to meet the payments required under the certificates;
- (d) in respect of the certificates for which listing is sought, the following requirements of chapter 3 are satisfied:

#### Paragraph

3.14	validity
3.14A	admission to trading
3.15	transferability
3.22	whole class to be listed

- (e) the issuing custodian or depositary is duly incorporated or otherwise established under the law of the place where it is incorporated or otherwise established and it is in conformity with that law and its memorandum and articles of association;
- (f) under the terms of the trust deed, the issuing custodian or depositary holds on trust for the benefit of certificate holders all monies received from the issuer of the underlying debt securities pursuant to the obligations in respect of the underlying debt securities, subject only to payment of the issuing custodian's or depositary's remuneration and expenses;
- (g) the trust deed or equivalent document complies with the relevant requirements of appendix 2 to chapter 13 (other than those set out in paragraphs 1(a), 2 and 11 to 14 of that appendix); and
- (h) in respect of the issuer of the underlying debt securities, the conditions set out in paragraph 23.4 are satisfied.

24.60 If the conditions in paragraph 24.59 are satisfied, the listing particulars must include:

- (a) in respect of the issuer of the underlying debt securities and those underlying debt securities, the information required by paragraphs 23.9 to 23.11 or 23.12 as appropriate;
- (b) in respect of the issuing custodian or depositary, the information required by paragraphs 6.J.1 to 6.J.4, 6.J.6 and 6.K.1; and
- (c) in respect of the certificates, the information required by paragraphs 23.9 to 23.11 in so far as they relate to information required by paragraphs 6.I.1 to 41.

### **Listing application procedures**

24.61 Issuers of certificates are only subject to the following requirements of chapter 7, as modified or augmented by paragraph 24.62:

#### Paragraph

7.1, 7.2	general
7.5	48 hour documents as follows:
(a)	application form
(b)	listing particulars
(c)	advertisement
(e)	board resolution
(g)(i)	additional documents for new applicants
(j)	bearer securities
(l)	application for admission to trading
7.6	delays in obtaining allotment resolution
7.7(a)	items to be lodged on the day
7.8(e),(f), (g) and (j)	documents to be lodged later
7.9(a) to (g)	additional documents.

24.62 The requirements of paragraph 24.61 are subject to the following modifications and augmentation:

- (a) copies of letters from experts consenting to the inclusion of statements or reports in the listing particulars need not be submitted;
- (b) offering or invitation telexes and other similar documents need not be submitted;
- (c) *Paragraph deleted - August 1995*
- (d) signature of the listing particulars, as required under paragraph 7.5(b), must be by a duly authorised officer, or by an agent or attorney of the issuer and, if applicable, of the guarantor;
- (e) *Paragraph deleted - September 1997*
- (f) *Paragraph deleted - September 1997*
- (g) *Paragraph deleted - September 1997*
- (h) *Paragraph deleted - September 1997*
- (i) *Paragraph deleted - September 1997*
- (j) the copy of any certificate required under 7.5(j) need only be submitted as soon as possible after the consideration of the application for admission to listing.

24.63 Following submission of the relevant documents, listing may be granted, subject to the issue of the securities in question.

## **Publication and circulation**

24.64 Issuers of certificates are only subject to the following provisions of chapter 8, relating to publication of listing particulars, as modified by paragraph 24.65:

### Paragraph

8.1 to 8.3	prior approval
8.4 to 8.5	publication
8.7	advertising
8.8	timing
8.10	formal notice (excluding 8.10 (e))
8.20	supplementary listing particulars (excluding 8.20 (b))
8.21, 8.22	documents available for inspection
8.23 to 8.27	approval and authorisation of advertisements.

24.65 The requirements of paragraph 24.64 are subject to the following modifications:

- (a) as regards paragraph 8.5 (period of time available) the copies of the listing particulars must be made available as soon as possible after their approval and in any event, no later than the day before the date when admission to listing is expected to become effective;
- (b) as regards paragraph 8.7 (advertising), instead of advertising in a national newspaper, advertising may be by notification to a Regulatory Information Service;
- (c) as regards paragraph 8.8 (timing), the formal notice must be advertised as soon as possible after approval of the listing particulars and in any event no later than the day before the date when admission to listing is expected to become effective;
- (d) the issuer and any guarantors' accounts required to be available for inspection by paragraphs 6.C.7(g) or 6.J.7(g) and 8.21 (documents available for inspection) must be accompanied by any interim statements published subsequently. The principles regarding the basis of preparation of financial information set out in paragraph 23.11(k)(v) and (m) may be applied to those accounts and interim statements; and
- (e) as regards paragraph 8.22 (documents available for inspection), the reference to documents listed in paragraph 6.J.7 shall be taken not to include any reference to the directors' service contracts mentioned in paragraph 6.M.2.

## **Continuing obligations**

24.66 Issuers of certificates representing debt securities are subject to the same continuing obligations as issuers of specialist debt securities, as set out in paragraphs 23.22, 23.23 and 23.23A, with the exception of those relating to new issues (paragraph 23.22(e)) and publication of annual accounts (paragraph 23.22(g)). The obligation relating to repurchases (paragraph 15.13) referred to in paragraph 23.22(p)) only applies in circumstances where the proposed repurchase will affect the holders of the certificates.

24.67 Where the issuer of the underlying debt securities is treated as the issuer pursuant to paragraph 24.59, the continuing obligations contained in paragraphs 23.22 to 23.24 (except paragraph 23.22(l)) apply with respect to the issuer of the underlying securities instead of those specified in paragraph 24.66. In addition, any change of issuing custodian or depository is required to be notified. The notification should contain the information required by paragraph 24.60(b) in respect of the new issuing custodian or depository. The new issuing custodian or depository appointed must satisfy the applicable conditions for listing set out above.

## APPENDIX TO CHAPTER 24

1. This appendix sets out the information to be included in listing particulars relating to the issuer of securities underlying warrants (Table I) and relating to certificates representing debt securities (Table II).
2. Where the information required by a particular paragraph is inappropriate to the issuer's sphere of activity or legal form, the information must be appropriately adapted so that equivalent information is given.
3. Negative statements are required only where so indicated in the paragraphs.
4. The information required by Table I should be given insofar as it is publicly available after reasonable enquiry by the issuer or its advisers.

**TABLE I: ISSUER OF SECURITIES UNDERLYING WARRANTS**

	<u>Warrants relating to shares</u>	<u>Warrants with rights to acquire shares</u>	<u>Warrants relating to debt securities</u>	<u>Warrants with rights to acquire debt securities</u>
The securities	6.B.19	6.B.9(a),10,11 19,24	6.I.31	6.I.8(a),9,26, 27,31
The issuer and its capital	6.C.1,2	6.C.1,2	6.J.1, 2	6.J.1, 2

## CHAPTER 25

### INNOVATIVE HIGH GROWTH COMPANIES

#### Scope of chapter

This chapter is intended to enable innovative high growth companies without a three year trading record to raise finance by listing their securities if the criteria set out below are satisfied.

Companies will be eligible for listing under the rules set out in this chapter if they are able to demonstrate to the satisfaction of the UK Listing Authority that the company's business is innovative in nature, whether through the development of new products and/or services or new methods of business, and whose activities can be expected to generate significant organic growth in revenues.

Due to the nature of applications pursuant to this chapter it will be necessary to contact the UK Listing Authority at an early stage to discuss an applicant's eligibility for listing. The consideration of the eligibility of any applicant under the provisions of this chapter may raise issues that will require variations or additions, as appropriate, to the rules set out in this chapter.

The main headings are:

- 25.1 general
- 25.3 conditions for listing
- 25.5 non-financial operating data reporting procedures
- 25.6 listing particulars
- 25.13 continuing obligations

#### **General**

- 25.1 The UK Listing Authority may list the securities of an innovative high growth company which cannot comply with paragraphs 3.3(a) (audited accounts for three years) or 3.6 (nature and duration of business activities) if the company otherwise complies with the listing rules as modified by the provisions of this chapter. A company which falls within the relevant definition of any of chapters 18, 19, 20, 21 or 26 must comply with the requirements of that chapter.
- 25.1A In the case of a new applicant seeking admission under the provisions of this chapter, the financial record for the period of existence of a business activity must be presented for up to three years and the latest accounts, if any, must be in respect of a period ended not more than six months prior to the date of the listing particulars. The company must comply with paragraph 3.3(b) to (e) in respect of this financial information. Where a company chooses to include quarterly report information since the latest accounts, this must also be prepared in accordance with paragraphs 3.3(b) to (e). The complete financial record of the business should be presented, including any significant business start-up costs and development costs incurred prior to its incorporation.
- 25.2 The UK Listing Authority reserves the right to require the presentation to it of material such as market research and financial projections to assist it assess the eligibility of an applicant. This information may be shared with the UK Listing Authority's independent expert advisers.

#### **Conditions for listing**

- 25.3 A new applicant to which this chapter applies must satisfy the requirements of chapter 3 except for paragraphs 3.3(a) (audited accounts for three years) and 3.6 (nature and duration of business activities) (see paragraph 25.1) and in addition must:
- (a) demonstrate its ability to attract funds from sophisticated investors;
  - (b) bring the securities to the Official List in conjunction with a marketing of new or

existing securities. The aggregate value of the securities subject to the marketing must exceed £20 million unless the UK Listing Authority otherwise agrees. An application under these rules which appears to be primarily intended to provide existing shareholders with a market for their shares will be rejected; and

- (c) have a market capitalisation, at the time of listing, of at least £50 million (based on the issue price and shares in issue on admission).

25.4 For the purposes of paragraph 3.8 (directors), the directors and senior managers of the company must be able to demonstrate that they have, collectively, the knowledge and experience necessary for the development of the issuer's activities, including technical, financial, marketing and, if appropriate, manufacturing experience.

### **Non-financial operating data reporting procedures**

25.5 In the case of a new applicant to which this chapter applies or, in exceptional circumstances where the UK Listing Authority so requires of a listed issuer to which this chapter applies, the sponsor must:

- (a) obtain written confirmation from the issuer that the directors have established procedures which provide a reasonable basis for them to make proper judgements as to the reporting of non-financial operating data of the issuer and its group; and
- (b) be satisfied that this confirmation has been given after due and careful enquiry by the issuer.

