



FCA's proposed new Prospectus Rules

October 2024

On 26 July 2024, the FCA issued a [consultation paper](#) setting out its proposed new rules for companies seeking to admit securities to a regulated market, such as the Main Market of the London Stock Exchange, or to a primary multilateral trading facility (MTF), such as AIM or the AQSE Growth Market.

This handy guide sets out the key changes which will be made if the existing Prospectus Regulation Rules are replaced by the FCA's proposed new rulebook, Prospectus Rules: Admission to Trading on a Regulated Market, in its current form. The deadline for responding to the consultation is 18 October 2024.

When will a prospectus be required?

- A prospectus will continue to be required for IPOs on a regulated market.
- For secondary issues on a regulated market, the FCA plans to increase the number of additional shares a listed company can issue without publishing a prospectus from 20% to 75% of existing shares.
- Issuers will be permitted to produce a voluntary prospectus approved by the FCA for issuances below the 75% threshold.
- A prospectus will be required for IPOs and reverse takeovers on a primary MTF.
- An MTF admission prospectus will be subject to the same statutory responsibility and compensation provisions as a regulated market prospectus but the detailed content requirements and review and approval process will be set by the relevant MTF operator.

Sustainability related disclosures

- The FCA proposes to supplement existing minimum content requirements for IPO prospectuses to include certain climate-related disclosures, where the issuer has identified climate-related risks as risk factors, or climate-related opportunities as material to the issuer's prospects.
- The new minimum information requirements will outline the areas of climate disclosure expected, aligned with the high-level categories common to the TCFD and ISSB standards: governance, strategy, risk management and metrics and targets.

Protected forward looking statements

- Forward looking statements in a prospectus that meet specified criteria and labelling requirements will qualify as protected forward looking statements (PFLS).
- PFLS will be subject to an amended statutory liability threshold: the existing negligence liability standard and reverse burden of proof will be replaced by a dishonesty/recklessness standard, with the burden of proof being on the claiming party.
- The introduction of PFLS is designed to encourage more disclosure of forward looking information, which the FCA believes helps investors to make informed investment decisions.
- The FCA plans to provide a clear framework to give issuers legal certainty on what information can be deemed PFLS and to ensure investors can identify and assess PFLS.

Other proposed changes

- Prospectus summary: The FCA proposes to adopt a less prescriptive approach to the contents of a prospectus summary; remove the requirements for detailed financial information; allow for cross-referencing and incorporation by reference; and increase the page limit from seven to ten pages.
- Working capital statement: The FCA is consulting on whether to allow issuers to incorporate the assumptions on which a working capital statement is based or to derive a working capital statement from underlying due diligence undertaken for the purposes of viability and going concern disclosures in an issuer's annual financial statements.
- Six-day rule: The FCA proposes reducing the current "six-day rule" requiring a public offer prospectus to be made available to the public for at least six working days before the offer closing, to three working days.