

Chapter 18

Certificates representing
certain securities: Standard
listing

18.2 Requirements for listing

Issuer of securities is taken to be the issuer

- 18.2.1 **R** If an application is made for the *admission* of certificates representing certain securities, the issuer of the securities which the certificates represent is the issuer for the purpose of the listing rules and the application will be dealt with as if it were an application for the admission of the securities.

Certificates representing certain securities

- 18.2.2 **R** For certificates representing certain securities to be admitted to listing an issuer of the securities which the certificates represent must comply with ■ LR 18.2.3 R to ■ LR 18.2.7 G.
- 18.2.3 **R** An issuer must be:
- (1) duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment; and
 - (2) operating in conformity with its constitution. [Note: Articles 42 and 52 CARD]
- 18.2.4 **R** For the certificates to be listed, the securities which the certificates represent must:
- (1) conform with the law of the issuer's place of incorporation;
 - (2) be duly authorised according to the requirements of the issuer's constitution; and
 - (3) have any necessary statutory or other consents. [Note: Articles 45 and 53 CARD]
- 18.2.5 **R**
- (1) For the certificates to be listed, the securities which the certificates represent must be freely transferable. [Note: Articles 46, 54 and 60 CARD]
 - (2) For the certificates to be listed, the securities which the certificates represent must be fully paid and free from all liens and from any restriction on the right of transfer (except any restriction imposed for failure to comply with a notice under section 793 of the Companies Act 2006 (Notice by company requiring information about interests in its shares)).

18.2.6 **G** The *FCA* may modify **■ LR 18.2.5 R** to allow partly paid *securities* if it is satisfied that their transferability is not restricted and investors have been provided with appropriate information to enable dealings in the *securities* to take place on an open and proper basis. [**Note:** Articles 46 and 54 *CARD*]

18.2.7 **G** The *FCA* may, in exceptional circumstances, modify or dispense with **■ LR 18.2.5 R** where the *issuer* has the power to disapprove the transfer of *securities* if the *FCA* is satisfied that this power would not disturb the market in those *securities*.

Certificates representing equity securities of an overseas company

18.2.8 **R**

- (1) If an application is made for the *admission* of a *class* of *certificates representing shares* of an *overseas company*, a sufficient number of *certificates* must, no later than the time of *admission*, be distributed to the public in one or more *EEA States*.
- (2) For the purposes of paragraph (1), account may also be taken of holders in one or more states that are not *EEA States*, if the *certificates* are listed in the state or states.
- (3) For the purposes of paragraph (1), a sufficient number of *certificates* will be taken to have been distributed to the public when 25% of the *certificates* for which application for *admission* has been made are in public hands.
- (4) For the purposes of paragraphs (1), (2) and (3), *certificates* are not held in public hands if they are:
 - (a) held, directly or indirectly by:
 - (i) a *director* of the *applicant* or of any of its *subsidiary undertakings*; or
 - (ii) a *person* connected with a *director* of the *applicant* or of any of its *subsidiary undertakings*; or
 - (iii) the trustees of any *employees' share scheme* or pension fund established for the benefit of any *directors* and *employees* of the *applicant* and its *subsidiary undertakings*; or
 - (iv) any *person* who under any agreement has a right to nominate a *person* to the board of *directors* of the *applicant*; or
 - (v) any *person* or *persons* in the same *group* or *persons* acting in concert who have an interest in 5% or more of the *certificates* of the relevant *class*.
 - (b) subject to a lock-up period of more than 180 calendar days.

18.2.9 **G** The *FCA* may modify **■ LR 18.2.8 R** to accept a percentage lower than 25% if it considers that the market will operate properly with a lower percentage in view of the large number of *certificates* of the same *class* and the extent of their distribution to the public. For that purpose, the *FCA* may take into account *certificates* of the same *class* that are held (even though they are not listed) in states that are not *EEA States*. [**Note:** Article 48 *CARD*]

18.2.9A **G** When calculating the number of certificates for the purposes of ■ LR 18.2.8R (4)(a)(v), holdings of *investment managers* in the same *group* where investment decisions are made independently by the individual in control of the relevant fund and those decisions are unfettered by the *group* to which the *investment manager* belongs will be disregarded.

18.2.10 **R** [deleted]

Certificates representing securities of an investment entity.....

18.2.10A **R** Certificates representing *equity securities* of an *investment entity* (wherever incorporated or established) will be *admitted to listing* only if the *equity securities* they represent are already *listed* or are the subject of an application for *listing* at the same time.

Additional requirements for the certificates.....

18.2.11 **R** To be *listed*, the *certificates representing certain securities* must satisfy the requirements set out in ■ LR 2.2.2 R to ■ LR 2.2.11 R. For this purpose, in those *rules* references to *securities* are to be read as references to the *certificates representing certain securities* for which application for *listing* is made.

18.2.12 **R** To be *listed*, the *certificates representing certain securities* must not impose obligations on the *depository* that issues the certificates except to the extent necessary to protect the certificate-holders rights to, and the transmission of entitlements of, the *securities*.

Additional requirements for a depository.....

18.2.13 **R** [deleted]

18.2.14 **R** A *depository* that issues *certificates representing certain securities* must maintain adequate arrangements to safeguard certificate holders' rights to the *securities* to which the certificates relate, and to all rights relating to the *securities* and all money and benefits that it may receive in respect of them, subject only to payment of the remuneration and proper expenses of the *issuer* of the certificates.