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PUBLIC OFFERS AND ADMISSIONS TO TRADING REGIME: NEW RULES COME INTO FORCE

HIGHLIGHTS FOR EQUITY CAPITAL MARKETS

On 19 January 2026 the new public offers and admissions to trading regime comes into force. Together with updates to the listing regime made in July 2024, the changes represent a crucial modernising step in the ongoing revitalisation of UK capital markets.

This briefing summarises the key points relevant to offers of shares and other ECM transactions and takeovers. Key points relevant to DCM transactions are summarised in a separate briefing.

PUBLIC OFFERS AND ADMISSIONS TO TRADING: THE NEW LANDSCAPE

Under rules in force before 19 January 2026 – principally the UK Prospectus Regulation and the FCA's Prospectus Regulation Rules (**Previous Regime**) - an FCA-approved prospectus had to be published before a company could (i) offer transferable securities to the public in the UK or (ii) request that transferable securities be admitted to trading on a UK regulated market. In each case, various exemptions were available. (Although there are many types of transferable securities, for convenience we refer below simply to shares.)

Under the new regime, the rules for public offers are separated from those for admission to trading:

PUBLIC OFFERS

Public offers are now governed principally by The Public Offers and Admissions to Trading Regulations 2024 (POAT Regulations). Under the POAT Regulations, a prospectus no longer has to be published in connection with an offer to the public. Instead, there is a general prohibition on making a public offer and a set of exemptions. Most of the exemptions under the Previous Regime have been carried across: for example, where shares are offered solely to qualified investors; to fewer than 150 persons in the UK, other than qualified investors; or to directors or employees. In addition, there are new exemptions that apply where shares are:

SUMMARY OF CHANGES

- Public offers and admissions to trading are now governed by separate sets of rules.

- A prospectus is no longer required in connection with an offer to the public.

- A listed commercial company can now issue further shares in a secondary fundraising or takeover that comprise less than 75% of its existing share capital without having to publish a UK prospectus (previously the threshold was 20%). For closed-ended investment funds, the threshold is 100%. In principle, this will make it easier, quicker and cheaper for listed companies to raise further funding and to offer their own shares as consideration for an acquisition. But if there is a US element to the offer, a voluntary prospectus or detailed offering memorandum may be needed.

- Where an issuer identifies climate-related risks as risk factors, or climate-related opportunities as material to its prospects, the prospectus must include information about how the issuer manages the relevant risks and opportunities, broadly in line with the disclosures required by the TCFD Recommendations and ISSB Standards.

- Certain forward-looking statements in a prospectus, including profit forecasts, that satisfy certain criteria and labelling requirements are subject to a higher threshold for statutory liability.

- Where a company issues further securities of a class already admitted to listing, it no longer needs to make an application to the FCA to list the new shares: they will be treated as listed automatically. But an issuer still needs to make an application to the London Stock Exchange to get the new shares admitted to trading.

- Already admitted, or will as part of the transaction be admitted (e.g. on an IPO or takeover), to trading on a regulated market or primary MTF in the UK. (A primary MTF is a trading venue where the operator specifies eligibility criteria and continuing obligations that apply to issuers. AIM is the main example). This exemption will apply to most equity fundraisings by Main Market and AIM companies.

- Offered to persons already connected to the company – such as existing shareholders. This will apply where an unlisted company wishes to seek further funding from its existing shareholders.

- Issued in connection with an offer to acquire another company (takeover offer).

If no exemption is available, and a company wishes to offer more than £5 million of shares to the public outside a public market, it must make the offer via a regulated public offer platform (similar to a crowdfunding platform).

See page 8 for a diagram illustrating the new regime for public offers.

ADMISSION TO TRADING ON A REGULATED MARKET

Admission to trading on a UK regulated market is now governed principally by rules made by the FCA. These rules are called the *Prospectus Rules: Admission to Trading on a Regulated Market* rules (PRM) and replace the FCA's previous *Prospectus Regulation Rules*. The PRM specify when a prospectus is required, whether initially (on IPO) or subsequently (on a secondary fundraising); what information a prospectus must include; who is legally responsible for a prospectus; which types of forward-looking information should be "protected" from the usual liability rules; and related matters.

