

The UK Government Publishes Amended Prospectus Regime

8 February 2024

On 29 January 2024, the UK Government published “[The Public Offers and Admissions to Trading Regulations 2024](#)” to provide an amended regime for public offers of securities.

The regulations are substantially similar (subject to some clarifying comments) to the near-final draft of the regulations published by the UK Government in July last year (see our [article](#) on the near-final draft). The regulations came into force in part on 30 January 2024, and will become fully effective at the time the onshored EU prospectus regime is repealed in accordance with the Financial Services and Markets Act 2023.

Below is a recap of some of the key features of the amended regime. A more comprehensive list, and our comments, can be found in our previous [article](#).

THE KEY ELEMENTS COMPRISING THE NEW REGIME

Admissions to Trading on Regulated Markets

The FCA will have the power to decide when a prospectus is required for admission to UK regulated markets, such as the Main Market of the London Stock Exchange, as well as what a prospectus is required to contain and the manner and timing of its approval and publication.

New Public Offers Architecture

There will be a general prohibition on the public offer of securities, subject to the offer falling within a number of exceptions.

Admissions to Trading on MTFs Operating Primary Markets

The FCA will have the power to require primary multilateral trading facilities (“MTFs”), such as the LSE’s Alternative Investment Market (or “AIM”), which accept retail investors, to provide an “MTF admission prospectus” as a condition for admission.

Forward-Looking Statements

The liability threshold for certain forward-looking statements will require a claimant to show that such statements were fraudulent or reckless, a higher threshold than the current standard of negligence. However, the regulation retains the negligence-based threshold to determine liability for false, misleading or omitted information that is not forward looking.

Denomination Threshold

The threshold for an exempt offer of securities has been lowered to securities denominated in amounts over £50,000 (previously, the exemption only applied to securities denominated in amount over €100,000).

ASPECTS OF THE UK SECURITIES REGIME WHICH WILL REMAIN UNCHANGED

- The basic concept of a prospectus in legislation and the definition of what a prospectus is.
- All offerings of at least £1 million exempted from the public offer prohibition will continue to be subject to the requirement that information disclosed to one investor must be disclosed to all.
- The overall standard of preparation for a prospectus in respect of necessary information will remain the same.
- Most of the exemptions from the requirement to publish a prospectus will remain.
- Issuers will continue to be allowed to offer securities to the public without having them admitted to a relevant securities market.

COMMENTS

The regulations are part of the UK Government's "Smarter Regulatory Framework", which intends to make UK public markets more accessible, and to extend the move away from a rules-based prospectus regime to empower the FCA to set policies that work for issuers. These amendments to the prospectus regime, along with the other measures the UK Government is taking to update the UK public offer regime, are part of the UK Government's efforts to make the London Stock Exchange a more attractive listing venue. For our commentary on the other measures the UK Government is

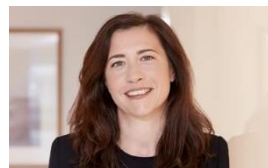
taking, see our previous update on the [publication](#) of Lord Hill's recommended changes to the listing regime, and [reports](#) on subsequent FCA consultations.



Dominic Blaxill,
Partner, London
+44 20 7786 5497
dblaxill@debevoise.com



Nicholas P. Pellicani
Partner, London
+44 20 7786 9140
nppellicani@debevoise.com



Vera Losonci
International Counsel, London
+44 20 7786 9055
vlosonci@debevoise.com



Toby Wenham Rogers
Associate, London
+44 20 7786 5536
twenhamrogers@debevoise.com



Anna Chirniciuc
Trainee Associate, London
+44 20 7786 5418
achirniciuc@debevoise.com