

Initial public offers

A guide to floating companies in the UK

2025



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Taylor Wessing has one of the largest dedicated Corporate Finance practices in Europe, with genuine cross-border capability and a strong presence in Asia and the Middle East.

Our international capital markets experts work as one integrated team on a range of international security transactions and offerings, including:

- initial public offerings ('IPOs')
- secondary issues
- public M&A
- tender offers
- bond offerings
- securitisations
- restructurings.

In addition to being market leaders in advising clients from the technology field, we advise clients across a wide range of other sectors and work with leading investment banks, brokers, financial advisers and sponsors, and financial services institutions.

Our expertise

Within the UK, our Corporate Finance group acts on initial public offerings, both large and small.

This includes new issues on:

- the Official List maintained by the Financial Conduct Authority (FCA), with admission to trading on the Main Market of the London Stock Exchange. The most significant listing category is the equity shares (commercial companies) category. Other categories are available for overseas companies, cash shells (or SPACs), open-ended investment companies, and closed-ended investment companies;
- the Specialist Funds Segment of the London Stock Exchange's Main Market, designed for highly specialised investment entities and targeted at institutional and professional investors; and
- AIM, the international market for smaller, growing companies operated by the London Stock Exchange.

Our international focus means we're experts in advising overseas companies seeking access to the UK and European securities markets.

We are ideally placed to advise on the market opportunities offered by the AQSE Main Market and Euronext London (aimed at international issuers), which each offer an EU regulated market alternative to the Main Market of the London Stock Exchange for companies wishing to join the Official List.

Reasons for an IPO

A company may seek a listing for its shares for a number of reasons.

Typical reasons why a company may seek a listing include:

- to raise capital
- to provide an exit for investors
- to provide liquidity in the

company's shares

- to reduce gearing
- to comply with legislation, for example, a venture capital trust must be listed

IPOs – the process

From start to finish, the IPO process can take between four to six months and, while each transaction will differ, there are common themes in each process that are worth noting.

Appointment of advisory team

At the outset, the issuer appoints its advisory team. This will include a sponsor. In some markets this role will be described as a nominated adviser or corporate adviser (but throughout this guide, for ease, we will refer to them as the 'sponsor'). The advisory team will also include solicitors, reporting accountants, a broker, a PR agent, a share registrar and printers.

The printers and the share registrar will usually be appointed by the sponsor. Each adviser will need to sign an engagement letter with the issuer that sets out the scope of the appointment and the terms and conditions including fees and payment terms. These engagement letters may include limitations on liability and indemnities, all of which will be the subject of negotiation.

Timetable and list of documents

The first step will be for the sponsor to produce a draft timetable and list of documents.

The timetable will map out the entire transaction and set out who will be responsible for various actions. This should include, as a first step, the preparation of a transaction structure report by the solicitors to the issuer. The purpose of this report is to identify any potential hurdles in the IPO process so that they can be addressed early and appropriate resources can be applied to resolving them. At this early stage, any timetable for the final transaction stages will be fairly 'broad-brush' but should show likely marketing and admission dates.

Due diligence

The sponsor will require a legal due diligence exercise to be undertaken in relation to the issuer. Terms of reference for this exercise are agreed and a legal due diligence questionnaire sent to the issuer for completion.

Information should be reviewed with particular attention to matters of fundamental importance to the issuer. An outsourcing business is, for example, dependent on the terms of its outsourcing contracts to generate revenues and profits. A detailed review of these contracts is therefore essential.

Existing shareholders' agreements (if any) should be considered and the impact of obtaining shareholder consent to the flotation will need to be worked into any timetable. When it is intended to market into the United States, due diligence procedures will also need to take US practice into account to establish a 'due diligence' defence to US securities law claims.

Long-form accountants' reports

While legal due diligence is ongoing, the reporting accountants will be preparing a long-form report. This reviews the issuer's:

- history and commercial activities
- organisational structure
- trading results
- assets and liabilities
- cashflows
- tax filings
- accounting policies and audit issues
- management information control systems
- employees.

Working capital review

Although a 'clean' working capital statement is no longer a pre-requisite to apply for a listing on the Main Market under the UK Listing Rules, some companies will still wish to provide one if they can, and there are still working capital requirements for issuers on AIM. To assist the directors in giving such a statement in the prospectus or admission document, reporting accountants will provide a private report to the issuer and its sponsor.

This report is based on the issuer's financial projections and supports the directors' working capital statement. It's worth noting that despite the relaxation in the UK Listing Rules around the provision of working capital statements, an issuer must still provide detailed financial information as part of the prospectus it's required to publish on admission to listing (see further details set out on [pages 24-27](#)). This includes a working capital statement. However, the prospectus regime does not require this statement to be unqualified. Companies that can't provide a 'clean' working capital statement

aren't prevented from listing, but they will need to make appropriate disclosure instead.

This private report will include details of the basis on which it was prepared.

A commentary is incorporated covering:

- the accuracy of budgets prepared by the issuer
- current trading
- profit and loss
- cashflow and balance sheet projections
- available bank facilities (including a covenant analysis).

Concluding remarks involve the application of a sensitivity analysis to such budgets and projections and this will give a view of the minimum level of working capital headroom.

Short-form accountants' reports

The prospectus or admission document will include a short-form accountants' report. This will cover the financial track record of the issuer. Companies with limited or no accounting track record or recent

complex financial histories can still list. This flexibility will be especially attractive to high-growth or pre-revenue companies.

Nevertheless, as with the working capital statement, although the financial track record of the issuer is no longer required for an issuer to list on the Main Market under the UK Listing Rules, the issuer must still provide detailed financial information under the prospectus requirements. This ensures that potential investors have access to sufficient financial information to enable them to make an informed investment decision.

Production of draft prospectus or admission document

Where the company is floating on the Main Market of the London Stock Exchange, the principal document is a prospectus. This provides information on the company and its shares. Under the current regime, AIM IPOs will require either a prospectus or admission document, depending on how the offer of shares is structured. See 'Key documentation – prospectuses' ([on page 24](#)) for more information on this.

Drafts of the relevant prospectus or admission document are prepared by the sponsor.

These are circulated for review by all those involved in the process. This review could include drafting meetings. If a prospectus is required, this must be submitted to the FCA for approval.

Verification

In light of the duties of disclosure in a prospectus or admission document, it's vital these documents aren't misleading. Each director has a duty to ensure they're accurate. This duty is discharged through a process called 'verification'.

While verification can often seem protracted, it helps to ensure the accuracy of all factual statements, and where statements of opinion or belief are included, to confirm that such opinions are reasonable.

It's not expected that every director knows every fact relating to the issuer and its business. With respect to some statements, it would be perfectly proper for a director to rely on other people, including

the company's advisers, to check particular aspects of the relevant document.

Verification requires the production of verification notes (usually in electronic form) for which each director takes responsibility.

In preparing verification notes and conducting a verification exercise, the following key points should be noted:

- The source for the verification of the statement of fact should be recorded in writing.
- A written record should also be kept of the reasonable basis on which each statement of opinion is formed.
- Each of the directors (including non-executive directors) must be given sufficient time to consider and comment on the prospectus or admission document and the verification notes so that they each have the opportunity to correct and amplify statements, if necessary.
- It is not sufficient for directors to simply record that each statement

is 'confirmed'; supporting evidence must be provided as an annexure to the verification notes.

