UK Listing Review

3 March 2021

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Letter to the Chancellor

Dear Chancellor

The UK needs strong public markets. Not merely because they are a way of companies funding growth and investment which in turn creates jobs and pays wages across the countries and regions of the UK. But because increasing the opportunities for investors to share in that growth helps spread wealth. Strong and deep capital markets drive the economy, spread risk, and they help people to build up their savings and plan for old age.

A vital part of the whole financial ecosystem is the process by which companies raise capital on the markets, including by going public. We need to encourage more of the growth companies of the future to list here in the UK. You asked us to review the listing rules which govern admission to the premium and standard listing segments of the Official List, together with the prospectus regime. Although there are many issues that we could have considered as part of strengthening the UK's capital markets, the focus of this report is therefore very much on the listing regime and how it could be reformed.

Why do we need to act? Although listing on the premium listing segment of the FCA's Official List has historically been globally recognised as a mark of quality for companies, the figures paint a stark picture: between 2015 and 2020, London accounted for only 5% of IPOs globally.[1] The number of listed companies in the UK has fallen by about 40% from a recent peak in 2008. Commentary about increased flows of business to Amsterdam make the point that we face stiff competition as a financial centre not just from the US and Asia, but from elsewhere in Europe.

One look at the composition of the FTSE index makes clear another challenge: the most significant companies listed in London are either financial or more representative of the 'old economy' than the companies of the future. At one point last

[1] LSE for listed companies and Dealogic for share of global IPOs

summer, Apple alone was worth more than the combined value of every company in the FTSE 100.[2] Although the UK has great strengths in technology and life sciences, too few of the innovations we have seen have led ultimately to UK companies coming to the public markets in London. Today, we can see the possibilities offered by the strong potential pipeline of tech IPOs if we are able to persuade them of the many advantages of listing in London. We cannot afford to miss the opportunity that this represents either for our future as a financial centre or as a source of returns for investors large and small.

Looking at our relative performance and the range of feedback we have had, it is clear that the current listing regime is in need of reform. As well as examples of over-complexity, duplication, overly long timescales and unnecessary and burdensome requirements, there are signs that the lack of flexibility in the premium listed segment in particular is playing a part in driving business to our competitors. That is certainly not to argue that it is *only* because of our listing regime that the UK has been missing out, but there is a widespread sense that this is a key factor. And, unlike some deeper-rooted structural issues, it is one where we can take swift action to redress the balance. In recommending that we update our system, we argue in essence that we should take the best from what our competitors around the world are doing and combine that with London's traditional strengths. But our bottom line is this: it makes no sense to have a theoretically perfect listing regime if in practice users increasingly choose other venues.

Let me draw out some of the broad themes that emerged from the many conversations and submissions we had:

- first, everyone to whom we have talked – investors, advisers, regulators, banks, companies considering listing – thinks that there is a need for change and reform. Not everyone agrees on every aspect of reform, but everyone agrees that we are right to be looking at our competitive

[2] https://www.bbc.co.uk/news/business-53996191

position, and whether our current regime remains fit for purpose;

- second, there is a widespread sense that, after a long period, linked to Brexit, of London and its financial services being on the back foot, there is now an opportunity for the whole system, including politicians and regulators, to get back to the job of strengthening our standing as one of the world's leading global financial centres;

- third, that although the specific issues the Treasury asked us to consider as part of our Listing Review are important, they do not amount to a full answer to the more fundamental question of what we should be doing to strengthen the whole capital markets ecosystem.

In drawing up our recommendations, we have been influenced by a sense of urgency and the need to harness the current appetite for reform, together with the need to think long term too. You will therefore find a mix of both immediate and longer term steps; as well as specific responses to the questions you asked us, we have also set out some broader areas for you to consider if your underlying objective is to strengthen the UK's capital markets.

Thinking in terms of a phased approach fits naturally with the idea of a rolling programme of gradual reform, and of encouraging an approach whereby regulation is seen as dynamic rather than static, adaptable and not rigid. The truth is that the task of improving London's competitiveness and of strengthening our financial ecosystem should be seen as a task that is never complete, not a one-off.

To underpin that approach, and to keep the question of the UK's attractiveness under review, we have one simple over-arching recommendation: you should produce a short annual report on the state of the City, to Parliament, that sets out the progress that has been made in improving our competitive position over the previous period. (*Recommendation 1*)

Such a report might look at comparative statistics, summarise what steps have been taken to improve the overall environment for listing and capital raising as well as the wider ecosystem, comment on what has worked or not worked, and consider areas for further reform – whether that involves a relaxation or a tightening of rules depending on experience. To produce that report, Ministers would need to talk to regulators and all sections of the market, which itself might help entrench the idea of the whole system working together to promote the attractiveness of London as a financial centre. Indeed, the report could also usefully reflect on steps taken to promote the City globally.

This is an outline idea, but you will see the point: set up a framework, with Treasury Ministers holding the ring and co-ordinating the Government's approach across Departments, reporting to Parliament with the support of regulators, bringing the whole system together, working to deepen our capital markets over time. We think that the market itself will also want to reflect whether it has the right structures in place to support this way of thinking and acting, where there is a shared responsibility for London's success.

What has been our general approach to thinking about regulation and the changes that Brexit might bring? As a global centre, we will want to continue to shape and follow global standards. It makes no sense to think in terms of 'ripping everything up' or that we should diverge for the sake of diverging. We clearly need to maintain the high standards of investor protection for which the UK is known.

Where I believe we now have an opportunity after leaving the EU is in the intelligent application of global standards to our own market. We should be able to move faster, more flexibly and in a more targeted way; this may have a particular relevance as we think about regulation of the growth sectors of the future where the UK should be able to move more quickly – for example in fintech, where we are already the leader in Europe, or in green finance, where we should be well-positioned to become a global

leader. This makes sense both from a commercial and financial stability point of view.

It is not, however, the case that simply leaving the EU will mean that all UK regulation will automatically become proportionate, adaptable and fleet of foot. British Ministers and regulators are just as capable of constructing over-complicated rules that discourage business investment as their European counterparts. It is, for example, a very widely held view that regulatory requirements on business and the liability profile of companies and their directors have increased significantly over time: indeed, this is one of the frequently cited reasons as to why there has been a trend of companies shifting from the public markets to private ones or never accessing the public markets at all. If we want to increase London's attractiveness as a place to take a company public, then we need to have consistent policies and messages that back that ambition up in a coherent manner.

The FCA is rightly admired around the world for having developed the concept of the regulatory sandbox where the regulator and business can work together in a 'safe' space to help companies to understand and meet their regulatory requirements in a more collaborative way. Maintaining high standards and being open to the needs of business do not have to be incompatible objectives. Regulatory processes that are clear and responsive, that avoid duplication or unnecessary bureaucracy, are all part of signalling to companies and investors that London is a well-regulated centre that is open for business.

Although the Future Regulatory Framework Review[3] is outside the scope of this report, it is linked in two respects. First, how much regulatory discretion and autonomy should the FCA have? We believe it is an attractive idea in principle that – with proper accountability – the regulator should be able to move more decisively and speedily to relax or tighten a rule in response to changing market dynamics. But this is connected with a second

[3] Future Regulatory Framework (FRF) Review: Consultation https://www.gov.uk/government/consultations/future-regulatory-framework-frf-review-consultation

question: what should the FCA's overall objectives be? And do its current objectives permit it to take as active a part as it might want to play in constructing a regime based on high standards, that is also a welcoming environment for companies wanting to list in the UK?

Other financial regulators – for example in Australia, Singapore, Hong Kong and Japan – have competitiveness or growth as a regulatory objective. Coming closer to home, the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority are each required to take due account of the impact of their activities "on the Union's global competitiveness". The FCA has no similar objective. You will obviously have a range of factors to consider, but in the context of the listing regime, we believe that it would be helpful if the FCA was also charged with the duty of taking expressly into account the UK's overall attractiveness as a place to do business.

There is also a linkage between the statutory objectives within which the FCA has to operate and its allocation of resources. The number of people working in the FCA dealing with the listing regime is less than one per cent of the total headcount. To extend the principle of the sandbox to the FCA's work with companies that are coming to the market, and to make the process as swift and supportive as possible, would obviously require proper resourcing and staffing. This is an issue on which the FCA and Treasury should reflect. In addition, the FCA might consider increasing the number of secondments from the private sector. This would bring in different perspectives and industry knowledge, for example in life sciences or tech, which could help improve the process. (*Recommendation 2*)

Having made these broader points about reform, let me run through our more detailed recommendations. Here, we have been guided by a number of principles. We have tried to increase flexibility. We have sought to simplify and speed up processes. Where we can, we have tried to avoid ever more detailed prescription and instead sought to increase choice. Where we

have recommended relaxations to the current rules, we have also considered what safeguards might be necessary. You will find a summary of our recommendations after this letter, and more detail in the sections that follow.

In line with the great majority of submissions we have received – and recognising the need to make sure we attract companies in vital innovative growth sectors such as tech and life sciences – we do recommend that, with sensible safeguards, rules should be changed to allow dual class share structures in the premium listing segment. We also recommend that the free float requirements should be made more flexible for all listings. But we are also of the view that it makes sense in parallel to provide more choice for companies by repositioning the current standard listing segment and promoting it far more effectively. (*Recommendations 3-5*). Sometimes the question of whether it would be better to make changes to the premium listing segment to attract more companies to list or make a new push to promote the current standard listing segment were presented to us as alternatives. We believe we need to do both: to free up the premium listing segment and to increase choice by building up an attractive alternative to it. On the same theme of increasing choice for issuers, we also recommend changes to the Listing Rules to remove a barrier which currently deters special purpose acquisition companies (SPACs) listing in the UK. We accompany this with recommendations for additional safeguards for investors so that they would be able properly to scrutinise both the benefits and potential downsides of these new vehicles. (*Recommendation 6*).

In response to the Call for Evidence, there was much criticism of the Prospectus Regulation. Many submissions argued that the existing exemption thresholds in relation to retail investors should be raised significantly. Although this would have the merit of simplicity, we argue for a more radical approach: we recommend that the Government carries out a complete rethink as to the whole purpose of the prospectus. Given that any change to the Prospectus Regulation requires primary legislation, we

think it is better to go back to first principles as to the core purpose of the prospectus and the kind of transaction for which it should be required. This would offer more far-reaching and permanent benefits in terms of reducing regulation and encouraging efficient capital raising, rather than simply raising thresholds. (*Recommendation 7*). In essence, we are recommending an approach to the prospectus that would take us closer to the kind of system we had before the Prospectus Directive and Regulation were introduced in the EU. As part of this rethink, we recommend that you consider whether prospectuses drawn up in other jurisdictions could be recognised in the UK. (*Recommendation 8*).

Next, we make some proposals in relation to the information that is provided to investors. We have made recommendations to make it easier for companies to provide forward-looking financial information, both at the time of listing and afterwards. We think this will benefit all issuers and investors, with a particular relevance for companies with high growth potential for example in the areas of technology and life sciences. (*Recommendation 9*). We recommend the maintenance of the three-year track record requirement for the premium listing segment, but we suggest that the FCA widens and adapts the provisions that are currently limited to scientific research companies to include more high growth innovative companies. We further recommend some simplification of the requirements regarding historical financial information that currently complicate the process for companies that have grown by acquisition (*Recommendations 10-11*).

We have also made recommendations to try to empower retail investors, recognising their changing expectations and the way that developments in technology create new possibilities of engagement (*Recommendations 12-13*). In looking at ways of improving the process of going public, we recommend reviewing aspects of the recently introduced rules on connected research analysts which has, in practice, added seven days to the public phase of an IPO process without apparent benefit.

(*Recommendation 14*). We end by raising some broader points that you might address if you want to strengthen the financial ecosystem as a whole.

None of our recommendations go beyond what can already be found in competing financial centres in the USA, Asia or, indeed, Europe. To emphasize this point: this report is not about opening up a gap between us and other global centres by proposing radical new departures to try to seize a competitive advantage. It is about closing a gap which has opened up.

Although many of these recommendations are highly technical and relate to the plumbing of the system, we believe that, taken together, they would not only make a practical difference to improving some of the listing processes, but would send a broader message that London is getting on the front foot. They would demonstrate that we are able to combine high standards of regulation and governance with flexibility and nimbleness. That is the way that we will succeed in attracting more of the growth companies of the future to list in London, triggering a virtuous circle of more capital, more investment, more jobs and better returns for investors, large and small.

