Listing Rules

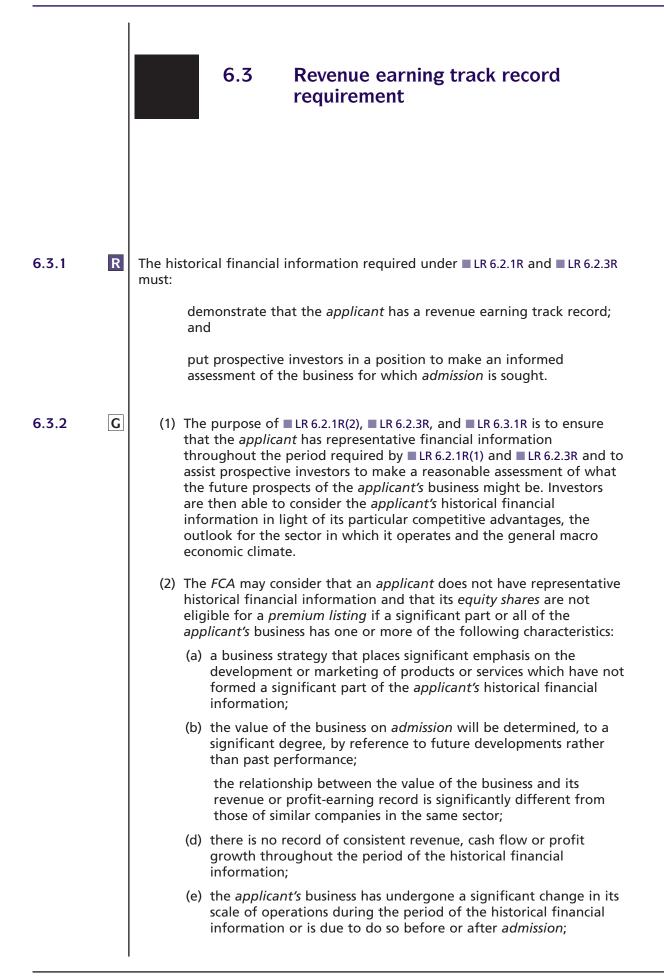
Chapter 6

Additional requirements for premium listing (commercial company)

		6.1 Application
6.1.1	R	This chapter applies to an <i>applicant</i> for the <i>admission</i> of <i>equity shares</i> to <i>premium listing (commercial company)</i> except where:
		(1) the <i>applicant</i> meets the following conditions:
		 (a) it has an existing premium listing (commercial company) of equity shares;
		(b) it is applying for the admission of equity shares of the same class as the shares that have been admitted to premium listing; and
		 (c) it is not entering into a transaction classified as a reverse takeover; or
		(2) the following conditions are met:
		 (a) a company has an existing premium listing (commercial company) of equity shares;
		(b) the <i>applicant</i> is a new holding company of the <i>company</i> in (a); and
		(c) the company in (a) is not entering into a transaction classified as a reverse takeover.
		Applicant must satisfy requirements in this chapter
6.1.2	G	An <i>applicant</i> to whom this chapter applies must satisfy the requirements in this chapter (in addition to those in I LR 2).

		6.2 Historical financial information requirements
		Content of historical financial information
6.2.1	R	An <i>applicant</i> must have published or filed historical financial information that:
		(1) covers at least three years;
		[Note: article 44 of the CARD]
		(2) represents at least 75% of the <i>applicant's</i> business for the period in (1);
		(3) unless LR 5.6.21R applies, has a latest balance sheet date that is not more than:
		 (a) six months before the date of the prospectus or listing particulars for the relevant shares; and
		 (b) nine months before the date the shares are admitted to listing; and
		(4) includes the consolidated accounts for the <i>applicant</i> and all its <i>subsidiary undertakings</i> .
6.2.2	G	(1) In determining what amounts to 75% of the <i>applicant</i> 's business for the purpose of ■ LR 6.2.1R(2), the FCA will consider the size, in aggregate, of all of the acquisitions that the <i>applicant</i> has entered into during the period required by ■ LR 6.2.1R(1) and up to the date of the <i>prospectus</i> or <i>listing particulars</i> , relative to the size of the <i>applicant</i> as enlarged by the acquisitions.
		(2) In ascertaining the size of the acquisitions relative to the applicant for the purposes of ■ LR 6.2.1R(2), the FCA will take into account factors such as the assets, profitability and market capitalisation of the businesses.
		(3) The figures used should be the latest available for the acquired entity and the <i>applicant</i> as enlarged by the acquisition or acquisitions.
6.2.3	R	Where an <i>applicant</i> has made an acquisition or series of acquisitions such that its own consolidated financial information is insufficient to meet the 75% requirement in \blacksquare LR 6.2.1R(2), there must be historical financial information relating to the acquired entity or entities which has been published or filed and that:

		 (1) covers the period from at least three years prior to the date under ■ LR 6.2.1R(3) up to the earlier of:
		(a) the date in ■ LR 6.2.1R(3); or
		(b) the date of acquisition by the <i>applicant</i> ;
		 (2) is prepared and presented in a form that is consistent with the accounting policies adopted in the financial information required by LR 6.2.1R; and
		 (3) in aggregate with its own historical financial information represents at least 75% of the enlarged applicant's business for the period in ■ LR 6.2.1R(1).
		Audit requirements for historical financial information
6.2.4	R	The historical financial information in \blacksquare LR 6.2.1R and \blacksquare LR 6.2.3R must:
		(1) have been audited or reported on in accordance with the standards acceptable under Section 18 of Annex 1 of the <i>PR Regulation</i> ; and
		(2) not be subject to a modified report, unless the circumstances set out in ■ LR 6.2.5G apply.
6.2.5	G	The FCA may accept that LR 6.2.4R(2) has been satisfied where a <i>modified</i> report is present only as a result of:
		(1) the presence of an emphasis-of-matter paragraph which arises in any of the earlier periods required by ■ LR 6.2.1R and the opinion on the final period is unmodified; or
		(2) the opinion on the historical financial information for the final period under ■ LR 6.2.1R includes an emphasis-of-matter paragraph with regard to going concern and ■ LR 6.7.1R (Working capital) is complied with.
6.2.6	R	An <i>applicant</i> must:
		(1) take all reasonable steps to ensure that the <i>person</i> providing the opinion in ■ LR 6.2.4R(1) is independent of it; and
		 (2) obtain written confirmation from the <i>person</i> providing the opinion in ■ LR 6.2.4R(1) that it complies with guidelines on independence issued or approved by its national accountancy or auditing bodies.



(f) it has significant levels of research and development expenditure or significant levels of capital expenditure.

	6.4 Independent business
6.4.1 R	An <i>applicant</i> must demonstrate that it carries on an independent business as its main activity.
6.4.2 G	■ LR 6.4.1R is intended to ensure that the protections afforded to <i>holders</i> of <i>equity shares</i> by the <i>premium listing</i> requirements are meaningful.
6.4.3 G	 Factors that may indicate that an <i>applicant</i> does not satisfy ■LR 6.4.1R include situations where: (1) a majority of the revenue generated by the <i>applicant's</i> business is attributable to business conducted directly or indirectly with one <i>person</i> or <i>group</i>; (2) or the <i>applicant</i> cannot demonstrate that it has access to financing other than from one <i>person</i> or <i>group</i>; or (3) the <i>applicant</i> does not have: (a) strategic control over the commercialisation of its products; or (b) strategic control over its ability to earn revenue; or (c) freedom to implement its business strategy.

