

Insights

UK CORPORATE BRIEFING MAY 2024

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SUMMARY

Welcome to the Corporate Briefing, where we review the latest developments in UK corporate law that you need to know about. In this month's issue we discuss:

FCA publishes final Listing Rules on sponsor competency

- Following on from the consultation at the end of 2023, the FCA has published its changes to the Listing Rules sourcebook, chapter 8 (sponsors), which take effect immediately.

Takeover Panel consultation on the application of the Takeover Code

- A new Takeover Panel consultation proposes to narrow the scope of the companies subject to the Takeover Code.

Digital Securities Sandbox

- The FCA and Bank of England have published a joint consultation paper on their proposals to implement and operate the Digital Securities Sandbox.

Climate transition plans – new sector guidance

- The TPT has delivered two types of sector guidance to complement the Disclosure Framework – the TPT Sector Summary and the TPT Sector Deep Dives.

FCA PUBLISHES FINAL LISTING RULES ON SPONSOR COMPETENCY

Following on from the consultation at the end of 2023, the FCA has published its changes to the Listing Rules sourcebook, chapter 8 (sponsors), which take effect immediately. The changes focus on how a sponsor or a person applying for approval as a sponsor is required to demonstrate their competence. The FCA has largely adopted the rules and amendments to the three Technical Notes

on sponsor competency proposed in [CP23/31](#) but with some minor amendments to reflect feedback received.

The FCA has also published [Primary Market Bulletin No.48](#) which is focussed on consulting on changes to existing technical notes that the FCA consider are the most essential in supporting the understanding of the new UK Listing Rules or most frequently used. Notably, the FCA states that it expects to:

- send notifications to issuers mid-May explaining where they expect to be mapped to should the proposals be implemented; and
- seek board approval of the final UK Listing Rules at the board meetings on either 27 June or 25 July. If the FCA is sticking to its original timetable and the rules are approved at one of these Board meetings, the final policy statement would subsequently be published with an implementation period of 2 weeks before the new rules come into force.

[Read our full briefing >](#)

TAKEOVER PANEL CONSULTATION ON THE APPLICATION OF THE TAKEOVER CODE

A new Takeover Panel consultation proposes to narrow the scope of the companies subject to the Takeover Code (“Code”). Under the proposals, the Code would only apply to a company which has its registered office in the UK, the Channel Islands or the Isle of Man and either:

- any of the company’s securities are admitted to trading on a UK regulated market ie. the Main Market, a UK multilateral trading facility ie. AIM, or a stock exchange in the Channel Islands or the Isle of Man (“UK listed”); or
- the company was UK listed at any time during the three years prior to the relevant date.

Subject to transitional provisions, the Code would no longer apply to a public or private company which is neither UK listed nor UK listed during the three years prior to the relevant date.

[Read our full briefing >](#)

DIGITAL SECURITIES SANDBOX

The FCA and the Bank of England have published a joint consultation paper on their proposals to implement and operate the Digital Securities Sandbox (“DSS”).

The DSS will allow firms to use developing technology such as distributed ledger technology in the issuance, trading and settlement of financial instruments including shares, corporate and government bonds, money market instruments and units in collective investment undertakings.

Derivative contracts and cryptocurrencies such as Bitcoin will not be within the scope of the DSS. The FCA and the Bank of England believe that the use of the technology could materially improve the efficiency of “post-trade” processes.

The DSS will not be a permanent regime, lasting for only five years, but the aim is that it will allow regulators to determine how the existing regime for the issuance, trading and settlement of securities would need to be amended to support the use of new technologies.

The [consultation](#) closes on 29 May 2024 with the aim of the DSS being open for application over the summer of 2024.

CLIMATE TRANSITION PLANS – NEW SECTOR GUIDANCE

The Transition Plan Taskforce (“TPT”) was launched in April 2022 to establish the gold standard for best practice climate transition plans. As part of its two-year mandate the TPT has delivered a TPT Disclosure Framework and more recently two types of sector guidance to complement the Disclosure Framework – the TPT Sector Summary and the TPT Sector Deep Dives.

The [TPT Sector Summary](#) is a practical guide to give preparers and users of transition plans an overview of key information and guidance available for the 30 financial and real economy sectors.

The [TPT Sector Deep Dive Guidance](#) provides sector-specific guidance to assist in interpreting the Disclosure Framework for seven sectors chosen by their GHG emissions, their need for (or provision of) transition finance and the quality of existing guidance available in the market. These sectors are asset managers, asset owners, banks, electric utilities & power generators, food & beverage, metals and mining and oil & gas.

The FCA has commented that they are committed to drawing on the TPT Disclosure Framework as they develop their disclosure expectations for listed companies, asset managers and FCA-regulated asset owners. The FCA intend to consult, this year, on rules and guidance for listed companies to disclose in line with the UK-endorsed ISSB standards.

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MEET THE TEAM



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