In drawing together our recommendations, rather than seeking to 'split the difference' between different positions, we have sought to make proposals that we hope will deliver sensible reform. In some areas, there will be some who think we have gone too far; in others, not far enough. We don't claim that this report is the final word on listing. But that in itself underlines once again the key point that I want to emphasise: thinking about our competitive position is a process and attitude of mind, not a one-off. We hope that this Review can contribute usefully to getting that process underway.

I am very grateful for the help I have had from the secretariat to the Review, organised by EY, which included secondees from the FCA and HMT. I have relied heavily on an Advisory Panel which has brought deep market experience and technical expertise. I am also grateful to Greenbrook, who have helped with

communications, and who like everyone else has worked pro bono. I should also like to thank all those who took the trouble to respond to the formal Call for Evidence – we received over 60 submissions – and the hundreds of people who have taken part in the many meetings we have held.

What happens next? As you know, most of the recommendations in this Report are for the FCA to take forward in the first instance. So, given that the FCA will need to undertake a consultation on any changes it might make, our recommendations are the beginning of a conversation, not the end. Some of our proposals – most obviously the revised approach to forward-looking information and the recommended rethinking of the Prospectus Regulation – are for the Treasury. But for reform to happen, we need the whole marketplace – the LSE, investors, advisers – as well as regulators and the Government to take responsibility and work together to make change happen.

I end where I started: I believe that we have both the opportunity and the necessity for reform. These moments, when politicians, regulators and the City are aligned, do not come around very often. I know you want to seize that opportunity. I hope this report might help you in that task.

Jonathan Hill,

Chairman, UK Listing Review

Recommendations overview

Monitoring and delivering results

1. The Chancellor should present an annual report to Parliament on the State of the City, setting out the steps that have been taken or are to be taken to promote the attractiveness of the UK as a well-regulated global financial centre, with dynamic capital markets and a strong ecosystem that attracts the growth companies of the future to list and grow here.

   Implementation: Commitment from HMT

2. In the context of the Future Regulatory Framework Review, HMT should consider whether the current statutory objectives of the FCA provide it with sufficient scope to play its part in building an environment for companies looking to list which is not just well-regulated but also welcoming, supportive and dynamic – and in this context, it would be helpful if the FCA was also charged with the duty of taking expressly into account the UK's overall attractiveness as a place to do business.

   Implementation: HMT as part of the Future Regulatory Framework Review

Improving the environment for companies to go public in London

3. Allow companies with dual class share structures to list in the premium listing segment but maintain high corporate governance standards by applying certain conditions. These would include:
   - a maximum duration of five years;
   - a maximum weighted voting ratio of 20:1;
   - requiring holder(s) of B class shares to be a director of the company;

- voting matters being limited to ensuring the holder(s) are able to continue as a director and able to block a change of control of the company while the DCSS is in force; and
- limitations on transfer of the B class shares.

Implementation: FCA, subject to consultation on Listing Rule changes

4. Rebrand and re-market the standard listing segment. Its name should be changed, for example to the Main Segment, or by simply referring to companies being admitted to the Official List either by way of a Chapter 6 listing (current premium) or a Chapter 14 listing (current standard). Encourage investor groups to develop guidelines on areas they see as particularly important to allow for companies on the rebooted segment to be index-eligible.

   Implementation: FCA, subject to consultation on Listing Rule changes, LSE, investor groups.

5. Reassess free float requirements to provide a better measure of liquidity at and following listing. Provide more clarity and choice for companies about how much free float they must have at IPO, by lowering the absolute requirement for free float to 15% and allowing more choice for companies of different sizes to use measures of liquidity other than an absolute free float percentage.

   Implementation: FCA, subject to consultation on Listing Rule changes

6. Revise the Listing Rules which can require trading to be suspended in the shares of special purpose acquisition companies ("SPACs") on announcement of a potential acquisition. Provide additional protections for shareholders at the time of the acquisition, such as a shareholder vote and redemption rights.

Implementation: FCA, subject to consultation on Listing Rule changes

Re-designing the prospectus regime

7. HMT should conduct a fundamental review of the prospectus regime, so that it fits better with both the breadth and maturity of UK capital markets and the evolution in the types of businesses coming to market as well as those that are already listed.

   Consideration should be given, as a minimum, to the following areas:

   - changing prospectus requirements so that in future, admission to a regulated market and offers to the public are treated separately
   - changing how the prospectus exemption thresholds function so that documentation is only required where it is appropriate for the type of transaction being undertaken and suits the circumstances of capital issuance
   - use of alternative listing documentation where appropriate and possible, e.g. in the event of further issuance by an existing listed issuer on a regulated market

   Implementation: HMT, requires legislative changes

8. Maintain the existing regime within the Listing Rules for secondary and dual listing. As part of the review of the prospectus regime, consider whether prospectuses drawn up under other jurisdictions' rules can be used to meet UK requirements.

   Implementation: HMT, requires legislative changes

Tailoring information to meet investor needs better

9. Facilitate the provision of forward-looking information by issuers in prospectuses, by amending the liability regime for issuers and their directors.

   Implementation: HMT, requires legislative changes

10. Maintain the three-year track record requirement for the premium listing segment. Review the provisions for scientific research-based companies regarding revenue earning requirement to broaden their application to a wider range of high growth innovative, companies across a variety of sectors.

    Implementation: FCA, subject to consultation on Listing Rule changes

11. Amend the requirement for historical financial information covering at least 75% of an issuer's business for premium listings so that this test is only applicable to the most recent financial period within the three-year track record.

    Implementation: FCA, subject to consultation on Listing Rule changes

Empowering retail investors and improving capital raising for existing listed issuers

12. Consider how technology can be used to improve retail investor involvement in corporate actions and their undertaking of an appropriate stewardship role.

    Implementation: BEIS, with support from HMT and FCA

13. Consider how to improve the efficiency of further capital raising by listed companies by re-establishing the Rights Issue Review Group ("RIRG"). Reconsider its outstanding recommendations in terms of capital raising models used in other jurisdictions such as Australia, including in light of technological advances, in order to facilitate a quicker and

more efficient process of raising capital for existing listed companies and more easily involve retail investors.

Implementation: HMT, with support from BEIS and FCA

Improving the efficiency of the listing process

14. Review the relatively recently introduced conduct of business rules in the FCA Handbook relating to the inclusion of unconnected research analysts in an IPO process, which in practice mean an extra seven days being added to the public phase of the process.

    Implementation: FCA, subject to consultation on Handbook changes

Wider financial ecosystem

15. Consider and act on industry concerns in relation to the wider financial ecosystem concerning:

    - unlocking pension investment
    - competitive tax environment
    - SME research provision

1. Monitoring and delivering results

1.1 The Chancellor should present an annual report to Parliament on the State of the City, setting out the steps that have been taken or are to be taken to promote the attractiveness of the UK as a well-regulated global financial centre, with dynamic capital markets and a strong ecosystem that attracts the growth companies of the future to list and grow here.

The task of making sure that the City is well-regulated, attractive to business, and competitive with other global financial centres should be thought of as a rolling programme, not as a one-off. The various players involved – politicians, regulators, exchanges, investors, advisers and others in the market – need to be brought together in a common effort to build as compelling an offer to companies looking to list as possible, but also to help strengthen and deepen UK capital markets. This is a long-term task that requires long-term attention and focus. Although everyone in the market needs to take responsibility for making a success of the City, the Government could give a lead by underlining the importance it attaches to this task, by providing leadership and by ensuring that its own policies are coherent and co-ordinated across Departments.

To demonstrate the Government's commitment to the City, to promote high quality and responsive regulatory policy, and to maintain a rigorous political focus on the international attractiveness of the UK in respect of listing and beyond, the Review recommends that the Chancellor presents a report annually to Parliament on the State of the City.

The first edition could be published in early 2022. It would cover the issues in the scope of this Review but in order to be as effective as possible it should go wider, covering broader capital markets issues.

The report could monitor and comment on key "performance indicators" (on IPOs, volume of capital raised, trading volumes, inward authorisation applications etc), summarise what steps have been taken to improve the overall environment for listing and the wider ecosystem, comment on what has worked or not worked, and consider areas for further reform – whether that involves a relaxation or a tightening of rules depending on experience.

To produce the report, Treasury Ministers would need to talk to regulators, to Government departments with related or overlapping objectives like BEIS, and to all sections of the market, which itself might help entrench the idea of the whole system working together to promote the attractiveness of London as a financial centre.

Implementation:

HMT should present its first annual State of the City report to Parliament in early 2022.

1.2 In the context of the Future Regulatory Framework Review, HMT should consider whether the current statutory objectives of the FCA provide them with sufficient scope to play their part in building an environment for companies looking to list which is not just well-regulated but also welcoming, supportive and dynamic – and in this context, it would be helpful if the FCA was also charged with the duty of taking expressly into account the UK's overall attractiveness as a place to do business.

The best regulation is dynamic and flexible – capable of being tightened or relaxed – as circumstances change, and new opportunities or risks emerge. Maintaining high standards and being open to the needs of business do not have to be incompatible objectives. Regulatory processes that are clear and responsive, that avoid duplication or unnecessary bureaucracy,

are all part of signalling to companies and investors that London is a well-regulated centre that is open for business.

It is an attractive idea in principle that – with proper accountability – the regulator should be able to move more decisively and speedily to relax or tighten a rule in response to changing market dynamics. But this is connected with the question of what the FCA's overall objectives should be. Do they currently permit it to take as active a part as it might play in constructing a high standard but welcoming environment to companies wanting to list in the UK?

Other financial regulators – for example in Australia, Singapore, Hong Kong and Japan – have competitiveness or growth as a regulatory objective. The European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority are also each required to take due account of the impact of their activities "on the Union's global competitiveness." The FCA has no similar objective. In the context of the listing regime, it could be helpful if the FCA was also charged with the duty of taking expressly into account the UK's overall attractiveness as a place to do business.

We therefore recommend that as part of the Future Regulatory Framework Review, HMT should consider the case for amending the FCA's statutory objectives to include a requirement to take 'competitiveness' or 'growth' factors into account.

Implementation:

HMT to consider the addition of a 'growth' or 'competitiveness' requirement for the FCA as part of the Future Regulatory Framework Review.

2. Improving the environment for companies to go public in London

The recommendations set out in this section are intended to encourage companies to list in London at an earlier stage of their growth cycle, in line with developments in other jurisdictions. This should, in turn, broaden the listed investment landscape for both institutional and retail investors in the UK. We also consider that the proposed changes will increase the attractiveness of listing in the UK for issuers when set against the choice of global markets that they have at IPO, as well as the wider choice as to whether to go public or stay private.

2.1 Allow companies with dual class share structures to list in the premium listing segment but maintain high corporate governance standards by applying certain conditions.

These would include:

- **a maximum duration of five years;**
- **a maximum weighted voting ratio of 20 to 1;**
- **require holder(s) of the Class B shares to be a director of the company;**
- **voting matters being limited to ensuring the holder(s) are able to continue as a director and able to block a change of control of the company while the DCSS is in force; and**
- **limitations on transfer of the B class shares.**

Being listed in the premium listing segment is attractive for many companies and its eligibility requirements and continuing obligations are reassuring to investors in ensuring the companies they invest in adhere to high corporate governance standards. Yet, for some companies the point of going public, while a sign of success, is also a time of vulnerability.

They are immediately operating in the short-term environment of quarterly or half yearly results and immediate shareholder reactions. Arguably, that is the point at which the company is most at risk of falling sway to the dangers of short-termism by both investors and directors as the public share price provides a daily report card on their decisions. It also leaves them vulnerable to unwanted takeovers as they haven't had time to build up the faith and goodwill from their shareholder base necessary to avoid shareholders taking quick win profits over longer term value.

This is particularly the case for founder-led companies for whom dual class shares structures are most attractive. They provide a way for the founder of the company to continue to be able to execute their vision for how the company should evolve and grow while still allowing others to share in that growth – be it employees or new shareholders and the general public. Their vision and their ability to execute that vision is often part of the company's selling point. Investors will factor this into price, which will affect whether they do or don't want to buy the company's shares.

When founders bring their companies to market, they often seem to be concerned mostly about their vision not being derailed by being removed as a director/CEO. However, perhaps the bigger risk to founders as they come to market is that their vision is not able to come to fruition because the company, once listed, can be subject to an opportunistic takeover bid at a conventional bid premium to the market price. We have seen a number of examples of this in recent years.

