

By email: cp24-12@fca.org.uk

18th October 2024

Dear Sir / Madam

CP24/12: Consultation on the new Public Offers and Admission to Trading Regulations regime (POATRs)

The Chartered Governance Institute is the professional body for governance and the qualifying and membership body for governance professionals across all sectors. Its purpose under Royal Charter is to lead effective governance and efficient administration of commerce, industry, and public affairs working with regulators and policymakers to champion high standards of governance and providing qualifications, training, and guidance. As a lifelong learning partner, the Institute helps governance professionals achieve their professional goals, providing recognition, community, and the voice of its membership.

One of nine divisions of the global Chartered Governance Institute, which was established 130 years ago, The Chartered Governance Institute UK & Ireland represents members working and studying in the UK and Ireland and many other countries and regions including the Caribbean, parts of Africa and the Middle East.

As the professional body that qualifies Chartered Secretaries and Chartered Governance Professionals, our members have a uniquely privileged role in companies' governance arrangements. They are therefore well placed to understand the issues raised by this consultation document. In preparing our response we have consulted, amongst others, with our members. However, the views expressed in this response are not necessarily those of any individual members, nor of the companies they represent.

Our views on the questions asked in your consultation paper are set out below.

GENERAL COMMENTS

The proposed changes to the Public Offers and Admission to Trading Regulations regime seem sensible and proportionate and we are happy to support them.

Whilst we have had – and expressed – concerns about some of the recent reforms of the listing regime, as set out in PS24/6, and are not persuaded that they will achieve their aim of encouraging companies from around the world to list and raise capital here, or to help UK-listed companies be more competitive globally, we believe that the changes proposed in this paper will reduce the costs of listing on UK markets, make capital raising easier on UK listed markets and remove barriers to retail participation. The latter we see as an important step – although by no means the last one - in increasing the liquidity of the UK market, which we are told is a significantly more important driver of domicile and choice of listing than UK governance requirements. Indeed, we are told that the increased trust these engender is a significant point in favour of UK domicile and listing.

Questions in this paper

Question 1: Do you agree with our proposed approach to the new Handbook as described above? Y/N. Please give your reasons.

Yes. Consolidating rules into a single sourcebook (PRM) rather than maintaining separate assimilated regulations simplifies the framework, making it easier for stakeholders to navigate and understand. Including detailed content requirements as annexes enhances clarity by placing all relevant information in one place, reducing confusion.

Maintaining consistency with the current UK prospectus regime also ensures a smoother transition for issuers and market participants, minimising disruption while achieving necessary improvements. The streamlined structure reduces costs and improves efficiency, supporting capital raising and market participation.

Question 2: Do you agree with our proposed approach to maintaining the exemptions from the current regime in the future regime, as described above? Y/N. Please give your reasons.

Yes. Maintaining the current exemptions provides consistency and continuity, which supports market stability. By retaining exemptions for securities from conversions, exchanges, or takeovers, the proposal aligns with existing practices, reducing the need for issuers to adapt to new regulatory requirements unnecessarily. This continuity minimises disruption for issuers and investors, allowing them to continue operating under familiar rules while benefiting from improvements in the regime.

The approach also aligns with the FCA's goal of reducing costs and improving market access without compromising the quality of information for investors.

Question 3: Do you agree with our proposed approach to the takeover exemption as described above? Y/N. Please give your reasons.

Yes. Retaining the current exemption for takeovers, mergers, and divisions provides continuity and stability in the regulatory framework, reducing unnecessary changes for issuers. This alignment with existing practices helps maintain efficient market operations and minimises disruption for both issuers and investors.



The proposal to offer guidance on exemption documents, based on Commission Delegated Regulation (EU) 2021/528, is a positive step. This guidance will ensure that exemption documents include essential information for investors to understand transactions and their impact, promoting clarity and consistency in their preparation.

Question 4: Do you consider that we should publish guidance on what we consider should be the contents of exemption documents as described above in a Technical Note?

Yes. Providing detailed guidance on exemption documents will enhance transparency and ensure that investors receive relevant information. This guidance will standardise the information shared, making it easier for investors to compare and assess different transactions. It will also clarify expectations for issuers, reducing uncertainty and the risk of non-compliance. Overall, publishing this guidance will support the FCA's objectives of market integrity and investor protection.

Question 5: Do you agree with our proposed approach to the exemption for transfers between regulated markets as described above? Y/N. Please give your reasons.

Yes, we agree. Retaining the exemption for transfers of securities between UK regulated markets ensures continuity and stability within the regulatory framework. This approach aligns with current practices, reducing the need for issuers to adapt to new requirements. By maintaining this exemption, the FCA supports efficient market operations and minimises disruption for both issuers and investors.

The exemption also allows smoother transitions for issuers moving between regulated markets, such as from the LSE Main Market to the Aquis Stock Exchange Main Market. This promotes market fluidity and provides issuers with greater flexibility in their market strategies.

Question 6: Do you agree with our proposed approach to Public International Bodies as described above? Y/N. Please give your reasons'

Yes, we agree. Reintroducing a clear definition of "public international body" in the PRM sourcebook provides clarity and consistency. This change eliminates the need for the complex process that PIBs not listed in the current Listing Rules must follow. It simplifies the regulatory framework, ensuring that all relevant entities are clearly identified and can benefit from the exemption without unnecessary administrative burdens.

Question 7: Do you agree with our proposed approach to the scope of transferable securities as described above? Y/N. Please give your reasons.

Yes, we agree. Carrying over the existing exclusions into the new handbook rules maintains consistency with the current regime, supporting market stability. Excluding securities issued by non-profit associations is a sensible adjustment, aligning with broader regulatory objectives and ensuring the regime remains proportionate. This approach balances regulatory oversight with the practical needs of market operations, benefiting both issuers and investors.