### **Listing particulars**

25.6 The listing particulars of a new applicant under this chapter must comply with the requirements of chapter 5 and must contain:

- (a) a prominent statement confirming that the company is making its application for listing under the provisions of this chapter;
- (b) in a separate prominent section, entitled "Business development and prospects", a detailed explanation of the issuer's business plan and strategic objectives, including, in particular, the development in the foreseeable future of new sales markets, new products and/or services, the introduction of new methods of business, processes or technology, and the assumptions upon which the plan is based. This section should include the issuer's commentary on key milestones in the development of the business;
- (c) in another separate prominent section, entitled "Risk factors", full details and an explanation of the risks associated with the business and in particular, any factors which could have a substantial adverse effect on the issuer's financial condition or which could endanger the issuer's business success;
- (d) where the issuer's products and/or services are unproven, an independent report or reports (see also paragraph 25.8) on the products and/or services underpinning the company's business strategy;

- (e) an explanation of capital expenditure plans and financial commitments together with an estimate of the funding requirements of the business for a period of two years following the listing and a statement explaining how these requirements will be met, under current estimates, with reference to existing resources and the proceeds of any issue of securities made at the time of listing; and
- (f) 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 must 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.

25.7 The listing particulars must also give, in relation to each of the new applicant's products and services the development of which may have a material effect on the future prospects of the company, a full description of:

- (a) the type of product and/or services being developed;
- (b) the expected advantages of the product and/or services including any appropriate technical information;
- (c) the nature and effectiveness of the research and development undertaken, if relevant;
- (d) the development status of the product and/or service including the results of validations, if relevant;
- (e) in relation to any product or technologies undergoing validation, any material information relating to the prospects of the successful completion of such validation;
- (f) all material information relating to any relevant intellectual property rights of the company, including:
  - (i) the extent to which such rights are registered or unregistered;
  - (ii) the extent to which such rights comprise confidential or proprietary information;
  - (iii) the exact status of any patent position, which must include details of the nature of the applications filed, the expected timetable in relation to any patents pending and the potential impact of any significant prior applications by third parties;
  - (iv) the copyright position in relation to any software which is a part of or connected with the product;
  - (v) any third party rights which could affect the development or operation of the company's business; and
  - (vi) the extent to which the company relies on any intellectual property rights of third parties;
- (g) the extent to which the development of the company's business is dependent on any key individuals, identifying the individuals concerned;
- (h) the current or expected market competitors;
- (i) the basis of any claimed market potential; and

- (j) the future strategy of the company regarding the generation of significant revenues from the product and/or services, including:
  - (i) whether the company intends to implement the strategy itself or in collaboration with others;
  - (ii) the extent to which the company will need to rely on third parties to exploit the company's products or services;
  - (iii) where the company intends to collaborate with others in relation to the implementation of the strategy, details (including the consideration and parties) and the financial effect of any agreement or intended agreement; and
  - (iv) if the strategy varies according to the expected major markets for the product, an explanation of any geographical or segmental variants.

### **Independent report**

- 25.8 Where required by paragraph 25.6(d), the listing particulars must include a report or reports by an organisation or organisations assessing:
- (a) the merits of the company's products and/or services;
  - (b) the company's business plan, including the critical path and timescale to commercial exploitation and any projections of the market potential for the company's products and/or services; and
  - (c) the risk factors which might affect the company's business plan.

Each report must also include a summary of the instructions pursuant to which it has been prepared. Each reporting organisation must be independent of the company and be of demonstrable high standing, repute and expertise in the field concerned and must confine the opinions expressed to matters within its expertise.

### **Non-financial operating data**

- 25.9 When an issuer listed under the provisions of this chapter publishes non-financial operating data in listing particulars, that data must have been derived from sources covered by the confirmation required under paragraph 25.5 and must comply with paragraphs 25.10 and 25.11.
- 25.10 Non-financial operating data includes any information, statistics, ratios or other data which purports to represent the performance of the issuer's business activities and which cannot be sourced or derived from the issuer's financial data included in the listing particulars pursuant to the requirements of chapter 12.
- 25.11 Any non-financial operating data must be clearly identified as such in the listing particulars and must be presented in a summarised form together with details of the definitions and basis of preparation adopted. The listing particulars must clearly state the purpose for which the information has been prepared. The listing particulars should also include a clear statement that the non-financial operating data is that used by the directors in managing the issuer's business and that such data will be reported in subsequent interim and annual reports.



- 25.12 Where non-financial operating data is published in the listing particulars, the sponsor must:
- (a) obtain written confirmation from the issuer that the non-financial operating data published in the listing particulars has been properly extracted from the issuer's records; and
  - (b) be satisfied that this confirmation has been given after due and careful enquiry by the issuer.

## **Continuing obligations**

### **Quarterly reporting**

- 25.13 A company with securities listed under the provisions of this chapter must prepare and publish (by notifying it to a Regulatory Information Service) a report, on a group basis where relevant, on its activities for each quarter of each financial year. The quarterly report shall contain financial data and non-financial operating data relating to the business operations and the results of the issuer for the reporting period, including explanatory notes thereto.
- 25.14 The first quarterly report shall cover the first three months, the half-yearly report shall cover the first six months and the third quarterly report shall cover the first nine months of the financial year. A fourth quarterly report will not be required if the fourth quarter ends with the financial year end.
- 25.15 First and third quarterly reports shall be prepared in accordance with the provisions of paragraphs 12.46 to 12.60. Where the figures in the quarterly report have been audited or reviewed by auditors pursuant to guidance published by the Auditing Practices Board on Review of Interim Financial Information, the report of the auditors must be reproduced in full.

### **Non-financial operating data**

- 25.16 Where the issuer's listing particulars contain non-financial operating data as key measures of the development of the company's business, the issuer must include comparative data for all such figures in its subsequent quarterly and half-yearly reports and in the annual financial statements, unless otherwise agreed by the UK Listing Authority.

### **Transactions**

- 25.17 A company with securities listed under the provisions of this chapter which is considering a transaction must consult the UK Listing Authority at an early stage to establish whether industry specific tests need to be submitted in substitute for or in addition to the standard classification tests set out in paragraph 10.5.
- 25.18 Where the provisions of paragraph 10.4(d) apply, as a consequence of an acquisition of a business without a three year track record which would result in a fundamental change in the business activities of the issuer, the enlarged group must comply with the requirements of this chapter or, where appropriate, chapters 3, 18, 19, 20, 21 or 26.
- 25.19 When a new applicant, listing under the provisions of this chapter, has acquired or has agreed to acquire an undertaking or assets prior to listing, the provisions of paragraphs 12.5 and 12.6 apply. In addition for the purposes of the information requirements set out in paragraph 25.6 that other undertaking and its subsidiary undertakings must be treated as part of the new applicant's group.

25.19A Where a company with securities listed under the provisions of this chapter undertakes a class 1 acquisition within the first year following admission and this acquisition was not referred to explicitly in its statement of funding requirements under the provisions of paragraph 25.6 (e), a new statement is required for the Enlarged Group in respect of the remaining months of the original two-year period incorporated in the funding requirements statement.

**Subsequent announcements relating to lock-in arrangements**

| 25.20 An issuer must notify a Regulatory Information Service without delay of information relating to the disposal of shares by way of an exception allowed within the lock-in arrangements disclosed under paragraph 25.6(f) above.

| 25.21 Subject to the requirements of chapter 11, an issuer must notify a Regulatory Information Service without delay of the details of any variation of the lock-in arrangements disclosed under paragraph 25.6(f) above or by way of subsequent announcement under this paragraph.

## CHAPTER 26

### VENTURE CAPITAL TRUSTS

#### Scope of chapter

This chapter sets out the requirements for the listing of the securities of companies which are or which are seeking to become venture capital trusts.

The main headings are:

- 26.1 definitions
- 26.2 general
- 26.3 conditions for listing
- 26.4 methods of bringing securities to listing
- 26.5 listing particulars
- 26.8 continuing obligations
- 26.9 transactions
- 26.14 loss of tax status
- 26.15 venture capital trusts which are also investment trusts

Companies which are seeking to qualify as an investment trust as well as a venture capital trust are advised to consult the UK Listing Authority at an early stage.

#### **Definitions**

- 26.1 For the purposes of this chapter, “venture capital trust” means a company which is, or which is seeking to become, approved as a venture capital trust under section 842AA of the Income and Corporation Taxes Act 1988.

#### **General**

- 26.2 A venture capital trust with or seeking a listing must comply with the rules contained in this chapter in addition to all other applicable listing rules.

#### **Conditions for listing**

- 26.3 A venture capital trust must comply with the conditions for listing, set out in chapter 3, subject to the following modifications and additional conditions:
- (a) if it has been in existence for more than three years, it must have obtained confirmation from the Inland Revenue that it qualifies as a venture capital trust or if it has been in existence for less than three years, it must have obtained provisional approval from the Inland Revenue;
  - (b) it must satisfy the UK Listing Authority that its directors and any investment managers have sufficient and satisfactory experience (usually over at least the preceding three years) in the management of a portfolio of unquoted investments of the size and type in which the venture capital trust proposes to invest;
  - (c) its board of directors must be able to demonstrate that it will act independently of any investment managers of the venture capital trust. In particular, a majority of the board must not be directors or employees, or former directors or employees of, or professional advisers to, the investment managers or any other company in the same group as the investment managers;

- (d) until such time as it has obtained approval as a venture capital trust from the Inland Revenue, it must not control the companies in which it invests in such a way as to render them subsidiary undertakings;
- (e) none of its investments, other than in a venture capital trust or a company which would qualify as a venture capital trust if it were listed, must represent more than 15% by value of its investments;
- (f) paragraph 3.3(a) (audited accounts for three years), paragraph 3.6 (nature and duration of business activities) and paragraph 3.10 (working capital) do not apply;
- (g) if it is a new applicant which has produced accounts, those accounts must have been audited in accordance with paragraph 3.3(d) and the audit reports must contain no qualification or reference to a matter of fundamental uncertainty; and
- (h) not more than 20% of its gross assets may be invested in the securities of companies which are property companies as defined in Chapter 18.