Therefore, providing founders with a transition period during which they are able to ensure that control is retained – on the basis of their vision and control rights having been fully disclosed to prospective investors at the time of listing – would seem to be a sensible way forward. We recommend that the FCA creates new rules-based provisions within the Listing Rules for dual class share structures – in the same way as the measures put in place for sovereign-controlled companies a couple of years ago. These rules would provide a transition period, with conditions that

apply during that time, for issuers that have dual class share structures to be eligible for a premium listing.

These rules should include the following restrictions:

- a maximum duration of five years
- a maximum weighted voting ratio of 20:1 – to ensure that holders of weighted voting rights need to have a minimum economic interest in the company
- limitations on transfer - the shares must convert on transfer, subject to limited exceptions including for (a) transfers for estate planning purposes; (b) transfers for charitable purposes
- limitations on who is able to hold the voting class shares – limiting it to individuals who are directors of the company
- limiting the set of matters that could be subject to weighted voting for the duration of the DCSS, namely the holder of the Class B shares:
    - being able to ensure they remained as a director; and
    - being able to block a takeover.

At the end of the transition period, companies would either become subject to all of the rules of the premium listing segment, or alternatively, could move segment and maintain or even expand the scope of their share structure, subject to a shareholder vote.

This regime is designed to address the concerns of founder-led companies. The restrictions on its use are therefore intended to ensure the holder of the B class shares is engaged in the running of the company and maintain an economic interest in the company. We have sought to set objective criteria to avoid the

need for individual judgements around the suitability of different companies for the structure.[4]

Implementation:

In order to implement these changes, the FCA will need to consult on changes to the Listing Rules.

2.2 Rebrand and re-market the standard listing segment. Its name should be changed, for example to the Main Segment, or by simply referring to companies being admitted to the Official List either by way of a Chapter 6 listing (current premium) or a Chapter 14 listing (current standard). Encourage investor groups to develop guidelines on areas they see as particularly important to allow for companies on the rebooted segment to be index-eligible.

The standard listing segment is widely acknowledged as suffering from an identity and a branding crisis. It began life as a venue for international companies, listed in other jurisdictions, to access more liquid and vibrant London markets. Then, as EU Directives required Member States to have markets with minimum standards, in a worthwhile attempt not to dilute high standards on London markets, it became a helpful category to which to apply those EU Directive minimum rules – while at the same time maintaining the super-equivalent premium listing segment. It very clearly was not established as a place designed to be attractive to companies of any particular size or type – whether they be technology companies, scientific companies or any other type of high or low growth companies.

While AIM is a hugely successful growth market – 54% of European growth capital was raised on AIM in 2020[5] – it serves a different purpose from the LSE's Main Market, as does the Aquis Stock Exchange. The average market cap of a company admitted to trading on AIM is £162 million, dwarfed by that of

[4] See annex A for a description of the rules in other jurisdictions regarding dual class share structures.
[5] Dealogic, January 2021, provided by LSEG

the LSE's Main Market at £3.4 billion.[6] In contrast, the High Growth Segment, launched by the LSE in 2013, has yet to achieve a critical mass of companies to be a true alternative for those thinking of going public.

The standard segment should be rebranded and relaunched. It should be promoted as a venue for companies of all types to list in London. Rather than setting prescriptive requirements that are rules-based, rigid and difficult to evolve over time, the key feature of the newly branded segment should be emphasised as being its flexibility.

The FCA should continue to set minimum standards of eligibility for listing there to ensure that the overall quality of issuers is maintained. The driving force behind the segment should be the companies and investors who use and benefit from it.

When a company makes the decision to list, regulations and exchange rules are only one part of the equation. Investor appetite and willingness to invest is just as, if not more, important. And investors are better able to take account of different circumstances and evolving business models of particular companies than static rules will ever be. They know what safeguards are most important to them in protecting their rights. Companies could highlight the measures they were voluntarily putting in place to hold themselves to high standards – for example, following the UK Corporate Governance Code - and thereby emphasising their status as high-quality companies. Best practice would likely develop and iterate over time to suit the needs of the market. It would then be for an individual issuer to justify to investors ahead of listing why a particular structure or set of standards was appropriate to it in its particular circumstances.

Lack of index inclusion is a key reason why issuers see the current standard listing segment as unattractive. A premium

[6] LSEG, January 2021

listing is the only, way to ensure inclusion. This link should be broken.

We recommend that investor groups are encouraged to publish industry guidelines on areas that they see as particularly important that would allow for companies listed in the segment to be included within leading indices. These could be in relation to dual class share structures as well as key corporate governance protections. Most importantly they would consider the needs of passive investors who are most affected by changes to indices. Index providers should engage with their users to take a more open approach to the rebranded segment.

Longer term, the flexibility of the segment would hopefully serve to attract an increasingly large cluster of like-minded companies that would generate its own momentum and also attract others to join. This would lead to greater research coverage, additional liquidity and improved pricing. Both the regulator and investors would be seen as standing shoulder to shoulder with the market and the companies that were listed on it.

Implementation:

In order to implement these changes, the FCA will need to consult on changes to the Listing Rules, the LSE will need to rebrand its market segments and investor groups will need to develop guidelines.

2.3 Reassess free float requirements to provide a better measure of liquidity at and following listing. Provide more clarity and choice for companies about how much free float they must have at IPO by lowering the absolute requirement for free float levels to 15% and allowing more choice for companies of different sizes to use measures of liquidity other than an absolute free float percentage.

Free float refers to the number of shares that are in public hands. Existing FCA rules on free float levels are seen as one of the

strongest deterrents to companies when they consider where to list, particularly for high growth and private equity backed companies. Making available a quarter of a company's equity can be a daunting prospect, particularly if the company is already of significant size, or if there aren't enough willing sellers.

Different listing venues around the world approach setting the level of shares in public hands – i.e. those that are freely tradeable – at and following IPO in various ways. See *Annex B* for a comparison of requirements in other jurisdictions.

Other markets use a combination of metrics to ascertain how much stock a company needs to float. Very few use one single metric to do so and there is evidence that the existing metric in the Listing Rules of an absolute threshold set at 25% of a company's issued share capital does not act as a reliable measure for liquidity over time. Analysis conducted by the London Stock Exchange, included in *Annex B*, shows that in the US, where a significant number of companies have a lower free float than currently allowed under FCA rules, there is no significant drop in secondary market liquidity until below a 10% free float.

While it is difficult to make predictions around future liquidity, the responses to the Call for Evidence asserted strongly that the current rules are deterring companies from listing in London. It should be possible to significantly reduce the current level to remove this barrier.

Recent changes that removed restrictions on what could be included in the free float level from outside EEA member states are welcome as they reinforce the global outlook of London markets. But in isolation they do not go far enough. The FCA should be able to develop a more sophisticated way of considering free float in order to ensure companies will be liquid post-IPO. Recognising the difficulty that comes with predicting future liquidity and the importance of this measure, the FCA should closely monitor the effects of this policy change and act to refine the policy should it prove necessary.

Firstly, we recommend that the definition of shares in public hands should be reviewed and updated to consider whether the shares are in fact contributing to liquidity. The current definition[7] should:

- be widened to increase the threshold above which investment managers and other institutional shareholders are excluded from contributing towards the free float calculation from 5% to 10%, and further refined to take account of where holdings are diversified across fund managers within the same investment house who are making independent decisions.

- be extended to include non 'inside' shareholders, e.g. without a board seat or sovereign wealth shareholders that are acting in a purely investment capacity, not being treated as being in concert with Governments.

- be refined to exclude shareholders who are subject to lock up agreements of any duration that mean those shares are not realistically accessible as part of the regular liquidity pool.

Secondly, we recommend that the FCA should reduce the required percentage of shares in public hands from 25% to 15% for all companies in both listing segments, as well as allowing companies of different market caps to use alternative measures to the absolute percentage of 15% to demonstrate that there will be sufficient liquidity in their shares following listing.

The measures used should be objectively assessable by potential issuers and their advisers in order to provide maximum certainty for issuers, the FCA and the market generally, as to what criteria apply. The FCA would still need to confirm that it agrees with the analysis but the approval of the FCA should as far as possible be simply confirmatory in nature and avoid the inherent discretion

[7] FCA Listing Rules 6.14

that currently applies when it has to consider waiving the 25% threshold down.

- Companies with larger market caps should, as an alternative to complying with the 15% threshold, be able to demonstrate that they have a minimum number of shareholders, a minimum number of publicly held shares, a minimum market value of publicly held shares and a minimum share price to support a liquid market.

- Smaller companies should, as an alternative to complying with the 15% threshold, be able to use the same method as that used on AIM.[8] This would require them to have in place an agreement with an FCA authorised broker to use its best endeavours to find matching business if there is no registered market maker on the relevant market.

As with the changes to the standard listing segment, index providers will need to engage with their users to consider how their approach to free float should adapt to keep pace with FCA rule changes.

Protecting minority shareholders from controlling interests

Shareholders have many tools available to them to protect minority shareholders from those with controlling interests. Free float requirements are not designed to do this. The FCA controlling shareholder regime, further described in *Annex B*, puts additional requirements upon premium listed companies that have controlling shareholders for exactly this reason. It ensures that agreements are in place that contain independence provisions and that compliance with these is then reported on in the company's annual report.

Beyond this, the UK Corporate Governance Code, with which all premium listed companies are required to comply or explain non-compliance, sets out that should 20% or more votes of those present be cast against a board recommendation for a resolution,

[8] AIM Rule 35 https://docs.londonstockexchange.com/sites/default/files/documents/aim-rules-for-companies-july-2016.pdf

then this must be announced to shareholders and included in the annual report.[9] Further work is then required by the company to understand the reasons behind the negative vote as well as further reporting back to shareholders. Significantly, these thresholds are not of all members who can vote, but only of those who do vote, meaning the level required in practice is significantly lower, and is also not directly tied to the level of free float.

The recent Asset Management Taskforce report concerning stewardship,[10] amongst other things, looks to improve the efficacy of these elements of the Corporate Governance Code and the Stewardship Code. It recommends that the FRC commission or directly develop a set of resources aimed at company directors to raise awareness of the expectations that the UK Stewardship Code sets for investors, and the opportunity and expectations this presents for companies and their directors when engaging with investors.

Implementation:

In order to implement these changes, the FCA will need to consult on changes to the Listing Rules.

2.4 Revise the Listing Rules which can require trading to be suspended in the shares of special purpose acquisition companies ("SPACs") on announcement of a potential acquisition. Provide additional protections for shareholders at the time of the acquisition, such as a shareholder vote and redemption rights.

SPACs – special purpose acquisition companies – are cash shell companies formed with a view to making an acquisition. Investors buy shares in SPACs in anticipation of the management team making a successful acquisition, based on an investment profile described in its prospectus. The SPAC eventually makes

[9] UK Corporate Governance Code: 1. Board Leadership and Company Purpose https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf
[10] Investing With Purpose: placing stewardship at the heart of sustainable growth https://www.theia.org/sites/default/files/2020-11/Asset%20Management%20Taskforce_proof7.pdf

its acquisition in whole or in part using the subscriptions raised from its shareholders.

The vehicle has rapidly gained popularity in the US and in recent weeks it seems to have taken off in Amsterdam. It is often spoken about as an alternative to an IPO as a form of financing and access to the public markets. Speed is often cited as a key attraction for target companies since a company looking to raise money need only negotiate with one counterpart – the SPAC – rather than undertake time-consuming roadshows of multiple potential investors. Other potential attractions include the fact that specialised acquisition teams may offer a higher price for niche businesses than the valuation that could be obtained in a conventional IPO. They also, as a structure, simply provide companies with more options for going public.

According to information provided to the Review, 248 SPAC vehicles were listed in the US in 2020 raising the US$ equivalent of £63.5 billion.[11]

In the UK, by contrast, the market for SPACs is dormant. Only four SPACs were listed in the UK in 2020, raising an aggregate total of £0.03bn. And the recent use by a number of technology-focused companies of the de-SPAC route in the US indicates a risk that the UK is losing out on home-grown and strategically significant companies coming to market in London.

Several market participants believe that the SPAC trend is going to continue, and some provided evidence that the vehicles are likely, in the near term, to become increasingly popular sources of finance for European companies seeking alternatives routes to market to a traditional IPO. We have, though, obviously also heard a number of reservations being expressed about SPACs, such as the allocation of "promote" shares to SPAC sponsors as well as their performance over time. These are both issues of which investors should be fully aware when making investment decisions.

[11] Dealogic, February 2021, provided by LSEG

The bottom line from a competitive point of view is, however, clear: there is a real danger that the perception that the UK is not a viable location to list a SPAC is leading UK companies, notably fast-growing tech companies, to seek a US – or indeed EU – de-SPAC route for financing, rather than a transaction resulting in a London listing. Moreover, as a matter of principle, the Review considers that additional choice around how companies go public in London is likely to be beneficial, complementing the Review's wider recommendations to improve the effectiveness of the IPO process in the UK.