Question 8: Do you agree with our proposed approach to expand the currently exempted securities from UK PR Art 1(2) to include instruments of Islamic finance where an appropriate credit support arrangement exists? Y/N. Please give your reasons.

We have no view on this question.

Question 9: Do you agree with our proposed approach of removing the exception for not-for-profit bodies? Y/N. Please give your reasons.

Yes, we agree. Requiring non-profit making bodies to publish a prospectus for admissions to regulated markets aligns the prospectus and listing regimes, enhancing regulatory clarity. This approach ensures that non-profit entities, which may carry similar risks to commercial entities and raise significant capital, meet the same disclosure obligations. It provides investors with the necessary information to make informed decisions, supporting market integrity and investor protection.

Question 10: Do you agree with our proposed approach to revising the requirements for a summary as described above? Y/N. Please give your reasons.

Yes, we agree. Adopting a less prescriptive approach to summary requirements reflects feedback calling for greater flexibility. This approach balances the need for prospectuses to be accessible to retail investors while ensuring that essential information is still included.

By reducing prescribed content and removing the need for detailed financial data in the summary, the proposal allows issuers to use cross-referencing and incorporation by reference. This streamlines preparation and makes the summary more concise and focused on key points.

Increasing the page limit from seven to ten pages gives issuers extra space to provide relevant information without overwhelming investors. This balance enhances the usability and comparability of prospectuses, benefiting both issuers and investors.

Question 11: Do you agree with our proposed approach to incorporation by reference? Y/N. Please give your reasons.

Yes, we agree. The decision to allow discretionary incorporation by reference and cross-referencing, rather than mandating it, aligns with stakeholder feedback. This approach gives issuers flexibility to incorporate by reference based on their specific needs, ensuring the prospectus remains comprehensive while potentially reducing its size.

By not making incorporation by reference mandatory, the FCA recognises the diverse practices of market participants, keeping the regulatory framework adaptable to different issuers' needs. This flexibility can enhance the usability of prospectuses and support efficient market operations.

Question 12: Do you agree with our proposed approach to carry forward financial information requirements as described above? Y/N. Please give your reasons.

Yes, we agree. Carrying forward the existing financial information requirements ensures continuity and stability in the regulatory framework. These requirements provide a consistent basis for issuers to disclose financial



information, which is crucial for investor confidence and market integrity. By maintaining these standards, the FCA supports informed investment decisions and helps protect investors.

Question 13: Do you agree with our proposal to clarify requirements relating to material uncertainty regarding going concern and other matters reported on by exception? Y/N. Please give your reasons

Yes, we agree. Clarifying these requirements enhances transparency and ensures investors receive essential information about potential risks. Reproducing any material uncertainty related to going concern or other matters reported by exception in full gives a clearer view of the issuer's financial health.

Question 14: Do you agree that we should retain the current requirement for a working capital statement in a prospectus? Y/N. Please give your reasons.

Yes, we agree. The working capital statement is a vital part of the prospectus, providing investors with information about the issuer's financial health and ability to meet obligations. Retaining this requirement ensures that investors access consistent and reliable information, essential for making informed investment decisions. Although preparing these statements may incur additional costs and time delays, the benefits of transparency and investor protection outweigh these concerns.

Question 15: Do you consider that we should allow issuers to disclose significant judgements made in preparing the working capital statement, including the assumptions the statement is based on and the sensitivity analysis which has been performed? Y/N. Please give your reasons.

Yes. Allowing issuers to disclose the significant judgements and assumptions underlying the working capital statement enhances transparency and gives investors a clearer understanding of the issuer's financial position. This approach can reduce the need for issuers to secure additional finance early in the capital-raising process, lowering costs. During the Covid period, similar disclosures were permitted without major concerns from investors. Additionally, aligning the working capital statement with the due diligence performed for viability and going concern disclosures can streamline the process and reduce unnecessary duplication of efforts.

Question 16: Do you agree that we should allow issuers to base the working capital statement on the underlying due diligence performed for the purposes of viability and going concern disclosures in its annual financial statements? Y/N. Please give your reasons.

Yes, we agree. Allowing issuers to use the due diligence performed for viability and going concern disclosures as the basis for the working capital statement can streamline preparation and reduce costs. This approach leverages existing due diligence efforts, minimising duplication and the associated time and financial burdens on issuers. It ensures that the working capital statement is based on thorough financial analysis, enhancing its reliability.

By aligning the working capital statement with due diligence for viability and going concern disclosures, issuers can provide a more integrated financial narrative. This improves the quality of information available to investors, supporting better-informed investment decisions. Additionally, this alignment can reduce the need for issuers to secure additional finance early in the capital-raising process, further lowering costs and simplifying the process.



Question 17: Do you agree with our proposed approach to give additional guidance for companies with a complex financial history? Y/N.

Yes, we agree. Providing additional guidance for companies with complex financial histories can save issuers time and costs in preparing their prospectuses and in the FCA approval process. This guidance clarifies the specific financial information required, reducing uncertainty and helping issuers meet regulatory expectations more efficiently. It aligns with stakeholder feedback and supports the overall goal of improving market effectiveness.

Question 18: How far do you consider the draft guidance attached to this CP would be useful for companies and their advisors? Y/N. Please give your reasons including any proposals you may have to change the draft guidance.

The draft guidance offers clear instructions on the financial information that companies with complex financial histories must include in their prospectuses. This can streamline the preparation process and facilitate smoother interactions with the FCA. By reducing ambiguity, the guidance helps issuers avoid potential delays and additional costs, ultimately supporting more efficient capital raising activities.