- If statements can't be verified they must be deleted or amended so that they can be verified.

Research notes

The broker to the proposed IPO may wish to publish a research note on the issuer. There is sensitivity surrounding such notes for two main reasons. First, because of the need to ensure that all investors have access to the same information regarding the issuer. Secondly, because the FCA places greater emphasis on the superiority of the prospectus and this affects the timing of research notes for Main Market companies.

In general, in the case of a Main Market IPO candidate, any connected research must not be released until at least seven days after publication of the approved prospectus. However, if unconnected analysts are offered access to the company's management alongside the connected analysts the connected research can

be published one day after the publication of the approved prospectus.

This timing restriction doesn't apply to an AIM IPO candidate, whose broker may publish a pre-IPO connected research note. However, market practice is that the pre-IPO research note will be published at least two weeks before the final draft version of the prospectus or admission document (known as the pathfinder) is circulated to potential investors and, in any event, one month before the prospectus or admission document is published. The two-week period prior to the pathfinder being circulated is known as the 'blackout period'.

The research note must only include details about the issuer or its business that are also published in the prospectus or admission document. It is important that the issuer only provides limited assistance in the preparation of the note. If it is suggested that the broker is no more than the issuer's agent, the research note could form part of the prospectus or admission document.

In reviewing any draft, the issuer must limit itself to matters of fact and must not comment on issues of judgment.

If the research note is to include financial projections, but no profit forecast is to be contained in the prospectus or admission document, then the prospectus or admission document must include all relevant information as would enable an investor to draw the same financial conclusions. This may include an analysis of the key financial drivers of the issuer's business. The research note must not be used in substitution for publishing a profit forecast in either the prospectus or admission document.

Marketing presentations

Marketing presentations are used in meetings with institutions and other potential investors. Their purpose is to explain the issuer, its history, business, track record and prospects to potential investors. Marketing presentations are drafted relying on the pathfinder document and are separately verified.

Pathfinder document

Assuming investor appetite for the new issue is established from the marketing presentations, investors are asked to confirm their interest. Each investor receives a final copy of the 'pathfinder' (or in the US, a 'red herring'), together with a letter seeking confirmation of the level of interest. If the marketing is undertaken as a placing, this confirmation is received by way of a placing letter. If a placing letter is not used, this confirmation is received by way of a contract note.

20 business days – submission of prospectus to the FCA

If a prospectus is required, the prospectus must be submitted to the FCA for approval at least 20 business days prior to the intended date of approval. This period is reduced to 10 business days where the company's shares are already traded on a regulated market or the company has previously made a public offer of transferable securities.

Submission of documents to the FCA – for all prospectuses (but Official List only if no prospectus is required)

Where a prospectus is required, certain other information must be provided and fees paid to the FCA at the same time. If no prospectus is required, submission of documents to the FCA is still required if the company is listed on the Official List. Formal approval from the FCA must be obtained before a prospectus can be published.

10 business day documents – AIM

10 business days before admission is a key date in an application to join AIM. This is because a range of information is submitted to the LSE 10 days before admission. An announcement is also made by the LSE that an application has been received from the issuer for its securities to be admitted to trading on AIM.

However, if the applicant has had its shares traded on an AIM Designated Market (such as the Official List, New York Stock Exchange, Euronext or NASDAQ) for at least 18 months prior

to the application for admission to AIM, the documents and information must be submitted 20 business days before admission. It would then not need an admission document unless a prospectus is required.

Three business days – submission of application of documents – AIM only

At least three business days before the expected date of admission and in addition to payment of the admission fees, the LSE must receive an electronic version of the relevant admission document together with the completed application form and a declaration by the issuer's nominated adviser ("Nomad") confirming that the AIM Rules have been complied with in connection with the application.

48 hour documents – Official List only

By midday, two business days before the FCA is to consider the listing application, an Application for Admission of Securities to the Official List and associated documentation,

including the following, must be submitted to the FCA:

- A copy of the prospectus (approved by the FCA).
- Written confirmation of the number of securities to be allotted (pursuant to a board resolution).
- If a prospectus has not been produced, a copy of the announcement detailing the number and type of securities that are the subject of the application and the circumstances of their issue.

If a prospectus has not been produced, the application must also contain a confirmation that this isn't required and details of the reasons why it's not required.