The responses to the Call for Evidence suggest that while there may be several reasons why UK SPAC financing has not emerged at scale, a key factor is regulatory and relates to FCA rules which can require trading in a SPAC to be suspended when it announces an intended acquisition. Another is dealt with under *Recommendation 9* where the ability to provide meaningful forward-looking information would be particularly beneficial to SPACs.

The rule regarding trading suspension is seen as a key deterrent for potential investors in UK SPACs. It exposes investors to the possibility that they will be "locked into" their investment for an uncertain period following the identification by the SPAC of an acquisition target, even if they wish to exit – due to differences of view over the target or for other reasons. The last time this rule was reviewed, in 2018, the FCA removed the rebuttable presumption of suspension for commercial companies but retained it for SPACs. The FCA's reasoning for retaining the requirement for SPACs was that in recent years there had been a significant increase in the number of SPACs with very small capitalisations. Such vehicles were liable to experience high levels of volatility around the time of a proposed transaction, which was much less evident in the share prices of commercial

companies.[12] However, the rule appears to be deterring SPACs of all sizes.

To address what appears to be a barrier to the development of a potentially important source of equity financing and route to market for UK companies, including in particular in relation to technology-related companies, we recommend the FCA remove the rebuttable presumption of suspension and replace it with appropriate rules and guidance further to increase investor confidence in these companies – similarly to how commercial companies are treated.

Specifically, the FCA should consider developing, as appropriate, rules and guidance on the following points:

- the information which SPACs must disclose to the market upon the announcement of a transaction in relation to a target company
- the rights investors in SPACs must have to vote on acquisitions prior to their completion
- the rights investors in SPACs must have to redeem their initial investment prior to the completion of a transaction
- if necessary, to safeguard market integrity, the size of SPAC below which the suspension presumption may continue to apply.

Implementation:

In order to implement these changes, the FCA will need to consult on changes to the Listing Rules.

[12] FCA CP 14/4: Review of the Effectiveness of Primary Markets: Enhancements to the Listing Regime https://www.fca.org.uk/publication/consultation/cp17-04.pdf

3. Re-designing the prospectus regime

While noting the protections offered by the current prospectus regime, the Call for Evidence highlighted a significant and widespread appetite for change. In our view, the prospectus regime as currently drafted does not best serve the UK capital markets and as such, we recommend a fundamental rethink of the current regime. The goal of reform should be an approach much closer to the one that existed in the UK before the Prospectus Directive and Prospectus Regulation.

From an issuer perspective, we consider that the required content should be much more tailored to the type of capital raise (e.g. on regulated market, off-market primary, rights issues, acquisition-related), with a view to simplifying the process and improving the flexibility and responsiveness of capital markets.

For investors, a streamlining of the prospectus regime should help to highlight key information. We also note that, from a retail investor perspective, the recommended review should consider what can be done to increase retail participation for primary market issuances, both at IPO and for further issues.

3.1 HMT should conduct a fundamental review of the prospectus regime, so it fits better with both the breadth and maturity of UK capital markets and the evolution in the types of businesses coming to market as well as those that are already listed.

Consideration should be given, as a minimum, to the following areas:

- **changing prospectus requirements so that, in future, admission to a regulated market and offers to the public are treated separately**
- **changing how the prospectus exemption thresholds function so that documentation is only required where it is appropriate for the type of**

transaction being undertaken and suits the circumstances of capital issuance

- **use of alternative listing documentation where appropriate and possible, e.g. in the event of further issuance by an existing listed issuer on a regulated market**

There is widespread support for a re-examination of what a UK prospectus regime should look like. Many respondents to the Call for Evidence focused on very specific rules that had slowed down capital raising, in particular by existing listed issuers, or that excluded retail investors due to the current prospectus thresholds; others raised more fundamental concerns on liability, the inability to give meaningful forward-looking guidance and suitability for debt issuances.

While we received very few comments on the content of prospectuses at the point of IPO, aside from those related to the desirability of being able to provide forward-looking guidance and the cumbersome nature of the regime for smaller issuers, significant concerns were raised about when a prospectus was required in other circumstances. We conclude that the current regime governing the content of and when a prospectus is required needs fundamental reform.

The EU Prospectus Regulation, and the Directive that proceeded it, brought together two different sets of rules for capital raising. It aimed to cover traditional capital raising on stock exchanges as well as circumstances where capital was being raised from the public, including crowd funding and capital raising on a much smaller scale. The guiding principles around the regime were based on informing the reader directly and comprehensively and were therefore based on who that reader was.

The drive towards disclosure and transparency coupled with the liability profile attached to prospectuses has led to a ballooning in their size and a reduction in their usefulness. Further, as additional requirements were tied to the inclusion of retail

investors, often the easiest way for companies to raise capital has been simply to exclude them. Even the simplest of these additional requirements – the need to keep an offer open for six working days – can result in a decision by an issuer not to open the offer to retail investors at all as it means that it cannot move with speed to close its books if that is in the best interests of the IPO process.

Many of the responses to the Call for Evidence suggested tweaking the existing prospectus framework, raising exemption thresholds so that more retail investors could participate in capital raisings without needing a prospectus. This would involve increasing the amount of money a company could raise above the existing eight million EUR limit and increasing the number of retail investors that could be included from 150.

In the context of this Review, which deals with listed and to-be-listed companies that are or will be subject to ongoing disclosure obligations, it is clear that these thresholds should be reconsidered. The thresholds, however, don't only apply in this well-regulated space, they apply to all instances of capital raising. In those circumstances, the requirement to produce a prospectus can act as an investor protection tool, albeit a blunt one. Removing the requirement for a prospectus by raising the thresholds in isolation could therefore leave a significant gap in the UK's wider investor protection regime. Furthermore, such changes would in any case require the Government to bring forward primary legislation.

Instead, rather than attempting to amend thresholds and fill gaps that would almost certainly be created elsewhere on an ad hoc basis, we believe that it would be preferable to review the prospectus requirements fundamentally and refocus them. This will require decoupling when a prospectus is required and separating the requirements for admission to a regulated market from offers to the public. Rather than using prospectus requirements to limit access to capital raising, the prospectus regime should be tailored to the circumstances of the transaction that is being used to raise capital.

The consequence of a fundamental review should be that further issuances by companies that are listed or quoted, should either be completely exempt from requiring a prospectus, or be subject to much slimmed down requirements, for example, confirmation of no significant change. The existing corporate reporting requirements and market abuse rules mean companies are required to ensure information is disclosed to investors on an ongoing basis and in many cases a prospectus adds very little for an investor. In many cases it could be argued that the only 'new' information is what the proceeds of the capital raise are to be used for. This should be considered in combination with *Recommendation 13*, that looks to improve the efficiency of further capital raising by listed companies and suitably recognise pre-emption rights.

We recognise the limitations of a slimmed down prospectus for further issuances by companies with an international investor base. They may still need to prepare documentation to meet the domestic securities law requirements in other jurisdictions that apply when an offer is made to domestic shareholders, for example in the US. However, we still consider that slimmed down requirements for further issuance should be explored. It may mean its benefits are felt most by smaller, more UK-focused listed or quoted companies that find the current prospectus requirements most disproportionate currently.

Work on reforming the prospectus regime should be prioritised within the Future Regulatory Framework Review, which proposes following the existing method under FSMA of delegating responsibility for detailed rulemaking to the financial regulators. This "allows regulators to flex and update those standards efficiently in order to respond quickly to changing market conditions and emerging risks". This approach is particularly appropriate in the context of the Prospectus Regulation where detailed prescriptive rules that were hard wired into legislation have hindered companies and investors.

Work on reviewing the prospectus regime should not, however, wait for this framework to be in place. The Government should

work with the FCA to prioritise the Prospectus Regulation and other elements of retained EU regulation such as the Transparency Directive and the Market Abuse Regulation that directly pertain to listed companies so they can be at the forefront for implementation within the new framework.

Implementation:

In order to implement these changes, HMT and FCA should launch a consultative review of the on-shored Prospectus Regulation. A suitable legislative opportunity will need to be identified in order to implement changes.

3.2 Maintain the existing approach within the Listing Rules for secondary and dual listing. As part of the review of the prospectus regime, consider whether prospectuses drawn up under other jurisdictions' rules can be used to meet UK requirements.

Along with New York, London is a pre-eminent listing destination for global companies seeking a listing overseas. The LSE's Main Market includes more than 200 dual listings.[13]

From an issuer's standpoint, several benefits are associated with dual and secondary listings, including ease of access to investors and greater public profile.

There is also a case that dual and secondary listings may bring wider benefits to the UK as a listing centre. For example, some argue that increasing UK investors' ease of access to US tech stocks could support the development of expertise and analyst coverage of these companies in the UK, complementing wider efforts to address the "valuations gap" which certain issuers perceive between the US and London.

Respondents to the Call for Evidence did not raise significant concerns regarding the existing regime for secondary listings, although some did point out some technical issues around

[13] LSEG, February 2021

settlement and the way in which CREST functions that hinders dual listings. The market for Global Depository Receipts is seen by others as providing an adequate solution to these issues.

The best way in which the Government and regulators could help promote dual and secondary listings in the UK is by making regulatory allowances for foreign issuers' home prospectuses. Standards would be maintained by the FCA continuing to be responsible for the eligibility of issuers to list and companies continuing to be obliged to follow the UK Listing Rules relevant to the segment they chose to list on. However, companies could rely upon the prospectus they had produced for their own market, rather than having to produce a new one, removing a significant burden in the process. This could extend to further issues as well as at IPO.

The standard listing segment started out as a listing segment for secondary listings. The changes we are recommending to rebrand and reposition the segment focus on flexibility. This flexibility should continue to make the segment attractive to foreign companies for secondary listings as much as for UK companies.

Recognising prospectuses from other jurisdictions would require the development of a system for determining whether another jurisdiction's prospectus was suitable for being used for this purpose. While the existing prospectus regime contains a mandate for the Government to recognise overseas prospectuses, the drafting of this mandate has been criticised and may have limited effect in practice. A clearer, and potentially wider, mandate for a prospectus "equivalence" regime could be considered in the context of reviewing the UK prospectus regime.

Implementation:

These changes should be considered within the Future Regulatory Framework Review, so that consideration is given to whether the FCA is empowered to develop such a framework for other jurisdictions.

4. Tailoring information to meet investors' needs better

The recommendations below are aimed at reducing some of the challenges faced by companies, especially those which are high growth and/or have grown through significant acquisitions, in meeting the requirements for the premium listing segment, while at the same time allowing management teams better to articulate the value proposition of the businesses for which they are stewards. Ultimately this should offer investors a larger investment universe and, in the case of forward-looking guidance, access to more useful financial information.

4.1 Facilitate the provision of forward-looking information by issuers in prospectuses by amending the liability regime for issuers and their directors.

At present, a growing and ambitious company coming to market in London has to present three years of backward-looking financial information in its prospectus and yet can only give often half a page or so of narrative forward-looking information in the current trading and prospects section. By contrast, once the company is listed, it is able to provide such information in its financial communications to investors. In addition, it is clear from the responses to the Call for Evidence that investors are clamouring to be given more forward-looking information by issuers and that issuers are keen to give it to them.

Forward-looking information is a key, if not the key, category of information that investors ask for when a company is carrying out private funding rounds and so it is perverse that the flow of that information should be curtailed precisely when a company is taking what is usually the most significant corporate step in its history as well as often its largest fundraise and/or liquidity event.

Clearly, a prospectus is and has to be the primary source of information for investors when they decide whether or not to

participate in an IPO. The liability attached to it is therefore an important part of ensuring that issuers and directors are held responsible for its content. However, when considering the future plans of a company and what trajectory the company is going to take, it is hard for companies to have the same level of certainty as they do over past events. It would be strange if investors expected them to. Yet the level of liability associated with both the past and the future is the same under the current legislative framework.

Consequently, issuers currently provide very little forward-looking information. Instead, they often provide connected research analysts with some forward-looking guidance and review the analysts' models for factual accuracy prior to the publication of their research - and then there is a process undertaken whereby that information is threaded into the prospectus in a way that will allow a sensible-minded investor to build a sensible-looking model.

This is clearly a highly inefficient and unsatisfactory process – and one that could be fixed by issuers being able to provide their forward-looking financial and other information directly to investors, against the backdrop of a reformed liability regime for the company and its directors.