Question 19: Do you consider that we should include requirements related to the age of financial information in prospectus requirements? Y/N. Please give your reasons.

Yes. Including requirements related to the age of financial information ensures that investors receive timely and relevant data, which is crucial for making informed investment decisions. Although these requirements have been removed from the premium listing rules, their inclusion in the prospectus requirements enhances transparency and investor confidence. Ensuring that financial information is up-to-date helps maintain market integrity and protects investors by providing them with the most current financial data available.

Question 20: Do you agree with our proposal to largely retain the responsibility regime from the existing provisions? Y/N. Please give your reasons including any proposals.

Yes, we agree. Retaining the responsibility regime from the existing provisions ensures continuity and stability within the regulatory framework. This approach maintains accountability for key individuals, such as directors and senior executives, regarding the content of the prospectus, which is crucial for investor confidence and market integrity. By carrying across these responsibilities, the FCA supports a consistent disclosure regime that protects investors and upholds market standards.

Additionally, the decision not to retain provisions related to offerors who are not the issuer and scenarios where someone other than the issuer requests admission reflects a practical approach. This streamlines the responsibility framework, ensuring it remains relevant to the most common and significant scenarios in the market.

Question 21: Do you agree with our proposal to change the requirement that a prospectus be made available to the public for 6 working days for admissions of securities at IPO to 3 working days? Y/N. Please give your reasons.

Yes, we agree. Reducing the requirement from six working days to three working days addresses a significant barrier identified by the SCRR analysis, which highlighted that the current rule delays issuers and affects their



control over the timing of issuances. This change can facilitate greater participation of retail investors in capital raising activities by reducing delays and allowing issuers to manage the timing of their offerings better.

Given advancements in technology, 3 working days should suffice for investors to review the prospectus, especially since it is available online. This adjustment balances the need for investor protection with the practicalities of modern market operations, ensuring that investors have adequate time to review necessary information without imposing unnecessary delays on issuers.

Question 22: Do you agree with our proposal to raise the threshold for triggering the requirement to publish a prospectus for further issuances of securities already admitted to trading on a regulated market to 75% of existing share capital? Y/N. Please give your reasons.

Yes, we agree. Raising the threshold from 20% to 75% reduces the regulatory burden on issuers, making it easier and more cost-effective for them to raise additional capital. This change recognises that information asymmetry is less of a concern for securities already admitted to trading, as these are subject to ongoing disclosure and transparency rules. By increasing the threshold, the FCA supports issuers in managing their capital raising processes more efficiently without compromising the quality of information available to investors.

Question 23: Do you agree with our proposal to retain the requirement to use a simplified or full prospectus for further issuances of securities already admitted to trading on a regulated market, where not exempt or if issuers wish to produce a voluntary prospectus? Y/N. Please give your reasons.

Yes, we agree. Allowing issuers to choose between a simplified or full prospectus for further issuances below the threshold provides flexibility and ensures they can meet specific regulatory or market needs, such as compliance with US requirements. This approach maintains a high standard of investor protection by ensuring that comprehensive information is available when necessary while reducing unnecessary regulatory burdens for smaller issuances. This balance supports efficient capital raising and market integrity.

Question 24: Do you agree with a potential proposal to require issuers to notify us if the further issuance relates to rescue financing even if below the 75% threshold, based on which we may also require a prospectus? Y/N. Please give your reasons or provide any alternative approaches we could consider.

Yes, we agree. Requiring issuers to notify the FCA in cases of rescue financing, even if the issuance is below the 75% threshold, addresses the heightened risks for investors in such situations. Rescue financings often involve urgent changes to an issuer's financial structure, impacting investor confidence and market stability. By having issuers notify the FCA, the regulator can assess the situation and determine whether a prospectus is necessary to provide comprehensive information and ensure investor protection.

This approach balances the need for timely capital raising with the importance of maintaining transparency and accountability. It allows the FCA to exercise discretion in requiring a prospectus when warranted, enhancing investor protection without imposing unnecessary burdens on issuers in less critical situations.

Question 25: Do you agree with our proposal to retain the requirement to publish a prospectus for further issuances of funds already admitted to trading on a regulated market? Y/N. Please give your reasons.

We have no view on this question.



Question 26: Do you agree with our proposal to raise the threshold for triggering the requirement to publish a prospectus for further issuances of securities by closed-ended investment funds already admitted to trading on a regulated market to 75% of existing share capital and to allow these funds the options to publish a voluntary prospectus? Y/N. Please give your reasons.

We have no view on this question.

Question 27: Do you agree with our proposed approach to permit issuers to use future incorporation by reference of financial information, including the option for issuers to use supplementary prospectuses for this purpose? Y/N. Please give your reasons.

We have no view on this question.

Question 28: Do you agree with our proposed approach to give issuers of non-equity securities more flexibility in relation to supplementary prospectuses? Y/N. Please give your reasons.

We have no view on this question.

Question 29: Do you agree with us not carrying over the option to produce a simplified prospectus for further issuance of non-equity securities? Y/N. Please give your reasons.

We have no view on this question.

Question 30: Do you agree with our proposed approach raise the threshold to 75% for further issuances of non-equity securities already admitted to trading? Y/N. Please give your reasons.

We have no view on this question.

Question 31: Do you agree with the proposed climate disclosure rule to prompt relevant and financially material information to be included in prospectuses? Y/N. Please give your reasons. If not, what should be done differently?

Yes, we support the proposed climate disclosure rule. The rule aims to enhance transparency and consistency in reporting sustainability-related information. By establishing specific minimum expectations for the presentation of material sustainability-related information, issuers will receive clearer guidelines, leading to more uniform and comparable disclosures.

Question 32: How do you consider our proposed requirements on sustainability-related disclosures could affect the cost of producing a prospectus?

The proposed requirements on sustainability-related disclosures are likely to increase the cost of producing a prospectus for several reasons. Issuers will need to invest in systems and processes to collect, analyse, and report sustainability-related data. This investment may involve hiring additional staff or consultants with expertise in sustainability reporting.



Ensuring compliance with the new disclosure requirements will require issuers to update their reporting frameworks and potentially integrate new software solutions. This could lead to increased administrative and operational costs. Issuers may also need to provide training for their staff to understand and implement the new requirements effectively. This could include workshops, seminars, and ongoing professional development.

To enhance the credibility of their sustainability disclosures, issuers might seek external assurance services, which would add to the overall cost. Engaging legal and advisory services to ensure that the disclosures meet regulatory standards and are accurately presented in the prospectus could also contribute to higher costs.

Question 33: Do you have any views on the importance that investors and other readers of prospectuses would place on the additional climate-related information disclosed under the proposed climate disclosure rule?

We have no view on this question.

Question 34: Do you agree that our proposed climate disclosure rule should apply to issuers of equity securities and issuers of depositary receipts only, with other securities addressed through the Technical Note? Y/N. Please give your reasons.

Yes. Applying the climate disclosure rule to issuers of equity securities and depositary receipts aligns with the existing requirements in the Listing Rules. This ensures consistency and coherence in regulatory expectations for these issuers. Limiting the scope to equity securities and depositary receipts allows for a focused and manageable implementation of the new disclosure requirements. This approach enables issuers and regulators to effectively manage the transition and address any challenges that arise during the initial phase.

Introducing climate-related disclosure requirements for issuers of debt securities and asset-backed securities at this stage could substantially increase costs for these companies. The diverse nature of issuers and securities in these markets means the relevance and materiality of climate-related information may vary significantly, making a blanket requirement less appropriate. For listed investment entities, applying sustainability reporting requirements through the investment manager, as with existing TCFD rules for UK-authorized firms, is a more suitable approach. This ensures that the entities' sustainability practices are adequately captured without imposing direct disclosure requirements on the entities themselves.

The proposal to address other securities through the Technical Note provides flexibility to adapt and refine the requirements as needed. This approach allows the FCA to consider the evolving regulatory landscape and industry practices before extending the scope of the rule. While the proposal does not set minimum information requirements for issuers of debt securities, it encourages the use of TCFD and ISSB Standards through revisions to TN 801.2. This can promote voluntary adoption of best practices and improve transparency without imposing mandatory requirements that may not be relevant for all issuers.

Question 35: Do you agree with the proposed minimum climate-related disclosures in the prospectus annexes? Y/N. Please give your reasons. If not, what should be changed?

Yes. The proposal aligns with the high-level categories common to the TCFD Recommendations and the ISSB Standards, which are widely recognised frameworks for climate-related financial disclosures. This alignment ensures consistency and comparability across disclosures, facilitating better understanding and decision-making by investors. The proposed disclosures cover essential aspects of climate-related risks and opportunities,



including governance, strategy, risk management, and metrics and targets. This comprehensive approach ensures that issuers provide a holistic view of how they manage climate-related issues, which is crucial for assessing their long-term sustainability and resilience.

By not mandating the use of a specific standard but referencing the ISSB standards and TCFD Recommendations as guidance, the proposal offers flexibility to issuers while still encouraging high-quality disclosures. This approach accommodates the evolving nature of industry practices and the ongoing UK endorsement process for the ISSB standards. The requirement for detailed descriptions of governance arrangements, impacts on business strategy, and risk management processes enhances transparency and accountability. Investors and other stakeholders will gain better insights into how issuers address climate-related challenges and opportunities, leading to more informed investment decisions.

While the proposed disclosures are robust, implementing a mechanism for periodic review and update of the disclosure requirements would ensure they remain relevant and aligned with the latest industry practices and scientific developments. Providing additional sector-specific guidance could help issuers in different industries tailor their disclosures to reflect the unique climate-related risks and opportunities they face. Encouraging issuers to engage with a broader range of stakeholders, including local communities and non-governmental organisations, would provide a more comprehensive view of their climate-related impacts and strategies.

Overall, the proposed minimum climate-related disclosures represent a significant step forward in enhancing the transparency and accountability of issuers regarding their management of climate-related risks and opportunities.

Question 36: Do you agree with our proposed approach to transition plans? Y/N. Please give your reasons. If your reasons relate to cost or other concerns, please provide further detail.

Yes. The proposed approach to transition plans is well-considered and balanced. It acknowledges the importance of providing investors with relevant information about a company's strategy for transitioning to a lower-carbon economy, which is crucial for understanding how the company plans to mitigate risks and capitalise on opportunities related to climate change. The requirement to include a summary of key information about the transition plan in the prospectus ensures that investors have access to essential details without overwhelming them with lengthy documents. This approach maintains a focus on financial materiality, which is necessary for informed investment decisions.

Additionally, allowing issuers to reference or link to more detailed transition plans published elsewhere provides flexibility and ensures that comprehensive information is available for those who seek it. The proposal to treat transition plan information as protected forward-looking statements is a proportionate measure that encourages greater disclosure while addressing concerns about liability. This framework supports issuers in communicating their strategies effectively while equipping investors with the information needed to make informed decisions.

Question 37: Do you have any other comments on the design of our proposed climate disclosure rule?

Yes. The proposed climate disclosure rule is a positive step towards enhancing transparency and accountability in corporate climate strategies. However, further guidance on what constitutes "financially material" information in the context of transition plans would benefit issuers. This guidance would help clarify expectations and ensure consistency in disclosures.



