

**LISTING RULES AND DISCLOSURE AND TRANSPARENCY RULES
(MISCELLANEOUS AMENDMENTS) INSTRUMENT 2016**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 73A (Part 6 Rules);
 - (2) section 89A (Transparency rules);
 - (3) section 89C (Provision of information by issuers of transferable securities);
 - (4) section 89O (Corporate governance rules);
 - (5) section 96 (Obligations of issuers of listed securities);
 - (6) section 137A (General rule-making power);
 - (7) section 137T (General supplementary powers); and
 - (8) section 139A (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 29 January 2016.

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
General Prudential sourcebook (GENPRU)	Annex A
Supervision manual (SUP)	Annex B
Listing Rules sourcebook (LR)	Annex C
Disclosure Rules and Transparency Rules sourcebook (DTR)	Annex D

Notes

- E. In Annex D to this instrument, the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Listing Rules and Disclosure and Transparency Rules (Miscellaneous Amendments) Instrument 2016.

By order of the Board
28 January 2016

Annex A

Amendments to the General Prudential sourcebook (GENPRU)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Application

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1.3 Valuation

...

General requirements: Accounting principles to be applied

1.3.4 R ...

(2) Financial Reporting Standards ~~and Statements of Standard Accounting Practice~~ issued or adopted by the ~~Accounting Standards Board~~ Financial Reporting Council;

(3) Statements of Recommended Practice, issued by industry or sectoral bodies recognised for this purpose by the ~~Accounting Standards Board~~ Financial Reporting Council;

...

...

2 Capital

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2.2 Capital resources

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Core tier one capital: externally verified interim net profits

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2.2.103 G A *firm* may include interim profits before a formal decision has been taken only if these profits have been verified, in accordance with the relevant ~~Auditing Practices Board's Practice Note~~ guidance issued by the Financial Reporting Council, by *persons* responsible for the auditing of the accounts.

Annex B

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3 **Auditors**

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3.10 **Duties of auditors: notification and report on client assets**

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Client assets report

...

- 3.10.5B G *SUP* 3.10.4R provides that an auditor must ensure that a client assets report is prepared in accordance with the terms of, as the case may be, a *reasonable assurance engagement* or a *limited assurance engagement*. However, the *FCA* also expects an auditor to have regard, where relevant, to material published by the ~~Auditing Practices Board~~ Financial Reporting Council that deals specifically with the client assets report which the auditor is required to submit to the *FCA*. In the *FCA*'s view, a client assets report that is prepared in accordance with that material is likely to comply with *SUP* 3.10.4R and *SUP* 3.10.5R where that report is prepared for a *firm* within the scope of the material in question.

Annex C

Amendments to the Listing Rules sourcebook (LR)

In this Annex, underlining indicates new text and striking through indicates deleted text.

5 Suspending, cancelling and restoring listing and reverse takeovers: All securities

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5.2 Cancelling listing

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Cancellation at issuer's request

- 5.2.4 R An *issuer* must satisfy the requirements applicable to it in LR 5.2.5R to ~~LR 5.2.11DR~~ LR 5.2.11CR and LR 5.3 before the FCA will cancel the *listing* of its *securities* at its request.

...

Cancellation in relation to takeover offers: offeror interested in more than 50% of voting rights

- 5.2.11A R LR 5.2.5R does not apply to the cancellation of *equity shares* with a *premium listing* in the case of a takeover offer if:

...

- (3) ~~unless LR 5.2.11DR applies~~, the *offeror* has obtained acceptances of its takeover offer or acquired or agreed to acquire *shares* from *independent shareholders* that represent a majority of the voting rights held by the *independent shareholders* on the date its firm intention to make its takeover offer was announced; and
- (4) the *offeror* has stated in the offer document or any subsequent *circular* sent to the holders of the *shares* that a notice period of not less than 20 *business days* prior to cancellation will commence either on the *offeror* obtaining the relevant shareholding and acceptances as described in LR 5.2.11AR(2) to (3) ~~or as described in LR 5.2.11DR~~ or on the first date of issue of compulsory acquisition notices under section 979 of the Companies Act 2006.

...

