

Pre-Emption Group

No change to pre-emption thresholds for Prospectus Regulation

The Prospectus Regulation came into force on 20 July, introducing a new exemption from the obligation to publish a prospectus up to a twenty per cent increase in securities admitted to trading.

In light of the new threshold, we have confirmed that the Investment Association and the Pensions and Lifetime Savings Association continue to support the current overall limit of ten per cent in the 2015 Statement of Principles, which allows for two resolutions for disapplication authority - the first five per cent for general corporate purposes and, when applied for, the second five per cent for use only in connection with an acquisition or specified capital investment. No change to the flexibility permitted by the guidelines is expected as a consequence of the new Prospectus Regulation.

Companies and investors are encouraged to use the Pre-Emption Group's Statement of Principles when engaging on pre-emption issues. In addition, companies are encouraged to use the template resolutions and Appendix of Best Practice in Engagement and Disclosure when applying for authority to disapply pre-emption rights and issuing shares under such an authority.

Notes to editors:

The Financial Reporting Council (FRC) acts as Secretariat to the Pre-Emption Group, which is chaired by Mr Robert Swannell. The Pre-Emption Group issues best practice documents regarding authorities to disapply pre-emption rights. The Group represents listed companies, investors and intermediaries.

The FRC is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment. The FRC sets the UK Corporate Governance and Stewardship Codes and UK standards for accounting and actuarial work; monitors and takes action to promote the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. As the Competent Authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality.

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