

# Client Alert.

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## Changes to the Official List – “Premium” and “Standard” Listings

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The following changes will take effect from 6 April 2010, except for the change to allow UK companies to have a standard listing, which took effect on 6 October 2009.

- **RESTRUCTURING THE LISTING REGIME INTO TWO SEGMENTS: PREMIUM AND STANDARD.** The old primary listing and secondary listing will be replaced with “premium” and “standard” segments. A “premium listing” is a listing that meets the more stringent “super-equivalent” standards, and a “standard listing” is a listing that meets EU-minimum standards.
- **INTRODUCTION OF NEW LISTING CATEGORIES.** The two segments will be further sub-divided into eight listing categories according to the characteristics of each security and the type of entity issuing them. The new listing categories will be:
  - premium listing (commercial company);
  - premium listing (closed-ended investment fund);
  - premium listing (open-ended investment fund);
  - standard listing (shares) (investment entities will only be able to use this category for a further class of equity shares if it already has, and for so long as it maintains, a premium listing of a class of equity shares);
  - standard listing (debt and debt-like securities) (this category will include preference shares and convertible securities);
  - standard listing (certificates representing certain securities);
  - standard listing (securitised derivatives); and
  - standard listing (miscellaneous securities) (this will include warrants and options).
- **COMBINED CODE.** Overseas companies with a premium listing will have to “comply or explain” against the UK Combined Code.
- **PRE-EMPTION RIGHTS.** Overseas companies with a premium listing will be required to offer pre-emption rights to existing shareholders when making an issue for cash (unless they have received shareholder approval to disapply such rights). Such companies have until 5 April 2011 to comply with this requirement.

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- **COMPLY WITH EU REPORTING DIRECTIVE.** All listed companies (including overseas companies with either a premium or a standard listing) will have to provide a corporate governance statement and describe the main features of their internal control and risk management systems in accordance with the Disclosure and Transparency Rules. For overseas companies this requirement will apply for financial years beginning after 31 December 2009.
- **EQUITY SECURITIES TO BE ADMITTED TO A REGULATED MARKET.** The existing rules provide that listed equity securities must be admitted to trading on a market for listed securities or a recognised investment exchange, but do not specify that such market must be a regulated market. The Listing Rules will be amended to provide that to be admitted to the Official List, equity securities with a standard listing must be admitted to trading on a regulated market.
- **AVAILABILITY OF STANDARD LISTING.** The standard listing segment is now available to UK companies; previously this listing segment was only available to overseas companies. Unlike the other changes to the listing regime, this change took effect on 6 October 2009.
- **MIGRATION BETWEEN LISTINGS.** The process for companies with an equity listing wishing to move from one segment to another has been simplified by clarifying that a cancellation of their listing is not required. Companies with a premium listing that wish to move down to the standard segment or cancel their listing will need to obtain shareholder approval. Additional procedural requirements also have to be complied with.

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