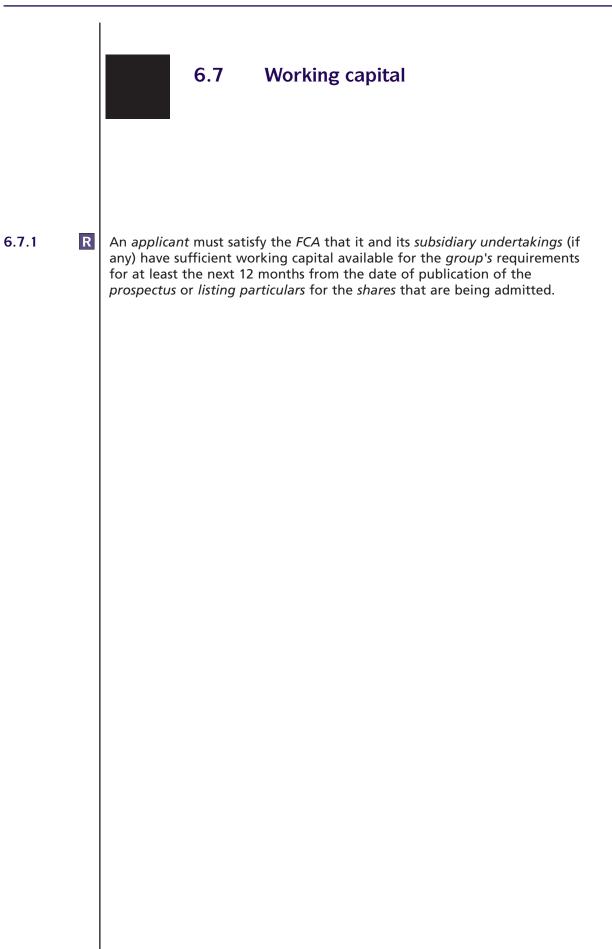
		6.5 Controlling shareholders
6.5.1	R	An <i>applicant</i> with a <i>controlling shareholder</i> must demonstrate that, despite having a <i>controlling shareholder</i> , the <i>applicant</i> is able to carry on an independent business as its main activity.
6.5.2	G	■ LR 6.5.1R is intended to ensure that the protections afforded to <i>holders</i> of <i>equity shares</i> by the <i>premium listing</i> requirements are meaningful.
6.5.3	G	 Factors that may indicate that an <i>applicant</i> does not satisfy the requirement in ■ LR 6.5.1R (even where the agreement in ■ LR 6.5.4R is in place) include: (1) an <i>applicant</i> has granted or may be required to grant security over its business in connection with the funding of a <i>controlling shareholder</i> or a member of a <i>controlling shareholder's group</i>; or (2) a <i>controlling shareholder</i> (or any <i>associate</i> thereof) appears to be able to influence the operations of the <i>applicant</i> outside its normal governance structures or via material shareholdings in one or more significant <i>subsidiary undertakings</i>; or (3) a <i>controlling shareholder</i> appears to be able to exercise improper influence over the <i>applicant</i>; or (4) an <i>applicant</i> cannot demonstrate that it has access to financing other than from a <i>controlling shareholder</i> (or an <i>associate</i> thereof).
6.5.4	R	 An applicant with a controlling shareholder upon admission must have in place a written and legally binding agreement with its controlling shareholder which is intended to ensure that the controlling shareholder complies with undertakings that: (1) transactions and arrangements with the controlling shareholder (and/ or any of its associates) will be conducted at arm's length and on normal commercial terms; (2) neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the applicant from complying with its obligations under the listing rules; and (3) neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the listing rules.