### **Methods of bringing securities to listing**

26.4 A venture capital trust must comply with chapter 4 which deals with the methods of bringing securities to listing.

### **Listing particulars**

26.5 A venture capital trust must comply with the requirements relating to listing particulars set out in chapter 5 as modified by this chapter and, in the case of a venture capital trust which is an overseas company, by chapter 17. Listing particulars must contain:

- (a) a clear description of the risks involved in investing in venture capital trusts, setting out both the risks arising from the nature of the companies in which the venture capital trust invests and the potential disadvantage to investors if the venture capital trust fails at any time to comply with Inland Revenue requirements;
- (b) a description of the investment policy to be followed;
- (c) details of the investment management experience of the directors and investment managers;
- (d) details of the terms and duration of appointment of the investment managers, the basis for their remuneration and any arrangements relating to the termination of their appointment;
- (e) details of the basis (if any) on which management expenses may be charged to capital;
- (f) a statement that the condition set out in 26.3(d) will be met and that the conditions set out in paragraph 26.3(b), (c), (e) and (h) will continue to be met;
- (g) a statement that the venture capital trust has received approval or provisional approval, as appropriate, from the Inland Revenue and that it intends to comply with section 842AA of the Income and Corporation Taxes Act 1988;
- (h) a list of all investments made, or to be made (if known), with a value of greater than 5% of the gross assets of the venture capital trust and at least the 10 largest investments, stating:
  - (i) a brief description of the business;

- (ii) the proportion of capital owned or intended to be owned;
  - (iii) the voting rights attributable to the shares owned;
  - (iv) the cost of the investment;
  - (v) the value of the investment at the latest practicable date;
  - (vi) the method of valuation; and
  - (vii) brief details of the results and net assets taken from the most recent audited accounts, including at least profit before tax, retained profit and net assets;
- (i) the total of provisions made against unlisted investments, the amounts written off such investments in each of the latest three financial years and details of any individual provision or write off which exceeded 5% of the gross assets of the venture capital trust;
  - (j) in the case of a venture capital trust which is a new applicant, a justification of the aggregate value of any investments already held or contracted to be acquired in the form either of an independent report or a reconciliation to audited accounts;
  - (k) a full description of the methods of valuation used including a justification of any method of valuation which does not conform with the Guidelines for the Valuation and Disclosure of Venture Capital Portfolios issued by the British Venture Capital Association; and
  - (l) a statement of the policy of distribution of income and capital profits.
- 26.6 A venture capital trust need not comply with paragraph 6.E.16 (working capital).
- 26.7 A newly formed venture capital trust must include in its listing particulars a statement by the directors of the date on which the company was incorporated and registered and a statement that the company has not traded and that no accounts have been made up.
- 26.8 Listing particulars must not include information the purpose of which appears to the UK Listing Authority to be to promote the products or services of the investment managers or any other organisation.
- 26.8A Statements of expected yield or forecasts of dividends will not be treated as profit forecasts even if they fall within the scope of paragraph 12.23 provided they are clearly stated not to be profit forecasts.

### **Continuing obligations**

- 26.9 A venture capital trust must comply with the applicable continuing obligations set out in the listing rules, modified in the case of a venture capital trust which is an overseas company by chapter 17. In addition, the following requirements or modifications apply:
- (a) a venture capital trust must continue to comply with paragraphs 26.3(c), (e) and (h);
  - (b) the total value of funds to be raised in any twelve month period by a listed venture capital trust should not exceed the total amount of venture capital funds managed by that trust's manager, or directors where relevant, for at least the preceding three years;
  - (c) in addition to the requirements of chapter 12 (financial information), a venture capital trust must include in its annual report and accounts:

- (i) a list of all investments with a value of greater than 5% of its gross assets and at least the 10 largest investments including the information specified under paragraph 26.5(h) with respect to each investment so listed;
  - (ii) details of provisions as required by paragraph 26.5(i);
  - (iii) details of the method of valuation of investments as required by paragraph 26.5(k); and
  - (iv) details of any investments made in any company in which other funds managed by the same investment manager have also invested; and
- (d) in the case of a venture capital trust with no executive directors:
- (i) paragraph 12.43A(a) does not apply in respect of Combined Code principles B.1 to B.3;
  - (ii) paragraph 12.43A(b) does not apply in respect of Combined Code provisions B.1.1 to B.1.10, B.2.1 to B.2.6 and B.3.1 to B.3.5; and
  - (iii) paragraph 12.43A(c) does not apply.

## **Transactions**

- 26.10 The provisions of chapter 10 apply to venture capital trusts except for transactions which fall within the stated investment policies of the venture capital trust.
- 26.11 The provisions of chapter 11 apply to venture capital trusts. For this purpose, a related party includes any investment manager of the venture capital trust and a transaction includes any arrangement by which a venture capital trust takes an interest in a company in which its investment manager has invested or intends to invest on its own account, unless the investment is made either at the same time and on the same terms or in accordance with a pre-existing agreement between the venture capital trust and the investment manager.
- 26.12 Where a venture capital trust enters into a transaction with another fund managed by the same investment manager, this will be treated as a related party transaction.
- 26.13 Where a venture capital trust intends to invest in a company in which another fund managed by the same investment manager has invested or intends to invest, the investment must be approved by the directors of the venture capital trust who are independent of the investment manager unless the investment is made either at the same time and on the same terms or in accordance with a pre-existing agreement between the venture capital trust and the investment manager.

## **Loss of tax status**

- 26.14 If at any time a venture capital trust loses its tax status under section 842AA of the Income and Corporation Taxes Act 1988, it must advise the UK Listing Authority and the listing of its shares will normally be suspended until such time as it has published proposals either to continue trading as an investment company or to be wound up.

**Venture capital trusts which are also investment trusts**

26.15 A venture capital trust which is also an investment trust and which either has or is seeking a listing, must comply with the rules contained in this chapter. In addition, the following provisions will apply to such a venture capital trust:

- (a) in evaluating an application for listing, paragraphs 21.2 (b), (c) and (d);
- (b) as a condition of listing, paragraph 21.9(c) and the requirements laid down for investment trusts in section 842 of the Income and Corporation Taxes Act 1988;
- (c) in relation to contents of listing particulars, paragraphs 21.13(b), 21.13(c) (iii) to (ix) (such information to be modified appropriately for investments other than shares), 21.13(d), (e), (h) and (k) and 21.14(b);
- (d) in relation to continuing obligations, paragraph 21.20(h); and
- (e) in relation to annual accounts, paragraph 21.22(a), (b), and (d) to (g).





## CHAPTER 27

### STRATEGIC INVESTMENT COMPANIES

#### Scope of chapter

This chapter is intended to enable strategic investment companies to raise funds and have their securities admitted to listing if the criteria set out below are satisfied. Strategic investment companies are not passive investors and the provisions of chapter 21 are not therefore available to them.

Companies will be eligible for listing under the rules set out in this chapter if they can satisfy the UK Listing Authority that the company's principal business objective is the holding of minority stakes in other companies and entities and that it seeks to control or exercise influence over the management of those companies or entities in which it invests. Strategic stakes are usually non-passive in nature and the investing company often seeks to influence the board of an investee company in order to maximise the value of its investment returns.

The main headings are:

- 27.1 Definition
- 27.2 General
- 27.5 Conditions for listing
- 27.6 Listing particulars
- 27.7 Continuing obligations

#### **Definition**

- 27.1 "Strategic investment company" means an investment entity whose principal business objective is the holding of minority stakes in other companies and entities and which seeks to control or exercise influence over the management of those companies or entities in which it invests.

#### **General**

- 27.2 The UK Listing Authority may admit to listing the securities of a strategic investment company which cannot comply with paragraphs 3.3(a) (audited accounts for three years) or 3.6 (nature and duration of business activities) if the company otherwise complies with the listing rules as modified by the provisions of this chapter.
- 27.3 The UK Listing Authority may require the presentation to it of material such as the applicant's business plan, financial projections and its investment strategy to assist the UK Listing Authority in assessing the eligibility of an applicant.

- 27.4 A Strategic investment company must comply with all the continuing obligations set out in the listing rules, including the transaction rules set out in chapter 10, as modified by the provisions of this chapter and, in the case of overseas companies, also by chapter 17.

### **Conditions for listing**

- 27.5 In the application of chapter 3 to a strategic investment company, the requirements of paragraphs 3.3(a) (audited accounts for three years) and 3.6 (nature and duration of business activities) are modified as follows:
- (a) the company must satisfy the UK Listing Authority that those responsible for managing its investments have adequate experience and, in particular, it must satisfy the UK Listing Authority that its directors and senior managers collectively have sufficient and satisfactory experience (usually over a three year period) in the strategic management of investments of the size and type in which the company proposes to invest;
  - (b) the company must demonstrate its ability to attract significant funds from sophisticated investors;
  - (c) the company must bring the securities to the Official List in conjunction with a marketing of new securities. The aggregate value of the new securities subject to the marketing must be not less than £20m. An application under these rules which appears primarily intended to provide existing shareholders with a market for their shares will be rejected;
  - (d) the company must be an established investor in the type of investments described in its investment policy statement (see paragraph 27.6(d));
  - (e) the company must have a market capitalisation on admission of at least £100m (based on the issue price and shares in issue on admission); and
  - (f) the company must have invested in at least five investments, no one of which may represent more than the higher of 20% of the total amount invested and 25% by value of the total portfolio.

### **Listing Particulars**

- 27.6 The listing particulars of a strategic investment company must comply with the requirements of chapter 5 and in addition must contain:
- (a) a prominent statement confirming that the company is making its application for listing under the provisions of this chapter;
  - (b) in a separate prominent section, entitled "Risk factors", full details and an explanation of the risks associated with the company and with the investee businesses and in particular, any factors which could have a substantial adverse effect on the issuer's financial condition or which could endanger the issuer's business success;

- (c) details of the experience of the directors and senior managers of the company and of any investment managers in the management of investments of the size and type in which the company intends to invest;
- (d) a description of the investment policy to be followed and a statement that this investment policy will, in the absence of unforeseen circumstances, be adhered to for at least three years following listing and that any material change in the policy within that period may only be made following shareholder approval;
- (e) a description of how the company proposes to develop its strategic relationships with its investee companies going forward, distinguishing where appropriate between subsidiary companies, associates and other investments;
- (f) a list of all material investments and at least the 10 largest investments (including loans, debt securities or derivatives) made or to be made (if known), stating, in relation to any company or group in which each investment is made:
  - (i) a description of the business;
  - (ii) the proportion of capital owned or intended to be owned, distinguishing where appropriate between subsidiary companies, associates and other investments;
  - (iii) the cost of the investment and aggregate market value (if any) at the latest practicable date;
  - (iv) a directors' valuation at the latest practicable date, if different from the market value in (iii), or if there is no market value a statement to that effect;
  - (v) the method of valuation;
  - (vi) the value and terms of any loans made by the issuer and details of any provisions made against them, with an explanation as to the reasons why any provisions have been made;
  - (vii) the earnings or loss per share for the latest financial year;
  - (viii) the dividend per share received in the most recent financial year (including any abnormal dividends or other payments) if any;
  - (ix) the dividend cover or underlying earnings for the latest financial year; and
  - (x) the net assets attributable to the investment as at the date of the latest audited balance sheet;and the information required in (i) to (x) above shall be modified appropriately for investments other than shares;
- (g) details of all other investments (if any) made during the three years prior to the publication of listing particulars, or, if shorter, the company's period of operation;
- (h) an analysis of any provision for diminution in value of investments, naming the investments against which provision has been made and stating in respect of each investment:
  - (i) the cost;

- (ii) the provision made;
  - (iii) the book value; and
  - (iv) the reason for the provision;
- (i) an analysis of any realised or unrealised surpluses, stating separately profits and losses as between investments listed on any stock exchange and those not so listed;
  - (j) 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 must 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; and
  - (k) the name of any company or group (if other than the issuer) which manages the investments, together with a summary of the terms and duration of its appointment, the basis for its remuneration and any arrangements relating to the termination of its appointment.