Exemptions from the requirement to publish a prospectus

Most of the previous exemptions from the requirement to publish a prospectus in connection with an admission to trading - such as the exemptions for bonus issues, scrip dividends and issues to directors and employees - are brought forward into the new regime without amendment. However, there are important changes in the two areas highlighted below.

Secondary fundraisings

The threshold for commercial companies to issue further shares without having to publish a prospectus is raised from the previous 20% of existing share capital to 75%. The 75% threshold was recommended by the Secondary Capital-Raising Review (SCRR) and has been introduced in spite of the FCA receiving "mixed responses" from market participants. Below this threshold, an issuer is permitted to publish a voluntary prospectus approved by the FCA. Where a prospectus is published in connection with a secondary fundraising, it can be a simplified or full prospectus. Similar amendments have been made to the related exemption for convertibles – i.e. where shares are admitted to trading on a regulated market as a result of the exercise of conversion or exchange rights - so that the outturn shares must represent less than 75% of the company's existing listed shares.

Where no prospectus is published, it will be up to the issuer to decide the format and contents of the announcement and/or offer document: these will not be prescribed by FCA rules. Market practice will therefore be left to develop (see the box on the next page), and the FCA will monitor for evidence of "unintended consequences or market failure". The FCA also decided not to require additional disclosures where an issuer is in "financial difficulty", partly because this would be difficult to define and implement.

Closed-ended investment funds (CEIFs) are given even greater leeway: they do not have to publish a prospectus for an issue of (i) further ordinary shares that comprise up to 100% of existing ordinary share capital or (ii) C shares - which typically convert into ordinary shares within a defined period - issued to obtain further capital to be deployed in accordance with the CEIF's investment policy. However, like commercial companies, CEIFs have the option to produce a prospectus voluntarily.

EU rules on secondary fundraisings are slightly different: see the box on the next page.

> "Raising the threshold to 75% of existing share capital will in principle make it significantly easier, quicker and cheaper for an issuer to raise substantial amounts of capital in a secondary fundraising – for example, to strengthen the balance sheet, fund an acquisition or business development or to issue consideration shares. However, where the offer has a US element, companies may find that, in order to satisfy the requirements of US securities laws and the expectations of US investors, they need to publish a voluntary prospectus or detailed offering memorandum."

Secondary fundraisings: how will market practice develop?

Raising the threshold to 75% of existing share capital will in principle make it significantly easier, quicker and cheaper for a commercial company to raise substantial amounts of capital in a secondary fundraising – for example, to strengthen the balance sheet, fund an acquisition or business development or to issue consideration shares on a takeover (see further below). On any fundraising, a company will need to disclose certain minimum information, including any inside information; the terms and conditions of the offer and how to accept; how the company plans to use the proceeds; and the number of shares to be issued etc. On a placing of less than 20% of issued share capital, such information is usually included in the placing announcement. If a general meeting is needed, certain additional information will have to be included in the circular.

But if the offer has a US element – for example, where the shares are to be marketed to US investors; or, on a rights issue, the company's share register includes a substantial number of US investors and/or the banks underwriting the issue want to be able to sell any rump shares to US investors – a company is likely to find that it needs to disclose considerably more information. This is principally because of concerns about the risk of liability under Rule 10b-5 made under the US Securities Exchange Act of 1934 (the main anti-fraud rule). Broadly, under Rule 10b-5 the company, its directors and banks involved in the selling effort are potentially liable to compensate investors if a disclosure document includes a material misstatement or omission, intentionally or recklessly. In order to establish a defence against liability and to minimise the risks, a process is typically followed that includes (i) ensuring the disclosure document includes all the information a US company would typically disclose in similar circumstances – such as risk factors, a business description, an operating and financial review (OFR) and other items of information required for a US Form 20-F; and (ii) a 10b-5 disclosure letter from counsel to the issuer and the banks confirming they have no reason to believe the disclosure document contains any misleading statement or omission. The 10b-5 disclosure letter is supported by extensive diligence and document drafting processes.

Where a UK listed company proposes to issue 20% or more of its share capital in a secondary fundraising that has a US element, banks are likely to insist on the company publishing either a voluntary prospectus or an offering memorandum that includes most of the information that would be required for a prospectus. However, over time, banks may get comfortable with less information being disclosed in some circumstances.