Adjusting the level of liability associated with prospectuses under FSMA would allow directors of companies to publish and stand behind their forward-looking models. While recognising that additional safeguards may be needed to support this reduced liability, we consider it should be explored so that investors directly receive higher quality information on which to base their investment decisions. It could be achieved, for example, by directors having a defence to liability provided that they could demonstrate that they had exercised due care, skill and diligence in putting the information together and that they honestly believed it to be true at the time at which it was published. This should be applied across the issuer spectrum, including in relation to SPACs, for example, at the time of their first and any

subsequent acquisitions. We believe this would be a progressive and widely welcomed reform to the London listing regime.

Implementation:

HMT should launch a consultative review of the liability regime for prospectuses, listing particulars and other published information in FSMA as it relates to forward-looking information.

4.2 Maintain the three-year track record requirement for the premium listing segment. Review the provisions for scientific research-based companies regarding the revenue earning requirement to broaden their application to a wider range of high growth, innovative companies across a variety of sectors.

While providing a three-year accounting track record can be onerous for younger and/or acquisitive companies, there was limited support provided in response to the Call for Evidence to suggest that this is a material impediment to listing on the premium listing segment in London.

The Listing Rules do however currently contain special provisions that recognise the difficulties that scientific research-based companies have in complying with the standard revenue earning requirements in the premium listing segment. These provisions seek to provide a route to listing for companies at an earlier stage of development, in particular pre-revenue. They also ensure that the company has a sufficient track record and that the development of an identified product is sufficiently advanced such that commercialisation is a near-term possibility.

These provisions, inherited from the LSE rulebook, have been subject to minimal change since they were introduced in 1993. They are tailored very specifically to the needs of research companies, including elements around patents and laboratory research. Yet the principle behind their introduction is just as valid for other types of high growth, innovative companies from

other sectors that should be able to show maturity and quality via different means than a revenue stream.

These provisions should be broadened to include other high growth innovative companies from other sectors who are also able to show that they are sufficiently mature in ways other than through having positive revenue earnings. In broadening these provisions, more should be done to ensure that the existing provisions for scientific based research companies are fit for purpose, particularly with regards to biotech companies; they should be revised as appropriate.

Furthermore, in the longer term these requirements should be reassessed in combination with the proposed revisions to the prospectus requirements as well as the greater ability to provide forward-looking information and other disclosures that would allow investors to assess the business without such emphasis having to be placed on a revenue earning track record.

Implementation:

In order to implement these changes, the FCA will need to consult on changes to the Listing Rules.

4.3 Amend the requirement for historical financial information covering at least 75% of an issuer's business for premium listings so that this test is only applicable to the most recent financial period within the three-year track record.

As part of the Call for Evidence, both investors and accountants pointed out the blunt nature of the requirement that historical financial information has to cover 75% of the company's business for three years. We were made aware of a number of businesses who have ruled out listing in the premium listing segment as complying with the 75% rule was deemed too onerous. Others cited examples of being required to include an accounting history for entities that were of no relevance to the company anymore but could fulfil the requirement and meet the threshold. This kind of

requirement is unhelpful to investors and simply increases the burden upon companies for no gain.

We therefore recommend an amendment to the premium listing segment eligibility requirements so that the 75% test is only applicable to the most recent financial period within the three-year track record requirement.

Due to the general requirements to disclose comparatives to meet International Financial Reporting Standards this is expected effectively to reduce the period of disclosure from three years to two for acquisitions made in the last financial period.[14]

We further recommend that exemptions to this requirement for short stub periods be clarified to give companies and sponsors confidence that the exclusion of such periods from the reported track record should not prevent compliance.

Implementation:

In order to implement these changes, the FCA will need to consult on changes to the Listing Rules.

[14] Depending on the interpretation of IFRS, comparatives may not be required

5. Empowering retail investors

The face of retail investment is changing. The result of the Government's introduction of auto-enrolment means the number of employees with exposure to capital markets has gone from 10.7 million 2012 to 18.7 million in 2018,[15] many of whom would not have invested before. As contribution levels into this scheme increase and pension pots begin to build, we believe that the access for retail investors to markets needs to improve.

At the same time, we are seeing an acceleration in new account openings amongst private client stockbrokers which continue a long-held tradition of equity ownership amongst savers in the UK.

The recommendations below do not offer a "quick-fix" to the conundrum of engaging and empowering retail investors but they flag the importance of the issue. The transition from defined benefit to defined contribution pension arrangements is putting the retail investor at the heart of decisions associated with their future but also means they are carrying more of the investment risk and as such should be considered in any redrawing of the Listing Rules landscape.

Generally, more time should be invested in exploring the areas highlighted below as well as other ways in which we can better foster a stronger equity culture in the UK.

5.1 Consider how technology can be used to improve retail investor involvement in corporate actions and their undertaking of an appropriate stewardship role

Hargreaves Lansdown recently noted that "in 2012, 46% of clients were aged between 55 and 80. That proportion is now 34%. Since 2012, the average age of new clients has decreased

[15] Automatic Enrolment evaluation report 2019
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/883289/automatic-enrolment-evaluation-report-2019.pdf

from 45 to 37".[16] The same is noted by Interactive Investor, where a quarter of their new customers in Q4 2020 were under 35.[17]

This new generation of retail investors will expect smoother processes for registering their views as shareholders. They may also be more active in wanting to use share ownership as a way of expressing their broader social views. The rise in Environmental, Social and Governance (ESG) investment products is only set to continue, and the additional corporate reporting that companies are now undertaking to full TCFD commitments[18] means investors will have a much better view of companies in which they invest. As the technology they use to buy and sell shares is now accessible in seconds on their phones, they will expect the same thing from corporate actions. Yet flaws in the infrastructure mean they are unable to exercise rights they are supposed to have; this issue was raised by the Law Commission in its recent scoping paper on intermediated securities.[19]

The recognition of the importance of pre-emption rights in the UK sets it apart from many other markets. However, there are several practical constraints to garnering greater participation from retail investors in the primary markets. Beyond the legal issues highlighted by the Law Commission, they centre around the speed, cost and level of intermediation needed to access this investor base. While the introduction of technology such as straight through processing (STP) has greatly reduced the cost, speed and efficiency of transacting in large parts of the financial markets, this has yet to be felt by retail investors. It has the potential to bring a greater level of transparency, resilience as well as democratisation of access to parts of the capital markets for all investors.

Much as BEIS put forward a vision of how utility companies should collaborate to create common platforms and network

[16] Hargreaves Lansdown 2020 Results https://www.hl.co.uk/investor-relations/results-and-presentations
[17] Interactive Investors – Q4 trading update https://www.ii.co.uk/about-ii/results
[18] Task Force on Climate-Related Financial Disclosures
[19] The Law Commission, Intermediated securities https://www.lawcom.gov.uk/project/intermediated-securities/

protocols for the introduction of smart meters, a similar approach could be taken to develop technology solutions that would better enfranchise retail investors.

As BEIS takes forward the work on intermediated securities, we recommend that it considers the most efficient way of using technology to improve the position of retail investors, seeking to empower future generations of savers.

Implementation:

In order to implement this recommendation, BEIS should consider this review in the context of its response to the Law Commission and as it considers its next steps.

5.2 Consider how to improve the efficiency of further capital raising by listed companies by re-establishing the Rights Issue Review Group ("RIRG"). Reconsider its outstanding recommendations in terms of capital raising models used in other jurisdictions such as Australia, including in the light of technological advances, in order to facilitate a quicker and more efficient process of raising capital for existing listed companies and more easily involve retail investors.

During 2020, as many companies faced significant and unexpected funding needs because of the effects of the COVID pandemic, it was clear that listed companies had an advantage in being able to raise additional equity quickly.

When speed was of the essence, however, inefficiencies in the market became clear. Companies faced two options:

- doing a full pre-emptive offer through either a rights issue or an open offer and respecting the pre-emption rights of existing shareholders – but having to draft a prospectus that would need to be approved by the regulator, and face a two-week legal minimum for the offer to be open, with all the

associated cost and time implications - while markets moved around them.

- doing an undocumented placing and limiting their offer to only institutional investors and a limited number of retail investors in order to avoid publishing a prospectus, using existing approvals from their shareholders to waive pre-emption rights or alternatively using a cashbox structure.

The Pre-Emption Group deserved, and received, great credit for moving rapidly and relaxing its guidelines when the pandemic hit,[20] which allowed companies to raise the equity they needed using the undocumented approach. The FCA similarly deserved praise for moving quickly, in conjunction with other bodies such as the FRC and the ICAEW, to introduce complementary measures, which still remain in place.[21] While institutional investors were willing to waive their pre-emption rights in response to an emergency situation, they have however, been unwilling to do so on a permanent basis going forwards.

The speed at which the various bodies were able to move and the amount of capital raised quickly is a testament to the agility of the London ecosystem when it puts its mind to it. In total, capital of £11.7bn and £42.7bn respectively was raised through IPOs and secondary issuances respectively on the LSE from March 2020 to December 2020, representing 36.1% of capital raised in Europe over the same period[22].

Its limitations were, however, felt by retail investors in particular. While innovative solutions were found to include retail investors, they were far from perfect. Only a small amount of capital could be raised without triggering prospectus requirements and lack of information about existing holdings meant retail investors had to self-certify that they were existing shareholders and were often unclear how they were then allocated shares in the process. Further, as the timetable for the retail offer was set by the offer

[20] Pre-Emption Group Statement, https://www.frc.org.uk/getattachment/9d158c89-f0d3-4afe-b360-8fafa22d2b6a/200401-PEG-STATEMENT.pdf
[21] Joint statement by the FCA, FRC and PRA, https://www.fca.org.uk/news/statements/joint-statement-fca-frc-pra
[22] Dealogic, February 2021, provided by LSEG

made to institutional investors, retail investors had a matter of hours to decide whether to invest and already had to be subscribers to particular brokerage platforms in order to participate.

This could be partly dealt with via the recommendations in this report with regards to reviewing the prospectus regime. Decoupling when a prospectus is required for admission to a regulated market from offers to the public would allow for the development of a tailor-made regime for involving retail investors in primary issuance and requirements that have incentivised companies to exclude retail investors could be rethought. Technological advances and the specific nature of UK retail investors could be considered, and elements such as the requirement to keep retail offers open for six working days, which can deter issuers from carrying out retail offers at all given that they may not wish to keep the books open for that long in fast-moving and rapidly changing markets, could be revised.

More is, however, needed to improve the process around capital raisings of this kind. The inefficiency of fully pre-emptive offers is not a new problem. During 2008 when the financial sector was in trouble and also seeking to raise additional capital fast, the same issues arose.

At that time, HMT tasked a group of industry practitioners as well as the FSA (now FCA), Bank of England and BERR (now BEIS) with considering the rights issue process and reporting back with proposals for reform – the Rights Issue Review Group ("RIRG") was formed as a result.[23] Some of the recommendations from the RIRG required action to be taken at EU level in relation to the Prospectus Regulation and Shareholders Rights Directive while others required structural changes to the market. A medium-term recommendation of the RIRG that was not taken forward was investigation into more accelerated rights issue models including

[23] A Report to the Chancellor of the Exchequer: by the Rights Issue Review Group, https://webarchive.nationalarchives.gov.uk/+/http:/www.hm-treasury.gov.uk/d/pbr08_rightsissue_3050.pdf

the Australian RAPIDS model. This would benefit from fresh exploration.

Since then, financial markets have been transformed by technological innovation. Many of the barriers faced in 2008 can be more easily overcome by an investor base that has already adapted to technology solutions – the pandemic may have taken us more steps forward in this regard.

For this reason, the RIRG should be re-established with similar industry representatives, as well as BEIS, the FCA and the Bank of England to consider which of the outstanding original RIRG report recommendations should be resurrected or revised in order to improve the efficiency of the capital raisings process, and to consider whether technological advances mean alternative or additional measures could be taken as well.

Implementation:

In order to implement this recommendation HMT will need to re-convene the RIRG, and depending on the outcome of the review, both legislative and FCA rule changes are likely to be required.

6. Improving the efficiency of the listing process

The perceived speed and certainty of pricing with which a company can float on a public market can be an important factor in issuers' decision-making. For example, early investors and founders want as much certainty as possible that they will receive a fair price for their holdings and that market conditions will remain favourable throughout the transaction.

6.1 Review the relatively recently introduced conduct of business rules in the FCA Handbook relating to the inclusion of unconnected research analysts in an IPO process, which in practice mean an extra seven days being added to the public phase of the process.