### **Continuing obligations**

27.7 In the application of the continuing obligations to strategic investment companies set out in the listing rules, the following additional requirements and modifications apply:

- (a) the issuer must include in its annual report and accounts a list of all material investments and at least the 10 largest investments (including debt securities or derivatives), stating, with comparative figures where relevant, the value and the other information specified under paragraph 27.6(f) and 27.6(h);
- (b) a company with securities listed under the provisions of this chapter must prepare and publish (by notifying it to a Regulatory Information Service) a report, on a group basis where relevant, on its activities for each quarter of each financial year. The quarterly report shall contain financial data and the results of the issuer for the reporting period, including explanatory notes thereto;
- (c) the first quarterly report shall cover the first three months, the half-yearly report shall cover the first six months and the third quarterly report shall cover the first nine months of the financial year. A fourth quarterly report will not be required if the fourth quarter ends with the financial year end;
- (d) first and third quarterly reports shall be prepared in accordance with the provisions of paragraphs 12.46 to 12.60. Where the figures in the quarterly report have been audited or reviewed by auditors pursuant to guidance published by the Auditing Practices Board on Review of Interim Financial Information, the report of the auditors must be reproduced in full;
- (e) where the issuer's listing particulars contain non-financial operating data as key measures of the development of any of its investment businesses, the issuer must include comparative data for all such figures in its subsequent quarterly and half yearly reports and in the annual financial statements, unless otherwise agreed by the UK Listing Authority;
- (f) the company must at all times be invested in at least five investments; and

- (g) not more than 20% of the gross assets of the issuer (less cash deposits awaiting investment) may be lent to or invested in the securities of any one company or group at the time the investment or loan is made. For this purpose, any existing holding in the company concerned must be aggregated with the proposed new investment.

### **Transactions**

- 27.8 A company with securities listed under the provisions of this chapter which is considering a transaction must consult the UK Listing Authority at an early stage to establish whether industry specific tests need to be submitted in substitution for or in addition to the standard classification tests set out in paragraph 10.5.

### **Subsequent announcements relating to lock-in arrangements**

- 27.9 An issuer must notify a Regulatory Information Service without delay of information relating to the disposal of shares by way of an exception allowed within the lock-in arrangements disclosed under paragraph 27.6(j) above.
- 27.10 Subject to the requirements of chapter 11, an issuer must notify a Regulatory Information Service without delay of the details of any variation of the lock-in arrangements disclosed under paragraph 27.6(j) above or by way of subsequent announcement under this paragraph.



## **RULES FOR APPROVAL OF PROSPECTUSES WHERE NO APPLICATION FOR LISTING IS MADE**

### **Introduction**

The rules set out below are made pursuant to section 87 of the Act which permits listing rules to provide for the submission to and approval by the UK Listing Authority of a prospectus where no application for listing is made in respect of the securities to which the prospectus relates.

### **General**

1. These rules apply where the following conditions are satisfied:
  - (a) a prospectus is to be published in relation to securities which are to be offered to the public in the United Kingdom for the first time and in respect of which no application for admission to listing has been made; and
  - (b) the securities are to be offered to the public, or are to be the subject of an application for admission to official listing, in another member state simultaneously with, or within a short interval (which the UK Listing Authority will normally consider to be three months) of, the offer in the United Kingdom.
2. Where these rules apply, the prospectus may be submitted by the issuer or, with the consent of the issuer, by the offeror to the UK Listing Authority for approval. Such a prospectus must comply with these rules with respect to the contents, and the procedures for submission to and approval by the UK Listing Authority, and for the publication, of the prospectus.
3. References in these rules to an "issuer" are to the issuer of the securities to which the prospectus relates.

### **Submission and approval of prospectus**

4. The provisions of chapter 5 apply to a prospectus submitted for approval under these rules as they apply to a prospectus required under paragraph 5.1(a), with the exceptions, modifications and adaptations set out in paragraphs 5 to 11 of these rules.
5. Paragraph 5.1(a), (b), (f) and (g), paragraphs 5.5, 5.6, 5.8, 5.9, 5.10, 5.12, 5.17, 5.23A to 5.33 and appendix 2 to chapter 5 do not apply. Paragraph 5.23 applies as if paragraph 5.23(a) and the words "in respect of which the application for listing is made" were omitted. Appendix 1 to chapter 5 applies subject to the modifications set out in the appendix to these rules.
6. The following documents must be submitted in draft to the UK Listing Authority at least 10 clear business days, or such longer period as may be necessary in the circumstances to allow proper consideration and consequent amendment and resubmission of the prospectus, prior to the intended publication date:
  - (a) the prospectus and any cover; and
  - (b) the letters referred to in paragraphs 10(c) and (d) of these rules.
7. The following items must be lodged with the UK Listing Authority (marked for the attention of Listing Department) prior to or at the same time as submission of the first draft of the prospectus for approval:
  - (a) payment of £5,000 being the UK Listing Authority's fee in respect of a prospectus submitted for approval under these rules;
  - (b) written confirmation from the issuer or the offeror to the UK Listing Authority that the conditions referred to in paragraph 1 are satisfied; and

- (c) where the prospectus is submitted by an offeror, a letter to the UK Listing Authority from the issuer confirming that the issuer has consented to the prospectus being submitted to the UK Listing Authority for approval.
8. The prospectus must contain the items of information set out in chapter 6 required by the appendix to these rules.
9. If any information required by paragraph 8 of these rules is not applicable and no equivalent information is available it need not be included in the prospectus provided that the UK Listing Authority is informed in writing by the issuer or the offeror (see paragraph 10(c) of these rules).
10. The prospectus must be formally approved by the UK Listing Authority before publication. Such approval will only be given if the UK Listing Authority considers that the information in the prospectus is complete. The following documents must, where applicable, be submitted to the UK Listing Authority in final form (marked for the attention of the Listing Department), before formal approval of the prospectus will be given:
- (a) a letter from the issuer or the offeror confirming that the prospectus contains all the information required by paragraph 8 of these rules;
  - (b) a letter from the issuer or offeror containing the confirmation referred to in paragraph 10 of appendix 1 to chapter 5 (letter in relation to paragraph 6.E.11(d) or 6.L.8 (d));
  - (c) a letter from the issuer or the offeror as referred to in paragraph 9 of these rules (the non-applicable letter);
  - (d) the letter from the issuer or the offeror as referred to in paragraph 5.21 (omission of information);
  - (e) a copy of the certificate of incorporation or equivalent document of the issuer; and
  - (f) any other document of which the UK Listing Authority has informed the issuer or the offeror in advance.
11. Paragraph 5.14 (supplementary prospectus) applies as if, for the words “before dealings in the relevant securities commence”, there were substituted the words “before the end of the period during which the offer to which the prospectus relates remains open”.

**Publication**

12. The prospectus must be published in accordance with the requirements of the Public Offers of Securities Regulations 1995.
13. Paragraphs 8.1, 8.2, 8.3 and 8.21 apply to a prospectus submitted for approval under this chapter as they apply to a prospectus required under paragraph 5.1(a).
14. The documents listed in paragraph 6.C.7(d) and (e) or 6.J.7(e) must be made available for inspection by the issuer or the offeror, during normal business hours, for a period of not less than 14 days from the date of the prospectus or for the duration of an offer to which the prospectus relates, if longer, at a named place in or near the City of London (or such other place as the UK Listing Authority may agree in the United Kingdom).



15. Where a prospectus is, or is to be, published, a document or advertisement (excluding a prospectus) which is to be issued in the United Kingdom by the issuer or the offeror for the purpose of announcing a public offer must be submitted to the UK Listing Authority before its issue.
16. Any document or advertisement described in paragraph 15 of these rules must contain:
- (a) a statement that a prospectus has been or will be published; and
  - (b) the addresses and times at which copies of the prospectus are or will be available to the public.
17. Press releases and other advertisements that merely include a reference to a public offer are not required to be submitted to the UK Listing Authority under paragraph 15 of these rules.

### Appeals

18. Any decision of the UK Listing Authority in relation to these rules may be appealed by the issuer or the offeror in accordance with the procedures set out in the UKLA Guidance Manual.

## APPENDIX

1. Appendix 1 to chapter 5 applies to a prospectus submitted for approval where no application for listing is made with the modifications set out below.
2. Paragraphs 4, 7 and 9 of appendix 1 to chapter 5 do not apply.
3. The information required by Tables I to VII in appendix 1 to chapter 5 shall not include information required by the following paragraphs of chapter 6:
  - 6.A.7 to 6.A.9
  - 6.B.1, 6.B.23 to 6.B.27
  - 6.C.7(a) to (c), (f) and (g), 6.C.19 to 6.C.23
  - 6.E.2, 6.E.14 to 6.E.16
  - 6.F.2, 6.F.10 to 6.F.13
  - 6.G.2
  - 6.H.7 to 6.H.9
  - 6.I.1, 6.I.34 to 6.I.41
  - 6.J.7(a) to (d),(f) and (g), 6.J.13 to 6.J.17
  - 6.L.2, 6.L.10
  - 6.M.2
  - 6.N.2
4. In any case where an issuer has a financial record of less than three years, references in the paragraphs mentioned below are to be read as references to such shorter periods (if any) for which accounts have been published or filed:

#### Shares

6.A.4  
6.A.5  
6.D.3  
6.D.10  
6.D.11  
6.E.4  
6.E.5  
6.E.6  
6.E.10

#### Debt securities

6.H.4  
6.H.5  
6.K.3  
.....  
6.K.8  
.....  
.....  
.....  
6.L.7



**SCHEDULE 1**  
**SPONSOR'S UNDERTAKING**

*Schedule deleted – December 2001*



**SCHEDULE 1A**

**SPONSOR’S CONFIRMATION OF INDEPENDENCE**

To: UK Listing Authority .....20....