Secondary fundraisings: EU prospectus regime

Under the EU regime, a prospectus must be published before a company can (i) offer transferable securities to the public in an EU state or (ii) request that transferable securities be admitted to trading on an EU regulated market. In each case, various exemptions are available. Following amendments to the EU Prospectus Regulation that took effect on 4 December 2024, the position as regards secondary fundraisings is as follows:

- **Secondary issue by company listed for at least 18 months:** no prospectus is required for a secondary issue of any size provided (i) the company has had securities admitted to trading on an EU regulated market or an SME growth market for at least 18 months; (ii) the new securities are of the same class as the existing securities; and (iii) the new securities are not issued in connection with a takeover. This is a new exemption that will apply to most pre-emptive fundraisings.

- **Secondary issue by listed company of less than 30% of existing capital (threshold raised from 20%):** No prospectus is required for a secondary issue by a company with securities admitted to trading on an EU regulated market or an SME growth market where the new securities (i) are of the same class as the existing ones and (ii) represent less than 30% of the existing listed securities (taking into account any securities that were admitted over the previous 12 months). (Similar amendments were made to the related exemption for convertibles.) This exemption might be used where the one described above is not available.

In each case, the company must publish a short-form document of no more than 11 pages containing key information for investors; but this does not have to be approved by a competent authority. Each of these exemptions applies to both public offers and admissions to trading. For further details see our briefing on the EU Listing Act published in November 2024.

Equity securities offered in connection with a takeover

The FCA decided to carry over from the Previous Regime this exemption from producing a prospectus and to provide guidance via a new Technical Note on the minimum information to be included in a takeover exempt document. It has also confirmed that the exemption is available whether the takeover is structured as a scheme of arrangement or a contractual offer. Under the new guidance, a takeover exempt document must be approved by the FCA if: (i) the takeover constitutes a "reverse acquisition" for the issuer under UK IFRS; or (ii) the securities to be issued as consideration are not fungible with equity securities that are already admitted to a UK regulated market. What information must be included will depend on the circumstances:

- If the takeover exempt document does not need FCA approval, and the transaction is governed by the Takeover Code, the offer document or scheme circular can constitute the takeover exempt document and nothing further will be needed.
- If the takeover exempt document does not need FCA approval, but the transaction is not governed by the Takeover Code, the document must include certain specified information (which will make it similar to a simplified prospectus, plus certain information on the target and information about the purpose and terms of the takeover and how it will affect the issuer).
- If the takeover exempt document does need FCA approval, it must include almost all the information required for an ordinary prospectus, as well as certain information on the target and information about the purpose and terms of the takeover and how it will affect the issuer.

For further details of how the new regime affects takeovers see the box on the next page.

See page 9 for a diagram illustrating the new regime for admission of securities to trading on a regulated market.

Contents of a prospectus

Annexes specifying minimum items of information

As under the Previous Regime, detailed contents requirements for the constituent parts of a prospectus required in various scenarios are set out in Annexes. For example, Annex 1 of the PRM specifies the items of information to be included in a registration document for an "ordinary" prospectus published by a commercial company; and Annex 8 specifies the items of information to be included in a securities note for an "ordinary" prospectus published by a commercial company.

The summary

Detailed financial information no longer has to be included in the summary; issuers can cross-refer to information in other sections of the prospectus; and the maximum length is increased from 7 to 10 pages.

Financial information

Previous Regime rules around the historical financial information on an issuer (HFI) that must be included, and around pro forma financial information, have been carried across largely unchanged. A new FCA Technical Note provides guidance on the information to be included where the issuer has a "complex financial history".

Working capital statement

The FCA decided to retain without amendment the requirement in the Previous Regime to include a working capital statement in a prospectus.

FCA guidance gives further detail about the form and content of a working capital statement. For now, this guidance remains essentially unchanged. However, the FCA plans to consult later in the year on possible amendments, which may include allowing an issuer to provide more detail about the basis on which a clean working capital statement has been prepared - for example, the sources of capital taken into account, such as the net proceeds of the offer or funds available under committed debt facilities. The FCA will also consider whether to permit three types of working capital statement: (i) a clean statement; (ii) a clean statement with financing judgements; and (iii) a qualified statement.

