

Disclosure of rights attached to listed securities

April 2020

In order to reduce the risk of market disruption occurring as a result of an issuer announcing an action that security holders do not realise is within the issuer's rights to take, and generally to ensure that investors have ready access to information about the rights and restrictions attached to the listed securities they own, from **27 April 2020** issuers will be required to ensure that they have [uploaded to the National Storage Mechanism \(NSM\)](#) information about each class of their listed securities, using one of the following:

1. The prospectus or listing particulars relating to the securities. This will have included certain prescribed information about the rights and restrictions attached to the securities.
2. A document describing the rights attached to the securities and how to exercise them, and the limitations on such rights. The description will have to include all the information that would have had to be included in a prospectus or listing particulars relating to the securities (see below).
3. The relevant agreement or document that sets out the terms and conditions on which the securities were issued, such as the articles of association, warrant instrument or bond instrument (constituting instrument).

If an issuer takes option 2 above, the description will need to include details of any rights to be paid dividends or interest; to be repaid principal; to vote; to transfer the securities; to be offered

Summary

On 27 April 2020 the Listing Rules will be amended to require issuers of listed securities - both equity and debt - to ensure that they have uploaded to the NSM a document containing certain information about the rights and restrictions attached to each class of securities. When an issuer uploads such a document, it must announce via a RIS that it has done so.

new securities in priority to other investors (pre-emption rights); to require the issuer to redeem or repurchase the securities or convert them into another class of securities or, conversely, for the issuer to effect such a redemption, repurchase or conversion; and to share in the issuer's surplus assets on a liquidation. The description will also have to include details of how such rights can be exercised (e.g. how votes can be cast; and how and when a holder can require the issuer to repurchase its securities) and any limitations on such rights (e.g. any restrictions on transfer; and when the issuer can suspend payments of interest).

Exemption

If before 27 April 2020 the issuer has uploaded to the NSM the relevant prospectus or listing particulars or the relevant constituting instrument for the securities, and the document accurately reflects the current rights and restrictions attached to the securities, the issuer is exempt from the new requirement and need do nothing further.

Amendments to rights and restrictions after 27 April 2020

But if after 27 April 2020 any amendments are made to the rights or restrictions attached to securities, the issuer will need to upload either (i) one of the three types of document referred to above, reflecting the amended rights; or (ii) a document describing or setting out the amendments that have been made.

Continuing obligation

The disclosure obligation will apply until the securities are no longer listed.

Issuers in scope

The new obligation will apply to issuers of shares admitted to the premium or standard segment; issuers whose shares are represented by depositary receipts listed under chapter 18 of the Listing Rules (who must upload to the NSM a description of the rights attached to the depositary receipts and to the underlying securities); issuers of debt securities and asset-backed securities listed under chapter 17 of the Listing Rules (which includes issuers of debt securities admitted to trading on either the Main Market or the Professional Securities Market of the London Stock Exchange); and issuers of securitised derivatives and certain other securities listed under chapters 19 and 20 of the Listing Rules.

The obligation will not apply to issuers of securities admitted to trading on the International Securities Market of the London Stock Exchange.

The new requirement is most likely to affect companies that issued securities before 8 November 2013 (the date when the obligation to upload prospectuses and listing particulars with the NSM took effect) and issuers that have made changes to the rights or restrictions attached to their securities since the prospectus or listing particulars were uploaded - such as bond issuers that have amended the terms of their bonds either via a consent solicitation exercise with the bond holders or with the bond trustee.

What issuers need to do

The flowcharts in the **Appendix** illustrate what issuers of shares and bonds need to do in order to comply with the new rule. Issuers of other types of securities will need to apply a similar analysis.

