ICMA
International
Capital
Market
Association

14 March 2025

Consultation CP25/2

Consultation on further changes to the public offers and admissions to trading regime and the UK Listing Rules

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ICMA response

EXECUTIVE SUMMARY

Regarding UK retail investment (and bearing in mind UK 'smarter regulation):

(1) generally: (a) FCA should take the time needed to finalise its requirements; (b) any hampering of wider uptake due to EU regulation should not dissuade the UK from its reforms; (c) issuers will generally only be interested in facilitating retail participation to the extent it is no more complicated / onerous than the current institutional process (which is described);

(2) regarding disclosures:

(a) publishing final terms (in addition to the base prospectus) before conditional-on-admission (retail) offers is more complicated / onerous and unnecessary, and so should not be required;

(b) communication of commercial terms (tenor, size and yield) would need to be approved as a financial promotion;

(c) issuers will likely continue to include legends limiting the circumstances in which their prospectus material can be communicated by third parties to investors;

(d) conditional-on-admission (retail) offers might be subject to statutory withdrawal rights but parallel institutional offers (that are not so conditional) would not;

(e) the single disclosure standard is welcome;

(3) regarding product governance (and CCIs):

(a) the "non-complex listed corporate bond" (NCLCB) definition is too narrow (excluding quality credits);

(b) it is distinctly unclear that the proposed PROD guidance would help retail participation;

(c) clear exemption is instead needed across both product governance and CCIs – such as limiting such regimes (similarly to the Consumer Duty) to just "retail market business" (which clearly excludes vanilla bonds and also the institutional space).

Regarding the proposed listing regime changes, ICMA has generally no objections. ICMA also lists various technical corrections to the FCA proposals that have been reported it and notes some changes consequential to CP24/12.

1. **Introduction / Focus on Eurobonds and UK retail participation** – ICMA welcomes the opportunity to respond to CP25/2 from the perspective of the mainstream international bond markets (Eurobonds). ICMA's response focuses mainly on the aspects relating to facilitating UK retail investment in bonds (which ICMA is supportive of to the extent issuers' institutional funding flexibility is not impaired), though it also touches on some of the other questions.

2. **Brexit-related considerations**
   (A) **UK public policy objectives** – ICMA recalls the UK official objectives of "smarter regulation" to only use necessary regulation, including greater agility and nimbleness to this end (by facilitating swift regulatory amendment where necessary), rather than wide regulatory restrictions to future-proof against unknown hypothetical situations. ICMA also notes FCA's focus on retail investor protection through retail investors investing alongside institutional investors and benefiting from institutional investor transaction scrutiny and pricing pressure (CP #3.17). This seems consistent with enabling retail investment in bonds under regulations no more onerous for issuers and related parties than those applicable to institutional investment. FCA should in this respect take more time if needed to finalise its retail requirements to minimise the risk of otherwise implementing rules that might be unnecessarily frictional.
   (B) **EU regulation considerations** – Issuers and their underwriters will need to comply with EU regulatory requirements that may hamper wider uptake of UK retail access facilitation under the FCA proposals. Most issuers are likely to want to access the UK and EU markets simultaneously or at least ensure that they are not in breach of applicable EU regulatory requirements given the interconnected nature of capital markets, which they can do in the institutional context without duplicating documentation and/or compliance approaches. (See also response to Q26.) This should not however be a reason to dissuade the UK from its reforms in this respect – to the extent (i) these reforms are the right thing to do, (ii) not all such stakeholders will have such concerns and some uptake is better than none and (iii) the EU may hopefully also adopt similar reforms in due course.

3. **Issuer interest in retail only if no more complicated / onerous than institutional / ICMA responding accordingly** – Investment grade corporate issuers will generally only be interested in facilitating retail investor participation in their bond issuances to the extent it is no more complicated / onerous than the current process where sales are restricted to institutional investors / in high denominations. ICMA is responding accordingly, rather than looking to reflect the smaller number of issuers that are otherwise motivated to facilitate retail investor participation. In this respect (and also in the absence of UK retail intermediaries explicitly articulating likely offering structures), ICMA's response focuses on minimal changes to typical institutional deal flow (which is described for reference in Annex 2).

4. **Prospectus publication before conditional retail offers** – FCA proposes (in draft PRM9.5.-1R) that offers conditional on admission to trading (i.e. retail offers) must have a prospectus made available in advance of such offers. (This will not be relevant to the extent that UK retail participation is only being facilitated after admission to trading, rather than as part of, or in parallel to, the issuer's primary offering.)
   (A) **More complicated / onerous than institutional** – The need for prospectus coverage ahead of an offer is more complicated / onerous than arrangements for institutional-only issuance, where formal prospectus availability generally comes later ahead of admission to trading (see further in Annex 2). It is unclear that earlier prospectus availability is something primary market participants would be willing to adjust to in order to facilitate availability to UK retail also ahead of admission to trading. This is a particular concern for the majority scenario of issuance under a programme base prospectus, where issuers are more likely to be

opportunistic in reacting to market issuance windows and only starting the final terms drafting process thereafter.

(B) **Formal prospectus unnecessary** – In that majority scenario of issuance under a base prospectus, the final terms merely repeat the previously-announced commercial terms (tenor, size and yield) and otherwise merely confirm inferable technical boiler-plate provisions (such as day count fractions). Furthermore, the legacy Prospectus Regulation regime allows for final terms to be made available "as soon as practicable" upon offering – and before offering only "where possible" (PR Art.8(5)). In the minority scenario of issuance under a standalone prospectus, the final prospectus will similarly only add the previously-announced commercial terms into the relevant place-holders of the preliminary prospectus circulated to institutional investors. ICMA questions whether, as set out in #(C) below, it would be possible to reflect this, such that an issuance could be extended to retail investors without needing to change institutional offer practice.

(C) **Amend proposal to allow final terms by settlement** – It would be consequently preferable to amend draft PRM9.5.-1R to require, in the case of issuance under programmes, just a base prospectus to be available ahead of conditional retail offers. In the case of standalone issuance (where issuers are more likely to have front-loaded the drafting process), ICMA notes a prospectus can be approved leaving out size and price under draft PRM 2.4.1R (carrying over legacy PR Art.17(1)(b)). (No withdrawal period arises on subsequent announcement of final size and price to the extent the prospectus disclosed either *"the maximum price and/or the maximum amount of securities, as far as they are available" or "the valuation methods and criteria, and/or conditions, in accordance with which the final offer price is to be determined and an explanation of any valuation methods used"*.)

(D) **Financial promotions regime** – In this respect, any communication of the commercial terms to retail investors would need to be approved as a financial promotion (whether at the level of the issuer's underwriting syndicate[1] or otherwise by retail intermediaries subsequently communicating the commercial terms to retail investors).[2]

(E) **Prospectus use legends ('retail cascade')** – Issuers, in order to manage their civil liability risk, will likely seek to include (as they do currently) legends limiting the circumstances in which their prospectus material can be communicated by third parties to investors: by which third parties, in which jurisdictions and notably over what period of time. See further detail on p.25 of ICMA's 18 October 2024 response to CP24/12.

(F) **Prospectus supplement withdrawal rights (not applicable to institutional investors)** – ICMA recalls from its 18 October 2024 response (notably at #1 on p.23) that withdrawal rights should not apply in an institutional context. In this respect, retail offers conditional on admission to trading might be subject to statutory withdrawal rights whilst parallel institutional offers (that are not so conditional) would not. (For example where the issuer publishes an approved base prospectus supplement, between commencing conditional retail offers and settlement of the new issue, further to an unexpected rating downgrade.) Somebody, whether issuer or specific intermediaries, would have to accept this residual risk – which might or not be acceptable, depending respectively on issuer funding sensitivity at the margins and intermediary business models.

[1] It is unclear whether underwriters would apply for additional permissions or authorisations (to the extent they do not currently have them), but FCA may wish to be ready to grant these swiftly to speed delivery of UK retail participation in bond issues.

[2] Incidentally, CP #3.51 seems incorrect in suggesting that some listed securities might not be readily realisable securities, as the "readily realisable security" definition cites the "regularly traded" context as a distinct alternative to the "admitted to official listing on an exchange" context.

5. **Consequential changes to CP24/12** – ICMA notes the proposed PRM 1.4.3AG(2) (on intended fungibility), proposed PRM 5.1.1R(3)(-a) (on incorporation by reference) and CP25/2 #5.3 (describing the LSE's ISM as a qualified investor only MTF).

6. **Response to questions and technical corrections** – Annex 1 sets out ICMA's responses to the CP's questions. Annex 3 lists various technical corrections to the proposed FCA Handbook changes that have been reported to ICMA.