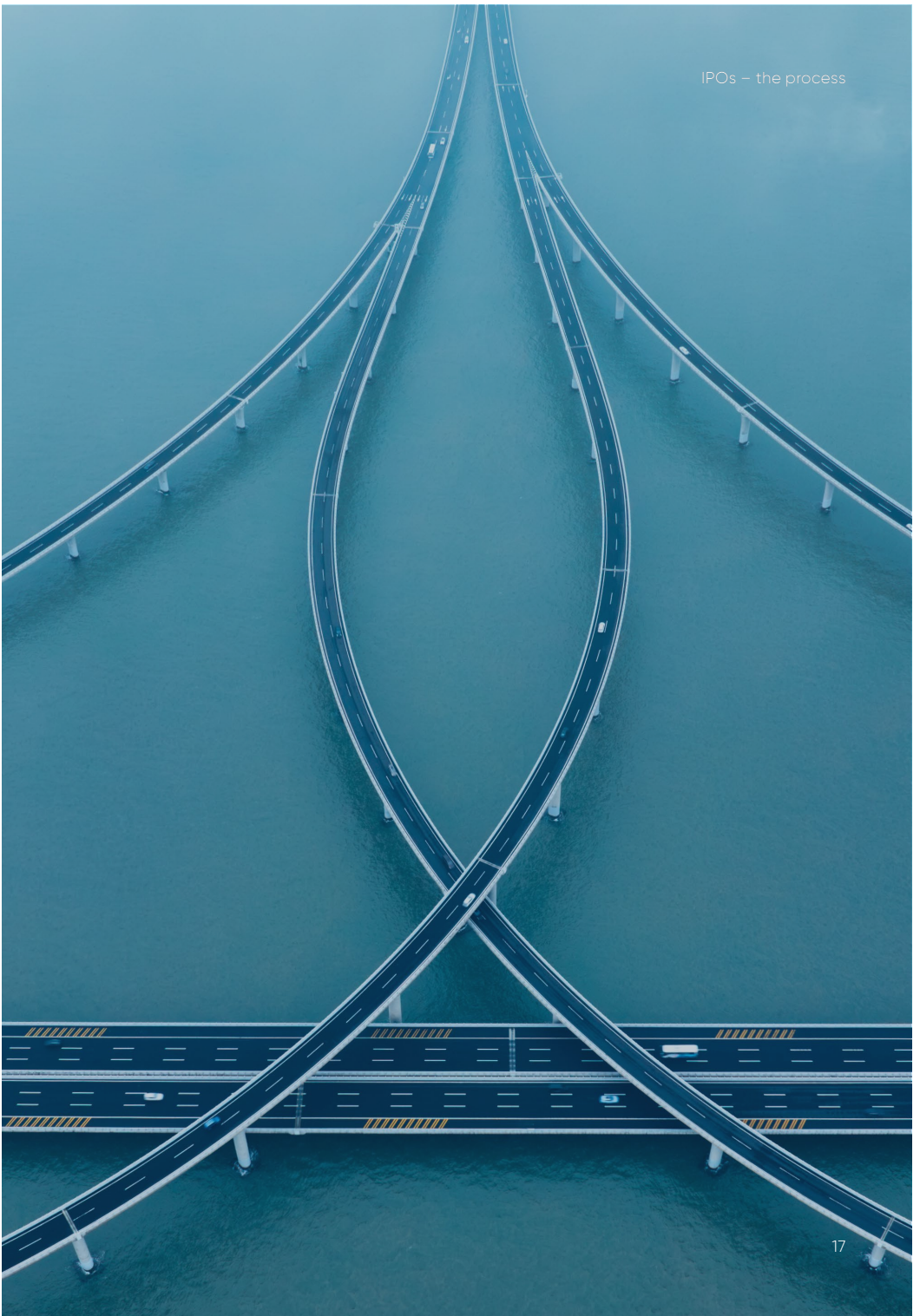
Further filings – Official List only

By no later than 09:00 on the day when an application for admission to the Official List is considered, further documents need to be received by the FCA, including payment of the appropriate listing fees and a completed shareholder statement.

Board meetings

There are at least five key board meetings the issuer will need to hold in connection with an IPO. In order, these are:

- to approve the engagement of advisers in connection with the transaction and to undertake the IPO
- to approve the marketing presentation
- to approve the pathfinder document
- to approve the publication of the prospectus or admission document and IPO pricing
- to allot and issue the new securities.



Conditions for listing – the Official List

A company must meet certain conditions before seeking a listing on the Official List

In general, the UK Listing Rules are less prescriptive than previous versions. The emphasis is on proper disclosure by the issuer rather than requiring issuers to meet too many prescribed criteria. Companies with limited or no accounting track record, recent complex financial histories or limited working capital, or companies with significant warrants or options on their cap table will be able to IPO (subject to appropriate disclosure). This will be of particular interest to high-growth companies.

The FCA has an overriding discretion to impose any special conditions on any listing which it considers appropriate (in the interest of protecting investors). In essence, the pre-conditions are the following.

Conditions concerning the applicant

- The issuer must be duly incorporated according to the relevant laws of its place of establishment and must be operating within its constitution. It must also be able to show that it's not managed externally. The board must be able to demonstrate that its discretion to make strategic decisions has not been limited or transferred to a third party and that the board can act on key strategic matters without a recommendation from someone outside their group.
- If an issuer has a controlling shareholder (ie someone who alone or jointly with their concert parties holds 30% or more of the voting rights of the issuer), it is not required to have any form of agreement in place to regulate that relationship (although it may choose to do so). However, it must be able to show that it can still carry on its main activity independently from its controlling shareholder. Other safeguards must also be in place (eg the issuer's constitution

must allow for the election and re-election of independent non-executive directors to be subject to approval by a majority of independent shareholders). There is also a mechanism whereby, if a controlling shareholder puts forward a resolution for shareholders to vote on, the directors may give an opinion where they consider that the resolution may circumvent the proper application of the UK Listing Rules.

Securities

- The securities to be listed must conform with the law of the jurisdiction where the company was incorporated, be duly authorised and have all relevant statutory or other consents in place. They must also be freely transferable.
- The market capitalisation for the shares in respect of which a listing is sought must be GBP30 million or more. The minimum market capitalisation for debt securities is lower, at GBP200,000. In either case, a lower value can be allowed provided the FCA is satisfied that there will be an adequate market for the securities concerned.
- At the time of admission, at least 10% of the issuer's securities in respect of which a listing is made must be in the hands of the public situated in any jurisdiction. For these purposes the 'public' does not include:
 - a director of the applicant or any subsidiaries or any person connected with that director
 - trustees of any employee share schemes or any pension funds established for the benefit of directors or employees of the applicant or subsidiaries
 - any person who, by agreement, may nominate the appointment of a director
 - any person or persons in the same group who are interested in 5% or more of securities of the same class.
- The application must be in respect of all securities of the class which is the subject of any application.

- Companies can list with dual class share structures ('DCSS') or weighted voting rights. This means that companies can list even where certain of their shareholders are entitled to enhanced voting rights. Where these shareholders are natural persons, there is no limit on how long these enhanced rights can last. Where the shareholders are not natural persons (eg institutional shareholders), the shares carrying the enhanced voting rights must be subject to certain restrictions on transfer and the enhanced voting rights will be subject to a maximum duration of 10 years (after which time such rights will expire). This will be of particular interest to founder or venture capital-backed companies that are seeking to IPO but where the founders (or VC backers) wish to retain enhanced levels of control following the IPO.
- The securities must be eligible for electronic settlement (including settlement in CREST).
- Convertible securities will only be admitted to listing if the securities into which they are convertible are or will (at the same time) become listed securities. The FCA has a discretion to waive this requirement if it is convinced that holders of the convertible securities will have all the information necessary to form an opinion on the value of the underlying securities.

Where there is any doubt concerning the ability of the applicant to meet any of the pre-conditions, a discussion must be held with the FCA as soon as possible to try and resolve any issues even though this may result in the application being subject to special conditions. You should arrange for the sponsor to discuss these issues with the FCA and report back.

Conditions for admission – AIM

There are a few prescriptive pre-conditions for admission to AIM. As an exchange regulated market, it is for the Company's nominated adviser, referred to as the 'Nomad', to determine that the issuer is appropriate for admission to listing.

The Nomad's responsibilities are set out in the 'AIM Rules for Nominated Advisers'. In determining 'appropriateness', the Nomad conducts initial due diligence on the issuer. This will include investigating the background and suitability of the directors and the efficacy of the board as a whole, as well as gaining a better understanding of the issuer's business and prospects. The Nomad must also satisfy itself that the issuer has sufficient systems, procedures and controls in place to comply with the 'AIM Rules for Companies' (the AIM Rules).

If an issuer is considered by the Nomad to be 'appropriate', then the pre-conditions to joining are that:

- A prospectus or an admission document must be published (in English) which should be made available on the company's

website following admission (if a prospectus is required, it must be approved by the FCA, filed with the National Storage Mechanism and published on a website).

- The securities to be admitted to trading must be freely transferable.
- The issuer must have and must retain a Nomad and a broker.
- Appropriate arrangements must be made to enable trades in the relevant securities to be settled.

The AIM Rules set out the information that needs to be included within the prospectus or admission document. Even if a prospectus is not actually required, the information which must be included in the admission document is, broadly the same information as that required for a prospectus.

Some additional information is required under the AIM Rules, for example,

- specific wording for a working capital statement given by the directors for at least the next 12 months following admission
- the inclusion on the first page of the admission document of a disclaimer concerning the status of AIM and the risks associated with investing in emerging or smaller companies
- information on each director (and each proposed director) including details of any companies of which they were directors in the 12 months before an administrator or liquidator was appointed.

AIM does not require a trading track record so it is possible for a start-up company to be admitted.

Where, in the course of preparing for admission, matters are brought to the attention of the LSE regarding

the issuer which could affect its 'suitability', special conditions on admission can be imposed. One such condition is the requirement for directors and senior employees and any related party shareholders not to dispose of any interests in securities for at least one year following admission. This condition applies only where, on admission, the issuer has not been independent and earning revenue for at least two years.