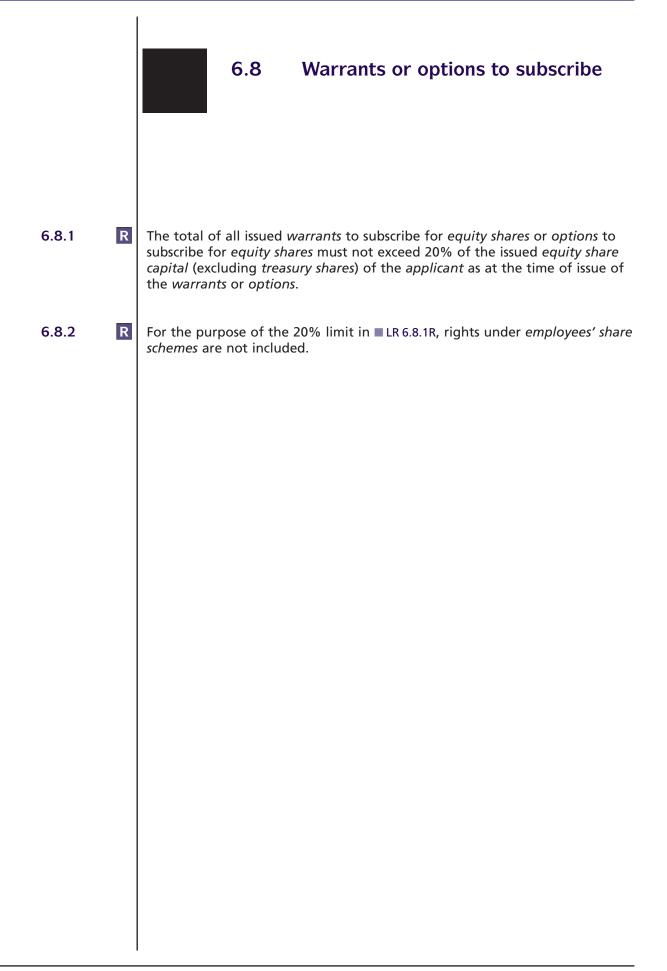
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6.5.5	R	An <i>applicant</i> with more than one <i>controlling shareholder</i> is not required to enter into a separate agreement with each <i>controlling shareholder</i> if:
		(1) the applicant reasonably considers, in light of its understanding of the relationship between the relevant controlling shareholders, that a controlling shareholder can procure the compliance of another controlling shareholder and that controlling shareholder's associates with the undertakings in LR 6.5.4R; and
		(2) the agreement, which contains the undertakings in LR 6.5.4R, entered into with the relevant controlling shareholder also contains:
		(a) a provision in which the controlling shareholder agrees to procure the compliance of a non-signing controlling shareholder and its associates with the undertakings in ■ LR 6.5.4R; and
		(b) the name of such non-signing controlling shareholder.

		6.6 Control of the business
6.6.1	R	An <i>applicant</i> must demonstrate that it exercises operational control over the business it carries on as its main activity.
6.6.2	G	LR 6.6.1R is intended to ensure that the protections afforded to holders of holders of equity shares by the premium listing requirements are meaningful.
6.6.3	C	 Factors that may indicate that an <i>applicant</i> does not satisfy the requirement in LR 6.6.1R include where the <i>applicant's</i> business consists principally of holding <i>shares</i> in entities that it does not control, including entities where the <i>applicant</i>: owns a minority holding of <i>shares</i>; or is only able to exercise negative control; or exercises control subject to contractual arrangements which could be altered without the <i>applicant's</i> agreement or could result in a temporary or permanent loss of control.

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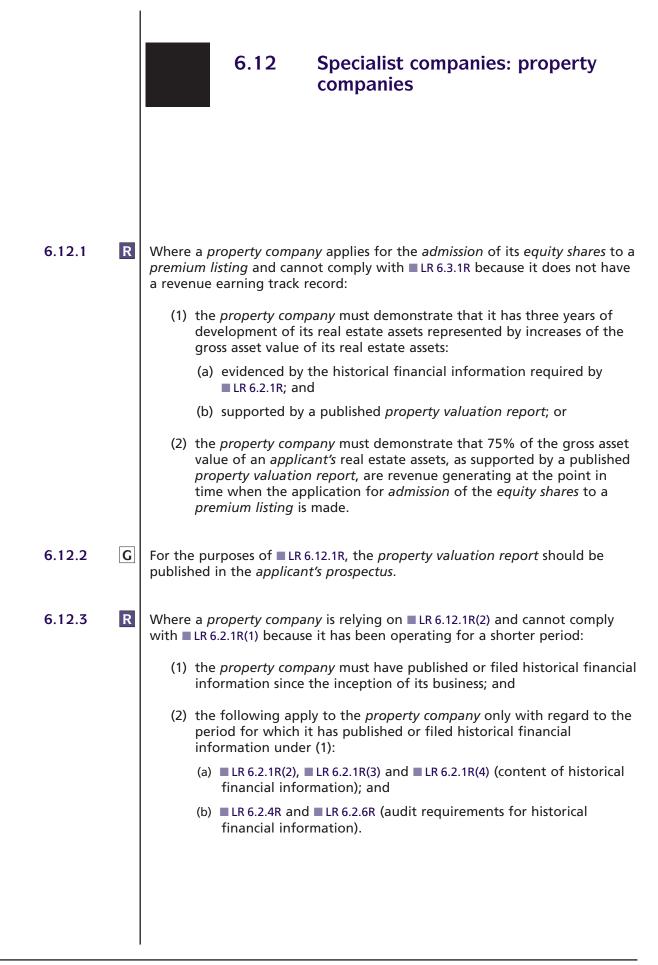