Moreover, while the current approach does not mandate the use of a specific framework like the TPT Disclosure Framework, periodic reviews and potential standardisation of the frameworks used for transition plans could enhance comparability and reliability of the disclosed information as market practices evolve.

Overall, the proposed rule strikes a good balance between encouraging detailed climate-related disclosures and providing flexibility to issuers. Continuous engagement with stakeholders and periodic reviews will be essential to ensure the rule remains effective and relevant.

Question 38: Do you agree with our proposed approach to addressing sustainability-related information beyond climate through the Technical Note?

Yes. As the UK considers the endorsement of the ISSB standards, it is sensible to avoid introducing minimum content requirements for issuers at this stage. This strategy allows for flexibility and prevents imposing potentially premature or burdensome requirements on issuers.

Referencing the international version of the ISSB standards as a source of guidance provides issuers with a valuable resource to identify relevant sustainability-related risks and opportunities while determining appropriate disclosures. This guidance helps issuers align their reporting with emerging best practices without prematurely mandating specific content requirements.

Additionally, updating the content on sustainability-related information beyond climate in the revised Technical Note ensures that issuers access the latest guidance and can make informed decisions about their disclosures. This approach also allows for future adjustments if and when the ISSB standards are endorsed in the UK, keeping the regulatory framework relevant and up-to-date.

Overall, this approach strikes a balance between offering useful guidance to issuers and maintaining flexibility as the regulatory landscape evolves.

Question 39: Do you agree with the proposed areas for revision of the Technical Note in relation to sustainability-related disclosures? Y/N. Are there any other areas that we should seek to address?

Yes. The proposed revisions to the Technical Note (TN 801.2) align with the evolving landscape of sustainability-related disclosures. The proposal to guide issuers in referring to ISSB standards for identifying relevant sustainability-related risks and opportunities is practical. It ensures that issuers consider a broad spectrum of sustainability issues, such as biodiversity and social factors, which are increasingly material to business operations and investor decision-making.

The reminder for issuers of non-equity securities to consider sustainability-related risks and opportunities in their disclosures is helpful. This requirement ensures that the creditworthiness of issuers and guarantors is assessed comprehensively, considering long-term sustainability factors that could impact their ability to meet obligations. Highlighting the need for industry-specific sustainability disclosures acknowledges the diverse nature of risks and opportunities across different sectors. Encouraging issuers to refer to the SASB Standards for relevant topics and metrics promotes consistency and comparability in disclosures, enhancing their usefulness to investors.

Updating references by replacing the EU prospectus rules and ESMA materials with the new PRM rules keeps the Technical Note current and aligned with the latest regulatory framework. While the proposed revisions are



robust, providing additional guidance on determining the materiality of sustainability-related risks and opportunities would help issuers make more consistent disclosures. Establishing a mechanism for periodic review and updates of the Technical Note would also reflect emerging best practices and regulatory developments, ensuring its continued relevance and effectiveness.

Question 40: Should we provide additional guidance relating to climate disclosures for mineral companies (including mining and oil and gas)? Please give your reasoning, and if so, how should we do so?

Yes. Providing additional guidance on climate disclosures for mineral companies is essential for enhancing transparency. Investors need a comprehensive understanding of the climate-related risks and opportunities associated with the mining, oil, and gas sectors due to their significant environmental impact and regulatory scrutiny.

The proposed guidance should require issuers to demonstrate how their operations align with national and international climate goals, such as the Paris Agreement. This could involve including an ‘atmospheric viability’ assessment in the Competent Person’s Report (CPR), ensuring that the consumption of reserves aligns with remaining carbon budgets and a pathway consistent with a 1.5-degree limit. Issuers should also conduct and disclose climate scenario analyses, including sensitivity analyses that consider various climate scenarios. This requirement would provide investors with insights into how different climate policies and physical climate risks might impact the viability of reserves and the overall financial sustainability of the company.

To ensure consistency and comparability in disclosures, the guidance should recommend the use of internationally recognised standards, such as the ISSB standards and the TCFD framework. This standardisation will make it easier for investors to compare information across companies and sectors. Including a qualified climate expert in the CPR process would enhance the credibility and robustness of the climate-related disclosures. This expert could offer a scientific appraisal of the company’s climate assumptions and dependencies, ensuring that the disclosures are grounded in sound scientific principles.

While these enhanced disclosures may incur additional costs, including the use of climate experts, these costs are justified by the benefits of improved transparency and risk management. Clear guidance on the scope and expectations of these disclosures will help issuers manage these costs effectively.

To implement these changes, TN 619.1 should be revised to include specific guidance on climate-related disclosures, incorporating the recommendations mentioned above. Further consultations with industry stakeholders, including mineral companies, investors, and climate experts, will refine the guidance and ensure its practicality. Additionally, offering training sessions and resources will assist issuers in understanding and effectively implementing the new disclosure requirements.

Overall, providing additional guidance on climate disclosures for mineral companies is a necessary step to enhance transparency, align with climate goals, and ensure that investors receive the information needed for informed decisions.



Question 41: Do you agree with the proposed new disclosure requirement and set of voluntary additional disclosures we are proposing to mitigate information gaps between bond frameworks (or similar documents) and prospectuses? Are there other disclosures that you think we should consider?

We have no view on this question.

Question 42: Do you agree with the additional voluntary disclosures we are proposing to introduce in prospectuses for UoP bonds? Are there other disclosures that you think we should consider?

We have no view on this question.

Question 43: Do you agree with the additional voluntary disclosures we are proposing to introduce in prospectuses for SLBs? Are there other disclosures that you think we should consider?

We appreciate the FCA's efforts to enhance transparency and provide a more comprehensive understanding of Sustainability-Linked Bonds (SLBs) through the proposed additional voluntary disclosures. We agree with the focus on several key aspects.

