

Technical Note

Compliance with the Listing Principles and Premium Listing Principles

LR 2.2.4R and
LR 7

The Listing Principles and Premium Listing Principles, which are set out in LR 7, are a general statement of the fundamental obligations of listed companies. Companies with a standard listing must comply with the Listing Principles. Companies with a premium listing of their equity shares must, in addition, comply with the Premium Listing Principles. They were introduced to ensure adherence to the spirit as well as the letter of the various rules, including the Disclosure Guidance and Transparency Rules, comprising the wider listing regime.

Issuers should therefore be aware of the importance we place on complying with the Principles on an ongoing basis. As our Handbook notes, breaching a Listing Principle or Premium Listing Principle will make a listed company liable to disciplinary action by us. While cases may be brought in conjunction with action for a breach of a specific rule or rules, we are prepared to take enforcement action on the basis of the Principles alone, taking account of the standard of conduct required by the Principle in question.

Interaction of the Listing Principles and Premium Listing Principles with the Sponsor Regime

Issuers undertaking a sponsor service as set out under LR 8.2 are required to appoint a sponsor.

Listing Principle 1 and Premium Listing Principle 1 are reflected in the sponsor regime by sponsors providing assurances to us under LR 8.3.4R, LR 8.4.2R(3), LR 8.4.2R(4) and LR 8.4.12R(2) that directors understand the nature of their responsibilities under the listing regime rules and that issuers have procedures, systems and controls in place to comply with these rules on an ongoing basis. In order for sponsors to discharge their obligations to us, we expect issuers to cooperate with sponsors and allow them to carry out their work.

Under LR 8.5.6R, issuers are required to cooperate with their sponsor(s) by providing all information reasonably requested by the sponsor(s) for the purpose of carrying out the sponsor service in accordance with LR 8. This is likely to include access to relevant meetings with directors and, where applicable, senior management.

LR 7.2.1AR: Articles containing compulsory acquisition provisions

Compulsory acquisition or redemption powers need to be considered carefully to ensure they do not offend the principle of equality of treatment of all shareholders in LR 7.2.1AR (Premium Listing Principle 5) if they do not generally treat shareholders equally. Please see LR 2.2.4R for further details about such powers.