Full name of sponsor: ..... (“the sponsor”)

Full name of issuer: ..... (“the issuer”)

I,....., a partner/director of the above sponsor, or an officer duly authorised to give this declaration:

- (a) hereby notify you that a director, partner or employee of the sponsor who is directly involved in the sponsor activities of the sponsor in relation to the issuer has an interest in a class of share, debt or loan capital of the issuer or any other company in the issuer’s group;

<u>Issuer or group company</u>	<u>Nature of holding</u>	<u>Holding</u>	<u>%</u>	<u>Name of beneficial owner</u>
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or

- (b) hereby confirm that no director, partner or employee of the sponsor who is directly involved in the sponsor activities of the sponsor in relation to the issuer has any interest in any class of share, debt or loan capital of the issuer or any other company in the issuer’s group;

and either

- (c) hereby notify you of the following interests of the sponsor (and any company in the sponsor’s group) (being all such interests of which the sponsor or the compliance department is aware) in the shares, debt or loan capital of the issuer or any other company in the issuer’s group.

<u>Issuer or group company</u>	<u>Nature of holding</u>	<u>Holding</u>	<u>%</u>	<u>Name of beneficial owner</u>
------------------------------------	------------------------------	----------------	----------	-------------------------------------

(Holdings by exempt fund managers and exempt market makers’ holdings may be excluded. Holdings of the type exempted from disclosure under Section 209 of the Companies Act 1985 may be excluded. “Group company” includes any company whose results are consolidated into the ultimate holding company’s statutory accounts).

or

- (d) hereby confirm that the above sponsor (or any company in the sponsor’s group) has no interest (of which the sponsor or the compliance department is aware) in any class of share, debt or loan capital of the issuer or any other company in the issuer’s group;

and either

- (e) hereby notify you that the individual(s) named below, who is (are) a director, partner or employee of the sponsor (or any company in the sponsor's group) is either a director of the issuer, or a director of a company in the issuer's group;

<u>Name</u>	<u>Employer</u>	<u>Company of which individual is a director</u>
-------------	-----------------	------------------------------------------------------

and confirm that the individual(s) will take no part in the sponsor's activities in relation to this transaction;

or

- (f) hereby confirm that no director, partner or employee of the sponsor (or any company in the sponsor's group) has a directorship in the issuer, or any company in the issuer's group;

and either

- (g) hereby notify you of any other matter referred to in the sponsors' eligibility criteria that we or our compliance department are aware of which may affect our independence from the issuer or any other company in the issuer's group;

or

- (h) hereby confirm that there are no other matters referred to in the sponsors' eligibility criteria that we or our compliance department are aware of which may affect our independence from the issuer or any other company in the issuer's group.

SIGNED BY .....  
 Partner/director or duly authorised officer,  
 for and on behalf of

.....  
 Name of sponsor

**Confirmation of independence by the Compliance Department**

I,..... being a duly authorised compliance officer of the above sponsor, hereby confirm that I am satisfied that:

- the information provided on this confirmation of independence is accurate and complete; and

- where interests or directorships or other matters have been notified to you in (a), (c), (e) or (g) above, appropriate procedures are in place to avoid a conflict of interest between the sponsor's duties under the listing rules and those interests or directorships.

SIGNED BY.....

Compliance Officer  
for and on behalf of

.....  
Name of sponsor

*Notes deleted – December 2001*





## **SCHEDULE 2**

### **SHAREHOLDER AND PRICING STATEMENTS**

Instructions to be read before completing a shareholder or pricing statement:

1. Statements will only be accepted by the UK Listing Authority if the required details are TYPED on the statement.
2. The net price should represent the effective issue price to the issuer, or where applicable, the effective sale price to the vendor(s).

### SHAREHOLDER STATEMENT

For all companies without equity shares listed bringing equity shares to listing.

The instructions set out in schedule 2 to the listing rules should be read before completing this statement.

1. Name of company \_\_\_\_\_
2. Description of security \_\_\_\_\_
3. Total number of securities to be admitted \_\_\_\_\_
4. Estimated opening price \_\_\_\_\_
5. Name of sponsor \_\_\_\_\_
6. Name(s) of securities house(s) assisting with the marketing (if any) \_\_\_\_\_

7. Summary of shareholdings

	Number of securities	Number of holders	Percentage of issued equity share capital
Shares in public hands:			
(i) Sponsor (including market makers)	_____	_____	_____
(ii) Securities house(s) assisting with marketing (if any) (including market makers)	_____	_____	_____
(iii) Employees *	_____	_____	_____
(iv) Other public *	_____	_____	_____
Sub total	-----	-----	-----
Shares not in public hands:*			
	_____	_____	_____
<b>TOTAL</b>	=====	=====	100% =====

Signature of partner/director or duly authorised officer \_\_\_\_\_

For and on behalf of (name of sponsor) \_\_\_\_\_

Date \_\_\_\_\_ 20\_\_

\* see paragraphs 3.18 to 3.20 of the listing rules

## PRICING STATEMENT

For companies placing equity securities of a class already listed.

The instructions set out in schedule 2 to the listing rules should be read before completing this statement.

1. Name of issuer \_\_\_\_\_
2. Description of security \_\_\_\_\_
3. Total number of securities being placed \_\_\_\_\_
4. Net price to the issuer or vendor \_\_\_\_\_
5. Estimated opening price \_\_\_\_\_
6. Name of sponsor \_\_\_\_\_
7. Name(s) of securities house(s) assisting with the placing \_\_\_\_\_
8. Name(s) of market makers offered securities \_\_\_\_\_
9. Placing of further equity shares for cash
 

Market price when placing arranged	
Date when placing arranged	
10. Vendor consideration Placing
 

Price at which allotted to vendor	
Price at which placed with clients	
Market price when placing arranged	
Date when placing arranged	

Signature of partner/director or duly authorised officer \_\_\_\_\_

For and on behalf of (name of sponsor) \_\_\_\_\_

Date \_\_\_\_\_ 20\_\_



**SCHEDULE 3A**

**APPLICATION FOR ADMISSION OF SECURITIES TO THE OFFICIAL LIST  
(SHARES AND DEBT SECURITIES)**

This form of application for admission of securities to the Official List should be suitably adapted for an issuer which is not a public limited company. Please note that admission to the Official List will be simultaneous with admission to trading on a Recognised Investment Exchange (RIE). You will need to complete a separate application form to apply for trading on the RIE.

To: UK Listing Authority \_\_\_\_\_ 20 \_\_

**Details of securities to be listed**

\_\_\_\_\_ [insert name of issuer] (“the issuer”) hereby applies for the securities detailed below to be admitted to the Official List of the UK Listing Authority subject to the listing rules of the UK Listing Authority.

<b>Share capital</b>		
Authorised	Denomination	Issued and paid up (inclusive of present issue)
in		
in		
in		
£		£

(Please include in brackets those shares listed under block listing procedures but not yet allotted)

<b>Debt securities</b>		
Nominal value	Redemption date	Coupon
£		

Please specify where the issuer is listed and the nature of the listing
Primary
Secondary

Please specify on which RIEs the issuer has applied to have its securities traded
Amounts and descriptions of securities for which application is now being made (include distinctive numbers if any)

Type of issue for which application is being made

<b>Confirmation</b>
We acknowledge our obligations under the listing rules and the legal implications of listing under the Financial Services and Markets Act 2000. Accordingly we confirm that:
(a) all the conditions for listing in the listing rules which are required to be fulfilled prior to application have been fulfilled in relation to the issuer and the securities for the admission of which application is now made;
(b) all information required to be included in the listing particulars/prospectus* has been included therein, or, if the final version has not yet been submitted (or approved), will be included therein before it is so submitted; and
(c) all the documents and information required to be included in the application have been or will be supplied in accordance with the listing rules and all other requirements of the UK Listing Authority in respect of the application have been or will be complied with.
We undertake to comply with the listing rules from time to time of the UK Listing Authority so far as applicable to the issuer.
We undertake to lodge with you the declaration required pursuant to paragraph 7.8(i) of the listing rules of the UK Listing Authority in due course.

Signed
Director or secretary or other duly authorised officer for and on behalf of
Name of issuer

***To be completed in all cases***

Application to be heard on:	
Admission expected to be effective on:	

Name(s) of contact(s) at issuer regarding the Application
-----------------------------------------------------------

Telephone number:





**SCHEDULE 3B**

**APPLICATION FOR ADMISSION OF SECURITIES TO THE OFFICIAL LIST  
(SPECIALIST AND MISCELLANEOUS SECURITIES)**

To: UK Listing Authority \_\_\_\_\_ 20\_\_

**Details of securities to be listed**

<p>_____ [insert name of issuer(s)] (“the issuer(s)”) hereby apply for the securities detailed below to be admitted to the Official List of the UK Listing Authority subject to the listing rules of the UK Listing Authority.</p>
<p>Amounts and descriptions of securities for which application is now being made (where the securities are to be issued under a programme, give a description of the programme and the maximum amount of securities which may be listed at any one time):</p>
<p> </p>
<p> </p>
<p> </p>
<p> </p>
<p>Type of issue for which application is being made</p>
<p> </p>
<p> </p>

<p>Please specify where the issuer is listed and the nature of the listing</p>
<p>Primary</p>
<p>Secondary</p>

<p>Please specify on which RIEs the issuer has applied to have its securities traded</p>
<p> </p>

<b><u>Confirmation</u></b>	
We acknowledge our obligations arising under the listing rules and the legal implications of listing under the Financial Services and Markets Act 2000. Accordingly, we confirm that:	
(a)	all the conditions for listing in the listing rules which are required to be fulfilled prior to application have been fulfilled in relation to the issuer(s) and the securities for the admission of which application is now made;
(b)	all information required to be included in the listing particulars/prospectus* has been included therein, or, if the final version has not yet been submitted (or approved), will be included therein before it is so submitted; and
(c)	all the documents and information required to be included in the application have been or will be supplied in accordance with the listing rules and all other requirements of the UK Listing Authority in respect of the application have been or will be complied with.
We undertake to comply with the listing rules of the UK Listing Authority from time to time so far as applicable to the issuer(s). We acknowledge the obligation to comply with the continuing obligations and the requirements in paragraphs 5.14 to 5.16 to publish supplementary listing particulars or a supplementary prospectus if, at any time after listing particulars or a prospectus have been approved and before dealings in any securities covered by this application commence, the issuer(s) becomes aware that:	
(a)	there has been a significant change affecting any matter contained in the listing particulars or prospectus; or
(b)	a significant new matter has arisen the inclusion of information in respect of which would have been required to be mentioned in the listing particulars or prospectus if it had arisen at the time of their preparation.