It is important to understand the process and rationale behind the selection of Key Performance Indicators (KPIs) so that investors can be satisfied that the chosen KPIs are relevant and aligned with the issuer's sustainability goals. Clear information on how KPIs are calculated or estimated is essential for transparency and comparability. KPIs must be measurable and verifiable to maintain credibility and trust among investors. Where relevant, benchmarking KPIs against industry standards or best practices can provide additional context and enhance the robustness of the disclosures.

Question 44: Do you agree with our overall approach to specifying the kinds of statements that can be protected forward-looking statements? Y/N. Please give your reasons.

We agree with the FCA's overall approach to specifying the kinds of statements that can be protected as forward-looking statements (PFLS). The proposed framework, which includes a general definition, category-specific criteria, and specific exclusions, is well-structured and comprehensive.

A general definition applicable to all PFLS disclosures ensures consistency and clarity across different types of statements. This clarity sets a clear standard for what constitutes a PFLS, reducing ambiguity for issuers and investors. Dividing PFLS into financial and operational information categories is a practical approach. It acknowledges the different nature of these disclosures and allows for tailored criteria that suit each category. Applying different criteria based on the type of information and its preparation method effectively excludes overly aspirational targets and narrative disclosures, which may not provide the necessary precision and reliability expected in prospectuses.

The use of specific exclusions for certain forward-looking statements ensures that disclosures which should remain subject to the existing prospectus liability standard are appropriately managed. This approach maintains the integrity and accountability of critical forward-looking information. Including sustainability-related disclosures within the financial or operational categories, depending on their nature, reflects the growing importance of sustainability in financial markets and ensures these disclosures receive the same scrutiny as other types of information.



Question 45: Do you agree with our proposed general definition for protected forward looking statements? Y/N. Please give your reasons.

Yes. The proposed general definition provides a clear and structured approach to ensure that forward-looking statements are both meaningful and reliable for investors.

The requirement that PFLS relate only to future events or circumstances ensures these statements are inherently forward-looking. This aligns with the purpose of PFLS, which is to offer investors insights into potential future developments. By stipulating that the truth, correctness, and completeness of PFLS can only be verified by events occurring after the statement's publication, the definition mirrors the liability provisions in the POATRs. This ensures PFLS are based on future outcomes, enhancing their relevance and reliability.

Requiring PFLS to include an estimate of when the related event or circumstances are expected to occur provides investors with a clear timeline. This helps investors manage their expectations and assess the potential impact on their investments. Incorporating the reasonable investor test into the general definition ensures that PFLS remain useful to investors. This test is familiar to issuers and their advisers due to its application under the Market Abuse Regulation (MAR), facilitating seamless integration into current practices.

The exclusion of overly aspirational targets and narrative disclosures ensures that PFLS remain grounded in realistic and measurable outcomes. This enhances the credibility of the statements and protects investors from potentially misleading information. The distinction between financial and operational information, with specific criteria for each, allows for tailored and relevant disclosures, ensuring that all types of forward-looking information are appropriately addressed.

The mechanism for subsequent updates in accordance with MAR ensures ongoing transparency and accountability. When the outcomes of the events or circumstances become reasonably expected or occur, issuers are required to update the information, thereby maintaining the integrity of the disclosure regime. Overall, the proposed general definition is comprehensive and well-structured, providing a robust framework for PFLS. It balances the need for meaningful forward-looking information with the protection of investors, aligning with international standards and best practices.

Question 46: Do you agree with our proposed criteria for financial information that can be considered to be protected forward looking statements? Y/N. Please give your reasons.

We agree. The criteria are well-founded and align with established accounting principles, ensuring clarity, reliability, and comparability.

The requirement for the statement to expressly state or imply a figure, or provide data from which a figure can be calculated, ensures that the information is precise. This precision is crucial for investors to make informed decisions based on concrete data rather than vague narrative statements. Ensuring that the financial information is understandable is fundamental. Investors need to easily comprehend the information to assess its implications accurately. This criterion promotes transparency and accessibility.

The criterion that the information must be reliable ensures that the data provided is trustworthy. This reliability is essential for maintaining investor confidence and ensuring that the forward-looking statements are based on sound methodologies. The requirement for the information to be comparable with actual future results and



consistent with historical financial information in the prospectus ensures continuity and context. This comparability allows investors to track performance over time and assess the issuer's financial trajectory accurately.

By modelling the requirement on the existing definition of profit forecast, the FCA encourages issuers to provide more precise information. This shift from narrative statements to more quantifiable data enhances the quality and usefulness of the disclosures. Basing the criteria on well-understood accounting practices and concepts, such as those used by the Institute of Chartered Accountants of England and Wales, ensures that the methodology for preparing financial information is robust. This robustness promotes investor confidence and aligns with best practices in financial reporting.

The proposed criteria are designed to promote investor confidence by ensuring that the financial information disclosed is precise, reliable, and comparable. This confidence is crucial for the effective functioning of financial markets and for maintaining trust in the disclosures made by issuers. In conclusion, the proposed criteria for financial information that can be considered PFLS are comprehensive and well-structured. They provide a clear framework that enhances the precision, reliability, and comparability of forward-looking financial statements, ultimately benefiting investors and the broader financial market.

Question 47: Do you agree with our proposed criteria for operational information that can be protected forward looking statements? Y/N. Please give your reasons.

Yes, we agree with the proposed criteria for operational information that can be considered protected forward-looking statements (PFLS). The requirement for forward-looking statements to provide a figure or sufficient information from which a figure can be calculated or estimated ensures that the information is precise and actionable. This is crucial for statements relating to productivity, customer numbers, or other operational metrics.

