

UKLA Technical Note

Related party transactions – Issuer's undertaking Content of RIS announcement

Ref: UKLA / TN / 309.12 Guidance Consultation

LR 11

LR 11.1.10R(2)(c) requires the issuer to provide the UKLA with an undertaking to include details of the relevant related party transaction or arrangement in the listed company's next published annual accounts. Where such an undertaking has been provided, the annual accounts disclosure is required to include the identity of the related party, the value of the consideration for the transaction or arrangement, and all other relevant circumstances. We would advise that the following, non-exhaustive, guidelines are followed when such disclosures are prepared:

1. The identity of the related party, as well as the fact that it is a related party, should be stated.
2. The total consideration for the transaction with the related party should be clearly set out.
3. The disclosure should be easily identifiable as the required related party disclosure. As such, it is advisable that it is included in one section or paragraph and not presented in a disjointed or disconnected manner. As far as possible it should not be included among other disclosures. It should also match the information provided to the UKLA when the undertakings are provided.

Issuers Premium listed companies are reminded that the application of LR 11.1.10R is a concession that allows an issuer them to complete a related party transaction without a shareholder vote. The disclosure required by the rule LR 11.1.10R(2)(c) can often be the only disclosure made to shareholders will see in respect of the transaction. Therefore, when disclosing the transaction in its accounts (through the required RIS announcement), it is essential that issuers premium listed companies take reasonable care to ensure that the relevant disclosure is not misleading or confusing (as set out in LR 1.3.3R), and that the transaction is easily identifiable as a related party transaction under the Listing Rules.