Takeover offers: bidder offering its own equity securities as consideration

Previous Regime

Where a bidder offered its own shares as consideration, a prospectus was required if either (i) there was an offer to the public in the UK and no exemption applied; or (ii) the consideration shares would be admitted to trading on a regulated market in the UK and no exemption applied. Although there was an exemption for takeovers under both triggers, for various reasons a prospectus was published on takeovers:

- Under the offer to the public trigger, where the takeover was structured as a contractual offer from the beginning or the bidder switched from a scheme of arrangement to a contractual offer. While views and practice differed, prospectuses were also published where target shareholders were offered a choice of consideration or an option to vary the proportion of consideration types (a "mix and match" facility).
- Under the admission to trading trigger, where the consideration shares to be admitted to a UK regulated market represented 20% or more of the bidder's existing share capital.

New regime

Under the **offer to the public** rules:

- If the takeover is structured as a scheme of arrangement under the Companies Act 2006, the bidder is not treated as making an offer to the public, even if target shareholders are offered a choice of consideration or a mix and match facility.
- If the takeover is structured as a contractual offer, there will be an offer to the public but:
  - If the bidder has, or will as part of the transaction have, shares listed on a UK regulated market or primary MTF, it will be exempt from the prohibition on offering shares to the public (paragraph 6 of Schedule 1 to the POAT Regulations).
  - If the bidder has shares listed on a US or other overseas market, or the consideration shares are unlisted, it will be exempt from the prohibition on offering shares to the public under the exemption for shares offered in connection with a takeover (paragraph 10 of Schedule 1 to the POAT Regulations). To qualify for this exemption, the bidder must publish a "written statement" containing certain basic information on the bidder, the terms of the offer, the impact of the offer on the target and bidder, and the bidder's intentions in relation to the target's business and any defined benefit pension scheme of the target. Where the Takeover Code applies, the bidder is likely to be required to publish this information in any event.

In other words, whether the bidder has shares listed in the UK or elsewhere, usually there will either be no offer to the public or an exemption will be available.

Under the **admission to trading** rules:

- A UK listed bidder is not required to publish a prospectus provided the consideration shares represent less than 75% of the bidder's existing share capital (or 100% if the bidder is a closed-ended investment fund). Most takeovers will fall into this category. If the consideration shares represent a greater percentage, a UK listed bidder can rely on the takeover exemption in the PRM described on page 4. To qualify for this exemption, the bidder must publish a takeover exempt document containing certain specified information (see above).
- Where the bidder has shares listed on a US or other overseas market then, unless it intends to apply for the consideration shares to be listed in the UK, the admission to trading rules will not be relevant, so no UK prospectus will be required. However, the bidder may be required to publish a disclosure document under the rules of its home jurisdiction.

Overall, it will therefore become significantly easier and cheaper for bidders to offer their own shares, because a prospectus or takeover exempt document will usually be required only where a UK listed bidder is offering shares that represent 75% or more of its existing share capital. By the same token, it will be much easier for a bidder to switch from a scheme to a contractual offer.

Climate-related disclosures

Where an issuer of equity securities or depositary receipts representing equity shares identifies climate-related risks as risk factors, or climate-related opportunities as material to its prospects, new item 5.8 in Annex 1 requires the prospectus to include additional information about the issuer's management of the relevant risks and opportunities, broadly in line with the high-level categories used in the TCFD Recommendations and ISSB Standards - namely governance, strategy, risk management and metrics and targets. For mineral companies (which include mining and oil and gas companies), the FCA will monitor market practice and may publish guidance on additional information such companies should disclose. If the issuer has published a transition plan, and the contents are financially material, the prospectus will have to include a summary of key information in the transition plan.

Climate-related disclosures relating to strategy, transition plans and metrics and targets should qualify for protection as protected forward-looking statements (PFLS) if the relevant criteria are met; but disclosures on governance and risk management will not qualify as PFLS (see further below).

At this stage the FCA has decided not to require disclosure of sustainability information that is not climate-related.

Protection for certain forward-looking statements

To encourage issuers to disclose in prospectuses (especially IPO prospectuses) more detailed forward-looking information, particularly in relation to expected future financial performance and sustainability objectives, the POAT Regulations establish a different liability threshold, based on fraud or recklessness, for certain categories of forward-looking statements that meet certain criteria. These are known as "protected forward-looking statements" (PFLS).

> "To encourage issuers to disclose in prospectuses more detailed forward-looking information, particularly in relation to expected future financial performance and sustainability objectives, the POAT Regulations establish a different liability threshold, based on fraud or recklessness, for certain categories of forward-looking statements that meet certain criteria."

