

UKLA Procedural Note

Review and approval of documents

Ref: UKLA / PN / 903.32 – Guidance Consultation

LR 3.1; LR 4.3;
LR 13.2

Both the Prospectus Rules (PR) and the Listing Rules (LR) contain provisions requiring issuers to obtain formal approval before publishing certain investor documents. These are prospectuses, listing particulars and also certain shareholder circulars published by issuers. The aim of our review and approval process is to ensure, before publication, that the document includes all the information our rules require. We grant approval after we have reviewed the document and our comments have been addressed.

This procedural note is intended to give issuers (and their advisers) with guidance on the review and approval of these documents, explaining how the process works and what can be done to make it go smoothly.

Scope of this note

This note covers all documents required to be approved by us under PR3.1, LR4.3, or LR13.2. However, as the process differs depending on whether the document is a circular or a prospectus/ listing particulars, this note deals with these documents in separate sections.

Most of the documents we approve are submitted in connection with an application to list securities referred to in the relevant document. However, issuers should note that the listing application process is a separate process not covered in this note. Further information regarding an application for listing securities can be found in LR3.

Similarly, where an applicant applies for listing for the first time, we will perform an eligibility review to check that the applicant is eligible for listing. This is also a separate process and we have published a separate procedural note (*UKLA/PN/901-Eligibility review*) covering this process.

Following approval of a prospectus, issuers may wish to 'passport' a prospectus into another EEA jurisdiction. Again, this is a separate process covered in another procedural note (*UKLA/ PN1905-Passporting*).

Finally, this note applies to 'equivalent documents' under the Prospectus Directive (PD). PR1.2.2R(2) provides an exemption from the requirement to produce a prospectus where a document we regard as equivalent to a prospectus is published. Where we are asked to determine whether a document is equivalent to a prospectus, we review drafts of that document using the same principles that apply to reviewing a prospectus set out in this note. However, we do not approve the document at the end of the process. Instead we inform the issuer (or its advisers) that we are satisfied the document is equivalent.

A) Circulars

How to submit documents circulars for review

You can submit a draft ~~document~~ circular for review either in electronic form via the Electronic Submission System (ESES) on our website or in hard copy by posting/couriering it to the address below:

The Allocations Manager
UKLA Department
Financial Conduct Authority
25 The North Colonnade
London E14 5HS

For security reasons, we do not accept email submissions.

What to include with your initial submission

When submitting a draft ~~document~~ circular for review, ~~we would expect you to include the you should include the~~ following items with your submission:

- the draft ~~document~~ circular itself (~~two~~ two copies in the case of hard copy submission by post or courier)
- contact details of the person submitting the ~~document~~ circular (~~where a sponsor has been appointed, we would expect these to be contact details of the 'key contact' within the sponsor, in order for the sponsor to meet the requirement in LR8.6.19R~~)
- Form A (~~not required for listing particulars or circulars~~)
- Issuer Contact Details Form (~~not required for circulars~~)
- Document Publication Form (~~not required for circulars~~)
- variation request letter (if applicable)
- copies of any information incorporated by reference into the ~~document~~ checklist
- relevant checklists
- vetting fee (see fees set out in FEES 3 Annex 5R) or electronic payment form, and
- other information that we may require or that might be helpful (for example a covering letter, particularly if our attention needs to be drawn to previous correspondence on the case), ~~and~~
- for equity issuers only, ~~either our Information sheet for listed issuers or our Information sheet on public offers of equity securities (if applicable):~~

Where the issuer is premium listed and the transaction requires a sponsor (see LR8.2.1R), the following additional documents may be required:

- a draft Sponsor's Declaration on Application for Listing (~~where applicable: see LR8.4.3R~~), or
- a draft Sponsor's Declaration on the Production of a Circular (~~applicable circulars only: see LR8.4.13R~~)

All forms and checklists are available on our website.

Condition of the draft circular submitted for review

~~We would expect the draft document-circular submitted for review and approval should to be annotated in the margin to indicate where the document satisfies the applicable LR requirements in LR or PR.~~

~~We would also expect the draft circular-document must to be substantially complete. We would not normally consider a document-circular to be substantially complete if any of the following information, where required under the LR, has been omitted:~~

- ~~• the summary of a prospectus~~
- ~~• financial information or expert's report, where required under LR or PR~~
- ~~• working capital disclosure~~
- ~~• the terms and conditions of the transaction~~
- ~~• disclosure required by the litigation, material contracts and significant change statements~~
- ~~• a complete Chairman's letter setting out full terms of a transaction for which shareholder approval is required under LR, and~~
- ~~• any other information which is key to understanding the transaction contemplated by the document.~~

What happens after a document dDraft circular submission – what happens next is submitted?

Cases are allocated to members of our staff for vetting and approval on the day of receipt, provided the submission is received before 4pm. Submissions received after this time will be allocated on the following day.

~~Documents-Circulars~~ will be only be allocated if they are in substantially complete form (as explained above) and are accompanied by all other necessary documents.