When an issuer uploads a document to the NSM in order to comply with the new requirement, the issuer must announce via a RIS that it has done so. For example, in relation to shares, the announcement might say:

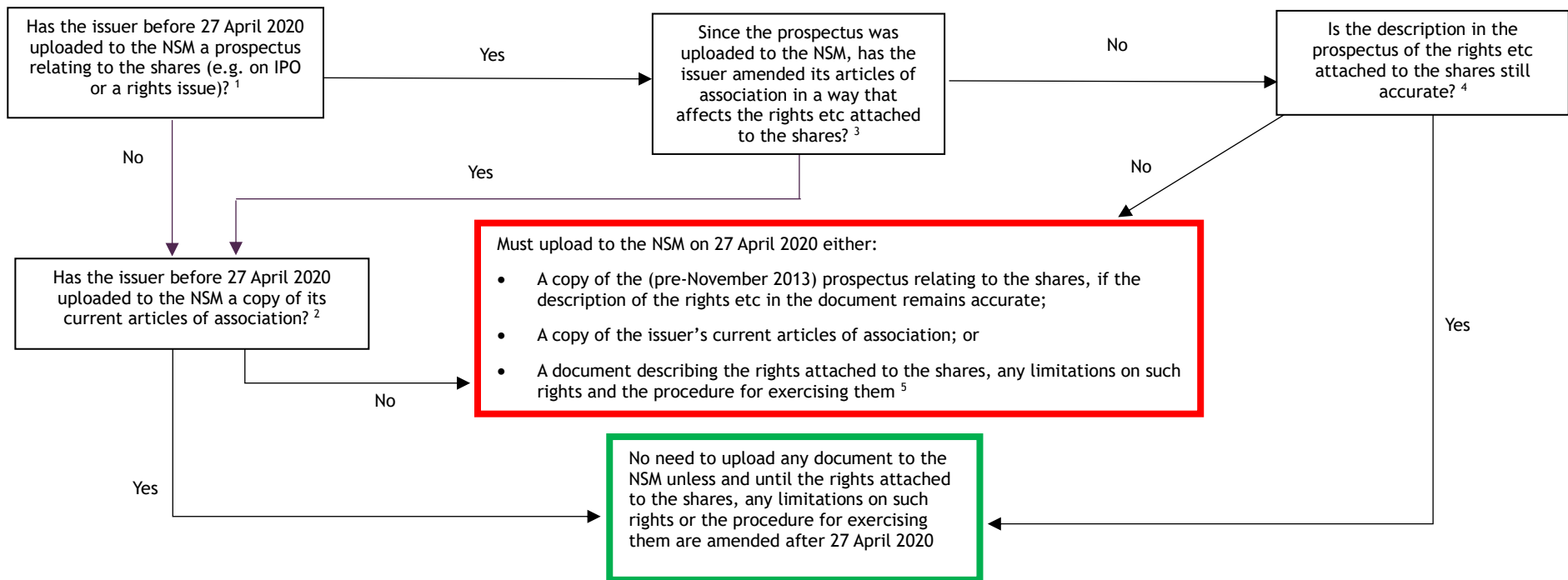
“In accordance with paragraph 9.2.6E of the Listing Rules (disclosure of rights attached to equity shares), the Company has today uploaded to the National Storage Mechanism (NSM) [a copy of the approved prospectus for its listed ordinary shares] [a copy of its articles of association, which set out the principal rights and restrictions attached to its ordinary shares] [a document describing the principal rights and restrictions attached to its ordinary shares].

The NSM can be accessed at

<https://data.fca.org.uk/#/nsm/nationalstorage-mechanism>.”