An additional condition for listing applies to cash shells (also known as special purpose acquisition companies or "SPACs"). Where an issuer is an 'investing company' (namely, a company which has as a primary business the investing of its funds in securities of other companies or the acquisition of a particular business), its admission will be conditional on it raising a minimum of GBP6 million in cash by way of an equity fundraising on, or immediately prior to, admission.

Fast-track admission to AIM

Companies already listed on certain foreign exchanges (referred to as 'Designated Markets') can use a fast-track admission procedure to join the AIM market. This procedure requires the provision and publication, at least 20 business days before the expected date of admission to AIM,

of information amounting to a scaled down admission document.

Those companies must provide information equivalent to that required for an admission document which isn't already public.

The 'Designated Markets' include:

- the Australian Securities Exchange
- Deutsche Börse
- Euronext
- Johannesburg Stock Exchange
- NASDAQ
- NASDAQ Stockholm
- NYSE
- SIX Swiss Exchange
- TMX Group
- FCA's Official List.

Key documentation – prospectuses

The prospectus regime in the UK relating to public issues of securities and admission of securities to 'regulated markets' (eg the Main Market of the London Stock Exchange) is currently governed by the Prospectus Regulation (together with supporting regulations).

In the UK, currently the Prospectus Regulation and the Prospectus Regulation Rules published by the FCA are key sources for issuers. They set out the details which must be contained in all prospectuses as well as the procedure for their approval and publication.

When is a prospectus required?

Currently, a prospectus will be required in two situations

- If an offer of transferable securities is made to the public. This covers any communication to any person which presents sufficient information on (a) the transferable securities to be offered and (b) the terms on which they are offered, to enable an investor to decide to buy or subscribe for the securities

in question. The communication may be made in any form and by any means. This is due to change in January 2026 when a new regime will be introduced.

- If transferable securities are being admitted to trading on a regulated market (which includes the Main Market of the London Stock Exchange, but not AIM).

If a prospectus is required, it is unlawful and a criminal offence for transferable securities to be offered to the public or for an application to trading on a regulated market to be made, unless an approved prospectus is made available to the public before the offer or application is made.

Exemptions

There are a number of exemptions available. For example, a prospectus will not be required if:

- the offer is addressed to fewer than 150 people, other than 'qualified investors' in the UK
- the offer is made purely to 'qualified investors' (broadly people who are considered to have the experience, knowledge and expertise necessary to make their own investment decisions)
- the total consideration of the offer is less than EUR8 million (or an equivalent amount), when aggregated with offers open during the previous 12 months
- the minimum consideration which may be paid by any person for securities pursuant to the offer is at least EUR100,000
- the securities offered are denominated in the amounts of EUR100,000 (or an equivalent amount).

General duty of disclosure

There is an overall general duty of disclosure for prospectuses. Broadly, they must contain the necessary information which is material to an investor making an informed assessment of:

- the assets and liabilities, profits and losses, financial position and prospects of the issuer of the securities and of any guarantor
- the rights attaching to the securities
- the reasons for the issue and its impact on the issuer.

For these purposes the information referred to is anything which is within the knowledge of any person responsible for the prospectus or which it would be reasonable for such a person to obtain by making enquiries.

Prospectus requirements

The prospectus must consist of three principal components, either combined into a single document or kept separate:

- A summary, providing the key information that investors need in order to understand the nature and the risks of the company and the securities.
- A registration document containing information relating to the company.
- A securities note, containing information relating to the shares.

In addition to the general duty of disclosure a company must also comply with some specific contents requirements the exact substance of which will depend on various factors, including:

- the type of securities being issued
- the type of issue
- the nature of the company
- whether the company has a complex financial history or has made a significant financial commitment.

The specific information that must be disclosed in the prospectus is extensive but will include, for example:

- risk factors
- details of the company's officers and advisers and corporate governance arrangements
- detailed financial disclosures including operating and financial reviews, historic financial information, indebtedness and taxation
- information on any profit forecast
- details about the securities being offered
- a working capital statement
- certain additional information such as details about material contracts, employee share schemes, pension scheme arrangements, directors' interests, significant shareholders and any significant change in the financial or trading position of the company

Specialist issuers may also need to include additional information.

The prospectus must also contain a summary which must be accurate, fair, clear and not misleading, and it must be consistent with the other parts of the prospectus. There are detailed requirements for the contents of the summary, which must include the most material risk factors that are specific to the company and the shares and must comprise:

- An introduction, containing warnings.
- Key information on the company (including key historical financial information in a prescribed format).
- Key information on the shares.
- Key information on the offer and/or admission

The FCA can authorise the omission of information from a prospectus (or supplemental prospectus) where it considers that:

- the information is of minor importance only and will not influence the assessment of

the assets and liabilities, financial position, profits and losses and prospects of the issuer

- disclosure would be contrary to public interest
- disclosure would be seriously detrimental to the issuer and will not influence the assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer.

The prospectus must be approved by the FCA. If the company is not already listed on the Official List (or another regulated market) and has not previously made an offer of securities to the public, the prospectus must be sent to the FCA for approval 20 business days in advance of the intended date of approval of the document. Other issuers must submit the prospectus 10 business days in advance.

Once approved, the prospectus must be filed with the National Storage Mechanism and be made available to the public by publication on a website.

Key documentation

– the Official List

An application for securities to be admitted to the Official List for the first time requires the production of a prospectus.

Subsequent applications for listing shares on the Official List once the company's shares are already admitted may also require a prospectus although an exemption may be available.

The prospectus must be submitted to and approved by the FCA and also published on a website. The Prospectus Regulation Rules set out the details which need to be contained in a prospectus and the UK Listing Rules set out the procedure for applying for admission to the Official List. These should also be read in conjunction with appropriate supporting chapters, for example, for certain types of investment entity.

The marketing of securities to be admitted to the Official List will be carried out using a pathfinder prospectus. This document constitutes a bundle of contractual representations. If these are incorrect, it may lead to claims for misrepresentations. Verifying the accuracy of such statements is important.

Who is responsible for the document?

The following are responsible for a prospectus (or supplemental prospectus) in relation to an issue of equity shares:

- The issuer of the securities.
- Every director of the issuer at the time the document is submitted (and any person who has authorised himself or herself to be named in the document as a director, for example, someone who occupies the office of director although not formally appointed as such or anyone who has agreed to become a director of the applicant either immediately or at a future time).

- In relation to an offer, the offeror (if this is not the issuer) and, if it is a body corporate, its directors.
- Each person who accepts, and is stated in the prospectus as accepting responsibility for the document or for any part of it.
- Anyone else who has authorised the contents of the document or any part of it.

A person will not be held responsible for a prospectus if it is published without their knowledge or consent provided, that person, on becoming aware of its publication, immediately gives reasonable public notice that it was published without their knowledge or consent.

Where a person accepts responsibility for only part of the prospectus, for example, the accountants in respect of the short-form report, they are only responsible for that part and only if that part is included in (or substantially in) the form and context to which they have agreed.

Responsibility statements

The Prospectus Regulation Rules require a statement to be included in the prospectus that each director (and any proposed director) takes responsibility for the prospectus – in particular, that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Publication

An application for the admission of shares to listing must involve not only the production and approval of a prospectus but also its publication on a website.