ICMA contact
Ruari Ewing: Ruari.Ewing@icmagroup.org

International Capital Market Association
ICMA Brussels I Avenue des Arts 56, 1000 Brussels I T: +32 2 801 13 88
ICMA London I 110 Cannon Street, London EC4N 6EU I T: +44 20 7213 0310
ICMA Hong Kong I Unit 3603, Tower 2, Lippo Centre, 89 Queensway, Hong Kong I T: +852 2531 6592
ICMA Paris I 25 rue du Quatre Septembre, 75002 Paris I T: +33 1 8375 6613
ICMA Zurich I Dreikönigstrasse 8, 8002 Zurich I T: +41 44 363 4222
www.icmagroup.org

Annex 1

Responses to CP25/2 questions

***Question 1**: Do you agree with the proposed single disclosure standard for non-equity securities of all denominations, based on the current rules and annexes for wholesale non-equity securities? If so, what are your reasons? If you disagree, please explain why.*

Single disclosure standard welcome – ICMA agrees (including re. disapplication of the summary requirement). The retail standard does not add material protection for investors (as FCA notes at #3.9 of the CP) and constitutes a burden sufficient to dissuade many issuers from offering to retail. The proposed changes would enable issuers with currently institutional-only issuance programmes to issue in lower denominations (including to retail), subject to re-considering any programme-specific restrictions (many programmes hardwire institutional-only and/or high-denomination provisions to mechanically guard against offers to retail off the back of a wholesale-disclosure prospectus and also in terms of PRIIPs and product governance considerations – which may still be an EU-related consideration per #2(B) above).

***Question 2**: Do you agree with the proposed approach for an exemption to the use of prescribed accounting standards in prospectuses for non-equity securities? If you disagree, please explain why.*

Accounting standards exemption agreed – ICMA agrees as for Q1, although investment grade Eurobond issuers are likely anyway to be producing IFRS accounts or using other equivalent accounting standards listed in POATRs Regulation 24. (But see further #13 in Annex 3.)

***Question 3**: Do you agree with the proposed definition of noncomplex listed corporate bonds? If you disagree, please explain why.*

NCLCB definition too narrow – To the extent FCA is proposing the NCLCB definition as a perimeter for incentivising retail offering, it is insufficient as the definition excludes some very significant and mature UK corporate issuers that don't have listed equity (even if their bonds are UK-listed), as well as housing associations, schools/universities and regulated utility operating companies. It is unclear why FCA would not encourage such quality credits from being made available to UK retail investors. Query also why UK retail investors should be discouraged from diversifying their risk exposure to well-established 'blue-chip' issuers just because they issue e.g. Euro-denominated floating rate bonds, which therefore reference an IBOR (Euribor) rather than an RFR and so are outside the proposed NCLCB definition. In any case however, see response to Q4 regarding product governance.

***Question 4**: Do you agree that the proposed guidance would make it easier for issuers to issue non-complex corporate listed bonds in low denomination? If so, please give your reasons. If you disagree, please explain why.*

Unclear that PROD guidance would help retail participation – The proposed guidance does not seem to materially change the legacy position under MiFID product governance that already provided for (i) mass retail compatibility (see MiFID2 Delegated Directive EU/2017/593 at Recital 18) and (ii) a less detailed target market definition for simpler bonds (see MiFID2 Delegated Directive at Recital 19 and August 2023 ESMA PG guidelines at #25). Complex street-level standards and templates were laboriously developed (notably the ICMA2 approach as amended for the retail context) to help co-manufacturers swiftly agree on target market definition at the beginning of intra-day execution

windows (see #2 in Annex 2).[3] It is unclear how complex (or not) it may be for stakeholders to agree on any potential implications/changes in this respect (also bearing in mind the involvement of co-manufacturers from the EU that will remain subject to legacy MiFID product governance)[4] – and in turn what appetite there will be to try. See also response to Q5.