PRM 8 specifies which types of statements can qualify as PFLS and the labelling and other requirements that apply to them. Most mandatory disclosures required by the Annexes will not qualify as PFLS. But any profit forecast, and certain information that must be included in the *Business Overview* (including certain climate-related items (see above)), *Operating and Financial Review* and *Trend Information* sections can qualify as PFLS if the information satisfies the relevant criteria. The criteria are based on the requirements that apply to profit forecasts, and on US practice. Among other things, a statement can qualify for protection where:

- it can only be verified for accuracy by reference to events or sets of circumstances that occur after the statement has been published, and investors are provided with an estimate of when the event or set of circumstances is expected to occur; and
- it is clearly labelled and accompanied by details of the principal assumptions upon which the statement is based. Over the next year or so issuers may experiment with presenting the accompanying information in different ways.

Profit estimates (relating to a financial period that has ended but for which results have not yet been published), aspirational targets and most purely narrative statements will not qualify as PFLS.

The higher threshold for liability applies only in respect of statutory liability to pay compensation to investors under Regulation 30 of the POAT Regulations (which broadly replaces section 90 of the Financial Services and Markets Act 2000). Where the prospectus relates to a transaction with a US or other overseas element, if the issuer intends to include forward-looking statements, it will also need to consider the risks of liability under relevant overseas laws and how they can be mitigated. Investor relations factors will also need to be considered.

Supplementary prospectus and withdrawal rights

Previous Regime rules around when a supplementary prospectus must be published and withdrawal rights can be exercised are retained broadly as they are.

"Six-day" (now "three-day") rule on IPOs with a retail offer

As recommended by the SCRR, the Previous Regime requirement that, in the case of an IPO involving an offer to the public, the prospectus must be published at least six working days before the end of the offer, has been amended to reduce the period to three working days. This is designed to encourage issuers to include a retail offer in their IPO.

ADMISSION OF SECURITIES TO A PRIMARY MTF

Admission to trading on a primary MTF is governed principally by rules made by the operator of the relevant market. An "MTF admission prospectus" will usually be required where (i) an issuer seeks initial admission to trading on a primary MTF on which retail investors can trade, even if there is no fundraising; or (ii) an enlarged entity seeks re-admission to such an MTF following a reverse takeover. An MTF admission prospectus is subject to the same statutory responsibility and compensation provisions, and the same PFLS rules, as apply to prospectuses.

However, operators of primary MTFs have discretion to decide (i) whether an MTF admission prospectus is required for a secondary fundraising; (ii) the information that must be included in an MTF admission prospectus; and (iii) the process for reviewing and approving an MTF admission prospectus. The London Stock Exchange has confirmed it will not require an AIM company to publish an MTF admission prospectus in connection with a secondary fundraising of any size - continuing the position under the Previous Regime.

By introducing the concept of an MTF admission prospectus, the Government is hoping to encourage primary MTF issuers to offer securities to retail investors, instead of limiting their offer to qualified investors or fewer than 150 persons.

ISSUING FURTHER SHARES OF THE SAME CLASS: ADMISSION FORMALITIES

Where a company applies to list a class of shares, the application will now cover shares that may be issued in future, as well as those issued at the time of the application. As a result, where a company issues further shares of the same class - whether pursuant to a share plan, placing or otherwise - it is no longer required by the Listing Rules to submit an application to the FCA to list the further shares. However, a company still needs to apply for the new shares to be admitted to trading on a recognised investment exchange.

Among other things, this change to the Listing Rules means that:

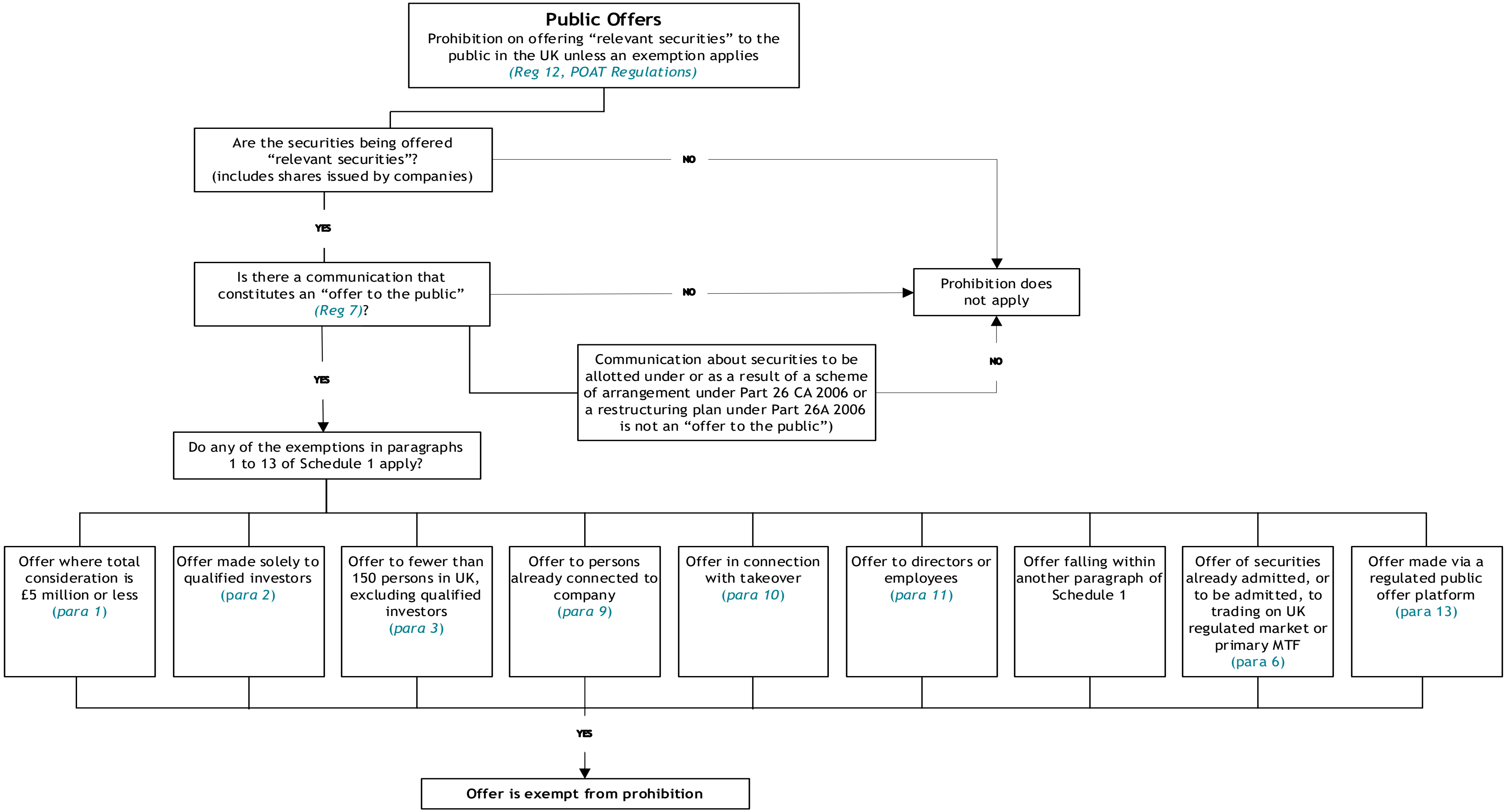
- Applications to list in advance shares that may in future be issued under a share plan or equity issuance programme (known as a block listing) are no longer necessary.

- It is no longer necessary to submit to the FCA a signed 'Pricing Statement' confirming compliance with the discounted share issuance restrictions in UKLR 9.4.13R (where these apply).