Relatively recently introduced FCA rules[24] require research analysts who are connected to an IPO (i.e. analysts employed by banks which are in the IPO underwriting syndicate) to withhold publication of their research for seven days following announcement of the expectation of intention to float and the publication of the issuer's registration document, if unconnected analysts have not been briefed alongside the connected analysts during the private phase of the IPO.

The rule was introduced by the FCA in 2018 as part of a wider set of provisions intended to improve the range, quality and timeliness of information that is made available to market participants during the IPO process. It was intended to promote the availability of unbiased, independent research by giving unconnected analysts adequate time to compete with connected analysts who receive privileged prior access to information relating to the issuer.[25]

[24] FCA Conduct of Business Rules (COBS) 11A, https://www.handbook.fca.org.uk/handbook/COBS.pdf
[25] FCA PS17/23 Reforming the availability of the information in the UK equity IPO process, https://www.fca.org.uk/publication/policy/ps17-23.pdf

An exception to the rule applies in circumstances where unconnected analysts are provided access to the issuer's management team at the same time as connected analysts. In practice, however, issuers and their advisers choose to brief unconnected analysts separately (meaning that the seven-day rule applies). This reflects several considerations including a desire to reduce leak risk during the private preparation phase of the IPO.

The Call for Evidence did not directly seek evidence on this and does not have a complete view of market experiences of this rule. While other elements of the revised IPO rules such as the availability of the registration document earlier in the IPO process were highlighted as a good reform and proving of benefit to investors, this particular aspect of the revised rules was raised by numerous market participants and advisers as a problem when London is set side by side with other listing venues. They believe that this rule has not led to any significant increase in research coverage by unconnected analysts yet has had detrimental side effects – including in terms of the increased execution risk that arises from an up to five week public phase of the IPO (compared to four under the previous rules) as well as the cost and time implications of the rule for the issuer.

Given the relevance of speed-to-market in issuers' perceptions of the competitiveness of a listing destination it is important to ensure that the benefits of this rule, in light of experience, outweigh its costs. We therefore recommend that the FCA conduct an impact assessment of the rule to establish whether it is having its intended effect. If the analysis indicates that the rule has failed meaningfully to promote the production of unconnected analyst research on IPOs then the FCA should consider abolishing the rule or amending it in a way that addresses the market's widespread concerns.

The Review notes that the case for reviewing the rule is arguably even stronger if the recommendation to review the liability regime attaching to forward-looking information is pursued.

Implementation:

In order to implement these changes, the FCA will need to conduct an impact assessment then consult on changes to the Conduct of Business Rules, if appropriate.

7. Wider financial ecosystem

In addition to the detailed responses received in the Call for Evidence, a number of other elements were cited that could help foster a stronger UK listing environment, and ultimately support the wider economy.

While we have not sought to make specific recommendations in relation to these, we have set out some of the recurring themes below and suggest that HMT consider their respective merits and act on them as appropriate in the context of reviewing the wider financial ecosystem in the UK in reporting on their conclusions in the annual State of the City report.

7.1 Unlocking pension investment

We received a number of responses in relation to both defined benefit and defined contribution pensions which argued that the assets linked to such schemes could be better deployed than is currently the case. We welcome the fact that these issues are being explored by the recently established working group to facilitate investment in productive finance.[26]

Defined benefit pensions

With regard to defined benefit schemes, the main comments received related to the treatment of such schemes following transfer to insurance company balance sheets under Solvency II.

While there is material appetite from corporate sponsors to transfer DB pension risks to insurance companies, the capital requirements under Solvency II (especially at low interest rates) affect pricing and therefore affordability/feasibility for the corporate. Amendments to these rules could increase the quantum of scheme transfer. This would potentially reduce some of the volatility and risk within the listed company universe (i.e. for

[26]Her Majesty's Treasury, Bank of England and Financial Conduct Authority convene working group to facilitate investment in productive finance https://www.bankofengland.co.uk/news/2020/november/hmt-boe-and-fca-convene-working-group-to-facilitate-investment-in-productive-finance

those companies looking to de-risk material DB pension liabilities), supporting the investment landscape.

For insurers, rethinking the capital charges and other associated rules within Solvency II could re-direct more of the assets of such schemes into higher growth areas such as equities and/or better support the wider financial ecosystem in the UK through the likes of infrastructure investment.

Defined contribution pensions

The comments with regard to defined contribution pensions also pointed to a significant and increasing amount of capital within DC pension pots that could be better deployed to improve results for customers and clients and also help support listed companies in the UK.

DC pensions are increasingly a key vehicle for retirement savings, with the contributions increasing as the likes of auto enrolment help bolster the savings culture in the UK. It was, however, noted in responses that more of this capital could find its way into higher growth and ultimately better returns for investors and savers.

As part of this there was support for more diverse FTSE index inclusion, allowing investors access to innovative and high growth companies. There was also support for further transition into potentially less liquid investment strategies, given the long investment horizon of many investors.

A number of respondents suggested revisiting the regulations – most notably in relation to the 'permitted links' rules[27] and the fee cap in respect of default arrangements for workplace schemes used for auto-enrolment.

The wider recommendations we are proposing should be supportive of fostering a more inclusive investment culture for

[27] FCA Conduct of Business Rules (COBS) 21.3, https://www.handbook.fca.org.uk/handbook/COBS.pdf

retail. Dovetailing changes to pension rules would help accelerate this transition.

7.2 Competitive tax environment

A number of respondents noted that the UK is becoming less competitive from a tax perspective relative to global peers. While we have not sought to quantify this as part of our Review, an appropriate tax environment is clearly a key element when encouraging longer term investment and increasing the use of equity funding.

The main recurring theme was the equalisation of debt and equity funding as a way of harmonising tax treatment for rapidly growing companies.

We received a number of submissions with regard to potential tax reform. These included recommendations to:

- offset any increase in corporation tax with big R&D/investment relief to actively encourage companies to invest more in the long-term
- develop a new tax-free long-term investment vehicle (bonds, equity or fund structure) like municipal bonds in the US from infrastructure, growth companies etc.
- accompany any changes to capital gains tax with the reintroduction of indexation, perhaps kicking in after a five to 10-year period to encourage longer term investment
- rethink how ISAs function to better support longer term fund allocation
- consider whether favourable tax treatment for AIM shares should be extended to other venues to avoid distortions that may make foreign listing venues more attractive than UK venues as companies graduate from AIM.

7.3 SME research provision

Another of the recurring topics that came out of the Call for Evidence was in relation to the market provision of SME research post MiFID-II implementation.

Comments supported the view that the post MiFID-II environment has been detrimental to both the quantity and quality of SME research.

The funding of SME research is vital to ensuring enough information on which to base investment decisions is available to investors. There has been market failure in this area for some time and MiFID II has made this market failure worse. While repealing some of the MiFID-II rules potentially helps, there is also the question of funded non-independent research. As noted, this is beyond the scope of the Review, but should be considered as a priority by the FCA.

8. Annex A | Dual class share structures (“DCSS”)

8.1 Overview of dual class share structures

Dual class shares allow a shareholder (or group of shareholders) to retain voting control over a company disproportionate to their economic interest in the company. A typical dual class structure involves a company having two classes of shares, identical in all respects, except for voting rights. One class of shares is a “low vote” share, carrying one vote per share (Class A Shares), and another class of shares is a “high vote” share, typically carrying 10 or 20 votes per share (Class B Shares). The high vote shares are typically held by the founder (and potentially some or all other pre-IPO shareholders), while the low vote shares are held by third party investors on listing. In the US it is quite common for all pre-IPO shareholders to be given the Class B shares, due to corporate control issues under Delaware law. These issues are not relevant under UK corporate law and so it is much easier for the Class B shares to be given solely to the founder(s). Class A Shares and Class B Shares have the same economic rights, including with respect to the receipt of dividends.

When adopting a dual class share structure, consideration must be given to four key concerns:

1. conversion/termination: when the Class B Shares will convert into Class A Shares (this will be set out in the company’s articles, although could also be included in the Listing Rules). Generally, conversion will occur when there is a transfer of a Class B Share, subject to certain exceptions, including: (a) transfers for estate planning purposes; (b) transfers for charitable purposes; and (c) transfers among family members - however, these exceptions are often seen as more aggressive as they may overly entrench voting power with those who are unfamiliar with the needs of the company and/or the vision of the founder(s). In the UK context, the ability for the rights to

pass with the shares may also be limited by HMRC considerations around to what extent the rights are 'personal' to the holder.

2. sunset provisions: The Class B Shares will usually automatically convert to Class A Shares after a prescribed number of years following the IPO. Arguments are usually made for three, five or seven years although there are examples in the US of up to 20 years or no expiry date at all.

3. voting rights: It is possible to set a specific ratio that Class B votes are allowed to hold in comparison to Class A – e.g. 10 or 20 votes per share. If the ratio was set at 10:1 the Founder could control 50% of the voting power with 9.1% of the shares and if it was set at 20:1 the Founder could control 50% of the voting power with 4.8% of the shares. The anticipated profile of share grants to the founder(s) and new share issues or other dilutive events during any sunset period need to be taken into account in setting the voting ratio and ensuring the relevant level of control sought is maintained for the period.

4. scope of rights attached to Class B shares: It is possible for the weighted voting rights to apply to all matters or alternatively only to allow the holder of the Class B shares to exercise their additional voting power on certain issues.

8.2 Current UK requirements

Premium listed companies

Premium listed companies are effectively prevented by the FCA's Premium Listing Principles (part of the Listing Rules) from extending different voting rights to holders of different classes of shares.

These principles provide in particular that that "all equity shares in a class that has been admitted to premium listing must carry an equal number of votes in any shareholder vote" and that "where a listed company has more than one class of securities admitted

to premium listing, the aggregate voting rights of the securities in each class should be broadly proportionate to the relative interests of those classes in the equity of the listed company".

As such, for example, a group of founder shareholders would generally be unable to hold special shares permitting weighted voting rights.

Shareholder voting is required on several key matters under the FCA's Listing Rules for the premium segment. A 75% majority of votes voting on the resolution is required for:

- Class 1 transactions (LR 10.5) a transaction where any percentage ratio is 25% or more
- related party transactions (LR 11)
- transfer outside of the premium listing category (LR 5.4A)
- employee share schemes and long-term incentive schemes (LR 9.4)

One item requires 75% of the votes attached to the shares voted on the resolution, and a majority of the votes attached to the shares of independent shareholders.

- cancellation of listing – (LR 5.2)

Beyond this, under the controlling shareholders provisions, if a company has a controlling shareholder it must have a constitution that allows for election of independent directors by both the shareholders and independent shareholders of the listed company (LR 9.2.2ER)

Standard listed companies

The rules for the standard segment, by contrast, contain no requirements for shareholder votes. Recently, The Hut Group have used this flexibility to institute a similar sort of structure to DCSS, using one special share that is held by the founder. S4 Capital has also used a similar structure.

8.3 International precedents

8.3.1 US

SEC rules do not prohibit the use of DCSS on public markets as it is considered outside their mandate. The US system is therefore based on transparency principles. Exchanges could theoretically introduce rules, but generally haven't. The main constraint on the use of DCSS in the US appears to be the inclusion criteria set by the indices in the US: new DCSS have been excluded from the S&P 500 since 2017 (although existing members with DCSS like Facebook are unaffected).

In terms of the four main criteria for companies using DCSS, US issuers are able to choose which safeguards they include in response to investor appetite:

- **Doordash:** 20:1 ratio; Class B shares allowed to vote on all issues; Convert to Class A at any time at the option of the holder, automatically 12 months following the death or permanent disability of the founder, automatically following the dismissal for cause of the founder; when the number of shares of any class held by the founder constitute less than 35% of the Class B Shares held by the founder after the IPO; automatically on the transfer to third parties, except for permitted transfers (including to family members, and certain organisations owned by Class B holders or their families); where the founder is no longer providing services as an officer, employee or consultant and is no longer a member of the board. No sunset.

- **Facebook:** 10:1 ratio; Class B shares allowed to vote on all issues; Convert to Class A at any time at the option of the holder, on the option of the majority of Class B shareholders, automatically on the transfer to third parties, except for permitted transfers (including to family members, and certain organisations owned by Class B holders or their families). No sunset.

- **Farfetch:** 20:1 ratio; Class B shares allowed to vote on all issues; Convert to Class A at any time at the option of the holder, on the option of the majority of Class B shareholders, automatically on the transfer to third parties, except to affiliates of the founder; automatically when holders of all Class B Shares hold less than 65% of the number of shares held by Class B holders at the time of the IPO; on the death of the founder. No sunset.