Question 5*: Are there additional and/or different changes needed for product governance rules to achieve our intended outcome?*

Clear exemption is needed across both product governance and CCIs – ICMA has long-argued that it is inappropriate to include commoditised instruments within the scope of the product governance regime that is effectively focused on investor customisation. See further #6 of ICMA's 31 October 2024 response to the post-Consumer Duty call for input. Rather there should be actual exemption, ideally applied consistently across both the product governance and CCIs regimes. An efficient approach in this respect, would be to replicate, for both PROD and CCIs, the Consumer Duty's scope limitation (notably in PRIN 3.2.6R) to "retail market business" (as this definition is perceived to clearly exclude vanilla bonds under limb 3 and also the institutional space under limb 2). A potential alternative otherwise might be to exempt NCLCBs from both product governance and CCIs – if the NCLCB definition can be expanded as noted in the response to Q8. ICMA will also be raising this regarding CCIs in its response to CP24/30.

Question 6*: Do you agree with our proposed change to DTR 4.4.2? If so, please explain why. If not, please give your reasons.*

No objection to DTR changes – ICMA has no objection to the proposed changes. (ICMA notes such deals would anyway involve ongoing disclosure due to the listed equity link. ICMA also notes that the changes may not be particularly relevant in the case of many issuers without UK-listed equity who apply for their bonds to be admitted to trading on a UK regulated market.)

Question 7*: Do you agree we should remove the further issuance listing process from UKLR and simplify our administrative requirements for admitting securities to listing? If so, what are your reasons? If you disagree, please explain why.*

No objection to removal of further issuance listing process – ICMA has no objection to the removal of the further issuance listing process, as that will be less burdensome for tap issuances. See also response to Q9. FCA states in CP #4.13 that it will no longer permit issuers of certain securities to specify an "up to" number of securities to be listed in anticipation of future issuances, but it is understood that this relates to the listing process and does not cut across PRM 2.4.1 (carrying over legacy PR Art.17).

Question 8*: Do you agree in principle that we should introduce alternative measures to replace our current checks and information gathering on other matters that are currently incorporated within the further issuance listing process?*

No objection to alternative measures replacing further issuance listing checks – ICMA has no objections.

[3] Generally on a bond issuance all MiFID-authorised joint bookrunners (often appointed by issuers on very short notice) are likely to consider themselves 'manufacturers' for the purposes of product governance and therefore they will jointly need to pre-agree a target market for the issuance as a whole (see further #3(a), #4 and footnote 37 in the ICMA1 approach).

[4] Any changes to existing practice which will result in an amended rationale for, and output of, the target market analysis will require each bank to update internal procedures and processes and generally align across the market to facilitate syndicated issuance. A departure from the EU product governance regime adds further complexity since in a syndicate there will often be a bookrunners who will be subject either UK or EU product governance rules and so the parties will need to consider both regimes.

***Question 9**: Do you agree with how we propose to amend the UKLR to remove the further issuance listing process and streamline our requirements? If you disagree, please explain why and what alternative measures you would propose.*

No comment on method to remove further issuance listing process – ICMA has no general comments on how the UKLR will be amended. (But see references to further issuances in Annex 3.) See also response to Q7.

***Question 10**: Do you agree with our proposed changes to the sponsor requirements in UKLR to accommodate the removal of the further issuance listing process and other consequential changes? If not, what changes would you make and why.*

No response (relevant to equity markets, not bond markets).

***Question 11**: Do you agree in principle that we should continue not to mandate the appointment of a sponsor for further issuances of shares below the threshold set for requiring prospectus (which is subject to feedback to CP24/12) when the new PRM comes into force?*

No response (relevant to equity markets, not bond markets).

***Question 12**: Do you agree with our proposed new rules in the PRM requiring discharge of the sponsor role prior to the FCA providing approval of a prospectus, with similar requirements for the sponsor role in the context of an issuer relying on a prospectus exemption in PRM 1.4.7R or 1.4.8R? If you disagree, please explain why.*

No response (relevant to equity markets, not bond markets).

***Question 13**: Do you agree with our proposed measures to replace the Pricing Statement that is currently submitted with the further issuance listing application? If you disagree, please explain your reasons and any alternative measures.*

No response (relevant to equity markets, not bond markets).

***Question 14**: Do you agree with our proposed new approach to removing the prospectus exemptions checkpoint at the listing admissions stage in UKLRs, and instead replacing it with a market notification requirement on issuers within PRM?*

No objection to replacing prospectus exemptions checkpoint with notification requirement – ICMA has no objection to this change. See response to Q17.

***Question 15**: Do you agree on the proposed timeframe and transitional provisions?*

No objection to proposed timeframe and transitional provisions – ICMA has no objection.