- 5.2.11C R The *issuer* must notify shareholders that the relevant thresholds described in LR 5.2.11AR(2) to (3) ~~or LR 5.2.11DR~~ have been obtained and that the notice period has commenced and of the anticipated date of cancellation, or

the explanatory letter or other material accompanying the section 979 notice must state that the notice period has commenced and the anticipated date of cancellation.

- 5.2.11D R ~~LR 5.2.11AR(3) does not apply where the offeror has by virtue of its shareholdings and acceptances of its takeover offer acquired or agreed to acquire issued share capital carrying more than 80% of the voting rights of the issuer. [deleted]~~

...

9 Continuing obligations

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9.3 Continuing obligations: holders

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Pre-emption rights

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- 9.3.12 R LR 9.3.11R does not apply to:

...

- (4) an *overseas company* with a *premium listing* if a disapplication of statutory pre-emption rights has been authorised by shareholders that is equivalent to an authority given in accordance either with section 570 or section 571 of the Companies Act 2006 or in accordance with the law of its country of incorporation provided that the country has implemented article 29 of Directive 77/91/EEC or article 33 of Directive 2012/30/EU and the issue of *equity securities* or sale of *treasury shares* that are *equity shares* by the *listed company* is within the terms of the authority; or

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Annex D

Amendments to the Disclosure Rules and Transparency Rules sourcebook (DTR)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1B Introduction (Corporate governance)

1B.1 Application and purpose (Corporate governance)

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Purpose: Corporate governance statements

- 1B.1.4 G The purpose of the requirements in *DTR 7.2* is to implement parts of the ~~*Fourth Company Law Directive*~~ and the ~~*Seventh Company Law Directive*~~ *Accounting Directive* (including ~~those Directives that~~ Directive as applied to banking and insurance companies) which requires companies to publish a corporate governance statement.

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Exemption

- 1B.1.6 R ...

[~~Note: Article 46a(3) of the *Fourth Company Law Directive*~~ article 20(4) of the *Accounting Directive*]

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4 Periodic Financial Reporting

4.1 Annual financial report

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Auditing of financial statements

- 4.1.7 R

...

(4) ...

- (a) on the register of third country auditors kept for the purposes of ~~regulation 34 of the *Statutory Auditors and Third Country Audit Regulations 2007 (SI 2007/3494)*~~ regulation 6 of the *Statutory Auditors and Third Country*

Auditors Regulations 2013 (SI 2013/1672); or

...

Content of management report

4.1.8 R ...

[Note: article 4(5) of the TD]

4.1.9 R ...

[Note: article 4(5) of the TD]

...

4.1.11 R The management report required by *DTR* 4.1.8R must also give an indication of:(1) any important events that have occurred since the end of the financial year unless those events are:(a) reflected in the issuer's profit and loss account or balance sheet; or(b) disclosed in the notes to the issuer's audited financial statements;

...

(4) the information concerning acquisitions of own *shares* prescribed by Article 22 (2) of Directive 77/91/EEC article 24(2) of Directive 2012/30/EU;

...

[Note: article 4(5) of the TD]

...

4.2 Half-yearly financial reports

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Content of interim management report

...

4.2.8 R ...

(2) ...

[~~Note: Article 43(1)(7b) of Directive 78/660/EC~~ articles 2(3), 6(1)(j) and 17(1)(r) of the Accounting Directive]

(3) ...

[~~Note: Article 43(1)(7b) of Directive 78/660/EC~~ articles 2(3) and 17(1)(r) of the Accounting Directive]

Auditing of the condensed set of financial statements

- 4.2.9 R (1) If the half-yearly financial report has been audited or reviewed by auditors pursuant to the ~~Auditing Practices Board~~ Financial Reporting Council guidance on Review of Interim Financial Information, the audit report or review report must be reproduced in full.
- (2) If the half-yearly financial report has not been audited or reviewed by auditors pursuant to the ~~Auditing Practices Board~~ Financial Reporting Council guidance on Review of Interim Financial Information, an *issuer* must make a statement to this effect in its report.