As part of the allocation process, our allocations manager will carry out a high-level review of the circulardocument. This review is to assess the level of complexity and risk relating to the transaction, to identify any omissions from the document-circular that will need to be addressed before allocation, and to assign the appropriate staff to review the document.

Following allocation, we will inform ~~the issuer (or its advisers)~~you of the names of the relevant member(s) of staff, including the Transaction Manager, as soon as practicable. We will also notify you when you can expect a response to your submission. Once notified of the review team allocated, all related queries should be directed in the first instance to those staff and not via any of our telephone lines.

The review team will review the first draft thoroughly and check that all supporting documents relevant to approval of the document-circular have been received. For some circulars, typically those relating to complex transactions, typically those that are more complex, we will ~~may~~ request a conference call with the ~~advisory team~~you to orientate ourselves quickly. We will then provide written comments on the draft by the date initially indicated by us. ~~Our response times vary depending on the transaction type (see our website for further details).~~

Submitting further drafts of the circular

Subsequent drafts of the ~~document~~ circular can be sent via our ES&S system or by hard copy via post or courier. If you send hard copies, please mark the package for the attention of the review team allocated to the case, not the Allocations Manager. ~~We would expect that Further drafts of the document under review should be~~ supplied marked up to show changes made since the last draft of the circular document we reviewed. We also ~~need expect the applicant's advisers~~ you to provide a written response to each of our comments. Where the response to a comment results in a change to the ~~circular~~ document, ~~we would expect the comment response should to~~ refer to the page where we will find the change. ~~We would expect that Ppage references should always be~~ relate to the 'blacklined' (marked up) version of the document circular where 'clean' and 'blacklined' versions of the document circular are supplied. ~~We would expect that Ssubsequent drafts of documents circulars submitted should also be~~ are accompanied by all the relevant checklists.

Once we receive a subsequent draft, we review ~~this the documents received~~, together with the responses to our comments. It may be necessary for us to provide further comments. ~~Response times on subsequent drafts depend on the transaction type (more information is available on our website).~~ However, except in exceptional circumstances, subsequent drafts are turned round more quickly than the first draft. Once we receive a draft that addresses all of our outstanding comments, we will indicate that we have no further comments and are in a position to approve the circular ~~document~~.

How long does Length of the document circular review process take?

The process is iterative: we receive a ~~draft circular submission of a document~~, we send comments on the draft, the issuer's advisers respond to the comments usually by amending the document, we then review the next draft, and so it continues until we have no further comments.

The number of drafts required before we can approve the circular ~~document~~ varies as it depends whether the response to our comments addresses our concerns. But the key to a more efficient process is to keep the number of drafts required to address our comments to as few as possible. The review process can be greatly speeded up by only submitting substantially complete drafts, turning drafts around quickly after our comments are received while at the same time addressing each comment fully, to keep the number of drafts to a minimum.

For the majority of circulars ~~documents~~ we review, we would expect to review and comment on no more than three drafts of a document. However, for circulars relating to highly complex transactions ~~some highly complex transactions~~ more drafts may be required.

If the circular ~~document~~ changes substantially, there is a change in the structure of the transaction, or other matters come to light during the course of the vetting process that would change the risk assessment profile of the document, we reserve the right to re-allocate the document to a different review team or to re-set the timetable. We advise ~~issuers (or their advisers)~~ you to contact the relevant staff as soon as they are aware of any such issues.

~~Our website~~ Our website shows our response times for each draft we receive. ~~These vary depending on transaction type and whether it is a first or subsequent draft. In each case, they show how quickly we will respond to initial drafts and how quickly we response to subsequent drafts.~~ We understand that our review invariably forms part of a corporate finance transaction and

we are therefore committed to meeting our response times for returning comments on draft documents.

What happens during the approval process?

We expect that circulars are Documents should be submitted to us for formal approval:

- in final printed form (as will be sent to shareholders) either via EESS or in hard copy (two copies);
- on a business day between 9am and 5.30pm (unless you make specific alternative arrangements with us in advance), and
- accompanied by, in final form and at the issuer's own expense, all the relevant documents, letters, declarations, statements, reports or other things that are required under LR or PR or that we may otherwise require. (Where the issuer is premium listed and the transaction requires a sponsor (see LR8.2.1R), this will include submitting a Sponsor's Declaration on the Production of a Circular (see LR8.4.13R).)

We signal our approval by stamping the front cover of the document with our official stamp and then signing and dating it.

Once we have formally approved the circular document, we will provide all the issuer (or their advisers) you with a written notice which signals our approval of the document to arrange to return a copy of the signed document. If requested, we will also fax a copy of the signed front cover.

B) Prospectuses and listing particulars

How to submit prospectuses or listing particulars for review and approval

The requirements regarding the application, review and approval process for prospectuses are set out in PR3.1 and in articles 2, 3 and 4 of Commission Delegated Regulation (EU) 2016/301 (the 'PD RTS Regulation').