Including statements that contain objectively verifiable information, such as achieving a milestone by a certain date, broadens the scope of PFLS. This allows for the inclusion of important operational goals that may not be easily quantifiable but are still critical for assessing the issuer's performance. The criterion that operational information must faithfully represent the issuer's actual and expected performance, strategies, plans, and risk analysis ensures that the statements are grounded in reality. This prevents the creation of overly optimistic or misleading statements purely for the purpose of disclosure.

Ensuring that operational information is comparable with actual future results is essential for verifying the truth, correctness, and completeness of the PFLS. This comparability allows investors to track the issuer's performance over time and assess the accuracy of the forward-looking statements. Allowing for a combination of quantitative figures and qualitative, objectively verifiable information provides a comprehensive view of the issuer's operational outlook. This flexibility ensures that all relevant aspects of the issuer's operations can be disclosed in a meaningful way.

The requirement for operational information to be prepared on a basis consistent with any corresponding historical financial information ensures continuity and context. This consistency helps investors understand the issuer's performance trajectory and make informed decisions. In conclusion, the proposed criteria for operational information that can be considered PFLS are robust and well-structured. They ensure that the information disclosed is precise, verifiable, and reflective of the issuer's actual and expected performance, thereby enhancing transparency and investor confidence.



Question 49: Do you agree with our proposal to include profit forecasts in the definition of PFLS even where our rules require an issuer to include a profit forecast in their prospectus? Y/N. Please give your reasons.

Yes. Including profit forecasts in the definition ensures consistency in the treatment of all profit forecasts, whether they are voluntary or mandatory. This approach avoids confusion for investors and provides a clear framework for issuers.

By including profit forecasts within the scope of PFLS, issuers are encouraged to provide more precise and detailed information. This inclusion enhances the quality of disclosures and offers investors better insights into the issuer's financial expectations. Treating all profit forecasts as PFLS, regardless of their requirement status, maintains a high standard of disclosure. This consistency helps build and maintain investor confidence in the information provided in prospectuses.

Question 50: Do you agree with our proposed approach to exclusions to protected forward looking statements for MTF admission prospectuses? Y/N. Please give your reasons.

Yes, we agree with the proposal. The exclusion of information that issuers must disclose in a multilateral trading facility (MTF) admission prospectus from the definition of protected forward-looking statements (PFLS) ensures consistency with market operator requirements. This approach prevents potential conflicts between regulatory requirements and market operator rules.

By clearly defining what constitutes a PFLS and excluding mandatory disclosures, issuers gain clarity and legal certainty. This allows them to better understand their obligations and reduces the risk of inadvertent non-compliance. Ensuring that all necessary information is disclosed in the MTF admission prospectus maintains a high level of transparency and protects investors. Investors will access all relevant information needed to make informed decisions without confusion stemming from overlapping regulatory requirements.

Furthermore, this proposal supports more efficient capital raising by reducing the regulatory burden on issuers. By streamlining the requirements and avoiding duplication, issuers can focus on providing high-quality information that meets both regulatory and market operator standards.

Question 51: Do you agree with our overall approach to the presentation of PFLS in a prospectus? Y/N. Please give your reasons.

Yes, we agree with the proposal. Clearly identifying protected forward-looking statements (PFLS) within a prospectus and providing information that helps investors gauge their reliance on these statements enhances transparency. This clarity is crucial for informed investment decisions.

The proposal to separate PFLS disclosures into distinct sections or chapters, while allowing issuers discretion in placement, balances structured presentation with contextual relevance. This flexibility can improve the readability and usability of the prospectus for investors. Including a general statement that applies to all PFLS, along with content-specific statements, ensures that investors are aware of the inherent risks associated with forward-looking statements. This dual approach provides both a broad understanding of risks and specific context for individual disclosures.



Question 52: Do you agree with our proposed requirements for the general accompanying statement for protected forward looking statements? Y/N. Please give your reasons.

Yes, we agree. Clearly explaining how to identify protected forward-looking statements (PFLS) within the prospectus and detailing their location and demarcation helps investors easily recognise these statements. This transparency is crucial for investors to understand the nature of the information they are reviewing.

Highlighting the characteristics of PFLS, such as inherent uncertainty and different liability standards, ensures that investors are aware of the potential risks. This knowledge is essential for making informed investment decisions and understanding the limitations of PFLS. Stating that PFLS align with the issuer's internal projections provides investors with confidence that these statements reflect genuine expectations and planning rather than arbitrary or speculative figures.

Clarifying that there is no obligation to update PFLS, except in accordance with existing disclosure obligations, sets clear expectations for investors regarding the issuer's responsibilities. This helps prevent misunderstandings about the issuer's duty to provide updated information. Overall, the proposed requirements for the general accompanying statement enhance transparency, investor protection, and clarity, supporting better investment decisions and maintaining high standards of disclosure.

Question 53: Do you agree with our proposed requirements for the specific accompanying statement? Y/N. Please give your reasons.

Yes, we agree. By identifying a particular disclosure as a protected forward-looking statement (PFLS) and outlining the basis and assumptions behind it, investors can better evaluate the quality and reliability of these statements. This transparency is crucial for making informed investment decisions.

Describing significant factors known to the issuer that could cause the PFLS to be inaccurate helps investors understand the potential risks and uncertainties associated with these statements, but it should be made clear that these factors are not the only ones that may affect the accuracy of the PFLS. This information is vital for assessing the credibility and potential impact of the PFLS. Acknowledging and explaining the relationship between PFLS and historical information of the same type provides valuable context. This context helps investors compare past performance with future projections, enhancing their ability to assess the issuer's future prospects.

Question 54: Do you agree with our proposal to require an MTF admission prospectus for all initial admissions to trading and admissions of enlarged entities resulting from reverse takeovers? Y/N. Please give your reasons.

Yes, we agree. This requirement encourages broader participation in the market and aligns with the objective of increasing retail investor involvement, thereby promoting wider ownership of public companies.

Having a single type of admission document for all initial admissions simplifies regulatory requirements for issuers and provides clarity for investors. This consistency helps investors understand the status of admission documents and reduces confusion. Ensuring that all initial admissions to trading on Primary MTFs have a prospectus maintains high standards of disclosure and investor protection. This is particularly important for retail investors, who may rely heavily on the information provided in the prospectus to make informed decisions.



The proposal prevents behaviours that might circumvent the requirement for an MTF admission prospectus by not limiting it to specific circumstances. This ensures that market practices do not exclude retail investors from offers by Primary MTF issuers, supporting the overall objectives of the new regime. The proposed exceptions for issuers using the AQSE fast-track and AIM Designated Market Route are sensible. These issuers already have securities admitted to trading on qualifying markets and are not currently required to produce an admission document, which avoids imposing disproportionate requirements on them.

Question 55: Do you agree with the proposed exceptions to requiring an MTF prospectus on admission for AQSE fast-track and AIM designated market admissions? Y/N. Please give your reasons.

Yes, we agree. Issuers in these categories already have securities admitted to trading on qualifying markets and are not currently required to produce an admission document. Requiring an MTF admission prospectus in these cases would be disproportionate and unnecessarily burdensome.

These expedited routes streamline the admission process for issuers that have already met rigorous standards on other qualifying markets. Maintaining these exceptions supports efficient capital raising and reduces administrative overhead for issuers. The existing requirements for these routes ensure that issuers have undergone significant scrutiny. As a result, investors can have confidence in the quality and reliability of the information provided, even without an additional MTF admission prospectus.

Question 56: Should we consider any additional exceptions to the requirement to produce an MTF admission prospectus? Y/N. Please give your reasons.

Yes, we would support the introduction of additional exceptions for issuers. Such exceptions could provide greater flexibility, particularly for issuers with unique circumstances that do not fit neatly into the existing framework. This flexibility could benefit issuers with securities already admitted to trading on other reputable markets or those undergoing specific corporate actions.

Allowing for more exceptions could encourage innovative business models and financing structures by reducing regulatory barriers. This change could be particularly advantageous for smaller or emerging companies seeking to access capital markets. Considering exceptions on a case-by-case basis allows for a more tailored approach, ensuring that the regulatory requirements align with the specific circumstances of each issuer. This approach can help maintain a balance between investor protection and market efficiency.

Question 57: Do you agree with our proposal for further issuances by Primary MTF issuers? Y/N. Please give your reasons.

Yes, we support the proposal to allow Primary MTF operators discretion in requiring an MTF admission prospectus for further issuances. This approach enhances secondary capital raising, which is crucial for the growth and sustainability of MTF issuers. Such flexibility enables issuers to access additional funding more efficiently.

The risk of information asymmetry is lower for further issuances compared to initial admissions. Issuers already have securities admitted to trading, and ongoing disclosure obligations under MAR ensure that material information is continuously provided to investors. This reduces the necessity for a new prospectus for each further issuance.



Granting discretion to Primary MTF operators simplifies the regulatory process and reduces the administrative burden on issuers. This change can lead to a more streamlined and efficient capital-raising process, benefiting both issuers and investors. Despite the discretion given to MTF operators, MAR's ongoing disclosure requirements ensure that investors receive all necessary information ahead of any further issuance. This maintains a high level of investor protection while allowing for regulatory flexibility.

Question 58: Do you agree with our proposal to not take forward in our rules the concept of a UK Growth prospectus? Y/N. Please give your reasons.

Yes, we support the decision to discontinue the UK Growth prospectus. This move aligns with the POATRs framework, which retains the concept of a prospectus solely for issuers with transferable securities admitted or to be admitted to trading on a regulated market or Primary MTF. Introducing a UK Growth prospectus for these markets would create inconsistencies in the regulatory framework.

Question 59: Do you agree with our proposed requirements for supplementary prospectuses that relate to MTF admission prospectuses? Y/N. Please give your reasons.

Yes, we support retaining the existing substantive requirements for publishing a supplementary prospectus. This approach ensures that investors have access to all up-to-date material information that may affect their assessment of the issuer's business. Access to accurate information is crucial for maintaining transparency and investor confidence.

The requirement to publish a supplementary prospectus in the event of a significant new factor, material mistake, or material inaccuracy provides an additional layer of protection for investors. This measure ensures that any new or corrected information is disclosed promptly, allowing investors to make informed decisions.

Applying these requirements to MTF admission prospectuses aligns with the approach taken for initial admissions, ensuring a consistent standard of disclosure. This consistency helps maintain a high level of trust and reliability in the information provided to investors.

Question 60: Do you agree with our proposed requirements for the circumstances and manner in which withdrawal rights may be exercised in relation to offers by Primary MTF issuers? Y/N. Please give your reasons.

We have no view on this question.

Question 61: Do you agree with our proposal for who should be responsible for an MTF admission prospectus and supplementary prospectus? Y/N. Please give your reasons.

We have no view on this question.

Question 62: Do you agree with our proposed requirements for advertisements in relation to the admission of transferable securities to trading on a Primary MTF? Y/N. Please give your reasons.

We have no view on this question.



Question 63: Do you have any comments on our cost benefit analysis?

We have no comments on the cost benefit analysis.

If you would like to discuss any of the above comments in further detail, please do feel free to contact me.

Yours faithfully,

Peter Swabey

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