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Responsibility statements

- 4.2.10 R ...
- (4) ...
- (b) for *UK issuers* not using *IFRS*, ~~pronouncements on interim reporting~~ Financial Reporting Standard 104 : Interim Financial Reporting issued by the ~~Accounting Standards Board~~ Financial Reporting Council; or

...

...

7 Corporate governance

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7.2 Corporate governance statements

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- 7.2.2 R The corporate governance statement must contain a reference to the following, where applicable:
- (1) the corporate governance code to which the *issuer* is subject; ~~and/or~~

- (2) the corporate governance code which the *issuer* may have voluntarily decided to apply; and ~~for~~
- (3) all relevant information about the corporate governance practices applied ~~beyond~~ over and above the requirements ~~under~~ of national law.

[Note: ~~Article 46a(1)(a) first paragraph of the *Fourth Company Law Directive* article 20(1)(a) first paragraph of the *Accounting Directive*~~]

- 7.2.3 R (1) An *issuer* which is complying with *DTR* 7.2.2R(1) or *DTR* 7.2.2R(2) must:
- ...
- (b) ~~to the extent that~~ where it departs from that corporate governance code, explain which parts of the corporate governance code it departs from and the reasons for doing so.
- (2) Where *DTR* 7.2.2R(3) applies, the issuer must make details of its corporate governance practices publicly available and state in its directors' report where they can be found.
- (3) If an issuer has decided not to ~~apply~~ refer to any provisions of a corporate governance code referred to under *DTR* 7.2.2R(1) and *DTR* 7.2.2R(2), it must explain its reasons for that decision.

[Note: ~~Article 46a(1)(a) second paragraph and Article 46a(1)(b) of the *Fourth Company Law Directive* article 20(1)(a) second paragraph and article 20(1)(b) of the *Accounting Directive*~~]

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- 7.2.5 R ...

[Note: ~~Article 46a(1)(c) of the *Fourth Company Law Directive* article 20(1)(c) of the *Accounting Directive*~~]

- 7.2.6 R ...

[Note: ~~Article 46a(1)(d) of the *Fourth Company Law Directive* article 20(1)(d) of the *Accounting Directive*~~]

- 7.2.7 R ...

[Note: ~~Article 46a(1)(f) of the *Fourth Company Law Directive* article 20(1)(f) of the *Accounting Directive*~~]

...

7.2.9 R An *issuer* may elect that, instead of including its corporate governance statement in its directors' report, the information required by *DTR 7.2.1R* to *DTR 7.2.7R* may be set out in:

- (1) ~~in~~ a separate report published together with and in the same manner as its annual report. ~~In the event of a separate report, the corporate governance statement must contain either the information required by *DTR 7.2.6R* or a reference to the directors' report where that information is made available; or~~
- (2) ~~by means of a reference in its directors' report to where such a document is publicly available on the issuer's website to which reference is made in the directors' report.~~

Under (1) or (2), the corporate governance statement must contain the information required by *DTR 7.2.6R* or a reference to the directors' report where that information is made available.

~~[Note: Article 46a(2) first and second sentence of the *Fourth Company Law Directive* article 20(2) of the *Accounting Directive*]~~

7.2.10 R Subject to *DTR 7.2.11R*, an *issuer* which is required to prepare a group directors' report within the meaning of section 415(2) of the Companies Act 2006 must include in that report a description of the main features of the group's internal control and risk management systems in relation to the ~~process for preparing consolidated accounts~~ financial reporting process for the undertakings included in the consolidation, taken as a whole. In the event that the *issuer* presents its own annual report and its consolidated annual report as a single report, this information must be included in the corporate governance statement required by *DTR 7.2.1R*.

~~[Note: Article 36(2)(f) of the *Seventh Company Law Directive* article 29(2)(b) of the *Accounting Directive*]~~

7.2.11 R (1) An *issuer* that elects to include its corporate governance statement in a separate report as permitted by *DTR 7.2.9R*(1) must provide the information required by *DTR 7.2.10R* in that report.

(2) An *issuer* that elects to include its corporate governance statement in a document publicly available on the issuer's website to which reference is made in the directors' report as permitted by *DTR 7.2.9R*(2) must provide the information required by *DTR 7.2.10R* in that document.