Due to the requirements set out in LR4.3.1R, they also apply to listing particulars. As such, please note that references to prospectuses in this note are also references to listing particulars.

You can submit a draft prospectus or listing particulars for review in electronic form via the Electronic Submission System (ESS) on our website.

For security reasons, we do not accept email submissions.

What to include with your initial submission

When submitting a draft prospectus or listing particulars for review you should include the following items with your submission:

- contact details of the person submitting the document (where a sponsor has been appointed, we would expect these to be contact details of the 'key contact' within the sponsor, in order for the sponsor to meet the requirement in LR8.6.19R)
- for prospectuses only, a completed and signed Form A
- completed Issuer Contact Details Form
- completed Publication Form
- variation request letter (if applicable)
- copies of any information incorporated by reference into the document (where that information has not already been approved by or filed with us)
- relevant cross-reference lists
- passport request (if it is known at this stage that the document will be passported)
- vetting fee (see fees set out in FEES 3 Annex 5R) or electronic payment form
- other information that we may require or that might be helpful (for example a covering letter, particularly if our attention needs to be drawn to previous correspondence on the case).

All forms and cross-reference lists are available on our website.

Draft prospectus or listing particulars submission – what happens next

We allocate cases to members of our staff on the day we receive them for vetting and approval, provided we get your submission before 4pm. Submissions received after this time will be allocated on the following day.

Documents will only be allocated if they are accompanied by all necessary documents.

Our allocations manager will carry out a high-level review of the document. They will assess the level of complexity and risk relating to the document, to identify any omissions that need addressing before allocation, and to assign the appropriate staff to review the document.

Following allocation, we will inform the issuer (or its advisers), via ESS, the names of the relevant member(s) of staff who will be reviewing the document, including the Transaction Manager, as soon as possible and no later than close of business on the second working day following receipt. We will also notify you when you can expect a response to your first draft. After this, please direct any queries in the first instance to those staff and not via any of our telephone lines.

The review team will review the first draft thoroughly and check that all relevant supporting documents have been received. For some documents, typically those that appear more complex, we will request a conference call with you to orientate ourselves quickly. We will then provide written comments on the draft by the date initially indicated by us. Our response times can be found on our website.

Submitting further drafts

You can send subsequent drafts of the document via our ESS system. Please mark up these further drafts to show the changes made since our review and also supply, a 'clean' version of the prospectus at the same time. We also need you to provide a written response to each of our comments.

Where the response to a comment results in a change to the document, the comment response should refer to the page where we will find the change. Page references should always be to the 'blacklined' (marked up) version. Where only limited further changes are made to the prospectus, you can submit blacklined extracts of the draft prospectus ('page pulls'), but you must also submit a 'clean' revised version of the full prospectus at the same time.

Once we receive a subsequent draft, we review this, together with the responses to our comments. We may need to provide further comments. Response times on subsequent drafts depend on the purpose of the prospectus (more information is available on our website). However, except in exceptional circumstances, we turn round subsequent drafts more quickly than the first draft. Once we receive a draft that addresses all of our outstanding comments, we will indicate that we have no further comments and are in a position to approve the document.

Length of the document review process

The process is iterative: we receive a document, we send comments on the draft, you respond to our comments (in particular, by amending the document), we then review the next draft, and so it continues until we have no further comments.

The number of drafts required before we can approve the document varies as it depends whether the response to our comments addresses our concerns. So the key to a more efficient process is to keep the number of drafts required to address our comments to as few as possible. The review process can be greatly speeded up if you submit substantially complete drafts, turning drafts around quickly after our comments are received while at the same time addressing each comment fully, to keep the number of drafts to a minimum. For completeness, we also note that we are able to terminate the review process and refuse to approve the prospectus if the document is inadequate and requested information is not forthcoming.

For the majority of documents we review, we would expect to review and comment on no more than three drafts of a document. However, for some highly complex documents, more drafts may be required.

If the document changes substantially or other matters come to light during the course of the vetting process that would change the risk-assessment profile of the document, we reserve the right to re-allocate the document to a different review team. We advise you to contact the relevant staff as soon as they are aware of any such issues.

We have response times for each draft we receive. We understand that our review invariably forms part of a corporate finance transaction, so we are committed to meeting our response times for returning comments on draft documents.

Approval process

The requirements set out in PR 3.3.-1EU and Article 4 of the PD RTS Regulation apply. The final draft of the prospectus should be submitted to us via ESS, accompanied by:

- any information set out in Article 2(2) of the PD RTS Regulation which has changed (with the exception of cross-reference lists which do not need to be resubmitted) or
- written confirmation that no changes have been made to the previously submitted information

This information must be submitted before midday on the day on which approval is required (PR3.1.3R(3)).

Please note that where the issuer is an applicant for premium listing or is premium listed and is requesting the listing of the securities specified in the prospectus, due to the requirements set out in LR8 regarding sponsors, a Sponsor's Declaration on an Application for Listing must be submitted at this time (see LR8.4.3R).

Once we have formally approved the document, we will provide you with confirmation in writing that we have approved the document.