2026 International Capital Markets Outlook

January 8, 2026

In 2025, global capital markets generally performed strongly across asset classes and jurisdictions, driven by falling interest rates and increased M&A activity, despite market uncertainties related to geopolitical tensions and trade policies. In the United States, activity levels in both debt and equity capital markets reached levels not seen since 2021, with strong demand in the artificial intelligence ("AI") and cryptocurrency sectors, while in the United Kingdom and Europe, capital market transactions increased, with several high-profile initial public offerings ("IPOs") and leveraged buyout financings and increased interest in the financial and defense sectors.[1] Looking ahead to 2026, issuers and investors are increasingly optimistic about sustained momentum across global capital markets, particularly for U.S. public companies, as officials of the U.S. Securities and Exchange Commission (the "SEC") have signaled an interest in reducing compliance and disclosure obligations. Meanwhile, regulators in the United Kingdom and Europe continue to implement listing and market reforms aimed at attracting and retaining listings and improving overall market conditions.

In this Debevoise In Depth, we provide an outlook on the key regulatory developments expected to impact international capital markets in 2026, with a focus on those that may affect foreign private issuers[2] ("FPIs") in the United States and capital markets in the United Kingdom and the European Union.

Table of Contents

1 *See, e.g.*, *Debevoise Advises CD&R in Various Financing and Competition Aspects of Its Acquisition of a Controlling Stake in Opella* (April 30, 2025) and *Debevoise Advises Resolution Life in Its $750 Million Ancillary Tier 1 Notes Offering* (November 20, 2025).

2 *See "U.S. Developments—SEC Focus on Foreign Issuers—Foreign Private Issuer Eligibility"* below for the definition of an FPI and discussion of potential changes to this definition.

U.S. Developments

IPOs and Listings

After a prolonged slowdown, the U.S. IPO market has shown signs of recovery, with 202 IPOs in 2025, compared with 150 in 2024,[3] driven by issuers in the telecommunications, media and technology, healthcare and energy sectors. Reflecting this renewed activity, 280 IPO registration statements were publicly filed in 2025, up 31% from 2024.

Deal sizes also increased in 2025, with offerings including Medline ($6.3 billion), Venture Global ($1.8 billion), CoreWeave ($1.5 billion) and SailPoint ($1.4 billion). The SPAC market also re-emerged, driven in large part by "serial" sponsors, with 144 SPAC IPOs completed in 2025, compared with 57 in 2024. Looking ahead, the IPO recovery is poised to continue into 2026, particularly given the number of anticipated offerings that were deferred to the first quarter of 2026 as a result of the U.S. government shutdown in late 2025, as well as several "mega-IPOs" expected to take place in the near term.

[3] Source: 2025 IPO Market Stats, Renaissance Capital (accessible here).

In addition to IPOs, existing UK and EU public companies have continued to explore adding a U.S. listing alongside, or in some cases in place of, their primary non-U.S. listing.[4] The principal motivations for a U.S. listing include greater liquidity, access to a deeper and more sector-focused investor base, broader research coverage and, in some cases, potential eligibility in U.S. indices. These considerations are especially relevant for companies with significant U.S. operations or brand recognition.

The specific route to a U.S. listing depends on the issuer's jurisdiction of incorporation and existing listing structure and can include "upgrading" an existing depositary receipt program[5] or a direct listing of ordinary shares or ADRs on a U.S. exchange. Each path requires careful coordination with regulators, exchanges, depositary banks, transfer agents and clearing systems, and involves disclosure, governance and compliance considerations. Our extensive capabilities and experience across UK, EU and U.S. markets, including in matters related to depositary receipts, allows us to uniquely advise issuers and their shareholders on the various regulatory and commercial issues involved in adding or "upgrading" a U.S. listing.

For companies already listed in the United States but aiming to further enhance their market profile through replacing a listed depositary receipt program with a share listing, there may be additional complexities. For example, AstraZeneca received strong shareholder support in 2025 for replacing its current structure of shares listed on the London Stock Exchange (the "LSE") and depositary receipts listed on the New York Stock Exchange (the "NYSE") with the listing of depositary interests on the LSE and listing of shares on the NYSE, aligning its direct shareholder base with its source of revenue (while also allowing investors to trade on an exchange where trades do not trigger payment of stamp duty).[6] TotalEnergies, which likewise previously had only depositary receipts listed in the United States with shares listed on Euronext Paris, overcame restrictions under French corporate law to list its ordinary shares in the United States, while maintaining its listing on Euronext Paris.

These developments highlight the continued interest in U.S. listings for companies headquartered in the European Union and the United Kingdom, notwithstanding the additional costs and compliance burden associated with a U.S. listing.

"Make IPOs Great Again"

Following his confirmation in April 2025, SEC Chairman Atkins has been outspoken about his goal to "make IPOs great again." In a speech given at the NYSE in December 2025, Chairman Atkins outlined the SEC's ambitious agenda to ease the financial and

---

4 *See, e.g.*, "*Wise Shareholders Back Plan to Move Listing from UK to US*," Financial Times (July 28, 2025).

5 *See* our Debevoise In Depth "*Dual Listing for Depositary Receipts*" (June 18, 2024).

6 *See* "*AstraZeneca's US Listing to Leave £200mn UK Stamp Duty Hole*," Financial Times (October 2, 2025).

regulatory burdens to revitalize the U.S. IPO market. He noted that the number of U.S.-listed public companies has declined by roughly 40% since the mid-1990s, a trend he attributed largely to regulatory complexity, rising compliance costs and disclosure requirements that disproportionately burden smaller and newly public issuers.

In particular, Chairman Atkins has taken the position that over time, disclosure rules have expanded beyond financial materiality, creating information overload that increases costs while diminishing usefulness for investors. Re-centering disclosure on materiality is a cornerstone of his plan to make IPOs more attractive and accessible. Chairman Atkins has also called for scaling disclosure requirements based on a company's size and stage of development and signaled interest in expanding the JOBS Act "IPO on-ramp" to allow newly public companies more time to transition to full reporting obligations. The SEC is also considering various proposals in public comment letters that identify potential opportunities to further streamline disclosures, such as on executive compensation disclosure and accommodations for small- and mid-cap companies.

Additional reforms under consideration include depoliticizing shareholder meetings to refocus them on core governance matters and reforming the securities litigation environment to reduce frivolous lawsuits while preserving investor protections. Overall, Chairman Atkins's speech at the NYSE (and similar pronouncements) indicated a regulatory shift toward lowering barriers to going public, broadening the accessibility of IPOs beyond a small group of large technology firms, and restoring public markets as a primary engine for capital formation, innovation, and shared economic growth.

SEC Policy Statement Concerning Mandatory Arbitration Provisions

On September 17, 2025, the SEC issued a policy statement[7] (the "Statement") concerning mandatory arbitration provisions in issuer governance documents in connection with requests to accelerate the effectiveness of registration statements.[8] The SEC's new position is that provisions requiring arbitration of investor claims arising under federal securities laws will not impact the SEC's decision as to whether to declare a registration statement effective. This represents a reversal of its prior policy position that mandatory arbitration provisions were inconsistent with the public interest, protection of investors and the anti-waiver provisions of Section 14 of the U.S. Securities Act of 1933, as amended (the "Securities Act"). Prior to the release of the Statement, the staff of the SEC would not declare a registration statement effective if such a provision were included in an issuer's governing documents.

---

7 *See* the full policy statement (accessible here).

8 *See* our Debevoise Debrief "*SEC Policy Statement Concerning Mandatory Arbitration Provisions*" (September 24, 2025).

The Statement emphasizes that the SEC's primary role is evaluating the adequacy of disclosure, including with respect to such provisions, and concludes that an assessment of the policy implications of a mandatory arbitration provision is not within the scope of its authority. The Statement acknowledges that state corporate law (including the Delaware General Corporation Law) may prohibit certificates of incorporation or bylaws from including issuer-investor mandatory arbitration provisions.

In light of the SEC's change in position, issuers may now consider including mandatory arbitration provisions in their constituent documents, whether at the IPO stage or through amendments thereafter. However, any such provisions will have to be adequately disclosed in an issuer's registration statement, including the scope of claims covered, any limits on class actions and the particular arbitration forum. Issuers will also want to take into account the potential impact such provisions may have from a shareholder relations perspective.

SEC Expands Accommodations for Issuers Submitting Draft Registration Statements

On March 3, 2025, the SEC announced an expansion of the accommodations available for issuers to submit draft registration statements for non-public review.[9] Originally introduced for emerging growth companies in 2012 and later expanded to all IPO issuers and other issuers in limited circumstances in 2017, these changes highlight the SEC's efforts to lower the barriers to going public while ensuring appropriate safeguards for investors.

The SEC will now permit non-public review of an issuer's initial registration statement on Forms 10, 20-F or 40-F under Section 12(g) of the Exchange Act, in addition to its review of registration statements under the Securities Act and Section 12(b) of the Exchange Act. Consistent with the pre-existing framework, these submissions may remain confidential until 15 days prior to any road show or the requested effectiveness date, as applicable. Staff comment letters and issuer responses will continue to be released publicly no sooner than 20 business days following the registration statement's effective date.

In addition, the SEC will also now permit non-public review of subsequent draft registration statements regardless of how long the issuer has been subject to Exchange Act reporting. Previously, the SEC limited non-public review to registration statements filed within the first 12 months of an issuer's initial Securities Act registration. However, non-public review will remain limited to the initial draft, responses to staff comments must be made through public filings, and issuers must publicly file both the

---

[9] *See* our Debevoise Debrief "*SEC Expands Accommodations for Issuers Submitting Draft Registration Statements*" (March 5, 2025).

registration statement and the draft submission on EDGAR at least two days prior to effectiveness.

The SEC also expanded eligibility for non-public review in de-SPAC transactions, permitting draft submissions where the SPAC is the surviving entity, provided that the target company would independently qualify to submit a draft registration statement. FPIs may elect to rely on these accommodations or instead follow existing emerging growth company procedures (if eligible) or the alternative guidance issued in the SEC's 2012 statement.[10] Finally, issuers may now omit underwriter names from initial draft registration statements, so long as the information is included in subsequent submissions and public filings.

Registration Rights

Given the legal restrictions in the United States applicable to the resale of securities following an IPO, registration rights represent a critical framework for shareholders to consider as part of their future liquidity plans. Registration rights are contractual arrangements pursuant to which an issuer agrees to facilitate the resale of equity securities through one or more transactions to be registered under the Securities Act.[11] These rights are typically granted at the time of a private investment and are documented in a registration rights agreement or a shareholders' agreement.

Registration rights generally consist of "demand" registration rights, which permit one or more shareholders to require the issuer to file and maintain an effective registration statement covering their securities, and "piggyback" registration rights, which entitle shareholders to include their securities in a registration statement initiated by the issuer or another investor. While often viewed as investor-driven liquidity protections, registration rights have important regulatory and execution implications for issuers as they prepare for an IPO or listing in the United States. In the absence of an effective registration statement, shareholders seeking liquidity must rely on exemptions from registration, most commonly Rule 144 under the Securities Act, which imposes holding periods and potentially volume limits and manner-of-sale restrictions.

As a result, registration rights can significantly influence the timing, size and sequencing of post-IPO offerings, the content and maintenance of shelf registration statements, lock-up arrangements and the issuer's ongoing disclosure and compliance posture as a public company. Accordingly, companies considering a U.S. IPO or listing should focus early on registration rights arrangements.

---

10 *See* "Non-Public Submissions from Foreign Private Issuers," SEC Division of Corporation Finance (accessible here).

11 *See* our Debevoise In Depth "*The Road to Exit and Liquidity: Understanding Registration Rights*" (December 2, 2025).

SEC Focus on Foreign Issuers

Foreign Private Issuer Eligibility

On June 4, 2025, the SEC issued a concept release and requested public comments on potential changes to the definition of an FPI for purposes of U.S. federal securities law.[12] FPIs benefit from significant disclosure and other accommodations under the Securities Act and the Exchange Act as compared to issuers that do not qualify as FPIs, including reduced ongoing reporting obligations and exemptions from proxy statement requirements under Regulation 14A under the Exchange Act.

Currently, an FPI is any foreign issuer organized outside the United States unless (i) more than 50% of the issuer's outstanding voting securities are directly or indirectly held of record by residents of the United States and (ii) any of the following under the "business contacts test" exist: (1) the majority of the executive officers or directors are United States citizens or residents; (2) more than 50% of the assets of the issuer are located in the United States; or (3) the business of the issuer is administered principally in the United States.

The current qualifications and accommodations for FPIs were based on the expectation that most FPIs would be subject to meaningful disclosure and other regulatory requirements in their home country jurisdictions. However, the global trading of FPI shares has become increasingly concentrated in U.S. capital markets in recent years, with approximately 55% of FPIs, as of December 31, 2024, listed only on U.S. exchanges or having little to no equities traded on a non-U.S. market.

The concept release suggested several approaches to amending FPI eligibility, including:

- updating the existing FPI eligibility criteria;
- introducing a foreign trading volume requirement;
- adding a major foreign exchange listing requirement;
- incorporating an SEC assessment of foreign regulation applicable to the FPI;
- establishing new mutual recognition systems; or
- adding an international cooperation arrangement requirement.

---

[12] The concept release is accessible here. *See* also our Debevoise Debrief "*SEC to Consider Foreign Private Issuer Eligibility*" (June 10, 2025).

To date, the SEC has received 81 public comment letters in response to the concept release from law firms, issuers and other industry groups.[13] Several themes consistent among the comment letters included:

- ***Skepticism of Foreign Trading-Volume Test***. As one of the suggested approaches to amending the FPI definition, the concept release suggested introducing annual assessments of foreign and U.S. trading volume to maintain FPI eligibility, with the expectation that foreign trading may subject the FPI to meaningful home country oversight. Many commenters, however, argued that such a broad requirement would be inadequate, burdensome and unlikely to provide substantial investor protection.

- ***Preference for Narrow or Targeted Updates***. Many commenters argued that broad, wide-sweeping changes affecting a large portion of FPIs should be avoided. Instead, any changes should be narrowly focused and impact only those issuers from certain jurisdictions, possibly by introducing separate categories of FPIs to differentiate between those whose home-country rules align with the high standards of the United States and those who do not have another listing or those that do but their listing jurisdiction does not require adequate disclosures to maintain U.S. investor protection.

- ***Support for Continued IFRS Reporting***. Several commenters suggested that foreign issuers that might lose FPI status should be permitted to continue their financial reporting in accordance with IFRS or, alternatively, that a reasonable transition period to U.S. GAAP reporting and guidance be provided to minimize disruption.

- ***Potential for Unintended Consequences***. Many commenters identified that a change to the FPI definition could have unintended consequences beyond the issues identified by the Concept Release, as a number of established cross-border transaction structures rely on FPI status. For example, a change to the FPI definition could affect issuers' ability to rely on the Regulation S safe harbor, cross-border tender offer exemptions under Regulations 14D and 14E, exemptions under Rule 12g3-2(b) relied upon in connection with Level I ADR programs and registration exemptions for cross-border exchange and rights offerings under Rules 801 and 802.

As it stands, the SEC has not yet published a formal response to the comments and no changes to the FPI eligibility requirements have been enacted.

New SEC Cross-Border Task Force

On September 5, 2025, the SEC announced the formation of a new cross-border task force (the "Cross-Border Task Force") to strengthen the Division of Enforcement's

---

13 The comment letters are accessible here.

efforts to identify and combat fraud targeted at U.S. investors. The Cross-Border Task Force will focus on investigating potential securities law violations by non-U.S.-headquartered companies and those auditors and underwriters that help such foreign-based companies access the U.S. capital markets. The Cross-Border Task Force will also monitor potential securities law violations by issuers in foreign jurisdictions such as China. Chairman Atkins also stated that he has "directed the staff in other SEC divisions and offices, including the Divisions of Corporation Finance, Examinations, Economic and Risk Analysis, and Trading and Markets as well as the Office of International Affairs, to consider and recommend other actions that would better protect U.S. investors, including new disclosure guidance and any necessary rule changes."

The creation of the Cross-Border Task Force indicates that the prevention of cross-border fraud and safeguarding U.S. investors are key priorities for the SEC under Chairman Atkins, and increased enforcement actions to further such priorities can be expected in 2026.

SEC Enforcement

Under the new administration, the SEC has indicated that it will prioritize enforcement of cases of fraud that cause measurable harm, while backing away from technical violations with little investor impact, and impose greater fairness, transparency and predictability in the enforcement process. In line with this approach, the SEC has updated enforcement procedures under the Wells process (the mechanism through which the SEC staff notifies potential respondents or defendants of any charges) and reinstated the practice of simultaneous offers of settlement and contemporaneous waiver requests. In 2026, enforcement actions are likely to be skewed towards protecting what Chairman Atkins considers to be the SEC's core mission: protecting investors, ensuring fair, orderly markets and advancing capital formation.

2026 Examination Priorities

On November 17, 2025, the SEC Division of Examinations released its 2026 Examination Priorities disclosing the products, practices and services that the SEC will likely focus on in 2026 examinations under Chairman Atkins's administration. The priorities include topics such as fiduciary duties, conflicts of interest, fee and expense practices, and retail investor protection, and notably exclude crypto assets for the first time since 2018. Instead, the priorities indicate increased SEC attention towards alternative investments, like private credit, cybersecurity and the use of AI.[14]

SolarWinds

In one of its most high-profile actions in 2025, the SEC voluntarily dismissed its enforcement case against SolarWinds and its Chief Information Security Officer

---

[14] *See* our Debevoise in Depth "*2026 SEC Division of Examinations Priorities*" (November 21, 2025).

("CISO"), a case stemming from the 2020 SUNBURST cyberattack.[15] The SEC had previously charged SolarWinds and its CISO with violations of the anti-fraud provisions of the federal securities laws in connection with alleged disclosure and internal controls violations related both to the cyberattack and to alleged undisclosed weaknesses in SolarWinds' cybersecurity program dating back to 2018. This case was the first time the SEC had brought civil fraud claims in a federal court against a public company that suffered a cyberattack and the first time the SEC had charged a CISO in connection with alleged violations of the federal securities laws occurring within the scope of the CISO's cybersecurity functions.[16]

The SEC's claim against SolarWinds presented the first opportunity for a federal court to evaluate the SEC's theory that Section 13(b)(2)(B), the internal accounting controls provision added to the Exchange Act by the Foreign Corrupt Practices Act of 1977, could be extended beyond financial accounting controls, as they were traditionally understood to include cybersecurity controls related to technology assets more generally. However, in July 2024, the SDNY dismissed nearly all of the SEC's claims, finding that they did not plausibly plead actionable deficiencies in SolarWinds' reporting of the cyberattack and relied on hindsight and speculation and that the cybersecurity controls at issue in the suit, such as password and virtual private network protocols, are "outside the scope" of the internal accounting controls requirements of Section 13(b)(2)(B). The court permitted a limited number of claims to proceed based on alleged misstatements about SolarWinds' cybersecurity practices and risks made before the cyberattack.[17]

Although the SEC noted the decision to dismiss the case "does not necessarily reflect the SEC's position on any other case," it may indicate a shift in enforcement priorities; however, companies should continue to maintain strong internal cybersecurity controls and incident-response plans to ensure adequate response and disclosure in the case of an attack.

Disclosures

Insider Trading Policy

Beginning in 2025, FPIs are now required to disclose their insider trading policies and procedures annually in their Form 20-F. Any insider trading policy adopted by an FPI

---

15 *See* our Debevoise Digest: Securities Law Synopsis (December 2025).

16 *See* our Debevoise Debrief "*Internal Accounting Controls Claim Rejected in SolarWinds Case*" (July 23, 2024).

17 For more information, *see* the Joint Stipulation to Dismiss and our Debevoise In Depth "*SEC Charges Four Companies for Misleading Cyber Disclosures*" (October 28, 2024) on settled charges in separate cybersecurity actions in October 2024.

needs to be filed as an exhibit to Form 20-F (unless the FPI's insider trading policies are contained in its code of ethics, which is separately required to be filed as an exhibit).

In addition, Item 16J of Form 20-F now requires FPIs to disclose whether they have adopted insider trading policies and procedures governing trading in the issuer's securities by employees, officers and directors, or by the issuer itself, that are reasonably designed to promote compliance with insider trading laws, rules and regulations and any applicable listing standards. FPIs that have not adopted such policies and procedures must explain why they have not done so.

In July 2025, we reviewed the insider trading policies filed by more than 60 issuers, including the 30 largest S&P 100 companies based on market capitalization.[18] While issuers have tailored their insider trading policies to reflect company-specific risk profiles and regulatory considerations, our review revealed a high degree of convergence around core policy features. In particular, there is broad alignment on the categories of "covered" persons, the range of prohibited transactions, the use of Rule 10b5-1 trading plans and blackout periods, and pre-clearance requirements for senior insiders.

Crypto Asset Offerings and Registrations

On April 10, 2025, the SEC's Division of Corporation Finance (the "Division") released guidance clarifying the application of existing disclosure requirements under U.S. federal securities law to offerings and registrations of securities in the crypto asset market.[19] The Division's statement is meant to provide guidance for companies while the SEC develops a formal regulatory framework for crypto assets.

As noted in a statement by Commissioner Hester Peirce on the day of the guidance's release, the Division's guidance may be helpful for a company "whose operations relate to networks, applications or crypto assets" or a company that is offering crypto assets "as part of or subject to an investment contract." However, Commissioner Peirce made clear that the Division's statement does not address whether a crypto asset is a security.

Companies operating in the crypto asset market that are contemplating registering offerings of securities under the Securities Act, such as on Form S-1, or registering a class of securities under the Exchange Act, such as on Form 10, will need to comply with certain disclosure requirements. The Division's statement provides guidance about certain disclosure items, including the description of business, risk factors, description of securities and information about management, as well as exhibit requirements, but does not address all relevant disclosure items. A company should consider the

---

18 *See* our Debevoise Insider Trading & Disclosure Update – Special Issue (July 2025).

19 *See* our Debevoise Debrief "*SEC Clarifies Disclosure Requirements for Crypto Asset Offerings and Registrations*" (April 15, 2025).

applicability of the Division's guidance to its own facts and circumstances when preparing relevant disclosures. While the Division's statement will be useful for existing and future registrants operating in the crypto asset market, definitive guidance from the SEC on when a crypto asset is a security is still to come.

AI

The SEC continues to prioritize AI disclosures made by issuers, with a focus on "AI washing" by issuers. When drafting disclosures, issuers should avoid boilerplate language, refrain from using exaggerated descriptions and instead reflect an accurate picture of how their business has adopted the use of AI while identifying risks and limitations in its use.

On December 4, 2025, the SEC's Investor Advisory Committee recommended that the SEC adopt AI disclosure guidelines on the basis that AI disclosures lack consistency among companies, which is, in their view, proving to be "problematic for investors seeking clear and comparable information." Chairman Atkins responded by arguing that the existing disclosure framework is sufficient. Although new AI disclosure requirements are unlikely to be adopted in the near term, FPIs should continue to ensure that their disclosures are accurate and describe only the use of AI that is substantial and materially impacts their business operations.

Aside from disclosures on the use of AI in an issuer's business, the SEC staff has also recommended that issuers should maintain a governance structure with appropriate expertise to develop strategies, policies and guidelines for AI implementation, including with respect to internal control over financial reporting.

Beneficial Ownership Reporting

Section 16(a) Reporting Obligations to Be Extended to FPIs' Officers and Directors

On December 18, 2025, President Trump signed into law the Fiscal Year 2026 National Defense Authorization Act (the "NDAA") that, for the first time, requires directors and officers of FPIs with equity securities registered under the Exchange Act to comply with the insider reporting requirements of Section 16(a) of the Exchange Act.[20] Previously, insiders of FPIs have been exempt from Section 16. Importantly, the NDAA does not extend Section 16(a) to 10% shareholders of FPIs or Section 16(b)'s short-swing profit recovery provisions or Section 16(c)'s prohibitions on short sales to any insiders of FPIs. The amendments take effect on March 18, 2026, which is also the deadline for the SEC to adopt implementing rules.

---

[20] *See* our Debevoise In Depth "*Section 16(a) Reporting Obligations to Be Extended to Directors and Officers of Foreign Private Issuers*" (December 18, 2025).

Section 16(a) will now require directors and officers of FPIs with equity securities registered under the Exchange Act to publicly report their ownership and changes in ownership on the SEC's EDGAR system. Reportable ownership interests include direct ownership and certain forms of indirect ownership, such as through entities or trusts and, in some cases, holdings by family members sharing the insider's home, subject to the ability to disclaim ownership in appropriate circumstances. For purposes of Section 16(a), an "officer" includes the issuer's president, principal financial officer and principal accounting officer or controller, any vice president in charge of a principal business unit, division or function, and any other person who performs similar policy-making functions for the issuer. Under Section 16(a), an insider must file an initial Form 3 upon registration of the issuer's securities under the Exchange Act or, for issuers already registered under the Exchange Act, within 10 days of becoming an insider. Thereafter, a Form 4 must generally be filed within two business days after execution of a transaction involving the class of registered securities or related derivative securities, including purchases, sales, gifts and receipt of equity-compensation awards from an issuer. Certain transactions not required to be reported on Form 4, or transactions inadvertently not reported, must be disclosed annually on Form 5 within 45 days after the issuer's fiscal year-end.

The NDAA grants the SEC broad authority to exempt any person, security, transaction or class thereof from Section 16(a) if the SEC determines that the laws of a foreign jurisdiction impose "substantially similar requirements." The statutory text does not define "substantially similar" or specify how the SEC should evaluate foreign regulatory regimes and permits the SEC to grant exemptions by rule, regulation or order. If the SEC elects to exercise its exemptive authority under the NDAA, it could do so on a jurisdiction-by-jurisdiction basis. Existing foreign insider reporting regimes that may satisfy the "substantially similar" standard include, among others, Canada, the European Union and the United Kingdom, but it is yet to be seen if these jurisdictions' regimes will be deemed "substantially similar."

FPIs and directors and officers of FPIs that become subject to Section 16(a) reporting are advised to undertake a number of practical compliance steps, including identifying which members of management qualify as "officers" for Section 16 purposes, establishing or enhancing internal controls and procedures to ensure timely reporting of equity compensation awards and other insider transactions (including decisions regarding whether to centralize reporting internally or to engage outside counsel or service providers) and ensuring that directors and officers obtain EDGAR access credentials to permit timely filings.

New SEC Guidance on Schedule 13G Eligibility

On February 11, 2025, the staff of the Division issued a new Compliance and Disclosure Interpretation[21] ("C&DI") addressing when a shareholder's engagement with an issuer may cause the shareholder to be deemed to hold its securities with the "purpose or effect of changing or influencing control of the issuer."[22]

Under Rules 13d-1(b) and 13d-1(c) under the Exchange Act, a shareholder beneficially owning more than 5% of a class of registered voting equity securities may file on Schedule 13G only if, among other requirements, it certifies that it did not acquire or hold the securities with a control intent. A shareholder that is viewed as having such intent (and is not eligible to file pursuant to Rule 13d-1(d)) is not eligible to report its beneficial ownership on Schedule 13G and instead must file on Schedule 13D. Prior SEC guidance indicated that engagement with management "without more" on matters such as executive compensation, social policies or general corporate governance and without "the purpose or effect of changing or influencing control" would not, by itself, disqualify a shareholder from Schedule 13G eligibility. Engagement on clear "control" transactions, including a sale of the issuer, significant asset sales, restructurings or contested director elections, has long been viewed as disqualifying.

The new C&DI takes a more expansive view of what conduct may constitute changing or influencing control. While reaffirming that mere discussion of views and voting considerations, without more, does not necessarily disqualify a shareholder, the guidance emphasizes that both the subject matter and the context of engagement are critical. In particular, the SEC staff indicated that a shareholder may be deemed to influence control where it advocates specific governance or policy changes and exerts pressure on management to implement them. Conditioning, explicitly or implicitly, support for issuer-nominated directors on the adoption of a shareholder's recommendations or policies may also preclude reliance on Rules 13d-1(b) or 13d-1(c) under the Exchange Act. Institutional investors that currently rely on Schedule 13G, especially those whose voting policies contemplate withholding support for directors based on governance or policy considerations, should carefully assess their engagement with management to avoid having to report on Schedule 13D.

Schedule 13D Amendment Considerations in Take-Private Transactions

Large investors that continue to pursue take-private transactions should be mindful that the SEC has heightened its scrutiny of the timing and content of Schedule 13D amendments. Failure to timely amend a Schedule 13D to reflect material changes, particularly changes in investment purpose, group formation or arrangements relating to the issuer's securities, can result in enforcement actions, civil penalties, reputational

---

21 Exchange Act Sections 13(d) and 13(g) and Regulation 13D-G Beneficial Ownership Reporting, C&DI Question 103.12.

22 *See* our Debevoise Debrief "*SEC Provides New Guidance on Schedule 13G Eligibility*" (February 13, 2025).

harm and transaction delays stemming from the SEC's review. Given the SEC's continued focus on Schedule 13D compliance in take-private transactions, large investors should carefully manage the timing and nature of their action, remain coordinated with their counsel and proactively assess when amendments are required to avoid enforcement risk and potential transaction delays.[23]

The following areas require particular attention:

- ***Change in Investment Purpose, Plans and Proposals***. A take-private transaction will trigger a Schedule 13D amendment when there is a material change to the reporting person's investment purpose under Item 4, including the formation of a plan or proposal to pursue the transaction. SEC guidance and enforcement actions indicate that this obligation may arise earlier than expected and be triggered when actions such as determining a transaction structure, engaging advisors, drafting or submitting offer letters, or participating in valuation discussions are undertaken. Disclosure timing is highly context-specific, and the reporting person should consider the actions it has taken as a whole, together with what it has previously disclosed, when determining the appropriate time to amend its Schedule 13D.

- ***Group Formation***. Arrangements or agreements arising from discussions with other shareholders, including management, in connection with a potential take-private transaction may result in the formation of a Section 13 "group." Group formation can trigger new or amended Schedule 13D filings, even where individual participants do not independently exceed the 5% ownership threshold. Accordingly, when discussing a potential take-private transaction with other shareholders, large investors should remember that formation of a Section 13 group will trigger prompt disclosure.

- ***Arrangements with Respect to Securities of the Issuer***. Large investors should also be mindful that entering into arrangements relating to the issuer's securities, including offer letters and voting, support, lock-up or rollover agreements, may require disclosure under Items 6 and 7 of Schedule 13D. Importantly, disclosure obligations under Item 6 extend to oral arrangements, in addition to any written agreements that must also be filed as exhibits under Item 7.

EDGAR Next

Most U.S. public companies or shareholders subject to reporting under Section 13 or Section 16 of the Exchange Act that are active SEC filers have now enrolled in EDGAR Next. The legacy EDGAR system was deactivated for all purposes on December 19, 2025.

---

23 *See* our Debevoise In Depth "*Schedule 13D Amendments in Take-Private Transactions: Three Considerations*" (September 29, 2025).

Filers who have not enrolled in EDGAR Next are required to submit a new Form ID to apply for access to make filings on their EDGAR accounts.[24] Enrollment in EDGAR Next will also be required for directors and officers of FPIs subject to the new Section 16(a) reporting obligations (see "*—Beneficial Ownership Reporting—Section 16(a) Reporting Obligations to Be Extended to FPIs' Officers and Directors*" above).

DTC's Tokenization Pilot

On December 11, 2025, the staff of the SEC's Division of Trading and Markets issued a no-action letter to The Depository Trust Company ("DTC") in connection with the development of its securities tokenization pilot, permitting DTC to operate a limited, voluntary pilot of blockchain-based securities tokenization. The program allows DTC participants to elect to have entitlements to DTC-held securities recorded as tokenized entitlements on approved distributed blockchains, while maintaining off-the-chain books and records and is designed to accelerate experimentation with on-chain market infrastructure, subject to enhanced reporting and operational safeguards. The program is expected to launch in the second half of 2026 and will be limited to highly liquid securities, such as major U.S. equities, ETFs and U.S. Treasuries.

UK and EU Developments

Leveraged Finance Trends

The European and UK leveraged finance markets had a strong 2025, supported by improved credit conditions and strong demand from CLOs, which is expected to continue into 2026.

In high-yield, 2025 was a borrower's market, with issuance activity up meaningfully, in part due to renewed inflows into euro-denominated high-yield bond funds.[25] The majority of activity continued to be from refinancings, with new-money issuances from LBO/M&A activity accounting for 11.7% of high-yield volume in 2025.[26] There was a tightening of high-yield primary market pricing in 2025 (approximately 50 basis points of spread compression, when compared to 2024), reflecting strong demand for European high-yield issuances.[27]

---

24 *See* our Debevoise Update "*Preparing for EDGAR Next: What Filers Should Do Now*" (January 10, 2025).

25 Source: AFME Q3 2025 European High Yield, Leveraged Loan, and Private Credit Report (October 22, 2025) (accessible here).

26 Source: "EMEA Primary Market 2025 Wrap," Octus (December 17, 2025).

27 *See id.*

In the European leveraged loan market, 2025 also saw the highest volume on record, reaching €306 billion (compared to €255 billion in 2024).[28] While most volume continued to be from refinancings (including amend & extend, dividend recapitalizations and repricing transactions), new issuances were driven by a resurgence in LBO-related financings, with €25 billion raised (compared to €13 billion in 2024), with 13 debut issuers financing their buyouts through leveraged loans at an average net leverage ratio of 4.7x.[29] Borrowers also frequently priced tranches in multiple currencies, including high-profile acquisitions, such as Boots, Skechers and Opella issuing in a euro tranche alongside either a sterling or dollar tranche. But repricing transactions were once again the dominant transaction type in the year, delivering margin reductions of 56bps on average (compared to 53bps in 2024), including several issuers that repriced after the initial issuance earlier in the year.[30] One such form of repricing that issuers effectively deployed involved negotiating with existing loan lenders for lower rates, at the risk of being repaid with new proceeds from newly issued bonds. While repricings are likely to continue into 2026 (particularly those that were restrained by soft call protections in 2025), given potentially choppy macroeconomic conditions and rising interest rates, more marginal interest rate reductions are expected.

Across the leveraged finance market, beyond just improved pricing, issuers increasingly also have benefited from covenants that provided greater structural flexibility, including more permissive builder baskets, the expanded use of grower baskets and enhanced asset transfer flexibility, particularly in sponsor-backed transactions. For example, in respect of debt incurrence capacity, sponsor-backed issuers were able to secure nearly a full turn of EBITDA more than corporate borrowers in the first half of 2025[31] and the average capacity for collateral dilutive debt rose to 364% of EBITDA for European leverage loans (313% for European high-yield issuances) in Q3 2025.[32] Likewise, the presence of "available restricted payment capacity amount" provisions (which allows restricted payment capacity to be converted into debt capacity) and contribution debt provisions (which allows new equity injections and subordinated shareholder funding to increase debt capacity), each set at 200%, and a reduction in the fixed charge coverage ratio from 2x to 1.75x (together with a "no worse than" test) for the unlimited ratio debt incurrence basket by first-time issuers Opella (European) and Wolseley (UK) set precedents in the market which started to become more prevalent in the latter half of the year. In respect of restricted payment capacity, there has been an increase in sponsor-led covenant improvements for issuers, including the number of deals which

---

28 Source: "European Leveraged Finance Market Closes a Record-Setting Year for Bonds and Loans; US Market Prepares for Higher M&A and LBO Activity in 2026," Octus (December 19, 2025).

29 Source: AFME Q3 2025 European High Yield, Leveraged Loan, and Private Credit Report (October 22, 2025) (accessible here).

30 Source: "European Leveraged Loans 2025 – Repricing Ourselves Into the Ground," 9fin (December 19, 2025).

31 Source: "H1 25 European High Yield Bonds Covenant Trends Report," 9fin (July 31, 2025).

32 Source: "Q3 2025 European Leveraged Loans Wrap," Octus (October 30, 2025).

included no ratio test condition and/or a weak default blocker (limited to payment and insolvency events of default) in order to access the CNI builder basket, together with an increase in the number of deals which permit unlimited investments by reference to the fixed charge coverage ratio test (in addition to a more typical leverage ratio test) and in each case a "no worse than" test.[33] Issuers were able to successfully push for more aggressive calculation flexibilities during 2025, including an increase in the number of deals which (i) did not include a cap on the amount of pro forma run-rate cost savings and synergies that can be added back to EBITDA, (ii) included "high watermarking" flexibility with respect to EBITDA grower baskets and (iii) excluded debt incurred under the revolving facility or other similar facilities (when incurred for working capital purposes) from the leverage ratio calculations. Sponsor-led deals also continued to provide more borrower-friendly terms around exit opportunities, such as leverage-based portability, a 102% IPO redemption feature and a carry-forward/back mechanic around the now-standard 10% at 103% redemption right, which are generally more sought-after in refinancings or dividend recapitalizations.[34]

Liability management protections were more mixed in terms of prevalence in the market in 2025. While U.S.-style protections such as J. Crew (limiting transfers of assets to unrestricted or non-guarantor subsidiaries), Chewy (limiting the ability to release guarantors) and Serta (limiting the ability to issue non-pro rata super senior debt) protections continued to be reflected, in some combination, in most leveraged loans in Europe, they appeared less frequently in high-yield bonds, notwithstanding instances of liability management transactions and even high-profile defaults (such as Thames Water and Altice). Limits on structurally subordinated indebtedness, either to the incurrence of ratio debt or general use baskets, are expected also to continue to be an area of focus by both issuers and investors. In addition, issuers are expected to explore creative tender offer and debt repurchase structures to opportunistically refinance or reduce indebtedness.[35]

Looking ahead to 2026, issuers and sponsors (particularly in the healthcare and consumer discretionary sectors) will be forced to manage a significant maturity wall, with €134 billion of high-yield and leveraged loan debt coming due in 2028, around a third of which was issued in the borrower-friendly market conditions of 2021.[36] In those situations, issuers will need to take into account recent and anticipated near-term performance for purposes of leverage ratios, credit ratings and even accounting "going concern" assessments to inform the timing of any refinancings or even a potential exit. For those issuers performing strongly and with manageable debt levels, dividend

---

33 *See id*.

34 Source: "H1 25 European High Yield Bonds Covenant Trends Report," 9fin (July 31, 2025).

35 *See* our Debevoise In Depth "*An Insight Into Debt Liability Management Exercises of Non-U.S. Issuers*" (February 19, 2025).

36 Source: "Breaking Down the 2028 Maturity Wall – Loose 2021 Docs Loom," 9fin (December 10, 2025).

recapitalizations, including through the issuance of PIK instruments, may be considered in the absence of clear exit opportunities.

New UK Prospectus Regime

On July 15, 2025, the UK Financial Conduct Authority (the "FCA") published Policy Statements PS25/9 and PS25/10, setting out final rules implementing the Public Offers and Admission to Trading Regulations 2024 (the "POATRs").[37] The new framework replaces the existing UK Prospectus Regulation and comes into effect on January 19, 2026. The reforms are intended to streamline the capital raising by public companies listed on the LSE, reduce costs and broaden investor participation. The key aspects of the new rules include the following:

- ***Further Issuances***. The threshold at which a prospectus is required for further issuances of securities already admitted to trading on a regulated market has been increased from 20% to 75% of existing securities, and to 100% for closed-ended investment funds. For issuances below the threshold, no alternative disclosure document will be required, although issuers will remain subject to ongoing disclosure obligations under the UK Market Abuse Regulation ("UK MAR") and the Disclosure Guidance and Transparency Rules. Issuers may elect to publish a voluntary FCA-approved prospectus for sub-threshold issuances without the need for a sponsor. In addition, the FCA has simplified the listing process by removing the requirement for a separate listing application for each further issuance and introducing a single listing application per class of securities, with subsequent issuances deemed automatically listed upon issuance.

- ***Prospectus Content***. The new regime broadly retains the existing "necessary information" standard for prospectus disclosure. Equity and depositary receipts issuers will, however, be required to disclose material climate-related risks or opportunities. Where an issuer has published a transition plan and its content is material, a summary of the plan must be included in the prospectus. The FCA also introduced a new category of protected forward-looking statements ("PFLS"), for which directors will be subject to liability only where statements are made recklessly, rather than negligently, provided that detailed eligibility and presentation requirements are met. Prospectus summaries will no longer be required to include detailed financial information and may now cross-refer to the relevant prospectus parts. The maximum length of a summary has been increased from seven to 10 pages.

---

37 *See* our Debevoise Update "*FCA Publishes New Framework for the UK Prospectus Regime*" (July 25, 2025) and our Debevoise Update "*FCA Publishes Consultation Paper on Further Changes to UK Listing Rules*" (February 20, 2025).

- ***Prospectus Timing for IPOs***. For IPOs, a prospectus must be made public for a minimum of three working days prior to the closing of the offer, reduced from the previous six-working-day requirement.

- ***Primary MTFs and Public Offer Platforms ("POPs")***. An MTF admission prospectus is now required for initial admissions and reverse takeovers on primary MTFs, subject to certain exceptions, with content and approval processes determined by the relevant MTF operator. In addition, public offers of £5 million or more by issuers not admitted to a regulated market or an MTF are generally required to be conducted through a POP. POP operators are now subject to "gatekeeper" obligations, including due diligence and verification requirements, and offers through POPs will be limited to primary issuances.

On October 17, 2025, the FCA published Primary Market Technical Note 639.1 on the preparation of PFLS, noting its expectation that PFLS will be prepared in an understandable, reliable and comparable manner and setting out what the FCA considers to constitute operational information. In addition, the FCA is consulting on changes to certain existing technical notes, including proposed amendments to Primary Market Technical Note 619.1 relating to, among other things, guidance on working capital statements and proposed amendments to Primary Market Technical Note 801.3 on climate and sustainability-related disclosures.

On November 26, 2025, the FCA published updated forms and checklists for issuers and applicants that seek to publish a prospectus under the new Prospectus Rules: Admission to Trading on a Regulated Market (PRM) sourcebook. In parallel, the FCA updated its UK Listing Rules checklists to reflect the forthcoming changes to the prospectus and listing framework.

PISCES

On June 10, 2025, the FCA published Policy Statement PS25/6 setting out the final rules for the Private Intermittent Securities and Capital Exchange System ("PISCES") and formally launched the PISCES sandbox.[38] PISCES is a new secondary market framework designed to facilitate periodic trading in shares of private companies. The FCA will be testing the regulatory framework for PISCES using a sandbox until June 2030. On August 26, 2025, the FCA approved the LSE to operate a PISCES platform, and on November 18, 2025, a further approval was issued to JP Jenkins.

PISCES provides a regulated venue for the secondary trading of existing shares in private companies during intermittent trading windows. Eligible securities include

---

[38] *See* our Debevoise In Depth "*FCA Sets Out Final Rules for PISCES and Launches PISCES Sandbox*" (June 17, 2025).

shares in UK private companies, UK public companies not admitted to trading and overseas companies that are not currently admitted to trading on a public market, whether in the United Kingdom or elsewhere. Primary capital raising and trading in debt or derivatives are excluded. Participation is limited to defined categories of investors, including professional, high-net-worth and sophisticated investors.

Key features of the PISCES regime include the following:

- ***Operator Disclosure Obligations***. PISCES operators must require participating companies to provide a defined set of core disclosures, including business and management information, audited historical financials, capital structure and ownership, employee share schemes, directors' trading intentions, material risk factors, significant contracts and details of prior PISCES trading events, with discretion to impose additional disclosures. Operators may permit justified omissions of required disclosures, provided appropriate explanatory statements are given.

- ***Oversight and Compliance***. Operators are required to maintain effective arrangements to monitor compliance with disclosure rules, investigate complaints and take remedial action. While operators are not responsible for approving or verifying company disclosures, they must notify the FCA where they suspect misleading statements or market manipulation. Operators must also be able to suspend or postpone trading events or refuse admission where there are serious compliance concerns.

- ***Trading Events and Pricing***. PISCES companies are given significant flexibility in structuring trading events, including setting participation restrictions ("permissioned trading events") and establishing floor or ceiling prices. Where price parameters are used, detailed disclosure is required regarding how pricing was determined and whether third parties were involved.

- ***Market Integrity***. Rather than applying UK MAR, the FCA has adopted a bespoke approach, requiring PISCES operators to implement proportionate monitoring and controls to detect and address manipulative trading.

- ***Trading Intermediaries and Investor Protections***. PISCES operates on an intermediated model. Trading intermediaries are subject to robust conduct requirements, including prohibitions on investment incentives, mandatory risk warnings and appropriateness assessments for individual investors. A 24-hour cooling-off period applies to first-time investments, and investors must provide a restricted investor statement confirming limits on high-risk investments.

- ***Tax.*** Legislation introduced alongside the Policy Statement provides an exemption from stamp duties on share transfers within PISCES. This change enables employee share plans, such as Enterprise Management Incentives and Company Share Option Plan contracts, to incorporate PISCES trading events without loss of tax advantages.

The first PISCES trading events are expected to take place in 2026.

Developments for UK Public Companies

Corporate Governance Reporting and Internal Controls

On November 13, 2025, the UK Financial Reporting Council (the "FRC") published a review highlighting the need for more concise, outcome-focused governance reporting as companies implement the 2024 UK Corporate Governance Code and prepare for Provision 29 of the Code on risk management and internal controls, which came into effect on January 1, 2026. While the FRC observed continued improvements in governance reporting quality, particularly around company purpose, culture, stakeholder engagement and outcome-based reporting, it identified persistent scope for streamlining, noting that boilerplate language, duplication across sections and narrative without purpose continue to affect clarity and usefulness for investors.

In relation to Provision 29, the FRC indicated that boards should expect scrutiny not only of whether a review of internal controls has been undertaken, but how that review was conducted and what conclusions were reached. In particular, the FRC highlighted the importance of clear descriptions of the scope of review covering material financial, operational, reporting and compliance controls, the processes and governance through which monitoring and review are carried out (including dry runs of the processes) and explicit declarations of effectiveness as at the balance sheet date, together with disclosure of identified deficiencies and taken or proposed remediation.

The FRC also highlighted expectations around audit committee disclosures (including against the Audit Committees and External Audit: Minimum Standard), reporting on cyber and AI risks, and director remuneration clawback.

FRC Corporate Reporting Review

In September and November 2025, the FRC published two reports on corporate reporting covering both FTSE 350 companies and the United Kingdom's smaller listed entities, respectively. The reports reflect a broadly stable level of reporting quality among larger UK-listed companies, alongside persistent weaknesses in specific technical areas and a continued quality gap between the FTSE 350 and smaller listed issuers, which constituted the majority of restatements after FRC enquiries.

The FRC identified a consistent set of topics giving rise to substantive queries, including impairment of assets (driven primarily by weaknesses in the disclosure of assumptions, sensitivities and internal consistency), cash flow statements (particularly classification issues and inconsistencies with other parts of the financial statements) and presentation of financial instruments, revenue recognition and disclosures relating to significant judgments and estimates.

The FRC also highlighted the lack of internal consistency between financial statements and narrative sections of annual reports, noting the need to "tell a consistent and coherent story" when read as a whole. Other areas of disclosure cited generally as areas of improvement include explanations of significant judgments and estimates that are generic, incomplete or insufficiently tailored to the company's circumstances and explanations around the sensitivity of outcomes to changes in key assumptions.

FCA Review of Delayed Disclosure of Inside Information

On October 23, 2025, the FCA published its Primary Market Bulletin 59 setting out, among other things, its review of issuers' compliance with Article 17.4 of UK MAR, which allows issuers to delay public disclosure of inside information under certain conditions. The review covered Delayed Disclosure of Inside Information ("DDII") notifications submitted between April 1, 2022 and March 31, 2024 and benchmarked outcomes against the FCA's prior review conducted in November 2020.

Key observations include:

- there was a 39% decline in daily DDII notifications compared to the prior review period;
- approximately 18% of issuers reviewed submitted DDII notices, down from approximately 25% previously; and
- the average delay period increased by approximately seven days since November 2020 (to 35.2 days), although average delays for unscheduled financial information fell modestly by approximately six days.

The FCA noted that the decline in DDII notifications might reflect market conditions, reduced identification of inside information or less frequent use of the delay mechanism rather than lower compliance with the rule, but emphasized that failure to notify the FCA following delayed disclosure is itself a breach of Article 17.4 of UK MAR.

The FCA reminded issuers that they must take reasonable steps to establish and maintain adequate procedures, systems and controls to enable them to comply with their obligations, including Article 17.4 of UK MAR, consistent with Listing Principle 1.

Where disclosure is delayed, issuers must ensure confidentiality of the information is maintained until disclosure is made, and following the public disclosure, they must notify the FCA via the DDII form of the delay in disclosure, and, upon request by the FCA, explain the reason for the delay.

Future of AIM

In November 2025, the LSE published feedback to its "*Discussion Paper – Shaping the Future of AIM*." Based on the market participants' feedback, the LSE set out plans for future AIM development and confirmed immediate AIM rule changes (by way of derogations pending formal redrafting of the rules), including permitting dual-class share structures ("DCSS") on AIM that meet Main Market requirements, relaxing requirements for directors' remuneration where, in the view of a nominated adviser, reasonable commercial protections exist, and transaction classification flexibility, including potential reclassification of certain acquisitions not resulting in a fundamental change of business as "substantial transactions" rather than reverse takeovers (which requires sufficient information to be given to shareholders in an announcement or other disclosure document and will not require a suspension of trading). As part of the derogations and future rule changes, the threshold for transactions to be treated as "significant" will be raised from 10% to 25%, subject to a successful approval of a derogation. The LSE will also introduce reporting flexibilities intended to reduce cost and timing (including incorporation by reference of historical financial information and allowing a company to request derogations to use Financial Reporting Standard 102 for historical financial information in admission documents). The formally updated AIM rules are expected to be published in 2026.

Takeover Panel Response Statement

On December 2, 2025, the Takeover Panel (the "Panel") issued a response statement addressing amendments to the Takeover Code effective February 4, 2026. The response statement addresses (i) how mandatory bid rules apply in DCSS situations where voting percentages change due to "trigger events" extinguishing weighted voting rights and (ii) practice in share buyback scenarios.

In relation to DCSS, where enhanced voting rights fall away following a trigger event (such as a transfer, retirement, resignation or the expiry of a time-based sunset), resulting in an automatic increase in the voting percentages of other shareholders, the Panel confirmed that, in the case of trigger events other than time sunsets, shareholders whose voting rights increase passively will generally be treated as "innocent bystanders" and be eligible for a dispensation from the mandatory offer obligation. Where the trigger event is a time sunset, the Panel will impose an additional dispensation condition to disclose in an IPO prospectus information about a particular shareholder who might otherwise be required to make a mandatory offer following a trigger event.

The Panel also clarified the treatment of shareholders whose interests increase above the 30% threshold as a result of an issuer's share buyback, in which case the Panel will generally grant an "innocent bystander" dispensation. By contrast, where a director or a shareholder acting in concert with a director crosses the threshold, a waiver will ordinarily be conditional on approval by independent shareholders.

In addition, the Panel introduced a requirement to provide disclosures in an IPO prospectus on the application of the Takeover Code, including the mandatory offer regime, and on any person, or group of persons acting in concert, that will, or is expected to become, interested in shares carrying 30% or more of the voting rights of the issuer, and to consult the Panel on the disclosure.

Proposed UK Consolidated Tape

The FCA has started a consultation on establishing a single consolidated tape for UK equities to aggregate and distribute trade data across venues (including OTC), with potential liquidity and transparency benefits for listed issuers and market participants. The consultation period closes on January 30, 2026.

UK Stamp Duty Listing Relief

The UK government introduced temporary relief from the 0.5% Stamp Duty Reserve Tax charge on purchases of a company's shares that are admitted to trading on a UK regulated market (such as the LSE) on or after November 27, 2025. Announced as part of Chancellor Reeves's latest budget, the exemption aligns with the government's broader action plan to stimulate economic growth and enhance the competitiveness and attractiveness of UK capital markets.

Changes to the EU Prospectus Regulation

In October 2024, the European Parliament and Council enacted Regulation (EU) 2024/2809 (the "EU Listing Act") to, among others, amend Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "EU Prospectus Regulation").

As part of the changes, two new streamlined prospectus regimes will replace legacy simplified disclosure regimes for secondary issuances and growth offerings from March 5, 2026:

- ***EU Follow-On Prospectus***. Issuers whose securities have been admitted to trading on a regulated market or SME growth market continuously for at least the preceding 18 months (or fungible with such securities) will be able to rely on a new EU Follow-on Prospectus for secondary issuances, replacing existing simplified prospectus regimes. The regime introduces an alleviated type of prospectus, as the European Union considers the level of disclosure of the current simplified prospectuses for secondary issuances still too prescriptive and too close to that of a standard prospectus. The EU Follow-on Prospectus reduces the disclosure set and mandates a standardized format with certain page limits and sequence to improve usability and comparability, with an aim of reducing preparation cost while preserving investor protection through existing disclosure obligations of the already listed companies.

- ***EU Growth Issuance Prospectus***. The EU Growth issuance prospectus will replace the current EU Growth prospectus regime for SMEs and certain other eligible issuers. This regime is intended to facilitate capital raising by growth-stage companies through proportionate disclosure requirements tailored to issuer size and complexity while maintaining minimum content standards across EU Member States.

From June 5, 2026, the amended EU Prospectus Regulation will require prospectuses across regimes to comply with mandatory standardized format, structure and sequencing rules, reducing discretion over structure and presentation for the issuers from different EU Member States and introducing a 300-page limit on equity prospectuses (excluding the summary and certain financial documents and information incorporated by reference). The amendments to the EU Prospectus Regulation will also apply to, among others, the list of the documents possible to incorporate by reference, the nature of supplements to the base prospectus and the format of prospectus distribution and language requirements. The EU Listing Act specifically calls out the approach to risk factors, which should be specific and material, and not generic or serve as disclaimers, masking the actual risks applicable to the issuer. The European Securities and Markets Authority is empowered to develop the technical standards on the template and the layout of the prospectuses.

Changes to EU MAR

The EU Listing Act also introduced changes to certain EU Market Abuse Regulation ("EU MAR") obligations under Article 17(4), which has introduced substantial divergence between the EU and UK MAR regimes for the first time. Beginning June 5, 2026, for instruments traded on European Economic Area markets, issuers do not need to disclose inside information related to "intermediate steps" in a "protracted process," such as an M&A transaction, if those steps are connected with bringing about or resulting in particular circumstances or a particular event. Only the final circumstances or final event needs to be disclosed, as soon as possible after it has occurred. The change has been introduced "to enable investors to take well-informed decisions. When information is disclosed at a very early stage and is of a preliminary nature, it might mislead investors, rather than contribute to efficient price formation and address information asymmetry.”[39]

In addition, issuers seeking to delay the disclosure of inside information are currently required to establish, among other things, that the delay of disclosure would not be likely to mislead the public. From June 5, 2026, this condition will be replaced in EU MAR with the following: “*the inside information that the issuer intends to delay is not in contrast with the latest public announcement or other type of communication by the issuer on the same matter to which the inside information refers*.” The change is intended to simplify the assessment that issuers undertake when determining whether to delay disclosure, although this will represent a divergence from UK MAR.

One Year of EU Green Bond Issuances

The European Union’s Green Bonds Regulation ((EU) 2023/2631) (the “Regulation”), a voluntary standard for bonds that wish to use the designation “European Green Bond,” or “EuGB,” has been in place since December 2024. The Regulation sets out eligibility criteria for investing bond proceeds in environmentally sustainable projects. Issuers are required to publish a prospectus for the offering of EuGB bonds under the EU Prospectus Regulation, requiring review and approval by the state competent authority. The Regulation also sets out requirements for alignment with the EU Taxonomy Regulation (the “Taxonomy”), standards for pre-issuance and post-issuance sustainability reporting, and a new framework for external review of those reports and supervision of the reviewers.

Since the Regulation has been in effect, 18 offerings have been conducted under this regime, ranging from €20 million to €3 billion, by a combination of regional authorities, a sovereign nation and companies in the finance, real estate and utilities sectors, most of which had previously issued traditional ESG bonds. Of the EuGB offerings to date, allocation of proceeds via the gradual approach has been favored by the vast majority of issuers, especially those in the utilities sector, while the portfolio approach has been consistently adopted by issuers in the banking and real estate sectors. While use of the EuGB regime has been limited when compared to traditional ESG- or sustainability-linked financings, the initial offerings offer valuable insights as to how potential issuers may consider approaches and use cases.

On November 6, 2025, the European Commission (the “EU Commission”) published a Commission Notice, which provides interpretation, guidelines and FAQs relating to the Regulation, including:

---

39 *See* recital 67 of Regulation (EU) 2024/2809.

- ***Retroactive Use of the "EuGB" Label***. The EuGB label can be applied to existing green bonds if the bonds are Taxonomy-aligned.

- ***Use of Proceeds***.

  - Proceeds under both the gradual and portfolio approaches can be allocated to financial assets, such as loan disbursements made before the issuance of EuGBs, as long as the assets are Taxonomy-aligned.

  - Issuers cannot combine the gradual and portfolio approach in a single issuance.

  - Under the portfolio approach, issuers must demonstrate in their annual allocation report that the total value of assets exceeds the total value of EuGBs issued; however, non-significant fluctuations in value between reporting periods are permissible and not required to be disclosed.

  - Annual allocation reports published under the portfolio approach require an external review, unless there has been no change in allocation to the portfolio or to any asset within it; a reduction in portfolio value solely due to repayments does not, by itself, trigger a review requirement.

- ***Alignment with the EU Taxonomy.***

  - Under the gradual approach, only new capital expenditures incurred after the issuance are eligible for allocation.

  - Under the portfolio approach, if the technical screening criteria is updated such that assets no longer qualify under the Taxonomy, the assets may remain in the issuer's EuGB asset pool for up to a seven-year grace period. During the seven years, the issuer must gradually replace or remove non-qualifying assets.

  - Sovereigns are required to apply Taxonomy minimum safeguards, in the same way as all other issuers. Sovereigns, municipalities and regional authorities can refer to the Final Report on Minimum Safeguards for more guidance.[40]

  - While the 15% flexibility pocket allows issuers to allocate up to 15% of EuGB proceeds for activities not yet aligned with the Taxonomy technical screening criteria, the activities must (i) substantially contribute to an environmental objective, (ii) do "no significant harm" and (iii) comply with the minimum safeguards laid out in Article 18 of the Taxonomy. External reviewers must

---

[40] Final Report on Minimum Safeguards, Platform on Sustainable Finance (October 2022) is accessible here.

independently assess compliance with these criteria, supported by technical guidance and tools published by the EU Commission and relevant independent advisory EU Commission expert groups.

- ***Disclosures, Factsheets and External Review.***
  - Issuers are encouraged to follow the structure of the templates in Annexes I, II and III for their EuGB factsheet, allocation reports and impact reports, although changes in sequence are acceptable.
  - Factsheets are not subject to expiration, allowing them to remain public for as long as they remain accurate and up to date. Similarly, factsheets used for multiple issuances should be updated if necessary to ensure investors are provided with up to date, clear and accurate information.
  - External reviewers have discretion to present their reports, provided they adhere to the requirements set out in Annex IV. External reviewers are also required to assess whether the issuer's factsheet complies with Articles 4-8 and Annexes I and IV.
  - An auditor's opinion on Taxonomy alignment may be taken into account by an external reviewer but it cannot replace the provision of a full, separate assessment of each disclosure document prepared by the issuer.
  - EuGBs may be listed on multilateral trading facilities, as well as regulated markets, provided the issuer publishes a prospectus under the Prospectus Regulation.

EU Capital Markets Integration Package

In December 2025, the EU Commission announced the Capital Markets Integration Package, which reflects a renewed effort to address the structural fragmentation of EU capital markets, which the EU Commission identifies as a constraint on investment, competitiveness and growth. The package is framed against persistent disparities between the European Union and other major markets, including lower stock market capitalization relative to GDP, smaller average fund sizes and a highly fragmented market infrastructure with more than 300 trading venues across Member States.

At its core, the package targets cross-border frictions across the full investment lifecycle. In the trading area, proposals are intended to make it easier for trading venues to operate across Member States, including through the introduction of a Pan-European Market Operator (PEMO) status that would allow groups to run multiple venues under a single license, and by simplifying broker membership processes across venues. In the post-trading area, the EU Commission focuses on reducing national add-on requirements imposed on issuers on top of the EU minimum standards, simplifying cross-border access to central securities depository services and improving connectivity between EU settlement systems.

European Common Prospectus

In April 2025, Euronext announced the launch of the European Common Prospectus, a voluntary, standardized equity prospectus template intended to facilitate capital raising and support greater integration of European capital markets. The initiative is designed to simplify and harmonize disclosure across Euronext's markets, such as Amsterdam, Brussels, Dublin, Lisbon, Milan, Oslo and Paris, by offering a streamlined prospectus structure that remains fully compliant with existing EU prospectus rules (as discussed above, the full implementation of the EU Listing Act will take place in June 2026).

The template of the European Common Prospectus (available here) consists of a common standardized equity prospectus summary, limited to seven pages, and a common standardized equity prospectus structure based on a common table of content, format and English language, which can be used in all countries subject to EU law. The European Common Prospectus shortens and standardizes disclosure requirements (in particular, the traditional 21-section structure has been replaced with 11 sections) with a view to lowering costs, accelerating execution timelines and enhancing comparability for investors in cross-border offerings.

2026 Proxy Voting Guidelines

Glass Lewis published its proxy voting guidelines for 2026 (applicable to shareholder meetings held on or after January 1, 2026), incorporating a number of updates in how governance, remuneration and shareholder rights issues are analyzed. A central change in the UK and European guidelines is the introduction of a new proprietary pay-for-performance model that uses a weighted scorecard approach to assess alignment between executive pay and company performance, replacing previous simpler models and providing more nuanced analysis for UK and EU issuers and investors. The updated guidelines also clarify a range of governance expectations such as board independence, election standards, board composition and committee performance, reflecting market and regulatory developments including UK Corporate Governance Code updates. Across Europe, these changes are broadly aligned with investor expectations for enhanced disclosure and accountability on remuneration outcomes and governance practices.

ISS also published its proxy voting guidelines for 2026 (applicable to shareholder meetings held on or after February 1, 2026). For the United Kingdom and Europe, specific changes include updated guidance on virtual-only meetings and removing the now-redundant UK Listing Rules requirement for relationship agreements with controlling shareholders. Another UK-specific change addresses expectations in “good leaver” exit arrangements, requiring companies to justify why departing executives qualify for such treatment. Across Europe, the ISS updates generally reinforce existing benchmark principles on governance and shareholder rights, paying continued attention to shareholder meeting formats, board accountability and disclosure, while reflecting regional regulatory developments.

Insurance Sector Developments

In response to improved market conditions, including lower interest rates, shifts in investor perceptions and regulatory developments, the insurance sector has continued to experience innovation in structured and hybrid financing instruments.

PCAPs

In 2025, the market saw a resurgence of pre-capitalized trust securities (also known as “PCAPs”), a capital markets-based structure that functions as a contingent financing structure and provides flexibility in times of economic uncertainty, particularly among insurance companies.[41] While PCAPs share certain key features with typical revolving credit facilities, they can be much longer dated with minimal counterparty risk.

Generally, in a PCAPs transaction, the sponsoring company creates a new statutory trust (often in Delaware) or other special purpose vehicle. That trust issues trust securities to qualified institutional buyers in a Rule 144A and Regulation S offering, with the proceeds invested by the trust in a portfolio of principal and interest strips of U.S. Treasury securities (the “Eligible Assets”) that, together with the facility fee described below, matches the expected payments on the trust securities. Concurrently with the issuance of the trust securities, the trust enters into a facility agreement with the company, which provides the company with an issuance right that permits the company, at its option, to issue senior notes to the trust and requires the trust to purchase such senior notes with an equivalent amount of the Eligible Assets. The company is required to exercise its issuance right in full upon certain automatic or mandatory triggers, including events of bankruptcy or certain payment defaults or if the company’s consolidated net worth falls below a threshold amount. In return for the company issuance right, the company pays the trust a facility fee, which, together with the income from the Eligible Assets, is equal to the coupon on the trust securities.

---

[41] *See* our Debevoise Update “*PCAPs Strike Back: The Return of Pre-Capitalized Trust Securities as Contingent Financing*” (October 1, 2025).

PCAP issuances in 2025 included Principal Financial Group, Inc.'s offering of a new 30-year PCAP (and exercised put option on an existing PCAPs issued in 2018), MetLife's new 30-year PCAP and PCAPs with maturities ranging from five to 30 years issued by Voya Financial and Lincoln National. In addition, Mexico became the first sovereign to issue PCAPs, in connection with its recapitalization of Petróleos Mexicanos using U.S. Treasury collateral to avoid a sovereign debt issuance as a source of rescue capital.

Among the benefits PCAPs offer, they are leverage-neutral day one and are generally viewed positively by rating agencies, while also able to incorporate a number of structural features designed to provide additional flexibility and optionality, including as a backstop to letter of credit facilities.[42] As companies, particularly in the insurance sector, seek access to capital to fund acquisitions, debt refinancings or other corporate transactions during times of economic uncertainty, PCAPs are expected to increasingly represent an attractive financing solution.

Funding Agreement-Backed Notes

Funding agreement-backed notes ("FABNs") are another unique financing option for insurance companies, whereby an issuer can "convert" a non-tradable insurance product into marketable and more liquid securities with a lower funding cost than senior notes due to the higher priority of the funding agreement in insolvency.

In a FABN transaction, an SPV (typically a Delaware statutory trust) issues multiple series of notes to institutional investors in Rule 144A and Regulation S offerings or to a single institutional buyer in a private placement and uses the proceeds to purchase one or more funding agreements from the insurance company (akin to guaranteed investment contracts or "GICs"). The funding agreement is pledged and collaterally assigned to the indenture trustee to secure the SPV's obligations under the relevant series of notes. The notes may be listed on a foreign exchange, and although the funding agreement is regulated as an insurance product, it generally is treated as debt for tax purposes.

2025 saw record issuances of FABNs and positive market conditions and increased investor demand will likely fuel continued growth of FABNs in 2026.

Subordinated Notes

Subordinated notes are a long-established feature of capital structures of financial institutions, used to bolster regulatory capital without diluting equity shareholders. Because of their subordinated ranking and longer maturities, such instruments generally

---

[42] *See* our article "*The Financing Flexibility of P-Caps*" (May 2022).

offer higher yields than senior debt, compensating investors for increased risk profile and limited enforcement rights.

Within this category, additional Tier 1 ("AT1") notes represent the most junior form of subordinated regulatory debt capital. AT1 notes are designed to provide loss-absorbing capacity on a going-concern basis (and before holders of Tier 2 or Tier 3 notes and other senior creditors, such as policy holders). They are typically perpetual, deeply subordinated instruments with discretionary, often non-cumulative coupons and explicit loss-absorption features, such as write-down or conversion to equity, triggered by breaches of specified regulatory capital thresholds. Coupon payments may be generally cancelled without constituting an event of default, and AT1 notes are generally callable only after a minimum period and subject to regulatory approval.

Market perception of AT1 instruments was recently impacted by the write-down of Credit Suisse's AT1 instruments: in March 2023, the Swiss Financial Market Supervisory Authority ("FINMA") instructed Credit Suisse to fully write down its AT1 instruments in the aggregate amount of CHF 16.5 billion on the basis of the AT1 contractual provisions and the Federal Council's Emergency Ordinance. In October 2025, the Swiss Federal Administrative Court ruled in favor of the noteholders and declared FINMA's decree unlawful.

In 2025, the AT1 market experienced robust issuance activity, with U.S. dollar-denominated AT1 volumes reaching approximately $75.3 billion, compared to $72 billion in 2024.[43] Although AT1 instruments are most commonly associated with banks, similar subordinated, loss-absorbing structures are increasingly being considered and adopted in the insurance sector. For example, in 2025, the annual gross supply of restricted Tier 1 bonds issued by insurance companies surpassed the $10 billion mark for the first time.[44] Similar to banks, the specific regulatory framework for AT1 eligibility will depend on an insurance company's primary regulator. 2025 marked the first publicly listed AT1 capital instrument issued by a Bermuda-regulated insurer, which combined features required by the Bermuda Regulatory Authority and rating agencies, such as mandatory and optional write-downs, non-cumulative interest cancellations and a perpetual term, with investor-favorable provisions, including a dividend stopper and interest rate floor, and issuer flexibility in the form of a call option after 6.5 years and a clean-up call option. Subject to continued acceptability by local regulators and investor appetite, and investment strategy by shareholders, insurance companies are expected to perceive AT1 and similar instruments as a more viable form of capital going forward.

---

43 *See* "*2025: Dollar AT1 Bonds Extend Gains for a Second Successive Year*," BondbloX (December 21, 2025).

44 *See* "*AT1-Like Debt for Insurers Sees Record $10 Billion Sales*," Bloomberg Law (October 22, 2025).

Collateralized Fund Obligations

Collateralized fund obligations (or "CFOs") also returned to the market in 2025, with several high-profile deals by European sponsors and supported by insurance companies as investors. In a traditional CFO, a bankruptcy-remote special purpose vehicle ("SPV") managed by a fund sponsor is created to hold a diversified pool of eligible fund interests or fund-linked assets financed by issuing one or more rated notes and a series of additional subordinated tranches or classes of equity. The tranches are structured such that each series will have seniority over the more junior tranche, with corresponding ratings and rates of return. Senior tranches of debt will often have tighter loan-to-value requirements, with equity and subordinated interests often held at least in large part by the sponsor. The fund interests (or the equity of a subsidiary of the CFO issuer which holds the relevant fund interests) are typically pledged to secure the repayment of the senior notes and other obligations of the CFO issuer in a waterfall structure. CFO structures are complex and tailored to the needs of their investors and the underlying assets, while also providing for a cost-efficient fundraising tool for the sponsor.

Historically, CFOs have been targeted towards U.S. insurance companies, which generally disfavor directly investing in private equity assets because of the greater amount of regulatory capital that is required to be held to hold such assets. However, senior tranches of CFOs that are appropriately structured and receive requisite ratings may qualify for favorable risk-based capital treatment. In recent years, CFOs have been the subject of ongoing assessment by the National Association of Insurance Commissioners ("NAIC"), which has led to uncertainty and impacted investor demand. However, a new principles-based definition of a "bond" under U.S. insurance company statutory accounting rules that took effect in 2025 and a new process for determining the risk-based capital treatment of U.S. insurance company investments (which allows the NAIC's Securities Valuation Office and state insurance regulators the discretion to challenge the risk-based capital treatment of an investment derived from credit ratings) that takes effect in 2026 are expected to provide greater certainty for insurance companies assessing investments around the regulatory treatment of CFOs. Over time, as U.S. insurance companies complete financial examinations by state insurance regulators, we expect more clarity on the regulatory scrutiny of CFOs reported as bonds on the statutory financial statements filed by insurance companies.

In the United Kingdom, there has been increasing interest in whether CFOs can be a matching adjustment eligible asset which could significantly reduce the amount of technical provisions required to be held by life insurance companies against their long-term guaranteed liabilities such as annuities. This benefit is valuable to life insurance companies with long-term guaranteed liabilities as there is a limited pool of good quality assets with terms as long as these liabilities. However, Solvency II's securitization-level capital charges and "look through" requirements could still cause high capital charges unless the insurer has its own internal model which provides more favorable capital treatment. In addition, the conditions for a matching adjustment eligible asset are stringent, and a matching adjustment application requires regulatory approval, although the United Kingdom has introduced some relaxations including allowing part of the portfolio to be matched with assets with "highly predictable" cashflows instead of fixed cashflows. With growing familiarity by both sponsors and investors, CFOs are anticipated to continue to grow in popularity.

* * *

Please do not hesitate to contact us with any questions.

Pierre Maugüé
Partner, London
+44 20 7786 9190
pmaugue@debevoise.com

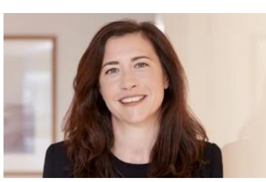
Nicholas P. Pellicani
Partner, London
+44 20 7786 9140
nppellicani@debevoise.com

Paul M. Rodel
Partner, New York
+1 212 909 6478
pmrodel@debevoise.com

Philippe Tengelmann
Partner D&P Europe S.à r.l.,
Paris
+33 1 40 73 12 34
ptengelmann@debevoise.com

Gregg Young
Partner, London
+44 20 7786 5527
gyoung@debevoise.com

Christine Shu Gilleland
Counsel, London
+44 20 7786 5520
csgilleland@debevoise.com



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

Rosanne Lariven
Associate, Paris
+33 1 40 73 12 95
rlariven@debevoise.com

Zhenya Lebedev
Associate, London
+44 20 7786 3021
ealebedev@debevoise.com

Aleksei Shapovalov
Associate, London
+44 20 7786 5511
aashapovalov@debevoise.com

Esther Stefanini
Associate, London
+44 20 7786 9145
estefanini@debevoise.com

Phoebe Brooke Steinfeld
Law Clerk, New York
+1 212 909 6659
pbsteinfeld@debevoise.com