- **Peloton:** 20:1 ratio, Class B shares allowed to vote on all issues; Convert to Class A at any time at the option of the holder, automatically on the transfer to third parties except for permitted transfers (including to family members, and certain organisations owned by Class B holders or their families; the earlier of: on a vote by 2/3rds of the holders of Class B Shares; or when Class B Shares cease to represent at least 1% of all shares. 10-year sunset.

In 2016 fewer than 10% of US listed companies used DCSS – whereas between 2017 and 2019 20% of companies listing in the US have used it.[28]

8.3.2 Hong Kong and Singapore

In the wake of HKEX's failure to attract the Alibaba listing (which went to NASDAQ) Hong Kong and Singapore in 2018 introduced DCSS regimes with specific, enhanced safeguards.

Key features of these safeguards are:

- limited to innovative and high growth companies (applicants must demonstrate this). Minimum market cap of 1.28 billion USD and, if that is not met, a lower requirement combined with a revenue test in Hong Kong; 214 million USD in Singapore.

[28] Committee of Capital Markets Regulation, the rise of dual class shares: Regulation and implications, https://www.capmktsreg.org/wp-content/uploads/2020/04/The-Rise-of-Dual-Class-Shares-04.08.20-1.pdf

- sunset provisions including weighted voting rights ceasing on transfer, meaning they really can only be used by "founders".
- ratio of voting power of weighted voting shares to not exceeding 10 times the voting power of ordinary shares.
- certain matters being reserved for one vote per share including changes to constitutional documents, variation of class rights, appointment/removal of INEDs/auditors and winding-up

8.3.3 Europe

The recent Oxera report "Primary and secondary equity markets in the EU"[29] brought out the differences within Europe as regards multiple voting rights. They are allowed under company law in Denmark, Finland, France, Italy, Ireland and Sweden but are not allowed in Germany, Portugal and Spain.

[29]Primary and secondary equity markets in the EU, https://www.oxera.com/publications/primary-and-secondary-equity-markets-in-the-eu/

Rules on share class structure by country, as at 2019 – reproduced from Oxera report

Country	Limited voting rights allowed	No voting rights allowed	Multiple voting rights allowed
Austria	✓	✓	x
Belgium	✓	✓ (up to 1/3 of total shares)	x
Demark	✓	✓	✓
Finland	✓	✓	✓
France	✓ (up to 1/2 of total shares)	✓ (up to 1/4 of total shares)	✓ (Loi Florange, 2x voting on shares with holding >2 years)
Germany	✓	✓ (up to 1/2 of total shares; must have preferential rights to dividends)	x
Ireland	✓	✓	✓
Italy	X (preference shares allowed under certain conditions)	✓ (up to 1/2 of total shares)	✓ (loyalty shares, 2x voting on shares with holding >2 years)
Netherlands	✓	x	
Portugal	✓	✓ (up to 1/2 of total shares)	x
Spain	✓	✓ (up to 1/2 of total shares; must have preferential rights to dividends)	x
Sweden	✓	x	✓ (up to 1/10 of total shares)

9. Annex B | Free float requirements

9.1 Overview of free float requirements

Free float refers to the portion of a company's issued share capital that is in the hands of public investors, as opposed to company officers, directors, or shareholders that hold controlling interests. These are the shares that are deemed to be freely available for trading.

9.2 Current requirements

The FCA stated intention of the rules is to ensure that when a company goes public there is enough liquidity that investors can enter and exit easily.[30]

Free float level is currently set at 25% although the FCA can waive this requirement down to a minimum of 20% on a case-by-case basis. The rules apply to the premium and standard listing segments. The FCA historically had more latitude to grant waivers in the standard listing segment – however since leaving the EU, it can recast the rule for all segments as long as it is acting within its broader objectives.

AIM, which is not subject to the FCA Listing Rules, does not have a minimum free float level.

The High Growth Segment (which is a segment of standard listing on the LSE) has a 10% free float level under LSE rules. Only two companies have used the High Growth Segment since it was established in 2013.

9.2.1 FCA Rules and Guidance

Shares in public hands *(Premium: LR 6.14 and LR 9.2.15R; Standard: LR 14.2.2R and LR 14.3.2R)*

- 25 per cent of shares must be distributed to the public. Prior to EU-withdrawal, this was limited to shares held

[30] FSA CP12/2 Amendments to the Listing Rules, Prospectus Rules, Disclosure Rules and Transparency Rules

in one or more EEA States (plus non-EEA states in which shares also listed). It is now global.

- Excluded shares – those held, directly or indirectly by directors and their connected persons, trustees of employee shares schemes and pension funds, persons with the right to nominate a board director, five per cent+ holders (individually, in the same group or acting in concert), subject to a lock-up of more than 180 calendar days.

FCA guidance on free float *(Premium: LR 6.14.5G)*

- The FCA may accept a percentage lower than 25% if it considers that 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.
- Factors FCA indicates it may take into count for premium listings:
    - number and nature of the public shareholders
    - (for commercial companies) whether the expected market value of the shares in public hands exceeds £100 million.

Controlling shareholders regime *(Premium: LR 6.5)*

The FCA brought in new rules for premium listed companies in 2014 to protect minority shareholders from controlling shareholders:

- independent business test: a premium listed company has to show that it is carrying on an independent business as its main activity. This was a change from merely controlling the majority of assets.
- relationship agreement: any person who exercises or controls on their own or together with any persons with whom they are acting in concert, 30% or more of the votes

of the company must have in place a controlling shareholder agreement. The agreement must contain certain "independence provisions":

- transactions and arrangements between the controlling shareholder (and/or any of its associates) and the company will be conducted at arm's length and on normal commercial terms;
- neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the company from complying with its obligations under the Listing Rules; and
- neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended (or appears to be intended) to circumvent the proper application of the Listing Rules

- disclosure: the company's annual report will need to contain a statement by the board confirming that, where required, the company has entered into a controlling shareholder agreement.

- appointment of independent directors: premium listed companies must ensure that the election and re-election of any independent director is approved by both the shareholders of the company and the independent shareholders of the company (i.e. excluding the controlling shareholder)

- minority protections on cancellation of listing: for cancellation, a premium listed company with a controlling shareholder must gain the approval of:
  - a majority of at least 75% of the votes attaching to the shares of those voting on the resolution; and

- a majority of the votes attaching to the shares of independent shareholders.

9.2.2 Data from LSEG on free float correlation with liquidity

LSEG provided the below evidence to illustrate "there is no positive correlation between the free float generated at IPO and increased liquidity in the secondary trading market, when we consider the average daily turnover in the six months following the IPO expressed as a percentage of market cap at IPO. Critically, we see no significant reduction in liquidity at free floats lower than 25% on other international markets."

6m ADTV / Market Cap at IPO					
% Company Sold	HKEx	LSE Main	NASDAQ	NYSE	SGX
<10	0.35%		0.57%	0.50%	
10-20	0.27%		0.92%	0.91%	0.60%
20-30	0.76%	0.20%	0.88%	0.74%	1.00%
30-40	0.81%	0.43%	0.87%	1.01%	0.40%
40-50	0.24%	0.45%	0.88%	0.75%	0.45%
50-60		0.32%	1.06%	0.86%	0.17%
60-70	0.25%	0.65%	0.84%	0.81%	0.18%
70-80		0.45%	1.02%	1.52%	0.32%
80-90		0.94%	1.08%	1.03%	
90-100		0.31%	1.00%	1.25%	0.27%

9.3 International precedents

NYSE	NASDAQ	EuroNext
No % free float **Main** Min. round lot of 400 shareholders Min. value of publicly held shares - $40m shareholding Min. of 1.1m publicly held shares Min share price $4 For Non-U.S. companies: 5,000 / 2.5m / $60m / $4. **MKT** Market value of public float: $3m Public shareholders: 400 Public float: $1,000,000	No % free float **Global Select** Unrestricted round lot shareholders of 450 or 2,200 shareholders Min. value of publicly held shares at IPO -$45m to $110m for 'seasoned companies' Global Round lot 400 shareholders. 1.1m shares Minimum value of $8m (income standard), $18m Equity Standard, $20m Market value **Capital** Round lot holders: 300; publicly held shares: 1 million; market value of publicly held shares: $15m (Equity and market value standards) $5m Net Income standards	25% or €5m as size of float. **Euronext High Growth-** Min. value of €2.5m made available to trading

Hong Kong	Singapore	Australia
25% + minimum value of HK$ 125m (16m USD). Can reduce to 15% if market cap >HK$10bn (1.2 bn USD) Min. 300 shareholders. Not more than 50% of the shares to be owned by largest three shareholders Normally suspended from listing if free float falls below 15% (or 10% if on the 15% float limit) But can be a waived in exceptional circumstances	< S$300m (225 m USD), 25% S$300m to $400m (225m – 300m USD), 20% free float Between S$400m and $1000m (225m-750m USD), 15% > S$1000m (750m USD), 12% All of the above combined with a minimum of 500 shareholders. Ongoing requirement for 10% free float. Suspended from listing if falls below 10%, but can be waived for a three months period or more to get free float back to this level without suspension	20% (increased from 10% in 2016) Min. of 300 non-affiliated investors, with holdings of at least A$2,000 each

10. Annex C | Track record requirements

10.1 Overview of track record requirements

A company seeking a premium listing must provide three years of historical financial information. It must also demonstrate that the company has a three-year revenue earning track record and put prospective investors in a position to make an informed assessment of the business.

The intention of the requirement is to ensure that businesses demonstrate a certain level of maturity in order to be eligible for premium listing.

10.2 Current requirements

10.2.1 FCA Rules and Guidance

Historical financial information requirements *(Premium: LR 6.1, LR 6.2 and LR 6.3)*

- The historical financial information must demonstrate that the company has a revenue earning track record and put prospective investors in a position to make an informed assessment of the business for which admission is sought.
- At least 75% of the business must be supported by a revenue earning track record for a three-year period.
- Three years of audited accounts (UK/EU adopted IFRS or accounting standard with equivalence) with unqualified audit opinions. No more than six months old audited financial information (including interim information if appropriate)
- Consolidated accounts for the applicant and all its subsidiary undertakings.

FCA guidance on historical financial information *(Premium: LR 6.3.2G; Technical Note 102.1)*

The guidance sets out six ways in which companies may not be able to fulfil the track record requirements:

- a business strategy that places significant emphasis on the development or marketing of products or services which have not formed a significant part of the applicant's historical financial information;
- the value of the business on admission will be determined, to a significant degree, by reference to future developments rather than past performance;
- the relationship between the value of the business and its revenue or profit-earning record is significantly different from those of similar companies in the same sector;
- there is no record of consistent revenue, cash flow or profit growth throughout the period of the historical financial information;
- the applicant's business has undergone a significant change in its scale of operations during the period of the historical financial information or is due to do so before or after admission;
- it has significant levels of research and development expenditure or significant levels of capital expenditure.

There is an exemption for scientific research-based companies (LR 6.11) that allows them to demonstrate their ability to attract funds from sophisticated investors if they are unable to fulfil the minimum period for financial information or the revenue earning track record.

This is subject to the below qualifications:

- they must be raising a minimum of £10 million
- have a market cap of £20 million
- demonstrate a three-year laboratory research record

- Primary reason for listing is to raise finance to bring identified products to a stage where they can generate significant revenues.

10.3 International precedents

10.3.1 NYSE

Either:

- pre-tax income for past three years of at least $10mn (incl. the last two prior years at least $2mn and not loss making for prior three years); or
- global market cap of $200mn ($75mn for business development company)

10.3.2 NASDAQ

One of the below:

- pre-tax earnings for past three years of at least $11mn (incl. the last two prior year at least $2.2mn and not loss making for prior three years)
- cash flow in aggregate prior three years of at least $27.5mn (incl. in each year being net positive) **and** market cap average of at least $550mn over past 12 months **and** revenue of at least $110mn for last fiscal year
- market cap of at least $850mn over past 12 months **and** previous financial year revenue of at least $90mn
- market cap of $160mn **and** total assets of $80mn **and** stockholders' equity of $55mn

10.3.3 SEC

- Balance sheets:
    - audited balance sheets as of the end of the two most recent fiscal years.

- if the issuer has been in existence less than one year, an audited balance sheet as of a date within 135 days of the date of filing the registration statement.