***Question 16**: Are there any costs or process implications for issuers or other market participants that we have not anticipated? In particular, are there implications for securities being automatically listed when they are issued (rather than when they are allotted for example) or should a different approach be applied to different security types? If yes, please provide details.*

No response (More relevant to equity markets than bond markets).

***Question 17**: Do you agree with our proposed new notification requirement to be included in the PRM and the reasons for it? If you disagree, please explain your reasons why and your alternative proposals.*

No objection to new PRM notification requirement – ICMA has no objection. See response to Q14.

Question 18*: What are the changes and associated costs, benefits and risks to issuers of publishing this information?*

Marginal impact from publication – Marginal impact given the limited, factually basic nature of the information involved.

Question 19*: How useful is the publication of this specific information to market participants and for what purpose(s)? Should we consider adding any additional information to the notification and if so, why?*

Limited use of publication – Publication does not seem to add much beyond existing DCM information streams.

Question 20*: Do you agree with our proposed new admission to trading time limit requirement for the PRM? If you disagree, please explain your reasons why.*

No objection to new admission to trading time limit – ICMA has no objection.

Question 21*: Do you agree with the proposal to remove Listing Particulars as an admission document by deleting UKLR 23, amend listing eligibility requirements in UKLR 3 related to admission to trading, and make other consequential amendments? Yes/No, please explain why.*

No objection to removal of listing particulars – ICMA has no objection.

Question 22*: Do you consider that there is sufficient time for existing issuers on the PSM to plan how they can raise new capital via alternative routes, if necessary, when the FCA ceases to approve Listing Particulars? Yes/No, please give your reasons.*

No views on PSM issuer alternative capital routes – ICMA has no views (this is of very limited impact in the bond space).

Question 23*: Do you consider that the transitional provisions are proportionate? Yes/No. Are there any other practical considerations for issuers that we should take into account as a result of our proposal? Please explain.*

Transitional provisions seem proportionate – This seems plausible.

Question 24*: Do you agree with our proposed consequential changes? Yes/No. Please give your reasons.*

No objection to consequential changes – ICMA has no objection.

Question 25*: Do you have any comments on our proposed changes to DEPP and EG?*

No response.

Question 26*: Do you agree with the analysis set out in our cost benefits analysis? Yes/No. Please give your reasons.*

EU proximity considerations relevant to retail uptake – In CP #81, FCA explains why it is challenging to predict whether the proposals will lead to greater issuance or a broader pattern of capital raising, citing as reasons the inertia of non-equity issuers, lack of demand for retail bonds, etc. One substantive reason which will play a part in this, but which is not mentioned, is the proximity of the UK market to the European market, which is a relevant consideration for many issuers who may wish to access both and who may, despite the proposals, therefore be inclined to continue issuing in wholesale denominations. (See further #2(B) above.)

Annex 2
Typical IG Eurobond issuance headline deal-flow (Institutional syndication)

1. **Marketing phase** *(only for debut or less frequent/familiar issuers)* – The marketing phase may potentially run for just couple of days (if virtual-only) or up to a couple of weeks (if involving worldwide travel) prior to the trade date (see #2 below), and with materials notably based on a draft ('red-herring') standalone offering circular (including a draft prospectus pending regulator approval) or on a published issuance programme offering circular (including a regulator-approved base prospectus).
2. **Execution phase** *(potentially an opportunistic, spontaneous decision by more established issuers with issuance programmes)* – Execution runs intra-day on the trade date, beginning with announcement notably of proposed commercial terms: a stated tenor (a number of years), a generic size (often 'benchmark' relative to issuer context) and an indicative spread range over a relevant reference rate (such as midswaps or government bonds). This triggers an iteration of investor order submissions (potentially conditional on certain aspects such as spread), consequent commercial term revisions and investor order adjustments. Announcement of final commercial terms ('launch') crystallises final book size and is followed by an allocation process to manage residual oversubscription. Once allocations are confirmed to individual investors, there is the formality of 'pricing' (T) by observing the relevant benchmark rate (and then applying it to the final yield to compute a consequent coupon rate and issue price).
3. **Documentation phase** – This involves the generation of final documentation (including checking any related pre-conditions) ahead of closing / settlement and admission to trading, notably: an issuance programme final terms / pricing supplement or a final standalone offering circular; an admission to trading application; a subscription agreement; and a global certificate representing the bonds. These will be for signature and any required regulator approvals around three days following pricing (T+3) / two days prior to closing / settlement and admission to trading (S-2).
4. **Settlement phase** – This involves the issuer agents, the underwriters and the investors inputting their matching instructions into the relevant clearing systems ahead of closing and settlement (S) at T+5, which involves delivery of the global certificate representing the bonds into the clearing systems against payment of the issuance proceeds from the allocated investors.