Prospectuses must not be circulated publicly before they have been approved by the FCA. Once approval has been given, the document must be published on a website (details of which must be given to the FCA when seeking approval of the prospectus).

The company must also file the approved prospectus with the National Storage Mechanism.

Pathfinder prospectus

As part of the marketing exercise, it is common for the sponsor or broker to want to issue a 'pathfinder' prospectus to assess the appetite for the company's securities. In essence, the pathfinder will be the final version of the document, but without the final offer price or amount of securities to be offered.

A pathfinder prospectus can be approved by the FCA (and therefore be distributed more widely) but must then disclose the criteria by which the price or number of securities will be determined or, in the case of price, the maximum price. The final price and amount of securities must then be filed with the FCA and published as soon as practicable.

Supplemental prospectus

If, between approval of a prospectus by the FCA and the closing of the offer of securities to the public or commencement of trading on a regulated market, a significant new factor, material mistake or inaccuracy in the information in the prospectus arises or is noted, a supplemental prospectus containing details of the new factor, mistake or inaccuracy must be submitted to the FCA for approval and be published.

Key documentation – AIM

While an application for securities to be admitted to the Official List requires the production of a prospectus (unless, on secondary issues, an exemption applies), an application for securities to be admitted to AIM may not.

If an offer to the public of transferable securities falling within the scope of the Prospectus Regulation is not made in connection with the AIM application, then only an AIM 'admission document' is required. Otherwise, a prospectus complying with the Prospectus Regulation Rules should be prepared. The prospectus requirements are set out on [pages 24-27](#).

Once a company's shares are admitted to AIM, further admissions of shares will not require an admission document, unless a prospectus is required, a new class of share is being admitted or there is a reverse takeover.

The admission document must include the majority of the information required for inclusion in a prospectus.

In addition, other information (if any) must be included which the company reasonably considers necessary to enable investors to form a full understanding of:

- the assets and liabilities, financial position, profits and losses, and prospects of the applicant and its securities for which admission is sought
- the rights attaching to those securities
- any other matter in the admission document.

This obligation extends to all information which is within the knowledge of any person taking responsibility for the document or which could have been obtained on reasonable enquiry.

Finally, in determining the relevance of information in this context, regard must be given to the nature of securities and the issuer.

Who is responsible for an admission document?

Where an admission document is not a prospectus the responsibility provisions of the Prospectus Regulation Rules do not directly apply. However, the admission document must still be prepared to a standard which includes a majority, if not all, of the information which would otherwise be required for inclusion in a prospectus, and the people responsible for the information provided in it, are the same people who would be responsible for the information if it were a prospectus.

The AIM Rules also impose an obligation of responsibility on all directors of the issuer and this responsibility is both individual and collective. Breach of this responsibility (for example, by publishing an admission document which contains untrue or misleading information or which otherwise does not comply with the additional requirements of the

AIM Rules) could result in disciplinary action being taken against the directors, in addition to any potential third-party claims.

If the admission document is, in any event, a prospectus too, then the issuer is responsible for the document together with all directors and those who have agreed to become a director of the issuer, together with any other person who has authorised the contents of any part of the admission document.

Responsibility statements

In the same way as for a prospectus, responsibility statements appear in an admission document.

Publication of the admission document

An admission document is published by making it freely available, for at least one month from admission.

Insofar as the admission document is also a prospectus, then it must be approved by the FCA, filed with the National Storage Mechanism and be published on a website. In any event, the company is required under the

AIM Rules to make its most recent admission document available, free of charge on its website. On an ongoing basis it must also make available, free of charge, on its website for a period of five years, any prospectus it has published.

Supplemental admission document

In practice, a supplemental admission document would be required in circumstances where:

- there has been a significant change affecting any matter contained in the original admission document
- a significant new matter arises, which would need to have been disclosed in the admission document, had such a matter arisen when the document was being prepared

- there is a significant inaccuracy in the admission document.

For these purposes, the concept of 'significant' means significant for the purpose of making an informed assessment of:

- the assets and liabilities, financial position, profits and losses and prospects of the issuer
- the rights attaching to the securities to be admitted to trading on AIM.

If the initial admission document was a prospectus, such a change or inaccuracy would require the approval and publication of a supplemental prospectus.

The UK Corporate Governance Code

The principal corporate governance guidelines for UK-listed companies are set out in the UK Corporate Governance Code.

The UK Corporate Governance Code (available on the [website](#) of the Financial Reporting Council) applies to companies listed on the Main Market in the commercial companies category or the closed-ended investment funds category, regardless of where they are incorporated. It focuses on the application of certain principles and reporting on outcomes achieved.

The latest version of the UK Corporate Governance Code places emphasis on relationships between companies, shareholders and stakeholders. It promotes the importance of establishing a corporate culture that is aligned with the company purpose and business strategy, promotes integrity and values diversity.

The UK Corporate Governance Code consists of Principles and Provisions, across five sections dealing with:

- **Section 1:** Board leadership and company purpose
- **Section 2:** Division of responsibilities
- **Section 3:** Composition, succession and evaluation
- **Section 4:** Audit, risk and internal control
- **Section 5:** Remuneration.

Although the UK Corporate Governance Code itself does not have legal force, all listed companies that are incorporated in the UK are required under the UK Listing Rules to report in their annual report and accounts on how they have applied it or explain the reasons for non-compliance (the 'comply or explain' requirement).

A listed company that is not incorporated in the UK isn't required to comply or explain against the UK Corporate Governance Code. However, it must publish a corporate governance statement detailing its approach to corporate governance in line with DTR 7.2 of the Disclosure Guidance and Transparency Rules.

The UK Corporate Governance Code focuses on the application of the Principles (how they have been applied, articulating what action has been taken and the resulting outcomes).

High-quality reporting includes signposting and cross-referencing to the parts of the annual report that describe how the Principles have been applied.

This should be supported by high-quality reporting on the Provisions which operate on a 'comply or explain' basis. Boards and companies are encouraged to use the FRC Guidance on Board Effectiveness to support their activities and help with their actions and decisions.

The QCA Corporate Governance Code

The Quoted Companies Alliance (QCA) represents the interests of smaller and mid-cap quoted companies outside the FTSE 350, including those quoted on AIM.

Rule 26 of the AIM Rules requires AIM companies to provide on their website details of the corporate governance code that they have decided to apply, and how they comply with that code or, if no code has been adopted, any corporate governance arrangements they have decided to adopt.

The QCA publishes a corporate governance code (the QCA Corporate Governance Code) which has been specifically tailored to the needs of growing companies, particularly small and mid-size quoted companies. It can, therefore, be a useful code for AIM companies to adopt, as well as being a useful source of guidance for AIM companies that wish to follow good corporate governance practice.

The QCA Corporate Governance Code sets out 10 board principles which focus on the medium- to long-term value for shareholders without stifling the entrepreneurial spirit in which the company was created. To claim adoption of the QCA Corporate Governance Code, a company must apply the 10 principles and publish certain disclosures in recommended locations (on the company's website and/ or in the company's annual report).

The 10 principles are divided into three categories which reflect the QCA's view of the purpose of corporate governance: delivering growth; maintaining a dynamic management framework; and building trust.