	6.9 Constitutional arrangements
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	the <i>listing rules</i> , in particular:
	(1) ■ LR 9.2.21R to vote on matters relevant to <i>premium listing</i> ; and
	 (2) for an applicant with a controlling shareholder, ■ LR 9.2.2ER and ■ LR 9.2.2FR concerning the election and re-election of independent directors.
6.9.1A	Where the <i>applicant</i> will have <i>specified weighted voting rights shares</i> in issue following <i>admission</i> , the <i>applicant</i> must have in a place a constitution that ensures that:
	 (1) the only shareholders other than premium listed shareholders who may participate in the shareholder votes referred to in ■ LR 9.2.21R(1) are holders of specified weighted voting rights shares in accordance with ■ LR 9.2.22AR; and
	 (2) the voting rights attached to specified weighted voting rights shares may only count towards the shareholder votes referred to in LR 9.2.21R(1) for the period stated in ■ LR 9.2.22AR(3) or, where applicable, ■ LR 9.2.22AR(4).
	Pre-emption rights
6.9.2	If the law of the country of its incorporation does not confer on <i>shareholders</i> rights which are at least equivalent to LR 9.3.11R, an <i>overseas company</i> applying for a <i>premium listing</i> must:
	 (1) ensure its constitution provides for rights which are at least equivalent to the rights provided in ■ LR 9.3.11R (as qualified by ■ LR 9.3.12R); and
	(2) be satisfied that conferring such rights would not be incompatible with the law of the country of its incorporation.
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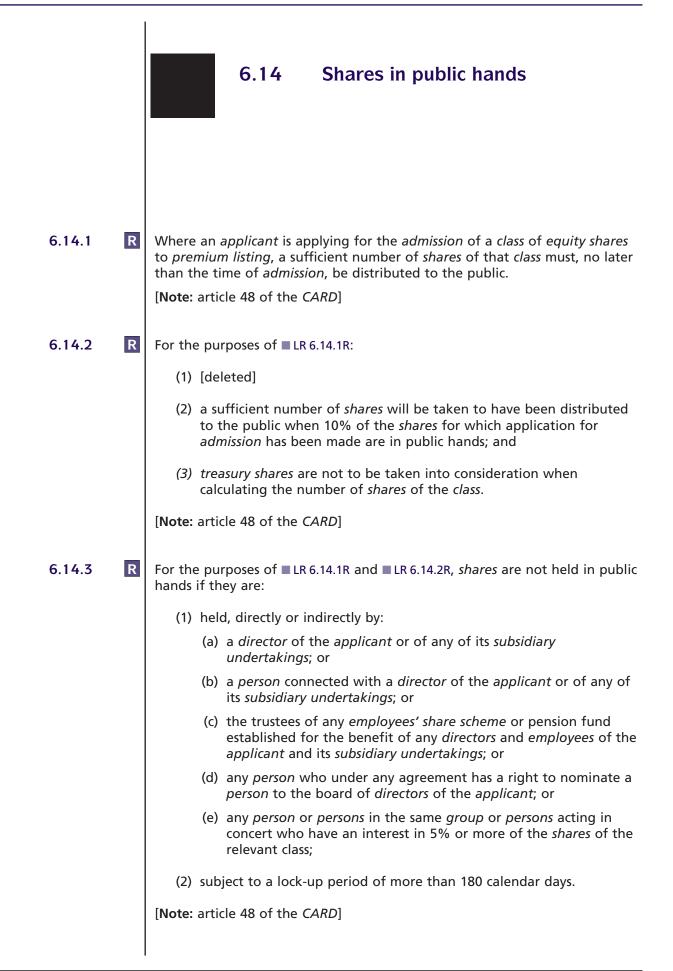
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		6.10 Specialist companies: mineral companies
6.10.1	R	 Where a mineral company applies for the admission of its equity shares to a premium listing and cannot comply with the minimum three-year period required in LR 6.2.1R(1) because it has been operating for a shorter period: (1) the mineral company must have published or filed historical financial information since the inception of its business; and (2) the following apply to the mineral company only with regard to the period for which it has published or filed historical financial information pursuant to (1): (a) LR 6.2.1R(2), LR 6.2.1R(3) and LR 6.2.1R(4) (content of historical financial information); and (b) LR 6.2.4R and LR 6.2.6R (audit requirements for historical financial information).
6.10.2	R	■ LR 6.3.1R (revenue earning track record) does not apply to a <i>mineral</i> company that applies for the admission of its equity shares to a premium listing.
6.10.3	R	 (1) This <i>rule</i> applies if the <i>mineral company</i> applies for the <i>admission</i> of its <i>equity shares</i> to <i>premium listing</i> and cannot comply with LR 6.6.1R (control of business) because the <i>mineral company</i> does not hold controlling interests in a majority (by value) of the properties, fields, mines or other assets in which it has invested. (2) The <i>mineral company</i> must demonstrate that it has a reasonable spread of direct interests in mineral resources and has rights to participate actively in their extraction, whether by voting or through other rights which give it influence in decisions over the timing and method of extraction of those resources.

