





New UK Listing Rules: key impacts on premium listed companies

Under the new UK Listing Rules (**UKLRs**), existing premium listed companies will automatically transfer to the new equity share in commercial companies (**ESCC**) category. This handy guide sets out what the key impacts on premium listed companies will be when the UKLRs take effect on 29 July 2024.

SECTION OF LISTING RULES	CURRENT PREMIUM SEGMENT REQUIREMENTS	NEW ESCC CATEGORY REQUIREMENTS
General		
 Listing principles	Listing Principles and Premium Listing Principles	<ul style="list-style-type: none"> Single set of Listing Principles incorporating existing Listing Principles and Premium Listing Principles. Board declaration confirming appropriate systems and controls required on IPO.
 Eligibility criteria	All existing eligibility criteria apply to listing on the premium segment	<ul style="list-style-type: none"> The following existing eligibility criteria will no longer apply to applications to list in the ESCC category: <ul style="list-style-type: none"> historical financial information covering three years three-year revenue track record clean working capital statement independence and control of business requirements (except where there is a controlling shareholder).
 Sponsor	Required in a number of circumstances, including for significant transactions and circulars in connection with financial reconstructions or share buybacks	<ul style="list-style-type: none"> ESCC companies need only appoint a sponsor in connection with: <ul style="list-style-type: none"> publication of a prospectus (eg in relation to significant increases in share capital) reverse takeovers the provision of fair and reasonable opinions for related party transactions transfers out of/into ESCC category requests for individual FCA guidance, modifications or waivers in relation to the UKLRs FCA requirements due to breach or suspected breach of UKLRs or DTRs.
Transactions		
 Significant transactions	<p>For Class 1 transactions ($\geq 25\%$ under the class tests), company must appoint a sponsor and obtain shareholder approval after distributing FCA-approved circular.</p> <p>For Class 2 transactions ($\geq 5\%$ under the class tests), company must release prescribed announcement of key transaction details when transaction entered into.</p>	<ul style="list-style-type: none"> Removal of Class 1 and Class 2 labels. No notification or other requirements for former Class 2 transactions ie $< 25\%$ under the class tests (unless required by MAR where transaction constitutes inside information). Profits test dropped. Transactions $\geq 25\%$ under any class test are classified as “significant transactions”. For significant transactions ESCC companies must release an RNS announcement with key transaction details including: <ul style="list-style-type: none"> overview of the transaction and the company’s reasons for entering into it statement that board considers transaction to be in best interests of shareholders as a whole

SECTION OF LISTING RULES

CURRENT PREMIUM SEGMENT REQUIREMENTS

NEW ESCC CATEGORY REQUIREMENTS



Significant transactions

- financial information on target (for disposals only)
- any further information the company considers relevant, having regard to the purpose of the disclosure obligations.
- o Certain disclosures may be delayed, with final notification required on completion of transaction.
- o No requirement to appoint a sponsor, publish an FCA-approved shareholder circular or hold a shareholder vote (except for reverse takeovers).



Related parties

Any shareholder with 10% or more of the voting shares

- o Any shareholder with 20% or more of the voting shares.



Related party transactions

For related party transactions $\geq 5\%$ under the class tests, company must publish FCA-approved circular (including fair and reasonable opinion) and obtain independent shareholder approval

- o For related party transactions $\geq 5\%$ under the class tests, company must publish a RNS announcement, including key transaction details and fair and reasonable statement supported by sponsor.
- o No requirement for shareholder circular or shareholder vote.
- o No UKLR requirements for related party transactions $< 5\%$ under the class tests (unless disclosure required by MAR).

For $\geq 0.25\%$ under the class tests, company must obtain fair and reasonable opinion from sponsor and announce brief details



Share buybacks

Company must appoint a sponsor and obtain shareholder approval after distributing FCA-approved circular

- o Circular still required but will not need to include a working capital statement or be approved by the FCA.
- o No sponsor involvement.

Corporate governance



Dual share class structures

Restricted form of dual class share structures permitted (including five year sunset period)

- o No sunset clause required (except for institutional investors or shareholders, where ten year sunset period will apply).
- o Weighted voting rights shares can only be issued to:
 - directors
 - investors or shareholders
 - employees
 - persons established for the sole benefit of, or solely owned or controlled by, a person in one of the above categories.
- o Weighted voting rights shares cannot be issued after initial listing.
- o Restrictions on transfer and circumstances in which weighted voting rights can be exercised will continue to apply.



Controlling shareholder regime

Where a shareholder holds 30% or more of voting rights, company must enter into relationship agreement with controlling shareholder to ensure company's independence

- o Company must maintain independence from controlling shareholder, but no requirement for written relationship agreement.
- o Requirements on election of independent directors retained.



UK Corporate Governance Code

Required to disclose against UK Corporate Governance Code on a comply-or-explain basis

- o Requirement retained.