The 10 principles are to:

- establish a strategy and business model which promote long-term values for shareholders
- seek to understand and meet shareholder needs and expectations
- take into account wider stakeholder and social responsibilities and their implications for long-term success
- embed effective risk management, considering both opportunities and threats, throughout the organisation
- maintain the board as a well-functioning, balanced team led by the chair
- ensure that between them, the directors have the necessary up-to-date experience, skills and capabilities
- evaluate all elements of board performance based on clear and relevant objectives, seeking continuous improvement
- promote a corporate culture that is based on sound ethical values and behaviours
- maintain governance structures and processes that are fit for purpose and support good decision making by the board
- communicate how the company is governed by maintaining a dialogue with shareholders and other relevant stakeholders.

The QCA Corporate Governance Code states that good corporate governance requires having the right people (in the right roles), working together, and doing the right things to deliver value for shareholders as a whole over the medium to long term. The board needs to be kept dynamic and diverse and engender a consistent corporate culture throughout the organisation.

Good corporate governance is about ensuring that the board is set up to make robust decisions and manage risk. It's also increasingly about ensuring that a healthy culture is in place which combines a strong focus on performance and a sense shared throughout the workforce of what is acceptable and what is unacceptable behaviour.

Investor protection – institutional investor guidelines

The issue of new shares is a key event, as existing investors will want to avoid dilution. Investor guidelines have been prepared which seek to limit share issues and these guidelines establish terms of reference.

These are in addition to those set out in section 561 of the Companies Act 2006 (which gives every shareholder a proportionate pre-emption right) and UK Listing Rule 9.2.1R (which requires all companies listed on the Official List, including overseas companies, to offer their shareholders pre-emption rights, unless an exemption applies).

These investor guidelines are set out in the Share Capital Management Guidelines, published by the Investment Association, and the 'Statement of Principles', published by the 'Pre-emption Group'. The Share Capital Management Guidelines address acceptable levels of annual allotment authority. The Statement of Principles address pre-emption disapplication. Both apply to listed companies.

The Statement of Principles sets out certain principal thresholds, which are as follows:

- Shareholders will generally support an annual disapplication of pre-emption rights on the following basis:
 - A general disapplication in respect of up to 10% of the issued ordinary share capital on an unrestricted basis. If, following this, the company decides to offer additional securities to the public (known as a "follow-on offer"), a further disapplication of up to 2% may be used only for the purposes of the follow-on offer.

- A general disapplication of an additional 10% of the issued ordinary share capital, provided it is only used in connection with an acquisition or specified capital investment which is announced at the same time as the issue (or which has taken place in the preceding 12-month period and is disclosed in the announcement of the issue) with a further disapplication of up to 2% to be used only for the purposes of a follow-on offer.
- When making a non-pre-emptive issue, companies should ensure they are raising capital on the best possible terms and should restrict the discount to a maximum of 5% of the middle of the best bid and offer prices for the company's shares immediately prior to the announcement of the issue or proposed issue. A discount of greater than 5% is not likely to be regarded as routine.

Investor protection – remuneration

The Investment Association has published guidance on investor expectations for remuneration. These are called the 'Principles of Remuneration'. The Principles are for companies with a listing on the Official List, but other companies are encouraged to observe them in the spirit of best practice. In particular, AIM companies are increasingly expected to comply. The Principles state that shareholders will not support arrangements which entitle executives to reward when this is not justified by performance.

The Principles include the following:

- Remuneration policies should be set to promote long-term value creation through transparent alignment with the corporate strategy.
- Remuneration policies should support performance, encourage the sustainable financial health of the business and promote sound risk management for the success of the company and for the benefit of its stakeholders.

- Remuneration committees need to exercise independent judgment and not be over-reliant on remuneration consultants.
- A non-executive director should generally serve on the remuneration committee for at least one year before chairing the remuneration committee and have sufficient skill and experience to manage the remuneration-setting process.
- All new share-based incentives (or any substantive changes to existing schemes) should be subject to prior shareholder approval by means of a separate and binding resolution. Any change in quantum should be fully explained and justified.
- Remuneration committees must respond to any significant vote against any remuneration resolution when they appear on the Public Register (a register tracking shareholder dissent at listed companies). Companies should seek to understand the reasons for the dissent and issue an update statement in response to it
- Commitments to issue new shares or reissue treasury shares under executive (discretionary) schemes should not exceed 5% of the issued ordinary share capital of the company (adjusted for share issuance and cancellation) in any rolling ten-year period. This may be exceeded where the vesting of the shares is dependent on the achievement of significantly more stretching performance criteria.
- Executive (discretionary) share options should not be granted at a discount to the prevailing market price. The price at which shares are issued under other share schemes should not be less than the mid- market price (or similar formula) immediately preceding the grant of the shares under the scheme.

- A share plan should have a maximum life of 10 years. Therefore, no new awards should be made after the tenth anniversary of the adoption of the scheme. Shares and options should not vest or be exercisable within three years from the date of grant. In addition, options should not be exercisable more than 10 years from the date of grant.
- Commitments to issue new shares or reissue treasury shares, when aggregated with awards under all of the company's other schemes, must not exceed 10% of the issued ordinary share capital (adjusted for share issuance and cancellation) in any rolling ten-year period.
- The prior approval of shareholders should be obtained before 5% or more of a company's share capital at any one time may be held within employee share ownership trusts.

Jargon

Term	Definition
10-day announcement	The announcement which must be made 10 business days before the date when new securities are to be admitted to AIM.
Admission	Admission of securities to listing or trading on, for example, the Official List or AIM.
AIM Rules for Companies	Rules for AIM-quoted companies published by the London Stock Exchange.
AIM Rules for Nominated Advisers	Rules for nominated advisers (Nomads) in respect of AIM-quoted companies, published by the London Stock Exchange.
Audit committee	A committee of a company's board of directors, which considers the company's application of corporate reporting, risk management and internal control principles and monitors the auditors' independence and objectivity and the effectiveness of the audit process. The UK Corporate Governance Code requires that the audit committee should comprise at least three (or in the case of smaller companies, two) members who should all be independent non-executive directors.
Broker or stockbroker	The broker may also be the sponsor or Nomad. The broker will advise on market conditions and the potential demand for shares, act as the company's representative to investors and be involved in decisions such as marketing, pricing of securities and the timing of the issue.