Annex 3

Technical corrections

UK Listing Rules (Listing Particulars) Instrument 202X

Annex A: Amendments to the Amendments to the Glossary of definitions

1 Wording in CP 25/2 (on page 3 of 24)

admission to trading	(1)	~~(in *UKLR*) admission of *securities* to trading on a *RIE's* market for *listed securities*.~~
	(2)	(in UKLR, *PRM* and *DTR*) admission to trading on a *regulated market*.

Comment

The defined term "admission to trading" has now been defined in the Glossary for UKLRs/ PRM/DTRs as meaning "admission to trading on a regulated market". This change means there probably needs to be a tidy up throughout the Rulebook for two things:

- to check that the italicised term is not used in the context of an MTF listing e.g. in the Glossary (proposed in CP24/12) see "advertisement" limb (a)(ii); "issuer" limb 4(b); in the MAR changes (proposed in CP24/12);
- technically if the defined italicised term is used it is not required to also say "admitted to trading ***on a regulated market***" so the bold italicised wording could be deleted (as duplicative) (e.g. see Annex D, UK Listing Rules (Further Issuance) Instrument: PRM 1.5.2R, PRM 1.6.1R and Annex L, Prospectus (Smarter Regulatory Framework and Consequential Amendments) (No 2) Instrument: PRM 1.4.4R, 2.5.1)).

Annex C: Amendments to the UK Listing Rules sourcebook (UKLR)

2 Wording in CP 25/2 (on page 6 of 24)

3.2.3	R	(1)	~~Other than in regard to *securities* to which *UKLR* 23 applies, to~~ To be *listed*, ~~*equity shares*~~ *securities* must be admitted to trading on a *regulated market* for *listed securities*. ~~All other *securities* must be admitted to trading on a *RIE's* market for *listed securities*.~~

Comment

Para 4.28 (Admission to trading) refers to UKLR 3.2.3R and that issuers should continue to apply directly to the RIE to admit their securities to listing, **but** the rule change to UKLR 3.2.3R has deleted the RIE reference.

3 Wording in CP 25/2 (on page 10 of 24)

17.2.2	R	(1)	~~An *issuer's securities* must be admitted to trading on a *RIE's* market for *listed securities* at all times.~~ A *listed company* must comply with *UKLR* 3.2.3R at all times.

Comment

- Given that UKLR 17.3.1 (which relates to sovereign and public international body issuers) refers to UKLR 17.2.2, presumably the "listed company" reference in UKLR 17.2.2 will be changed to "issuer".
- As a separate point, it appears that UKLR 17.2.2(2)(b) and (c) may also need to be deleted.

UK Listing Rules (Further Issuance) Instrument 202X

Annex C: Amendments to the UK Listing Rules sourcebook (UKLR)

4 Wording in CP 25/2 (on page 6 of 42)

3.1.6 R In this chapter:

(1) references to 'relevant *securities*' are to the *securities* which are in issue or are proposed to be in issue on the date on which the *FCA's* decision to admit *securities* of that *class* to *listing* becomes effective; and

(2) references to 'relevant *shares*' are to the *shares* which are in issue or are proposed to be in issue on the date on which the *FCA's* decision to admit *shares* of that *class* to *listing* becomes effective.

Comment

Suggestion that (1) and (2) above could be clarified, since the further issuance may not yet be 'proposed to be in issue' on the admission date. Please see below in caps a possible tweak.

> "references to 'relevant *securities*' are to the *securities* which are in issue ~~OR ARE PROPOSED TO BE IN ISSUE~~ on the date on which the *FCA's* decision to admit *securities* of that *class* to *listing* becomes effective OR ARE PROPOSED TO BE IN ISSUE"

Or as an alternative, tracking the wording of UKLR 3.2.9:

> "references to 'relevant *securities*' are to the *securities* which are in issue ~~OR ARE PROPOSED TO BE IN ISSUE~~ on the date on which the *FCA's* decision to admit *securities* of that *class* to *listing* becomes effective OR WHICH MAY BE ISSUED IN THE FUTURE"

5 Wording in CP 25/2 (on page 7 of 42)

3.2.10 R (1) This *rule* applies if:

(a) a *prospectus* must be approved and published for the relevant *securities*; or

(b) the *applicant* is permitted and elects to draw up a *prospectus* for the relevant *securities*.