Signed
Director, secretary or other duly authorised officer, agent or attorney for and on behalf of
Name of Issuer(s)

<b><u>To be completed in all cases</u></b>	
Application to be heard on:	
Admission expected to be effective on:	
Name(s) of contact(s) at issuer regarding the Application	
Telephone number:	

**SCHEDULE 4A**

**DECLARATION BY SPONSOR**

To: UK Listing Authority .....20 ....

Full name of sponsor .....

The undersigned request that you will allow ..... (number) shares of .....(denomination) each of ..... (name of issuer) to be admitted to the Official List.

Type of issue for which the application is being made :.....

.....

I, .....a partner/director of the above sponsor, or an officer duly authorised to give this declaration, hereby confirm that, to the best of my knowledge and belief, I have performed all the relevant services set out in Chapter 2 of the listing rules with due care and skill and have satisfied myself, having made due and careful enquiry of the issuer and its advisers, about the matters described in paragraph 2.13 of the listing rules and, if relevant, paragraphs 2.15, 2.17, 2.20, 25.5 and 25.12, and, in the case of a new applicant, paragraph 2.16 thereof; that all the documents required by the listing rules to be included in the application for listing have been or will be supplied to the UK Listing Authority; that all other relevant requirements of the listing rules have been or will be complied with; and that all matters known to me which, in my opinion, should be taken into account by the UK Listing Authority in considering the application for listing of the securities for which application is being made have been disclosed in the listing particulars/prospectus or otherwise in writing to the UK Listing Authority. Should any further information come to my notice before the grant of listing, I will inform the UK Listing Authority.

The securities in respect of which the application is being made will be included in the ..... section of the Daily Official List.

**Note:** \* delete as appropriate

SIGNED BY .....

Partner/director or duly authorised officer,

for and on behalf of

.....

Name of sponsor

*To be completed in all cases*

Application to be heard on: ..... 20.....

Admission expected to become effective on: ..... 20.....

Name(s) of contact(s) at sponsor regarding the application: .....

Telephone / STX number: .....

*This section to be completed in the case of equity securities of a class not already listed.*

**MARKET MAKERS**

Please indicate below the names of the firm (if any) who intend to register as market makers in the securities for which this application is being made:

.....

.....

.....

.....

.....

**SCHEDULE 4B**  
**DECLARATION BY LISTING AGENT**

*Schedule deleted – December 2001*



**SCHEDULE 5****BLOCK LISTING SIX MONTHLY RETURN**

To: Listing Applications  
 UK Listing Authority  
 Financial Services Authority  
 25, The North Colonnade  
 Canary Wharf  
 London, E14 5HS

AVS No:
---------

Please ensure the entries on this return are typed

1.	Name of company
2.	Name of scheme
3.	Period of return:                      From                      to
4.	Number and class of share(s) (amount of stock/debt security) not issued under scheme
5.	Number of shares issued/allotted under scheme during period:
6.	Balance under scheme not yet issued/allotted at end of period
7.	Number and class of share(s) (amount of stock/debt securities) originally listed and the date of admission;

Please confirm total number of shares in issue at the end of the period in order for us to update our records
---------------------------------------------------------------------------------------------------------------

Contact for queries:	Address:
----------------------	----------

Name:

Telephone:

Person making return

Name:

Position:

Signature:





**SCHEDULE 6**

**DECLARATION BY ISSUER**

This form of declaration may be amended to meet individual cases. Paragraph 7 and/or paragraph 8 may be deleted where appropriate.

To: Listing Applications  
 UK Listing Authority .....20 ....

I, ..... a director/the secretary of  
 ..... [insert name of company or issuer] (“the issuer”), declare as follows:

1. that all documents required by the Financial Services and Markets Act 2000 or relevant legislation to be filed with the Registrar of Companies in connection with the issue/offer/placing/introduction on ..... 20 ..... of the following securities of the issuer, namely ..... [insert details] have been duly filed and that to the best of my knowledge, information and belief (having taken reasonable care to ensure that such is the case), compliance has been made with all other legal requirements in connection with such issue/offer/placing/introduction;
2. that all applicable conditions for listing set out in chapter 3 of the listing rules have been fulfilled in relation to the issuer and the securities of the issuer referred to above;
3. that ..... shares of ..... [insert number and class]) and/or £ ..... nominal of ..... [insert designation of debt securities] have been subscribed/purchased for cash and fully allotted/transferred to the subscribers/purchasers;
4. that all money due to the issuer in respect of the issue/offer/placing has been received by it;
5. that ..... shares of ..... [insert number and class] and/or £ ..... nominal of ..... [insert designation of debt securities] have been issued credited as fully paid by way of conversion/exchange/consideration for property acquired/other consideration not being cash and have been duly allotted/transferred to the persons entitled thereto;
6. that the definitive documents of title have been/are ready to be delivered;
7. that completion has taken place of the purchase by the issuer of all property stated in the listing particulars, prospectus, equivalent offering document or circular to members dated ..... 20 ..... as having been purchased or agreed to be purchased by it and the purchase consideration for all such property has been duly satisfied;
8. that the trust deed relating to the said debt securities has been completed and executed and a copy has been lodged with the UK Listing Authority and that particulars thereof, if so required by law, have been delivered to the Registrar of Companies;

9. that all shares/debt securities of each class referred to above are in all respects identical \*;
10. that no alterations have been made to the listing particulars, prospectus or equivalent offering document approved for publication by the UK Listing Authority other than in relation to the pricing of the issue or takeover offer, number of securities, figures depending on such information, and correction of errors; and
11. that there are no other facts bearing on the issuer's application for listing of such securities which, in my opinion, should be disclosed to the UK Listing Authority.

Signed .....

Director or secretary or  
other duly authorised officer,  
for and on behalf of

.....

Name of issuer

**Note:**

\* Identical means in this context:

- (a) the securities are of the same nominal value with the same amount called up or paid up;
- (b) they are entitled to dividend / interest at the same rate and for the same period, so that at the next ensuing distribution, the dividend / interest payable per unit will amount to exactly the same sum (gross and net); and
- (c) they carry the same rights as to unrestricted transfer, attendance and voting at meetings and are *pari passu* in all other respects.

**SCHEDULE 7**

**DECLARATION OF A DIRECTOR'S BUSINESS ACTIVITIES**

*Appendix 7 deleted – June 1999.*



## SCHEDULE 8

### SPECIMEN PREAMBLE FOR VALUATION REPORT

To: the Directors ..... 20 .....

..... [insert name of company]

#### The preamble

The valuer should set out in a suitable form of preamble a summary of the key factors which normally would be included in a valuation to a client. No material item should be omitted and the preamble should include all matters referred to in paragraph 18.10 to the extent that these are not set out in the supporting schedules.

The preamble should include a statement of the date and basis of valuation and matters related thereto including confirmation of compliance with the RICS Manual or reasons for departure therefrom. If third parties have provided the valuer with information on which reliance is placed, their sources and the nature of the information should be given e.g. details of tenure, use and lettings and, where appropriate, building and site areas, town planning permissions or similar detail.

It should be stated whether or not any allowances have been made in the valuation for the expenses of realisation or taxation and it may be appropriate to indicate whether or not structural surveys of buildings and inspections of service installations and machinery have been carried out and as to the general state of repair.

Where a matter concerns one property only, a notated footnote to that particular schedule is all that may be necessary.

The preamble should state that neither the whole nor any part of the valuation report nor any reference thereto may be included in any published document, circular or statement nor be published in any way without the valuer's written approval of the form and content in which it may appear.

*Remainder of schedule 8 deleted - August 1995*



**SCHEDULE 9**

**CERTIFICATE FROM PUBLIC SECTOR ISSUER**

**Certificate to be given by a regional or local authority in an offer for subscription or for sale.**

To: Listing Applications  
 UK Listing Authority. .... 20.....

In connection with the issue of ..... stock of ..... (name of issuer) we hereby certify that arrangements to the following effect have been duly made:

(i) **In the case of an offer for subscription:** All moneys received by ..... bank/issuing house under the offer dated ..... on behalf of ..... and to which the latter are entitled will be paid to the ..... bank at ..... being the ordinary bankers of ..... for credit to a special account which has been opened in the name of the stock within the following periods:

- (a) moneys paid prior to allotment - three days after allotment; and
- (b) all other moneys - 24 hours after collection.

In the case of an offer for sale: Allotment letters and scrip certificates are being issued by ..... and on behalf of ..... . No such document will be issued until ..... has paid to ..... at ..... being the ordinary bankers of ..... for credit to a special banking account which has been opened in the name of the stock all sums due from ..... in respect of the amount certified in the document to have been paid by the holder thereof.

(ii) ..... bank/issuing house will:

- (a) supply the registrar of the issuer as early as practicable with a complete record of the scrip certificates issued by them showing in each case the number and other identification mark of the certificate, the amount of stock to which it relates and a description of the manner in which it has been authenticated;
- (b) notify, immediately payment has been made in full on any scrip certificate, the registrar and (if the bank, or issuing house are also registrars of the stock)

..... bank/issuing house who are the duly appointed registrars of the stock; and

- (c) issue scrip certificates within 21 days of allotment, bearing:
  - (i) an autographic signature either of an officer of the authority or of an officer (duly authorised by the authority) of the issuing house or bank; or
  - (ii) where mechanical signatures are applied, the initials of a responsible officer of the authority or of the issuing house or bank or both.

- (iii) The registrar will not register or inscribe any person as a holder of the stock except on surrender for cancellation of fully-paid scrip certificates for that amount. Provided that if a scrip certificate is lost or destroyed the registrar may not earlier than the first day on which scrip certificates can be lodged for registration or inscription register or inscribe a person claiming to be the holder of the lost or destroyed scrip upon such indemnity being given as may be required.