Cash shell (or special purpose acquisition company (SPAC))	<p>A company formed to seek acquisitions, which usually joins the stock market with a cash pile but no actual business. Cash shells may be used by other companies as a method of gaining a listing, by way of a reverse takeover – the cash shell acquires a bigger private company by issuing shares as consideration. Shareholders in the larger target company receive shares in the cash shell and end up in control of the merged entity, which then uses the shell company's original listing for the merged entity. SPACs must carry out a transaction within 24 months of IPO, but this period may be extended by 12 months up to three times with shareholder approval.</p>
Circular	<p>A document posted to the holders of securities giving notice to them of a meeting at which resolutions set out in the circular are to be proposed. The circular provides an explanation of the matters to be taken into account when deciding how to vote on such resolutions.</p>
Clawback	<p>The right of a company to scale down the number of securities placed depending on the level of applications for securities received from a company's existing shareholders.</p>
Clearances	<p>Applications made to HM Revenue and Customs (HMRC) for confirmation that a company's shares will qualify for certain tax reliefs, such as 'EIS' or 'VCT'.</p>
Close companies	<p>The announcement which must be made 10 business days before the date when new securities are to be admitted to AIM.</p>
Closed period	<p>Under the Market Abuse Regulation, the period of 30 calendar days before the announcement of an interim financial report or year-end report which the issuer is obliged to make public under the rules of the trading venue where the securities are admitted to trading or national law. During this 30-day period directors cannot deal in the securities of an issuer, save in certain limited and exceptional circumstances.</p>

The Code (or the Takeover Code)	The City Code on Takeovers and Mergers.
Connected persons	An expression used in connection with the aggregation of directors' interests in shares to include shares under their 'control'. The legal definition appears in section 252 of the Companies Act 2006 and should be reviewed with the directors before completing the 'directors' interests' section of the prospectus. The term includes family members, companies and trusts with which the director is connected.
Contract note	Issued to placees to confirm participation in a placing in circumstances where a placing letter is not used.
CREST	The paperless settlement system which enables securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The system is run by Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited), pursuant to the Uncertificated Securities Regulations 2001 (SI 2001 No 3755).
Disclosure Guidance and Transparency Rules	The book of rules published by the Financial Conduct Authority that relate to the disclosure and control of inside information and securities transactions by directors and senior employees and their connected persons. They also cover corporate governance reporting, periodic financial reporting and notification and the dissemination of information on major shareholdings and certain other matters.
EIS	The Enterprise Investment Scheme. A tax-efficient investment under which the income tax liability of the investor is reduced by 30% of the sums invested, up to the annual investment limit, provided the shares are held for three years. The annual investment limit is GBP1 million (or GBP2 million, for shares issued on or after 6 April 2018, provided that anything above £1 million is invested in one or more knowledge-intensive companies).

EMI	The Enterprise Management Incentive Scheme. A form of share scheme which benefits from favourable tax status when certain conditions are met. Available to qualifying companies with gross consolidated assets of GBP30 million or less. Employees may each receive options worth up to GBP250,000 at the date of grant subject to an overall financial limit of GBP3 million of the total market value of shares covered by EMI options at any time. Options granted at or above market value don't attract income tax or national insurance on exercise (assuming certain "disqualifying events" don't occur).
FCA	The Financial Conduct Authority, acting in its capacity as the competent authority for listing for the purposes of Part VI of the Financial Services and Markets Act 2000.
Firm placing	A placing of shares not subject to 'clawback'.
Follow-on offer	Expected features of a follow-on offer are found in paragraph 3, Part 2B of the Pre-emption Group Statement of Principles, but in short, include qualifying shareholders which have not been allocated shares in a particular issue of equity securities.
FSMA	The Financial Services and Markets Act 2000.
Investment Association (IA)	The trade body that represents UK investment managers. The IA covers the entire range of investment issues for investment managers and clients and publishes investor guidelines.
Investment Association principles of remuneration	Principles of remuneration published by the Investment Association which institutional shareholders expect companies to follow in their policies and practices on executive pay and long-term incentives.

Investor presentation	A presentation made by the issuer to institutional investors who have been identified by the sponsor or Nomad (as the case may be) as prospective investors for a proposed issue of securities, such as a placing.
Licensed dealers	The financial intermediaries who promote share issues to their clients and may agree with the stockbroker to take an agreed number of securities in the issue as a sub-placee.
Listing particulars	For an issuer applying to admit certain specialist securities to the Official List, currently listing particulars complying with chapter 23 of the UK Listing Rules must be prepared, if no prospectus is required under the Prospectus Regulation Rules.
Long-form report	The report on the company prepared by the reporting accountants giving information on the management of the company, financial history, financial reporting and other systems.
Market capitalisation	The aggregate value of an issuer's listed securities. This is calculated by taking the price of a company's listed securities and multiplying by the number of securities in issue. On a 'fully diluted' basis the market capitalisation would assume, for example, that all options and warrants had been exercised and any convertible securities had been converted.
Material contract	The prospectus or admission document will include a summary of the main terms of each contract which was not entered into in the ordinary course of business (that is with a view to either generating turnover or incurring cost to facilitate turnover) in the two years prior to the date of the prospectus or admission document.

Multiple	The number of times an issuer's after tax profits are to be multiplied to produce a value for the entire issued share capital of an issuer. This multiple is also known as a price/earnings ratio. Simply, assuming the stated after-tax profits of an issuer the number of years that it will take before a valuation ascribed to the issuer is paid for by its earnings.
National Storage Mechanism	The official mechanism for storing regulated information provided by Morningstar plc as appointed by the FCA.
Nomad	Each applicant to AIM must appoint a nominated adviser. The LSE maintains a list of approved nominated advisers. Nominated advisers must comply with the AIM Rules for Nominated Advisers. The adviser's role is to act as a sponsor to ensure the applicant is suitable to be a publicly traded company and also to ensure compliance with the AIM Rules for Companies.
Nomination committee	A committee of a company's board of directors, which leads the process for board appointments and makes recommendations to the board. The UK Corporate Governance Code requires that a majority of the members of the nomination committee should be independent non-executive directors.
Official List	The Official List of the Financial Conduct Authority. In addition to applying for admission of its equity securities to the Official List, an issuer must also apply to a recognised investment exchange for the securities to be admitted to trading on a regulated market for listed securities (eg the London Stock Exchange Main Market or the AQSE Main Market).
Pathfinder board meeting	A board meeting of the issuer to verify and approve the pathfinder prospectus.

Pathfinder prospectus	A preliminary offering document or draft prospectus that is used to assess the level of demand from potential investors for the shares on offer. If a prospectus is required, the pathfinder must contain all the requisite information, except for the price of the securities. Either the criteria by which the price will be set or the maximum price must be provided.
Pitch or roadshow	A marketing presentation designed to solicit interest from a potential investor in an issue of securities.
Placee	A person who subscribes for shares in a placing.
Placing	An issue of securities on the basis that they are restricted to clients of the sponsor or other financial institution assisting in the placing.
Placing agreement	The contractual terms and conditions pursuant to which a stockbroker or other financial institution undertakes a placing of shares.
Placing letter	The offer letter sent out to interested investors by a broker or other financial institution responsible for a placing.
Pre-Emption Group Statement of Principles	Voluntary guidelines produced by the Pre-Emption Group, whose members represent listed companies, investment institutions and intermediaries. The Pre-Emption Group publishes guidance on the disapplication of pre-emption rights and monitors and reports on how this guidance is applied. The Statement of Principles relates to issues of equity securities for cash other than on a pro rata basis, setting out the extent to which disapplications of pre-emption rights are acceptable. They apply to all listed companies, irrespective of whether they have institutional shareholders.

Pro-forma statement

Usually a balance sheet produced to show the resulting balance sheet position and profit and loss and/or earnings per share following, for example, a share issue used to fund an acquisition.

Profit forecast

An estimate by the issuer, on the basis of certain assumptions, of its after-tax profits to the end of its current financial period. A profit forecast is defined as a form of words which expressly states, or by implication indicates, a figure (or a minimum or maximum figure) for the likely level of profits or losses for the current financial period and/or financial periods subsequent to that period. Alternatively, it might contain data from which a calculation of such a figure for future profits or losses may be made, even if no particular figure is mentioned and the word 'profit' is not used. This is in contrast with a 'profit estimate', which is a profit forecast for a financial period which has expired and for which results have not yet been published. Depending on the circumstances, a forecast of earnings per share and revenue figures (if they allow a calculation of profit) may be viewed by the FCA as a profit forecast, as also is a statement of performance against market expectations (if there is a clear market consensus of expectation that allows a calculation of a floor or ceiling on forecast profits).