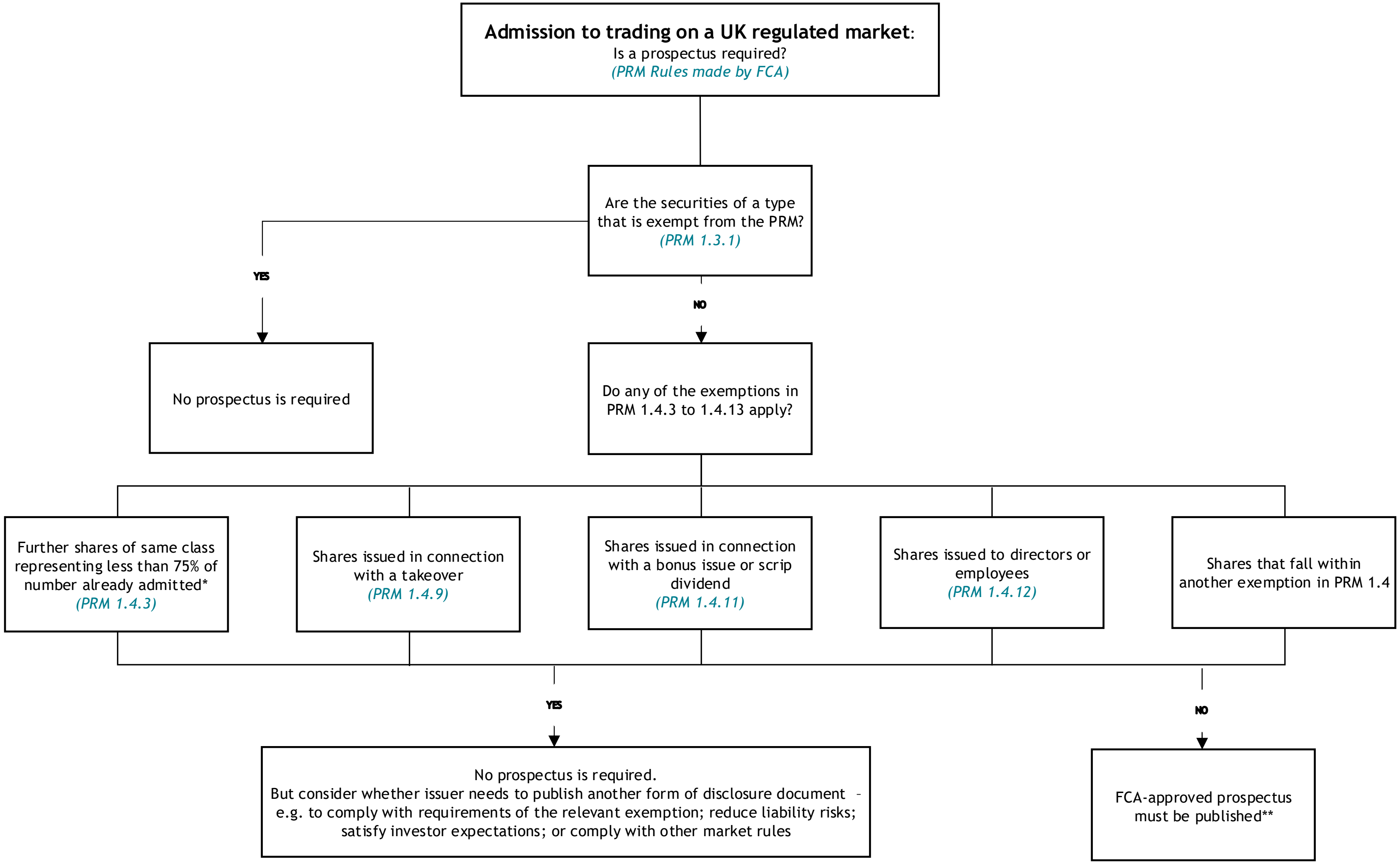
To avoid an issuer having to make an announcement every time new shares of the same class are allotted, an issuer has up to 60 days from the date of allotment to get the new shares admitted to trading. (For depositary receipts issued over shares and equity shares listed in the International Commercial Companies Secondary Listing category the deadline is 365 days.) Within 60 days of the new shares being admitted to trading, the issuer must make an announcement specifying, among other things, the number of shares that have been so admitted and the total number of shares of the class which have been so admitted. Multiple allotments can be covered in a single announcement.

Market practice and ECM documentation will need to be adjusted to reflect this change - for example, to remove references to the FCA "approving" the admission of further securities to listing.

> "Where a company applies to list a class of shares, the application will now cover shares that may be issued in future, as well as those issued at the time of the application. As a result, where a company issues further shares of the same class, it no longer needs to submit an application to the FCA to list the further shares."



Notes
(i) Where offer is exempt but total consideration is £1 million or more, any material information disclosed to selected investors must be disclosed to all other investors to whom the offer is addressed (Reg 13)
(ii) Where offer is exempt by virtue of paragraph 6 (securities admitted or to be admitted to regulated market or primary MTF), consider whether a prospectus or MTF admission prospectus is required



** Or 100% if the issuer is a CEIF*
*** Can be a simplified prospectus in some circumstances*

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