		6.11 Specialist companies: scientific research based companies
6.11.1	R	 Where a scientific research based company applies for the admission of its equity shares to a premium listing and cannot comply with the minimum three-year period required in LR 6.2.1R(1) because it has been operating for a shorter period: (1) the scientific research based company must have published or filed historical financial information since the inception of its business; and (2) the following apply to the scientific research based company only with regard to the period for which it has published or filed historical financial information under (1): (a) LR 6.2.1R(2), LR 6.2.1R(3) and LR 6.2.1R(4) (content of historical financial information); and (b) LR 6.2.4R and LR 6.2.6R (audit requirements for historical financial information).
6.11.2	R	 If the scientific research based company does not comply with either LR 6.2.1R(1) (minimum period for historical financial information) or LR 6.3.1R (revenue earning track record), it must: (1) demonstrate its ability to attract funds from sophisticated investors prior to the marketing at the time of <i>listing</i>; (2) intend to raise at least £10 million pursuant to a marketing at the time of <i>listing</i>; (3) have a capitalisation, before the marketing at the time of <i>listing</i>, of at least £20 million (based on the issue price and excluding the value of any equity shares which have been issued in the six months before <i>listing</i>); (4) have as its primary reason for <i>listing</i> the raising of finance to bring identified products to a stage where they can generate significant revenues; and (5) demonstrate that it has a three year record in laboratory research and development including: (a) details of patents granted or details of progress of patent applications; and



		6.13 Externally managed companies
6.13.1	R	 An applicant must satisfy the FCA that: (1) the discretion of its board to make strategic decisions on behalf of the applicant has not been limited or transferred to a person outside the applicant's group; and (2) its board has the capability to act on key strategic matters in the absence of a recommendation from a person outside the applicant's group.
6.13.2	G	In considering whether an <i>applicant</i> has satisfied LR6.13.1R , the FCA will consider, among other things, whether the board of the <i>applicant</i> consists solely of <i>non-executive directors</i> and whether significant elements of the strategic decision-making of or planning for the <i>applicant</i> take place outside the <i>applicant's group</i> , for example with an <i>external management company</i> .



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6.14.4	G	When calculating the number of <i>shares</i> for the purposes of \blacksquare LR 6.14.3R(1)(e), holdings of <i>investment managers</i> in the same <i>group</i> where investment decisions are made independently by the individual in control of the relevant fund and those decisions are unfettered by the <i>group</i> to which the <i>investment manager</i> belongs will be disregarded.
6.14.5	G	[deleted]

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