Prospectus

The document which must be published, under the Prospectus Regulation and Part VI of the Financial Services and Markets Act 2000, by a company that is making an offer to the public or seeking admission of its securities to trading on a regulated market (such as the Main Market) unless an exemption applies. Such a document will include the information required under the Prospectus Regulation Rules, which apply whether the applicant seeks to join the Official List or AIM.

Prospectus Regulation Rules	The book of rules published by the FCA governing prospectuses: when they are required, their content and the procedure for their approval.
Quiet or blackout period	A period during which investment research on an issuer may not be issued by investment firms connected with the transaction. Main Market IPOs now have the additional restriction that connected research may not be released until at least seven days have passed after the publication of an approved prospectus unless unconnected analysts are offered access to the issuer's management alongside connected analysts, in which case connected research may be released from one day after publication of the prospectus.
Registrars	The registrars maintain the issuer's share register and issue share certificates where shares are still held in certificated form.
Remuneration committee	A committee of a company's board of directors, which develops the company policy on executive remuneration and fixes the remuneration packages of individual directors. The UK Corporate Governance Code requires that the remuneration committee comprises at least three (or, in the case of small companies, two) members, who should all be independent non-executive directors.
Reporting accountant	The sponsor will ask a firm of accountants to produce a long-form report on the company and a short-form report which is reproduced in the prospectus or admission document. The long-form report is used by the sponsor to confirm that the company is suitable for listing.
Reserved matters	Matters specified in a shareholders' agreement or joint venture agreement requiring the prior approval of certain specific shareholders or the holders of a certain percentage of the share capital.

Responsibility statement	A statement in a prospectus, admission document or other communication to shareholders, in which the persons taking responsibility for the document (usually the company's directors) confirm that they accept responsibility for the accuracy of the document.
Reverse takeover	The acquisition of a larger company by a quoted or listed company. If on applying the class tests set out in chapter 7 of the UK Listing Rules the resulting percentage ratio is 100% or more (or the transaction results, in substance, in a fundamental change in the business, the board or the voting control of the listed company) the transaction will amount to a reverse takeover. Such transactions are often structured as a share-for-share exchange and, as a result, the shareholders of the acquired company become the dominant shareholders in the listed company. Note in this context the application of the Takeover Code and, in particular, the 'whitewash' procedures in appendix 1 to the Takeover Code which disapply the application of the Code in certain situations, for example, reverse takeovers.
Rights issue	The issue of shares to existing shareholders on a proportionate basis, usually on preferential terms, for example, a discount often more than 10% to the current share price. The rights are offered by way of a provisional allotment letter or 'PAL' for which a trading facility is established. Shareholders not wishing to take up all or some of their allocation of new shares may sell their rights.
Section 551 authority	Directors of an issuer can only allot shares or rights to subscribe for or convert into shares in an issuer with the authority of a majority of shareholders in a general meeting or by way of the issuer's articles of association.

Section 561 disapplication	The requirement to issue new equity securities on a proportionate basis to existing shareholders on new issues (shareholders' pre-emption right) is set out in section 561 of the Companies Act 2006. In certain circumstances, this right can be disapplied under the provisions of the Act. This disapplication requires either the passing of a special resolution of shareholders or sanction in the articles of association of the company.
Share Capital Management Guidelines (previously known as the ABI Guidelines)	A set of best practice statements issued by the Investment Association, designed, among other things, to protect institutional shareholders from dilution.
Short form report	The reporting accountants' report that reviews the accounts for the published 'track record' of the issuer and is reproduced in the prospectus..
Slides	As used in the investor presentation and which are the subject of verification.
Sponsor	Every applicant for a listing must have a sponsor to handle the administrative aspects of the application and to take responsibility for promoting the applicant and ensuring its directors are aware of their responsibilities. UK Listing Rule 4.2 sets out when a sponsor must be appointed, or its guidance obtained. On AIM, this adviser is known instead as the 'nominated adviser' (or Nomad) and, on the Aquis Exchange markets, as the 'corporate adviser'.

techMARK and techMARK mediscience	Specially developed Segments of the Main Market of the London Stock Exchange, designed for companies whose business is dependent on innovative technology or innovation in the development or manufacture of pharmaceuticals or products or services dedicated to the healthcare industry.
Track record	Companies wishing to list on the equity shares (commercial companies) category of the Main Market do not have to demonstrate a trading or revenue track record. The track record for AIM can be short, being whatever track record the entity applying for the quotation can demonstrate. Indeed, a start-up company could be admitted to either market.
The UK Corporate Governance Code	The UK Corporate Governance Code sets out standards of good practice in relation to issues such as board composition and development, remuneration, accountability and audit and relations with shareholders. All companies that are incorporated in the UK and are listed on the Official List are required to report on how they have applied the UK Corporate Governance Code in their annual report and accounts (or explain the reasons for non-compliance). All AIM companies are required to report which corporate governance code they have adopted and report against that code, which could be the UK Corporate Governance Code or a different code.
UK Listing Rules	The book of rules governing the admission of securities to listing on the Official List maintained by the FCA and providing for certain continuing obligations for listed companies.
Whitewash	In certain circumstances, the application of the Takeover Code to a transaction can be suspended. In such circumstances, a procedure will need to be followed to ensure that shareholders appreciate the nature of the transaction and its impact upon them.

Working capital report	A memorandum produced by the reporting accountants addressed to the directors of the company advising whether, on the basis of certain assumptions including, for example, continued access to banking facilities and, if relevant, the proceeds of the proposed issue of securities, the entity has available sufficient cash to finance its business (including any proposed business activities) for, say, the next 12 months being the regulatory requirement, albeit that a sponsor or Nomad may for 'best practice' reasons require a longer period.
Working capital statement	The paragraph included in a prospectus or circular in which the directors of the issuer confirm that there is sufficient working capital to meet the issuer's requirements for the following 12 months (or other period required by the sponsor or Nomad). Companies wishing to list on the equity shares (commercial companies) category of the Main Market are not required under the UK Listing Rules to provide a 'clean' working capital statement although they may choose to do so. A working capital statement is still a prospectus requirement, but it may be qualified.
VCT	A venture capital trust which can invest up to GBP1 million in a qualifying company. Qualification depends on several factors including the nature of the business of the investee company.
Verification	The process by which documents produced on a share issue (or documents to shareholders such as circulars and offer documents) are checked to ensure that the contents are accurate, true and not misleading. The directors must verify the accuracy of the statements in the documents in order to avoid any potential civil or criminal liability.

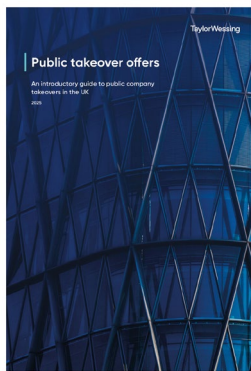
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Taylor Wessing statistics published are correct as of 17 November 2025.

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