

Independent review recommends reforms to UK Listing rules to boost growth and markets

- UK Listing Review, chaired by Lord Hill, forms part of Chancellor's plan to strengthen UK's position as a world-leading financial centre
- key recommendations include updating rules around free float requirements and dual class share structures, with safeguards to maintain UK's high standards
- reforms will make it easier for the world's most successful innovative firms to list and grow in the UK

The UK already has some of the world's deepest and most liquid equity markets, with over £43 billion raised in 2020, and a track record of attracting the best companies from around the globe.

The UK Listing Review, led by Lord Hill, was launched by Chancellor Rishi Sunak in November last year to further enhance the UK's position as an international destination for equity listings.

The Review examined how companies raise equity capital on UK public markets and makes a series of recommendations to improve the process, whilst maintaining the high standards of corporate governance, shareholder rights and transparency for which the UK is known.

The Review's key recommendations include:

- modernising listing rules to allow dual class share structures in the London Stock Exchange's (LSE) premium listing segment, giving directors (in particular, founders) enhanced voting rights on certain decisions, with safeguards to maintain high corporate governance standards
- reducing free float requirements – the amount of a company's shares that are in public hands – from 25% to 15% and allow companies to use other measures to demonstrate liquidity
- an annual report on the state of the City, and its competitive position, delivered to Parliament by the Chancellor
- rebranding and repositioning the LSE's standard listing segment to increase its appeal to companies of all sizes and types
- a fundamental review of the prospectus regime so that in future, admission to a regulated market and offers to the public are treated separately – this will ensure it reflects the breadth and maturity of UK

capital markets and the evolution in the types of business coming to market

- liberalising the rules regarding special purpose acquisition companies (SPACs), with appropriate safeguards for investors

Rishi Sunak, Chancellor of the Exchequer, said:

We asked Lord Hill to lead this review because we wanted bold ideas. The UK is one of the best places in the world to start, grow and list a business – and we're determined to enhance this reputation now we've left the EU.

That means boosting the UK's business environment and making sure we continue to lead the world in providing open, dynamic capital markets for existing and innovative companies alike, whilst protecting the high standards that underpin our status as a world-leading financial centre.

The Review has more than delivered and I'm keen we move quickly to consult on its recommendations, cementing the UK's reputation at the front of global financial services.

Lord Hill of Oareford, chair of the Listing Review, said:

The proposals we are announcing today are designed to encourage investment in UK businesses, support the development of innovative growth sectors such as tech and life sciences, benefit the companies who choose to float in London, simplify and streamline processes, encourage a more dynamic regulatory regime, and improve the UK's competitive position, ultimately providing more opportunities for millions of investors to share in growth.

The recommendations in this report are not about opening a gap between us and other global centres by proposing radical new departures to try to seize a competitive advantage. They are about closing a gap which has already opened up. All the recommendations are consistent with existing practices in other well-regulated financial centres in the USA, Asia and Europe.

The UK needs to keep working at improving its reputation as a well-regulated global financial centre that is open for business. It is therefore vital that this is not seen as a one-off exercise. That's why we recommend that the Chancellor should produce an annual State of the City report, bringing together Ministers, regulators and all sections of the market to ensure the whole system is working together to promote the attractiveness of the UK as an international financial centre.

Further recommendations include making it easier for companies to provide forward-looking guidance when raising capital; considering how technology can help retail investors participate in stewardship; updating the Financial Conduct Authority's statutory objectives to include a duty to take into account the UK's attractiveness as a place to do business; tailoring information to meet investors' needs better; improving the efficiency of the listing process; and addressing issues in the wider financial ecosystem.

The government will now examine the Review's recommendations closely and set out next steps. Many of the recommendations, including changes to the listings regime, will require consultations by the Financial Conduct Authority.

Further information: