

Chapter 2

Listing Principles

2.1 Application and purpose

Application

- 2.1.1 **R** The Listing Principles in **■ UKLR 2.2.1R** apply to every *listed company* in respect of all its obligations arising from the *listing rules, disclosure requirements, transparency rules and corporate governance rules*.
- 2.1.2 **G** This chapter is also relevant to *applicants* in relation to the confirmation in respect of procedures, systems and controls required by **■ UKLR 20.3.1R**.
[**Note:** The Procedures, Systems and Controls Confirmation Form can be found on the Primary Markets section of the *FCA's* website.]

Purpose

- 2.1.3 **G** The purpose of the Listing Principles is to ensure that *listed companies* pay due regard to the fundamental role they play in maintaining market confidence and ensuring fair and orderly markets.
- 2.1.4 **G** The Listing Principles are designed to assist *listed companies* in identifying their obligations and responsibilities under the *listing rules, disclosure requirements, transparency rules and corporate governance rules*. The Listing Principles should be interpreted together with relevant *rules and guidance* which underpin the Listing Principles.
- 2.1.5 **G** **■ DEPP 6 (Penalties)** and **■ EG 7** set out *guidance* on the consequences of breaching a Listing Principle.

2.2 The Listing Principles

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

Listing Principle 1	A <i>listed company</i> must take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations.
Listing Principle 2	A <i>listed company</i> must deal with the FCA in an open and cooperative manner.
Listing Principle 3	A <i>listed company</i> must take reasonable steps to enable its <i>directors</i> to understand their responsibilities and obligations as <i>directors</i> .
Listing Principle 4	A <i>listed company</i> must act with integrity towards the holders and potential holders of its <i>listed securities</i> .
Listing Principle 5	A <i>listed company</i> must ensure that it treats all holders of the same class of its <i>listed securities</i> that are in the same position equally in respect of the rights attaching to those <i>listed securities</i> .
Listing Principle 6	A <i>listed company</i> must communicate information to holders and potential holders of its <i>listed securities</i> in such a way as to avoid the creation or continuation of a false market in those <i>listed securities</i> .

Guidance on the Listing Principles

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

- (1) identifying whether any obligations arise under **UKLR 7** (Equity shares (commercial companies): significant transactions and reverse takeovers) and **UKLR 8** (Equity shares (commercial companies): related party transactions);
- (2) the timely and accurate disclosure of information to the market; and

- (3) the provision of information to the *FCA* in accordance with ■ UKLR 1.3.1R and to their *sponsor* in accordance with ■ UKLR 4.5.1R.
- 2.2.3 **G** For the purposes of Listing Principle 1, *directors* should take reasonable steps to ensure that adequate governance arrangements are established and maintained at all times to enable the *listed company* to comply with Listing Principle 1.
- 2.2.4 **G** Timely and accurate disclosure of information to the market is a key obligation of *listed companies*. For the purposes of Listing Principle 1, a *listed company* should have adequate procedures, systems and controls to be able to:
- (1) ensure that it can properly identify information which requires disclosure under the *listing rules, disclosure requirements, transparency rules or corporate governance rules* in a timely manner; and
 - (2) ensure that any information identified under (1) is properly considered by the *directors* and that such a consideration encompasses whether the information should be disclosed.
- 2.2.5 **G** For the purposes of Listing Principle 1, a *listed company* should have adequate procedures, systems and controls to be able to:
- (1) explain to the *FCA* where information is held and how it can be accessed (regardless of whether the information is held in the *UK* or *overseas*); and
 - (2) access easily from the *UK* information that may be held outside the *UK*.
- 2.2.6 **G** For the purposes of Listing Principle 2:
- (1) a *listed company* should take reasonable steps to ensure that its *directors* deal with the *FCA* in an open and cooperative manner; and
 - (2) the *FCA* expects the *directors* of the *listed company* to deal with the *FCA* in an open and cooperative manner, including when responding to requests for information and attending interviews with the *FCA*.