

Chapter 7

Listing Principles and Premium Listing Principles



7.1 Application and purpose

Application

7.1.1

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- (1) The Listing Principles in **■ LR 7.2.1 R** apply to every *listed company* in respect of all its obligations arising from the *listing rules, disclosure requirements, transparency rules and corporate governance rules*.
- (2) In addition to the Listing Principles referred to in (1), the Premium Listing Principles in **■ LR 7.2.1A R** apply to every *listed company* with a *premium listing* in respect of all its obligations arising from the *listing rules, disclosure requirements, transparency rules and corporate governance rules*.

Purpose

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The purpose of the Listing Principles and the Premium Listing Principles is to ensure that *listed companies* pay due regard to the fundamental role they play in maintaining market confidence and ensuring fair and orderly markets.

7.1.3

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The Listing Principles and, if applicable, the Premium Listing Principles are designed to assist *listed companies* in identifying their obligations and responsibilities under the *listing rules, disclosure requirements, transparency rules and corporate governance rules*. The Listing Principles and Premium Listing Principles should be interpreted together with relevant *rules and guidance* which underpin the Listing Principles and the Premium Listing Principles.

7.1.4

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■ DEPP 6 (Penalties) and **■ EG 7** set out *guidance* on the consequences of breaching a Listing Principle or, if applicable, a Premium Listing Principle.



7.2 The Listing and Premium Listing Principles

7.2.1 **R** The Listing Principles are as follows:

Listing Principle 1	A <i>listed company</i> must take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations.
Listing Principle 2	A <i>listed company</i> must deal with the FCA in an open and co-operative manner.
Principle 3	[deleted]
Principle 4	[deleted]
Principle 5	[deleted]
Principle 6	[deleted]

7.2.1A **R** The Premium Listing Principles are as follows:

Premium Listing Principle 1	A <i>listed company</i> must take reasonable steps to enable its <i>directors</i> to understand their responsibilities and obligations as <i>directors</i> .
Premium Listing Principle 2	A <i>listed company</i> must act with integrity towards the holders and potential holders of its <i>premium listed securities</i> .
Premium Listing Principle 3	All <i>equity shares</i> in a class that has been admitted to <i>premium listing</i> must carry an equal number of votes on any shareholder vote. In respect of <i>certificates representing shares</i> that have been admitted to <i>premium listing</i> , all the <i>equity shares</i> of the class which the certificates represent must carry an equal number of votes on any shareholder vote.
Premium Listing Principle 4	Where a <i>listed company</i> has more than one class of <i>securities</i> admitted to <i>premium listing</i> , the aggregate voting rights of the <i>securities</i> in each class should be broadly proportionate to the relative interests of those classes in the equity of the <i>listed company</i> .
Premium Listing Principle 5	A <i>listed company</i> must ensure that it treats all holders of the same class of its <i>premium listed securities</i> and its <i>listed equity shares</i> that are in the same position equally in respect of the rights attaching to those <i>premium listed securities</i> and <i>listed equity shares</i> .

Premium Listing Principle 6

A *listed company* must communicate information to holders and potential holders of its *premium listed securities* and its *listed equity shares* in such a way as to avoid the creation or continuation of a false market in those *premium listed securities* and *listed equity shares*.

Guidance on the Listing and Premium Listing Principles

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Listing Principle 1 is intended to ensure that *listed companies* have adequate procedures, systems and controls to enable them to comply with their obligations under the *listing rules*, *disclosure requirements*, *transparency rules* and *corporate governance rules*. In particular, the FCA considers that *listed companies* should place particular emphasis on ensuring that they have adequate procedures, systems and controls in relation to, where applicable:

- (1) identifying whether any obligations arise under ■ LR 10 (Significant transactions) and LR 11 (Related party transactions); and
- (2) the timely and accurate disclosure of information to the market.

7.2.3

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Timely and accurate disclosure of information to the market is a key obligation of *listed companies*. For the purposes of Listing Principle 1, a *listed company* should have adequate systems and controls to be able to:

- (1) ensure that it can properly identify information which requires disclosure under the *listing rules*, *disclosure requirements*, *transparency rules* or *corporate governance rules* in a timely manner; and
- (2) ensure that any information identified under (1) is properly considered by the *directors* and that such a consideration encompasses whether the information should be disclosed.

7.2.4

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In assessing whether the voting rights attaching to different classes of *premium listed securities* are proportionate for the purposes of Premium Listing Principle 4, the FCA will have regard to the following non-exhaustive list of factors:

- (1) the extent to which the rights of the classes differ other than their voting rights, for example with regard to dividend rights or entitlement to any surplus capital on winding up;
- (2) the extent of dispersion and relative liquidity of the classes; and/or
- (3) the commercial rationale for the difference in the rights.