

N19/15

Consultation on amendments to the Admission and Disclosure Standards and the High Growth Segment Rulebook

Introduction

1. London Stock Exchange is conducting a market-wide consultation on certain amendments to the Admission and Disclosure Standards (the “**Standards**”) and High Growth Segment Rulebook (“**HGS Rulebook**”).
2. The revised Standards, incorporating the HGS Rulebook, are attached to this Notice and are available at [Stock Exchange Notices](#).
3. The consultation is relevant to issuers admitted to trading, or proposing to seek admission to trading on London Stock Exchange’s primary markets, together with their corporate advisers and investors.

Amendments to the Standards

4. The majority of the proposed changes to the Standards relate to the structure of the Standards and are of an administrative or clarificatory nature:

- **A consolidated rulebook**

The Standards have been restructured so that they may serve as a consolidated resource for issuers and advisers. The Standards incorporate schedules containing further detail on the admission process and criteria for each of our markets and segments, with the exception of AIM and London Stock Exchange Derivatives Market (“LSEDM”).

- **Clarification of the definition of Main Market**

The definition of Main Market has been clarified to make clear that it encompasses all securities where application is made for admission to trading on London Stock Exchange’s EU Regulated Market, whether listed or unlisted. Further, the Specialist Fund Market has been renamed the Specialist Fund Segment (“**SFS**”), to clarify that it is a segment of London Stock Exchange’s Regulated Market, and that issuers must meet the associated requirements contained within the relevant EU directives and regulations for Regulated Markets. Securities admitted to the SFS (and High Growth Segment) are not admitted to the Official List.

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- **Issuers of depositary receipts**

London Stock Exchange is consulting on the quarterly collection of data from issuers and their depositary banks about the size of depositary programmes for issuers admitted to trading on London Stock Exchange. In order to facilitate potential changes to agreements between depositary banks and their clients, we are proposing a one year grandfathering period. The information collected will not be published and will be used by London Stock Exchange in its role as market operator.

- **Change to Executive Panel's sanctions**

The Executive Panel is a panel of appropriately experienced senior members of London Stock Exchange's staff. Its ability to sanction issuers for breaches of the Standards is set out in the Compliance Procedures. It is proposed to increase the Executive Panel's ability to impose a fine from a maximum of £50,000 to £100,000 per breach. Public censures and fines over £100,000 per breach will continue to be heard by the Disciplinary Committee.

Amendments to the High Growth Segment Rulebook

5. The High Growth Segment is designed for high growth companies that intend in due course to seek admission to the Official List but may not yet meet the applicable eligibility criteria due to their size and stage of development. Within the HGS Rulebook there are specific eligibility criteria to ensure that the issuer meets these objectives.
6. London Stock Exchange proposes to make amendments to the High Growth Segment Rulebook to include an exemption for life science companies.

It is recognised that life science companies (those classified as "scientific research based issuers" under the UKLA's Listing Rules) are usually both high growth and innovative in nature. However, some issuers may not be able to meet the free float requirements of the Official List primarily due to cornerstone investors' commitments at the point of IPO.

Given the objective of the High Growth Segment to provide a transitional route to the UKLA's Official List for high growth companies, London Stock Exchange considers that it is appropriate for such companies to have access to the High Growth Segment. However, because of the nature of their business, we recognise that the revenue growth test is not a relevant test for such companies.

Accordingly, we propose to amend the HGS Rulebook so that in the case of companies that would be classified as "scientific research based issuers"

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under the Listing Rules, London Stock Exchange may, at its absolute discretion, waive the requirements on the issuer to be a trading business, to control the majority of its assets and to demonstrate consolidated revenue growth of at least 20% over a three year period. This exemption will be considered based on certain factors proposed in the new rules.

7. Other changes to the HGS Rulebook are set out in the revised Standards (Schedule 5).

Amendments to Form 1

8. Ancillary amendments will be made to the Form 1, to reflect the changes to the Standards.

The revised Form 1 will be applicable to all issuers and prospective issuers seeking admission to trading on London Stock Exchange (apart from AIM and LSEDM). The separate ORB Form 1 and Form 1 (U-DR) will each be removed from London Stock Exchange's website on implementation of the new Standards.

Consultation responses

9. Issuers, advisers and interested parties are invited to comment on this consultation by close of business on 8 January 2016. Responses should be sent by email to primarymarketregulation@lseg.com or by post to:

Primary Market Regulation
London Stock Exchange Group
10 Paternoster Square
London EC4M 7LS

10. London Stock Exchange will confirm the final rules soon after the closure of the consultation.
11. Queries on the content of the consultation should be addressed to primarymarketregulation@lseg.com

Nilam Statham
Head of Primary Market Regulation and AIM Regulation

This Stock Exchange Notice will be available on the website at
<http://www.londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/stockexnoticesnew/>

Calls to London Stock Exchange plc may be recorded to enable London Stock Exchange to carry out its regulatory responsibilities