- Statements of comprehensive income, cash flow, and changes in stockholders' equity:
  - audited statements of comprehensive income, cash flows, and changes in stockholders' equity covering each of the three most recent fiscal years, or for the life of the issuer (and its predecessors),
  - Emerging Growth Companies — each of the two most recent fiscal years, although they can choose to provide three years of audited financial statements;
- Audited financial statements for an issuer must be accompanied by an audit report issued by independent accountants that are registered with the PCAOB under auditing standards promulgated by the PCAOB.
- Selected statement of comprehensive income and balance sheet data for five fiscal years (or for the life of the issuer and its predecessors, if shorter); and at least each of the last two fiscal years for Emerging Growth Companies.
- The purpose of the selected financial data is to highlight certain significant trends in the registrant's financial condition and results of operations.

10.3.4 HKEX main board

- Trading record of three years
- Issuer must satisfy one of the three financial eligibility tests:

1. Profit test:
   - profit of HK$20m for the most recent year, and an aggregate of HK$30m for the first two years.

- market cap of at least HK$500m at time of listing.

2. Market cap/revenue/cashflow test
    - revenue of at least HK$500m for the most recent audited financial year
    - positive cashflow from operating activities of at least HK$100m in aggregate for the preceding three financial years
    - market cap of at least HK$2 billion at time of listing
3. Market cap/revenue test
    - revenue of at least HK$500 million for the most recent audited financial year
    - market cap of HK$4bn at time of listing
    - track record of less than three years may be accepted if:
        - Directors and management have experience of at least three years in the line of the business and the industry
        - Management continuity for the most recent audited financial year.

10.3.5 Singapore (SGX Main board)

Quantitative criteria (at least one):

- minimum profit of at least S$30 million for the latest financial year with operating track record of at least three years;
- profitable in the latest financial year **and** a market cap of not less than S$150 million based on the issue price and post-invitation issued share capital with operating track record of at least three years;

- operating revenue in the latest financial year **and** a market cap of at least S$300 million based on the issue price and post-invitation issued share capital.

11. Annex D | Prospectus regime

11.1 Current requirements

The current UK prospectus regime stems from the EU Prospectus Regulation. It was on-shored into UK law at the end of 2020.

The EU Prospectus Regulation first came into force in July 2017. It replaced the EU Prospectus Directive that was implemented in the UK in 2005. The "level 1" Regulation is supplemented by a number of "level 2" Regulatory Technical Standards, "level 3" ESMA guidance and ESMA Q&A, as well as the FCA Prospectus Regulation Rules and the FCA Knowledge Base. Further to this, a number of the CESR Recommendations related to aspects of the Prospectus Directive also remain relevant.

The Regime sets out rules for the drawing up, approval and distribution of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

They therefore apply in a wide range of circumstances, from an IPO on the London Stock Exchange, or smaller capital raises on a crowd funding platform.

11.2 Exemptions from producing a prospectus

Various exemptions are available from the requirement to produce a prospectus, and vary depending on the two circumstances where a prospectus is required:

1. making an offer of securities to the public, or
2. making a request for the admission of securities to trading on a regulated market.

There are exemptions from each of the two types of offer. Some exemptions apply to both types, others only to one. A company whose offer is both admitting securities to a regulated market and making an offer to the public, will need to find an exemption relevant to both categories.

Offers below €1m are exempt entirely.

Exemption	Description	Applies for public offers?	Applies for admissions to trading?
Only to qualified investors	An offer made to or directed at qualified investors only is exempt	Yes	No
150 persons (other than qualified investors)	To prevent an offeror splitting its offer into small bundles using intermediaries, there is anti-avoidance language which treats offers by financial intermediaries as those of the issuer. As a result, where an issuer wants to use the exemption and is using intermediaries or managers, wording is often inserted in the selling restrictions on the managers to ensure that if they want to sell to retail investors (who count towards the persons limit), they first obtain the lead manager's consent.	Yes	No
Maximum consideration exemption (8 million euro)	Where the total consideration for the transferable securities being offered in the EEA cannot exceed EUR 8 million. In determining whether this exemption is available, it is necessary to aggregate offers open at any time within the previous 12 months that relied on the exemption	Yes	No
Minimum consideration exemption	Where the minimum consideration that may be paid by any person is at least EUR 100,000 (or the equivalent) the offer is exempt	Yes	No
Minimum denomination exemption (wholesale)	Where the transferable securities being offered are denominated in amounts of at least EUR 100,000 (or the equivalent) the offer is exempt	Yes	No
Less than 20% of a class already	The exemption applies to securities fungible with securities already admitted to trading on the same	No	Yes

admitted to trading	regulated market provided that they represent, over a period of 12 months, less than 20% of the number of securities already admitted to trading on the same regulated market		
Exemption where shares converted or exchanged (20%)	The exemption applies to shares resulting from the conversion or exchange of other securities or from the exercise of the rights conferred by other securities, where the resulting shares are of the same class as the shares already admitted to trading on the same regulated market, provided that the resulting shares represent, over a period of 12 months, less than 20% of the number of shares of the same class already admitted to trading on the same regulated market. (can't be used in combination with the 20% exemption)	No	Yes
Shares issued in substitution for shares of the same class exemption	Only available if there is no increase in issued share capital and, for the regulated market trigger, if shares of the same class are already admitted to trading on the same regulated market	Yes	Yes
Takeovers, mergers and demergers		Yes	Yes
Scrip dividend exemption		Yes	Yes
Employee offer exemption.	(lots of additional caveating here)	Yes	Yes
Retail cascade exemption	Where transferable securities are being sold or placed through a financial intermediary the offer is exempt in certain circumstances. This allows financial intermediaries placing or subsequently reselling securities in a retail cascade to rely on the initial prospectus provided it is valid and the	Yes	No

	person responsible for it gives written consent to its use. Before this amendment was made there had been concern as to when a prospectus would need to be produced where there was an initial sale by the issuer to a bank or group of banks who then distributed the securities to other banks and retail purchasers and also as to what information about sub-offers should be included in the prospectus.		
Bonus issues		No, but not required as offers under EUR1 million (over 12 months) are outside scope of Prospectus Regulation	Yes
Free of charge exemption	The exemption applies where shares are offered, allotted or to be allotted free of charge to existing shareholders if the shares are of the same class as the shares already admitted to trading on the same regulated market.	No	Yes
Exemption where shares already admitted to trading on another RM	This exemption applies only if certain conditions are met, including that the shares of the same class have been admitted to trading on that other regulated market for more than 18 months,	No	Yes

11.3 Liability connected with producing a prospectus

The current UK liability regime for prospectuses lies within section 90 of the Financial Services and Markets Act 2000 (FSMA).

Section 90 FSMA provides that the persons responsible for the prospectus are liable to pay compensation to a person who has acquired any of the company's shares and suffered loss in respect of them as a result of an untrue or misleading statement in, or an omission from, the prospectus.

Breaching section 90 of FSMA is also a criminal offence. The FCA has the power, under section 401 of FSMA to prosecute these offences.

12. Annex E | FTSE rules

The FTSE 100/250 is open only to premium listed issuers that meet the nationality requirements of the FTSE UK Index Series ground rules, which include free float requirements that vary for UK versus non-UK incorporated companies.

Eligibility

- Premium listed shares only
- UK nationality must be assigned under the FTSE rules

12.1 FTSE nationality rules

UK incorporated companies must have:

- sole listing in the UK
- minimum free float of 25 per cent (calculated on basis set out in FTSE rules)

If a UK incorporated company has multiple listings it will need to pass FTSE's liquidity test in the UK.

Non-UK incorporated companies must:

- publicly acknowledge adherence to the principles of the UK Corporate Governance Code, pre-emption rights and the UK Takeover Code as far as practicable
- have a free float greater than 50 per cent (calculated on basis set out in FTSE rules)

FTSE will then base its recommendation on factors including:

- investor protection;
- regulations in country of incorporation;
- tax domicile;

- location of factors of production, headquarters and company meetings;
- composition of shareholder base;
- membership of board of directors; currency denomination of the shares; and
- investor perception.

In certain circumstances consideration will also be given to the relative liquidity of trading in those countries where the company's shares trade.

13. Annex F | Special purpose acquisition companies ("SPACs")

13.1 Current requirements

SPACs are newly incorporated companies that list on a stock exchange on the basis that a particular director or "sponsor" (with skills theoretically from VC or private equity) will choose a company to acquire. The acquired company gains a listing without having to do an IPO process. It is also known as a "cash shell", an "investment company" or a "blank cheque" company.

Fundamentally an investor in a SPAC is investing in the ability of the "sponsor" of the SPAC to find an appropriate target to acquire.

13.1.1 FCA Rules and Guidance

Standard listing shares *(Standard: LR 14)*

- Typically, SPACs are listed in the standard listing segment as they are unable to meet the conditions for premium listing involving independence of business and track record requirements.

Reverse takeovers *(Standard LR 5.6.4R, LR 5.6.5A R and the related guidance in LR 5.6.5G, Technical Note 420.2)*

- Provisions on reverse takeovers that apply to a 'shell company'. The key relevance of being included in this definition is that where a reverse takeover is announced or leaked, typically, shares are suspended due to a presumption that there will be insufficient publicly available information in the market.

13.2 International precedents

13.2.1 US SEC rules

SPACs typically file as Emerging Growth Companies using provisions that allow for confidential filings.

They also use an exemption to SEC rules for issuers with less than three years of operations who have a minimum of $5million in net assets.

At the point of listing, the SPAC cannot have selected a target acquisition (or it would have to provide disclosure regarding the target).

13.2.2 US Exchange rules

Historically, NASDAQ was more popular for SPACs due to slightly less rigorous listing standards. NYSE changed its rules in 2017 to be more similar to NASDAQ. Both exchanges currently have submissions with the SEC for rules changes.

- 90 per cent of the gross proceeds raised during the IPO must immediately be deposited and held in a trust account and are subject to strict investment criteria.
- its initial business combination must be with one or more businesses having an aggregate fair market value of at least 80 percent of the value of the SPAC's trust account,
- it must complete a business combination within 36 months from the effective date of its IPO registration statement, or such shorter time as specified in its registration statement (typically 18 months to two years)
- at least 300 round lot shareholders (i.e., holders of at least 100 shares) upon listing, and
- maintain at least 300 public shareholders after listing.
- corporate governance requirements: majority independent directors, audit committee with a minimum of three members (slight differences on independence), compensation committee with independent members, code of conduct/ethics.

At the point at which the SPAC is ready to make an acquisition, both exchange rules and the charter of the SPAC govern the process.

- the SPAC will typically obtain shareholder approval. While exchange rules don’t always require this, it is necessary if more than 20% of the voting stock of the SPAC is being issued in the transaction. The vote involves the filing of a proxy statement with the SEC, review and comment by the SEC, mailing of the proxy statement to the SPAC’s shareholders and holding a shareholder meeting.
- the SPAC will typically offer all shareholders the right to redeem their shares at the point of acquisition. Exchange rules typically only require this for those shareholders who vote against the acquisition, however, charter documents extend it.
- within four business days of the acquisition, the company must file a Super 8K disclosure with the SEC which must contain all the information that would be required in the registration statement for companies that become public reporting companies other than through a registered IPO.
- currently, at the point of acquisition, the company must comply with the exchange’s initial listing standards. Both NYSE and NASDAQ have rule changes in with the SEC to extend this to 30 days.

Appendix | List of submissions

Submissions to the Call for Evidence were received from numerous individuals as well as the following organisations:

Aberdeen Standard Investments
All Party Parliamentary Corporate Governance Group
Aquis Stock Exchange
Association of Investment Companies
Barclays
BioIndustry Association
BlackRock
Brunel Pension Partnership
Charles Stanley & Co Limited
Citi
Coalition for a Digital Economy
Coca-Cola European Partners
Confederation of British Industry
Council of Institutional Investors
DAC Beachcroft
FCA Listing Authority Advisory Panel
Fidelity International
GC100
Gowling WLG
Hargreaves Lansdown
Herbert Smith Freehills
HSBC
Innovate Finance
Institute of Chartered Accountants in England and Wales
Institute of Directors
International Capital Market Association
International Corporate Governance Network
International Property Securities Exchange

Invesco
Investment Association
Investor Forum
Law Society and City of London Law Society
Lazard
Legal & General Investment Management
London Stock Exchange Group
LSEG Primary Markets Group
Memery Crystal
NLConsulting
Pensions & Investment Research Consultants
Pensions and Lifetime Savings Association
Pre-Emption Group
PrimaryBid
PwC
Quoted Companies Alliance
Revolut
Rothschild
RPMI Railpen
ScaleUp Institute
Schroders
ScribeStar
ShareSoc and UK Shareholders' Association
Stifel
UK Finance and Association for Financial Markets in Europe
UK Sustainable Investment and Finance Association
Universities Superannuation Scheme