If scrip certificates are not to be issued amend by substituting “fully paid allotment letters” for “scrip certificates”.

SIGNED BY .....

(duly authorised officer, for and on behalf of

.....)



**SCHEDULE 10**

**NOTIFICATION OF MAJOR INTERESTS IN SHARES**

AVS NO

All relevant boxes should be completed in block capital letters.

<b>1.</b> Name of company		<b>2.</b> Name of shareholder having a major interest	
<b>3.</b> Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18		<b>4.</b> Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them	
<b>5.</b> Number of shares/amount of stock acquired	<b>6.</b> Percentage of issued class	<b>7.</b> Number of shares/amount of stock disposed	<b>8.</b> Percentage of issued class
<b>9.</b> Class of security		<b>10.</b> Date of transaction	<b>11.</b> Date company informed
<b>12.</b> Total holding following this notification		<b>13.</b> Total percentage holding of issued class following this notification	
<b>14.</b> Any additional information		<b>15.</b> Name of contact and telephone number for queries	
<b>16.</b> Name and signature of authorised company official responsible for making this notification			
Date of notification _____ 20 _____			



### SCHEDULE 11

## NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

AVS NO

All relevant boxes should be completed in block capital letters.

1. Name of company		2. Name of director	
3. Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of a non-beneficial interest		4. Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them (if notified)	
5. Please state whether notification relates to a person(s) connected with the director named in 2 above and identify the connected person(s)		6. Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary /non discretionary	
7. Number of shares/amount of stock acquired	8. Percentage of issued class	9. Number of shares/amount of stock disposed	10. Percentage of issued class
11. Class of security	12. Price per share	13. Date of transaction	14. Date company informed
15. Total holding following this notification		16. Total percentage holding of issued class following this notification	

**If a director has been granted options by the company please complete the following boxes.**

17. Date of grant	18. Period during which or date on which exercisable
19. Total amount paid (if any) for grant of the option	20. Description of shares or debentures involved: class, number
21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise	22. Total number of shares or debentures over which options held following this notification
23. Any additional information	24. Name of contact and telephone number for queries

25. Name and signature of authorised company official responsible for making this notification  Date of notification _____ 20 _____
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## **SCHEDULE 12**

### **REGULATORY INFORMATION SERVICES**

Business Wire Regulatory Disclosure provided by Business Wire

Newslink Financial provided by Newslink

PimsWire provided by Pims

PR Newswire Disclose provided by PR Newswire

RNS provided by the London Stock Exchange



## THE COMBINED CODE

### PRINCIPLES OF GOOD GOVERNANCE AND CODE OF BEST PRACTICE

Derived by the Committee on Corporate Governance from the Committee's Final Report and from the Cadbury and Greenbury Reports.

#### PREAMBLE

- 1 In the Committee's final report we said that, in response to many requests, we intended to produce a set of principles and code which embraced Cadbury, Greenbury and the committee's own work. This Combined Code fulfils that undertaking.
- 2 The Combined Code is now issued in final form, and includes a number of changes made by the London Stock Exchange, with the Committee's agreement, following the consultation undertaken by the London Stock Exchange on the committee's original draft.
- 3 The Combined Code contains both principles and detailed Code provisions. We understand that it is the intention of the London Stock Exchange to introduce a requirement on listed companies to make a disclosure statement in two parts.
- 4 In the first part of the statement, the company will be required to report on how it applies the principles in the Combined Code. We make clear in our report that we do not prescribe the form or content of this part of the statement, the intention being that companies should have a free hand to explain their governance policies in the light of the principles, including any special circumstances applying to them which have led to a particular approach. It must be for shareholders and others to evaluate this part of the company's statement.
- 5 In the second part of the statement the company will be required either to confirm that it complies with the Code provisions or - where it does not - provide an explanation. Again, it must be for shareholders and others to evaluate such explanations.
- 6 In our report we make clear that companies should be ready to explain their governance policies, including any circumstances justifying departure from best practice; and that those concerned with the evaluation of governance should do so with common sense, and with due regard to companies' individual circumstances.
- 7 We also make clear in our report that it is still too soon to assess definitively the results of the Cadbury and more especially the Greenbury codes. We see this Combined Code as a consolidation of the work of the three committees, not as a new departure. We have therefore retained the substance of the two earlier codes except in those few cases where we take a different view from our predecessors. We should in particular like to make clear, in relation to the detailed provisions in the Listing Rules on directors' remuneration, that we envisage no change except where we take a different view from the Greenbury committee. With two exceptions, relating to the status of the remuneration committee, and the compensation payable to an executive director on loss of office, these changes are minor.
- 8 Section 1 of the Combined Code contains the corporate governance principles and code provisions applicable to all listed companies incorporated in the United Kingdom. These would be covered by the statement referred to in paragraphs 3-5 above, which will be required by the Listing Rules. Section 2 contains principles and code provisions applicable to institutional shareholders with regard to their voting, dialogue with companies and evaluation of a company's governance arrangements. These are not matters which are appropriate for the Listing Rules to include within the disclosure requirement. Nevertheless we regard Section 2 of this Combined Code as an integral part of our recommendations; we commend it to the organisations representing institutional shareholders and we hope that at least the major institutions will voluntarily disclose to their clients and the public the extent to which they are able to give effect to these provisions.
- 9 We have not included in the Combined Code principle D.IV in Chapter 2 of our final report, which

reads as follows:

“External Auditors. The external auditors should independently report to shareholders in accordance with statutory and professional requirements and independently assure the board on the discharge of its responsibilities under D.I and D.II above in accordance with professional guidance.”

We say in paragraph 6.7 of the report that we recommend neither any additional prescribed requirements nor the removal of any existing requirements for auditors in relation to governance or publicly reported information, some of which derive from the Listing Rules. This recommendation is accepted by the London Stock Exchange. But the existing requirements for auditors will be kept under review, as a matter of course, by the responsible organisations.

Committee on Corporate Governance

June 1998



## PRINCIPLES OF GOOD GOVERNANCE

### SECTION 1 COMPANIES

#### A. DIRECTORS

##### The Board

1. Every listed company should be headed by an effective board which should lead and control the company.

##### Chairman and CEO

2. There are two key tasks at the top of every public company - the running of the board and the executive responsibility for the running of the company's business. There should be a clear division of responsibilities at the head of the company which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

##### Board Balance

3. The board should include a balance of executive and non-executive directors (including independent non-executives) such that no individual or small group of individuals can dominate the board's decision taking.

##### Supply of Information

4. The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

##### Appointments to the Board

5. There should be a formal and transparent procedure for the appointment of new directors to the board.

##### Re-election

6. All directors should be required to submit themselves for re-election at regular intervals and at least every three years.

#### B. DIRECTORS' REMUNERATION

##### The Level and Make-up of Remuneration

1. Levels of remuneration should be sufficient to attract and retain the directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose. A proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

##### Procedure

2. Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

##### Disclosure

3. The company's annual report should contain a statement of remuneration policy and details of the remuneration of each director.

**C. RELATIONS WITH SHAREHOLDERS**

**Dialogue with Institutional Shareholders**

1. Companies should be ready, where practicable, to enter into a dialogue with institutional shareholders based on the mutual understanding of objectives.

**Constructive Use of the AGM**

2. Boards should use the AGM to communicate with private investors and encourage their participation.

**D. ACCOUNTABILITY AND AUDIT**

**Financial Reporting**

1. The board should present a balanced and understandable assessment of the company's position and prospects.

**Internal Control**

2. The board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.

**Audit Committee and Auditors**

3. The board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

**SECTION 2 INSTITUTIONAL SHAREHOLDERS.**

**E. INSTITUTIONAL INVESTORS**

**Shareholder Voting**

1. Institutional shareholders have a responsibility to make considered use of their votes.

**Dialogue with Companies**

2. Institutional shareholders should be ready, where practicable, to enter into a dialogue with companies based on the mutual understanding of objectives.

**Evaluation of Governance Disclosures**

3. When evaluating companies' governance arrangements, particularly those relating to board structure and composition, institutional investors should give due weight to all relevant factors drawn to their attention.

## CODE OF BEST PRACTICE

### SECTION 1 COMPANIES

#### A. DIRECTORS

##### A.1 The Board

**Principle** Every listed company should be headed by an effective board which should lead and control the company.

##### Code Provisions

- A.1.1 The board should meet regularly.
- A.1.2 The board should have a formal schedule of matters specifically reserved to it for decision.
- A.1.3 There should be a procedure agreed by the board for directors in the furtherance of their duties to take independent professional advice if necessary, at the company's expense.
- A.1.4 All directors should have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Any question of the removal of the company secretary should be a matter for the board as a whole.
- A.1.5 All directors should bring an independent judgement to bear on issues of strategy, performance, resources, including key appointments, and standards of conduct.
- A.1.6 Every director should receive appropriate training on the first occasion that he or she is appointed to the board of a listed company, and subsequently as necessary.

##### A.2 Chairman and CEO

**Principle** There are two key tasks at the top of every public company - the running of the board and the executive responsibility for the running of the company's business. There should be a clear division of responsibilities at the head of the company which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

##### Code Provision

- A.2.1 A decision to combine the posts of chairman and chief executive officer in one person should be publicly justified. Whether the posts are held by different people or by the same person, there should be a strong and independent non-executive element on the board, with a recognised senior member other than the chairman to whom concerns can be conveyed. The chairman, chief executive and senior independent director should be identified in the annual report.

##### A.3 Board Balance

**Principle** The board should include a balance of executive and non-executive directors (including independent non-executives) such that no individual or small group of individuals can dominate the board's decision taking.

**Code Provisions**

A.3.1 The board should include non-executive directors of sufficient calibre and number for their views to carry significant weight in the board's decisions. Non-executive directors should comprise not less than one third of the board.

A.3.2 The majority of non-executive directors should be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Non-executive directors considered by the board to be independent in this sense should be identified in the annual report.

**A.4 Supply of Information**

**Principle** The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

**Code Provision**

A.4.1 Management has an obligation to provide the board with appropriate and timely information, but information volunteered by management is unlikely to be enough in all circumstances and directors should make further enquiries where necessary. The chairman should ensure that all directors are properly briefed on issues arising at board meetings.

**A.5 Appointments to the Board**

**Principle** There should be a formal and transparent procedure for the appointment of new directors to the board.

**Code Provision**

A.5.1 Unless the board is small, a nomination committee should be established to make recommendations to the board on all new board appointments. A majority of the members of this committee should be non-executive directors, and the chairman should be either the chairman of the board or a non-executive director. The chairman and members of the nomination committee should be identified in the annual report.