Appendix

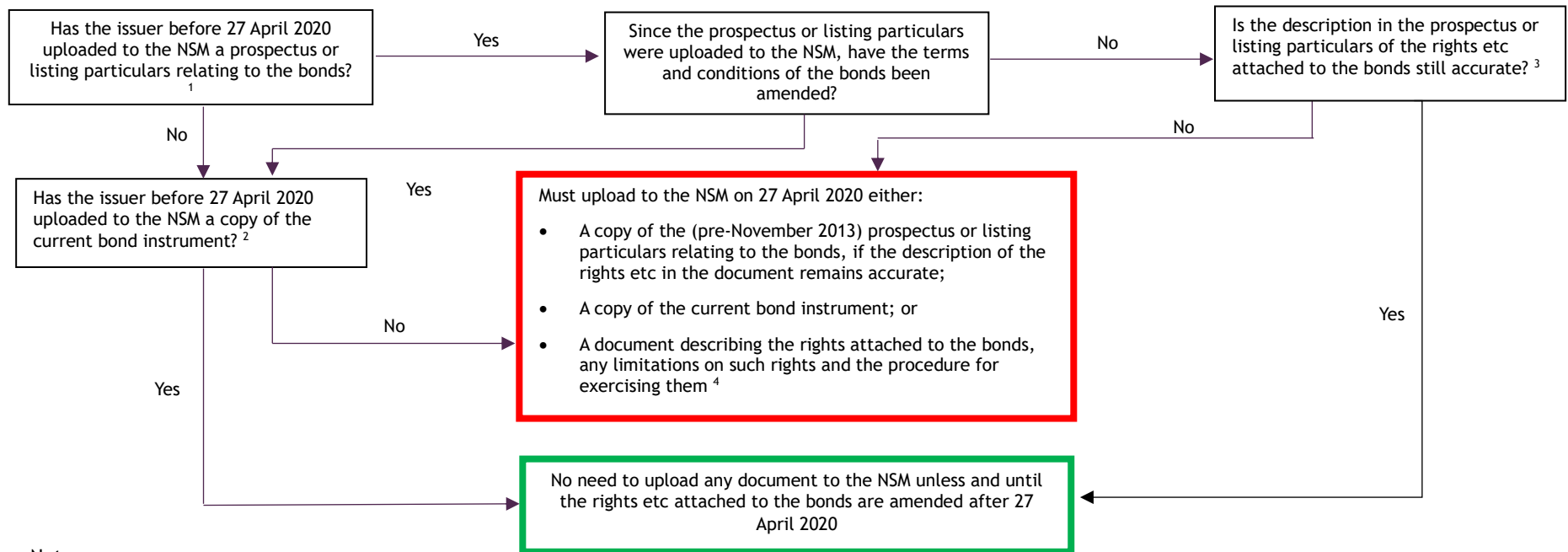
Disclosure of rights attached to shares: what an issuer needs to do to comply with the new rule



Notes

1. The obligation to upload a prospectus to the NSM was introduced on 8 November 2013, so all prospectuses published after that date should have been uploaded to the NSM. Prospectuses published before that date are unlikely to have been uploaded to the NSM. (References to uploading a document to the NSM include forwarding a document to the FCA for publication via the NSM.)
2. For example, if the issuer has amended its articles since 8 November 2013, it may have uploaded to the NSM a copy of its articles as amended.
3. Some changes to articles may not affect the rights attached to the shares, any limitations on such rights or the procedure for exercising them - e.g. changes to the procedure for board meetings, or to increase the cap on payments to directors.
4. In most cases the description will still be accurate, but it is advisable to check.
5. As noted above, the description must include certain information that would have to be included in a prospectus, so it will need to be prepared specially for the purpose. We expect most issuers will prefer simply to upload a copy of their current articles.

Disclosure of rights attached to bonds: what an issuer needs to do to comply with the new rule



Notes

1. The obligation to upload a prospectus to the NSM was introduced on 8 November 2013, so all prospectuses published after that date should have been uploaded to the NSM. Prospectuses published before that date are unlikely to have been uploaded to the NSM. (References to uploading a document to the NSM include forwarding a document to the FCA for publication via the NSM.)
2. For example, if the issuer has amended the bond instrument since 8 November 2013, it may have uploaded to the NSM a copy of the bond instrument as amended.
3. In most cases the description will still be accurate, but it is advisable to check.
4. As noted above, the description must include certain information that would have to be included in a prospectus, so it will need to be prepared specially for the purpose. We expect most issuers will prefer simply to upload a copy of the current bond instrument.

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