(2) ~~To be *listed*,~~ For *securities* to be *admitted to listing*, a *prospectus* must have been approved by the *FCA* and published in relation to the relevant *securities*.

Comment

Use of the term "relevant *securities*" does not work in (1)(a) and (b) above because "relevant *securities*" encompasses any further issuance but, for a further issuance, there would not be a need for a prospectus to be approved as required by (2).

6 Wording in CP 25/2 (on page 21 of 42)

17.2.2 R (1) A *listed company* must comply with *UKLR* 3.2.3R at all times in respect of its *listed securities*.

Comment

As per comment above on UKLR 17.2.2 in the Listing Particulars instrument, presumably the "listed company" reference in UKLR 17.2.2 will be changed to "issuer".

7 Wording in CP 25/2 (on page 27 of 42)

20.5.10 R An *applicant* must comply with *UKLR* 20.5.4R ~~to *UKLR* 20.5.7R~~ and *UKLR* 20.5.6R with the following modifications:

(1) if the *FCA* approves the application, it will admit to listing all *classes* of *securities* which may be issued under the programme within 12 months after the publication of the *base prospectus*, subject to the *FCA*:

(a) being advised of the *final terms* of each ~~issue~~ *class* for which a *listing* is sought; and

Comment

In relation to (a) above, suggestion that this could be clarified to reflect the fact that there will be separate final terms documents for the original issue and each subsequent further issue by including the wording in all caps shown below:

> "being advised of the *final terms* of THE FIRST ISSUE OF each ~~issue~~ *class* for which a *listing* is sought"

8 Wording in CP 25/2 (on page 37 of 42)

TP 13 Transitional provisions: further issuances

1. (2) *Securities* of the *listed class* which are issued on or after [*Editor's note*: insert the date on which this instrument comes into force] will automatically become *listed* upon issuance except *securities* that were admitted to trading on a *RIE's* market for *listed securities* immediately before [*Editor's note*: insert the date on which this instrument comes into force].

Comment

Is the wording from and including "except" needed? Is this intended to distinguish between further issues pre- and post- the instrument coming into force?

Annex D: Amendments to the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (PRM)

9 Wording in CP 25/2 (on page 39 of 42)

1.5.2 R An *issuer* must obtain the *admission to trading* on a *regulated market* of any further issuance of *transferable securities*, fungible with those already *admitted to trading*, with effect no later than 60 *days* from:

(1) in the case of *equity securities*, the securities being allotted; or

(2) in the case of *non-equity securities*, the securities being issued.

Comment

Suggestion that, to make clear in (2) above that the securities referred to are those issued in the further issuance rather than the original issuance, (2) be tweaked along the lines of that in all caps below.

> "in the case of *non-equity securities*, the ~~securities being issued~~ FURTHER ISSUANCE"

10 Wording in CP 25/2 (on page 40 of 42)

1.6.3 R The notification referred to in *PRM* 1.6.2R must contain the following information:

…

(4) the number of transferable securities being admitted to trading;

(5) whether the transferable securities admitted to trading are fungible with transferable securities already admitted to trading;

(6) the date the transferable securities were admitted to trading;

Comment

- In (4), "being" should be deleted (given other references in proposed PRM 1.6.3R suggesting the notice follows admission even if on the same date).
- In (5), also reference intended fungibility (consistently with proposed PRM 1.4.3AG(2)).
- In (6), this would presumably be the date of the notification (given proposed PRM 1.6.2R).

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Annex E: Amendments to the Conduct of Business sourcebook (COBS)

11 Wording in CP 25/2 (on page 16 of 72)

14.3 Information about designated investments (non-MiFID provisions)

…

Providing a description of the nature and risks of designated investments

…

14.3.3 R If a *firm* provides a *retail client* with information about a *designated investment* that is the subject of a current ~~offer to the public~~ *offer of transferable securities to the public* and a ~~prospectus~~ *prospectus* has been published in connection with that offer in accordance with the ~~*Prospectus Regulation*~~ *rules* in *PRM*, that *firm* must inform the *retail client* where that ~~prospectus~~ *prospectus* is made available to the public.