**A.6 Re-election**

**Principle** All directors should be required to submit themselves for re-election at regular intervals and at least every three years.

**Code Provisions**

A.6.1 Non-executive directors should be appointed for specified terms subject to re-election and to Companies Act provisions relating to the removal of a director, and reappointment should not be automatic.

A.6.2 All directors should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. The names of directors submitted for election or re-election should be accompanied by sufficient biographical details to enable shareholders to take an informed decision on their election.

**B. DIRECTORS' REMUNERATION****B.1 The Level and Make-up of Remuneration**

**Principle** Levels of remuneration should be sufficient to attract and retain the directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose. A proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

**Code Provisions****Remuneration policy**

- B.1.1 The remuneration committee should provide the packages needed to attract, retain and motivate executive directors of the quality required but should avoid paying more than is necessary for this purpose.
- B.1.2 Remuneration committees should judge where to position their company relative to other companies. They should be aware what comparable companies are paying and should take account of relative performance. But they should use such comparisons with caution, in view of the risk that they can result in an upward ratchet of remuneration levels with no corresponding improvement in performance.
- B.1.3 Remuneration committees should be sensitive to the wider scene, including pay and employment conditions elsewhere in the group, especially when determining annual salary increases.
- B.1.4 The performance-related elements of remuneration should form a significant proportion of the total remuneration package of executive directors and should be designed to align their interests with those of shareholders and to give these directors keen incentives to perform at the highest levels.
- B.1.5 Executive share options should not be offered at a discount save as permitted by paragraphs 13.30 and 13.31 of the Listing Rules.
- B.1.6 In designing schemes of performance related remuneration, remuneration committees should follow the provisions in Schedule A to this code.

**Service Contracts and Compensation**

- B.1.7 There is a strong case for setting notice or contract periods at, or reducing them to, one year or less. Boards should set this as an objective; but they should recognise that it may not be possible to achieve it immediately.
- B.1.8 If it is necessary to offer longer notice or contract periods to new directors recruited from outside, such periods should reduce after the initial period.
- B.1.9 Remuneration committees should consider what compensation commitments (including pension contributions) their directors' contracts of service, if any, would entail in the event of early termination. They should in particular consider the advantages of providing explicitly in the initial contract for such compensation commitments except in the case of removal for misconduct.
- B.1.10 Where the initial contract does not explicitly provide for compensation commitments, remuneration committees should, within legal constraints, tailor their approach in individual early termination cases to the wide variety of circumstances. The broad aim should be to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance and to take a robust line on reducing compensation to reflect departing directors' obligations to mitigate loss.

**B.2 Procedure**

**Principle** Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No

**director should be involved in deciding his or her own remuneration.**

### **Code Provisions**

- B.2.1 To avoid potential conflicts of interest, boards of directors should set up remuneration committees of independent non-executive directors to make recommendations to the board, within agreed terms of reference, on the company's framework of executive remuneration and its cost; and to determine on their behalf specific remuneration packages for each of the executive directors, including pension rights and any compensation payments.
- B.2.2 Remuneration committees should consist exclusively of non-executive directors who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.
- B.2.3 The members of the remuneration committee should be listed each year in the board's remuneration report to shareholders (B.3.1 below).
- B.2.4 The board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors, including members of the remuneration committee, within the limits set in the Articles of Association. Where permitted by the Articles, the board may however delegate this responsibility to a small sub-committee, which might include the chief executive officer.
- B.2.5 Remuneration committees should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice inside and outside the company.
- B.2.6 The chairman of the board should ensure that the company maintains contact as required with its principal shareholders about remuneration in the same way as for other matters.

### **B.3 Disclosure**

**Principle** The company's annual report should contain a statement of remuneration policy and details of the remuneration of each director.

### **Code Provisions**

- B.3.1 The board should report to the shareholders each year on remuneration. The report should form part of, or be annexed to, the company's annual report and accounts. It should be the main vehicle through which the company reports to shareholders on directors' remuneration.
- B.3.2 The report should set out the company's policy on executive directors' remuneration. It should draw attention to factors specific to the company.
- B.3.3 In preparing the remuneration report, the board should follow the provisions in Schedule B to this code.
- B.3.4 Shareholders should be invited specifically to approve all new long term incentive schemes (as defined in the Listing Rules) save in the circumstances permitted by paragraph 13.13A of the Listing Rules.
- B.3.5 The board's annual remuneration report to shareholders need not be a standard item of agenda for AGMs. But the board should consider each year whether the circumstances are such that the AGM should be invited to approve the policy set out in the report and should minute their conclusions.

## **C. RELATIONS WITH SHAREHOLDERS**

### **C.1 Dialogue with Institutional Shareholders**

**Principle** Companies should be ready, where practicable, to enter into a dialogue with institutional shareholders based on the mutual understanding of objectives.

## **C.2 Constructive Use of the AGM**

**Principle** Boards should use the AGM to communicate with private investors and encourage their participation.

### **Code Provisions**

- C.2.1 Companies should count all proxy votes and, except where a poll is called, should indicate the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands.
- C.2.2 Companies should propose a separate resolution at the AGM on each substantially separate issue, and should in particular propose a resolution at the AGM relating to the report and accounts.
- C.2.3 The chairman of the board should arrange for the chairmen of the audit, remuneration and nomination committees to be available to answer questions at the AGM.
- C.2.4 Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders at least 20 working days before the meeting.

## **D. ACCOUNTABILITY AND AUDIT**

### **D.1 Financial Reporting**

**Principle** The board should present a balanced and understandable assessment of the company's position and prospects.

### **Code Provisions**

- D.1.1 The directors should explain their responsibility for preparing the accounts, and there should be a statement by the auditors about their reporting responsibilities.
- D.1.2 The board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.
- D.1.3 The directors should report that the business is a going concern, with supporting assumptions or qualifications as necessary.

**D.2 Internal Control**

**Principle** The board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.

**Code Provisions**

- D.2.1 The directors should, at least annually, conduct a review of the effectiveness of the group's system of internal control and should report to shareholders that they have done so. The review should cover all controls, including financial, operational and compliance controls and risk management.
- D.2.2 Companies which do not have an internal audit function should from time to time review the need for one.

**D.3 Audit Committee and Auditors**

**Principle** The board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

**Code Provisions**

- D.3.1 The board should establish an audit committee of at least three directors, all non-executive, with written terms of reference which deal clearly with its authority and duties. The members of the committee, a majority of whom should be independent non-executive directors, should be named in the report and accounts.
- D.3.2 The duties of the audit committee should include keeping under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the auditors. Where the auditors also supply a substantial volume of non-audit services to the company, the committee should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.



## SECTION 2 INSTITUTIONAL SHAREHOLDERS

### E. INSTITUTIONAL INVESTORS

#### E.1 Shareholder Voting

**Principle** Institutional shareholders have a responsibility to make considered use of their votes.

#### **Code Provisions**

E.1.1 Institutional shareholders should endeavour to eliminate unnecessary variations in the criteria which each applies to the corporate governance arrangements and performance of the companies in which they invest.

E.1.2 Institutional shareholders should, on request, make available to their clients information on the proportion of resolutions on which votes were cast and non-discretionary proxies lodged.

E.1.3 Institutional shareholders should take steps to ensure that their voting intentions are being translated into practice.

#### E.2 Dialogue with Companies

**Principle** Institutional shareholders should be ready, where practicable, to enter into a dialogue with companies based on the mutual understanding of objectives.

#### E.3 Evaluation of Governance Disclosures

**Principle** When evaluating companies' governance arrangements, particularly those relating to board structure and composition, institutional investors should give due weight to all relevant factors drawn to their attention.

**Schedule A: Provisions on the Design of Performance Related Remuneration.**

- 1 Remuneration committees should consider whether the directors should be eligible for annual bonuses. If so, performance conditions should be relevant, stretching and designed to enhance the business. Upper limits should always be considered. There may be a case for part payment in shares to be held for a significant period.
- 2 Remuneration committees should consider whether the directors should be eligible for benefits under long-term incentive schemes. Traditional share option schemes should be weighed against other kinds of long-term incentive scheme. In normal circumstances, shares granted or other forms of deferred remuneration should not vest, and options should not be exercisable, in under three years. Directors should be encouraged to hold their shares for a further period after vesting or exercise, subject to the need to finance any costs of acquisition and associated tax liability.
- 3 Any new long term incentive schemes which are proposed should be approved by shareholders and should preferably replace existing schemes or at least form part of a well considered overall plan, incorporating existing schemes. The total rewards potentially available should not be excessive.
- 4 Payouts or grants under all incentive schemes, including new grants under existing share option schemes, should be subject to challenging performance criteria reflecting the company's objectives. Consideration should be given to criteria which reflect the company's performance relative to a group of comparator companies in some key variables such as total shareholder return.
- 5 Grants under executive share option and other long-term incentive schemes should normally be phased rather than awarded in one large block.
- 6 Remuneration committees should consider the pension consequences and associated costs to the company of basic salary increases and other changes in remuneration, especially for directors close to retirement.
- 7 In general, neither annual bonuses nor benefits in kind should be pensionable.

**Schedule B: Provisions on what should be Included in the Remuneration Report.**

- 1 The report should include full details of all elements in the remuneration package of each individual director by name, such as basic salary, benefits in kind, annual bonuses and long term incentive schemes including share options.
- 2 Information on share options, including SAYE options, should be given for each director in accordance with the recommendations of the Accounting Standards Board's Urgent Issues Task Force Abstract 10 and its successors.
- 3 If grants under executive share option or other long-term incentive schemes are awarded in one large block rather than phased, the report should explain and justify.
- 4 Also included in the report should be pension entitlements earned by each individual director during the year, disclosed on one of the alternative bases recommended by the Faculty of Actuaries and the Institute of Actuaries and included in the UK Listing Authority's Listing Rules. Companies may wish to make clear that the transfer value represents a liability of the company, not a sum paid or due to the individual.
- 5 If annual bonuses or benefits in kind are pensionable the report should explain and justify.
- 6 The amounts received by, and commitments made to, each director under 1, 2 and 4 above should be subject to audit.
- 7 Any service contracts which provide for, or imply, notice periods in excess of one year (or any provisions for predetermined compensation on termination which exceed one year's salary and benefits) should be disclosed and the reasons for the longer notice periods explained.

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