Comment

Given that COBS 14.3.3 above uses the defined term "offer of transferable securities to the public", presumably that defined term's definition in the Glossary will be updated to refer to COBS?

Annex L: Amendments to the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (PRM)

12 Wording in CP 25/2 (on page 53 of 72)

2.5 Prospectus summary

Requirement for a prospectus summary

2.5.1 R …

(2) A *summary* is not required where the *prospectus* relates to the *admission to trading* on a *regulated market* of *non-equity securities*~~, where:~~.

…

(a) ~~the securities are only intended for trading on a *regulated market*, or a specific segment thereof, to which only *qualified investors* have access for the purposes of trading in such securities; or~~ [deleted]

(b) ~~the securities have a denomination per unit of at least £50,000.~~ [deleted]

Comment

Presumably (i) references to a summary will be removed from PRM 2.3.9R(3), 2.3.9R(4)(c), 2.3.10, 2.3.11, 2.3.12, 2.3.13, (ii) "where applicable" will be added to the reference to a summary in 7.1.4, and (iii) any other references to a summary in the rules will be removed or updated as appropriate.

13 Wording in CP 25/2 (on page 58 of 72)

4.4.14 R An ~~exemption from *PRM* 4.4.13R is available for *issuers*~~ *issuer* of ~~wholesale~~ *non-equity securities* and any other ~~persons~~ *person* whose financial information is required to be included in the *prospectus* as if they were the *issuer* of the securities that are the subject of the *prospectus*~~.~~, is exempt from the requirement in *PRM* 4.4.13R provided that the historical financial information has been prepared in accordance with the *issuer's* national law and, in all material respects, with national accounting standards.

Comment

The new proviso at the end of PRM 4.4.14R above will presumably be tweaked to cover the national law and national accounting standards of the issuer *and* any other person whose financial information is required to be included in the prospectus, e.g. any guarantor. We note that para 3.20 in the CP mentions "the issuer or guarantor's national law and national accounting standards" but PRM 4.4.14R above is silent on the guarantor.

14 Wording in CP25/2 (on page 59 of 72)

5.1 Incorporation by reference and use of hyperlinks

Incorporation by reference and forward incorporation by reference

5.1.1 R ...

(3) The information referred to in (1) is contained in:

[**Note**: *Prospectus Regulation* Art 19(1)(b)]

(-a) a document which has:

(i) before *IP completion* day, been approved by or filed with a *third country competent authority* of an *EU State* in accordance with the *EU Prospectus Regulation* or the *Prospectus Directive*; or

(ii) on or after *IP completion* day, been approved by or filed with the *FCA* in accordance with the *Prospectus Regulation* or the *UK* law implementing the *Prospectus Directive*;

Comment

To enable issuers to incorporate by reference new PRM prospectuses, presumably specific reference will be added in PRM 5.1.1(3)R or elsewhere to previously published prospectuses approved in accordance with the PRM?

Annex M: Amendments to the Disclosure Guidance and Transparency Rules sourcebook (DTR)

15 Wording in CP25/2 (on page 68 of 72)

4.4.2 R The *rules* on annual financial reports in *DTR* 4.1 (including *DTR* 4.1.7R(4) and half-yearly financial reports (*DTR* 4.2) do not apply to an *issuer* that issues exclusively:

(1) *debt securities admitted to trading* the denomination per unit of which at least 100,000 euros (or an equivalent amount).;

Comment

This reference should be to £50,000 to align with POATRs Schedule 1, Part 1, General exception 4.

Annex O: Amendments to the Perimeter Guidance manual (PERG)

16 Wording in CP25/2 (on page 71 of 72)

8.21.20 G Article 70 applies to a *non-real time financial promotion* included in:

...

(3) a prospectus or supplementary prospectus approved in line with *Prospectus Rules* ~~including part of such a prospectus or supplementary prospectus~~; or

(4) any other document required or permitted to be published by *listing rules* or *Prospectus Rules*.

~~Article 70 also applies to a *non-real time financial promotion* comprising the final terms of an offer or the final offer price or amount of *securities* which will be offered to the public and that complies with articles 8(1), 8(4), 8(5), 8(10), 17 and 21(2) of the *Prospectus Regulation*~~.

Comment

It was not clear why the final paragraph above has been deleted rather than updated for the PRM.