

Listing Rules

Chapter 9

Continuing obligations

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9.1 Preliminary

Application: equity shares

- 9.1.1 **R** A company that has a *primary listing* of equity shares must comply with all of the requirements of this chapter.

Application: preference shares

- 9.1.2 **R** A company that has a *primary listing* of preference shares must comply with:

- (1) ■ LR 9.2.1 R to ■ LR 9.2.6B R;
- (2) ■ LR 9.2.11 R to ■ LR 9.2.12 G;
- (3) ■ LR 9.2.14 R to ■ LR 9.2.17 G;
- (4) ■ LR 9.3.1 R to ■ LR 9.3.10 G;
- (5) ■ LR 9.5.1 R to ■ LR 9.5.9 R;
- (6) ■ LR 9.6.1 R to ■ LR 9.6.4 R;
- (7) ■ LR 9.6.6 R;
- (8) ■ LR 9.6.11 R;
- (9) ■ LR 9.6.19 R to ■ LR 9.6.22 G;
- (10) ■ LR 9.7A; and
- (11) ■ LR 9.8, but not:
 - (a) ■ LR 9.8.4R (3);
 - (b) [deleted]
 - (c) [deleted]
 - (d) ■ LR 9.8.6R (5), ■ (6) and ■ (7)

(e) ■ LR 9.8.8 R .

(12) [deleted]

9.1.2A

G

For the purposes of compliance with the *transparency rules*, the FSA considers that a *listed company* that issues *preference shares* should comply with ■ DTR 4 (Periodic financial reporting), ■ DTR 5 (Vote holder and issuer notification rules) and ■ DTR 6 (Access to information) as if it were an issuer of debt securities as defined in the *transparency rules*.

Application: securities convertible into equity shares

9.1.3

R

A *company* that has a *primary listing* of *securities* convertible into *equity shares* must comply with:

(1) ■ LR 9.2.1 R to ■ LR 9.2.6B R;

(2) ■ LR 9.2.11 R;

(3) ■ LR 9.2.13 G;

(4) [deleted]

(5) ■ LR 9.5.11 R to ■ LR 9.5.12 R;

(6) ■ LR 9.5.15 R to ■ LR 9.5.16 R;

(7) ■ LR 9.6.1 R;

(8) ■ LR 9.6.3 R;

(9) ■ LR 9.6.4 R to ■ LR 9.6.6 R;

(10) ■ LR 9.6.19 R to ■ LR 9.6.22 G; and

(11) ■ LR 9.8 but not:

(a) ■ LR 9.8.4R (3);

(b) [deleted]

(c) [deleted]

(d) ■ LR 9.8.6R (6) and ■ LR 9.8.6R (7); and

(e) ■ LR 9.8.8 R.

9.1.4

R

A *company* that has a *primary listing* of *securities* convertible into *equity shares* must comply with ■ LR 9.2.7 R to ■ LR 9.2.10 R if the *equity shares* that the *securities* convert into are *listed*.



9.2 Requirements with continuing application

Admission to trading

- 9.2.1 **R** A *listed company* must comply with ■ LR 2.2.3 R at all times.
- 9.2.2 **R** A *listed company* must inform the FSA in writing as soon as possible if it has:
 - (1) requested a RIE to admit or re-admit any of its *listed equity securities* or listed preference shares to trading; or
 - (2) requested a RIE to cancel or suspend trading of any of its *listed equity securities* or *listed preference shares*; or
 - (3) been informed by a RIE that trading of any of its *listed equity securities* or *listed preference shares* will be cancelled or suspended.

Control of assets and independent business

- 9.2.2A **R** A *listed company* that has *shares listed*, or *securities* convertible into its own *shares listed*, must comply with ■ LR 6.1.4R (2) and ■ (3) at all times. This rule does not apply to a *mineral company*, a *scientific research based company*, a *closed-ended investment fund* or an *open-ended investment company* .

Settlement arrangements

- 9.2.3 **R** A *listed company* must comply with ■ LR 6.1.23 R at all times.
- 9.2.4 **R** [deleted]

Compliance with the disclosure rules and transparency rules

- 9.2.5 **G** A *listed company*, whose *securities* are admitted to trading on a *regulated market* in the *United Kingdom*, should consider its obligations under ■ DTR 2 (Disclosure and control of inside information by issuers).
- 9.2.6 **R** A *listed company* that is not already required to comply with ■ DTR 2 (Disclosure and control of inside information by issuers) must comply

with ■ DTR 2 as if it were an *issuer* for the purposes of the *disclosure rules* and *transparency rules*.

9.2.6A **G** A *listed company*, whose *securities* are admitted to trading on a *regulated market*, should consider its obligations under ■ DTR 4 (Periodic financial reporting), ■ DTR 5 (Vote holder and issuer notification rules), ■ DTR 6 (Access to information) and ■ DTR 7 (Corporate governance).

9.2.6B **R** A *listed company* that is not already required to comply with the *transparency rules* (or with corresponding requirements imposed by another *EEA Member State*) must comply with ■ DTR 4, ■ DTR 5 and ■ DTR 6 as if it were an *issuer* for the purposes of the *transparency rules*.

Compliance with the Model Code

9.2.7 **R** No dealings in any *securities* may be effected by or on behalf of a *listed company* or any other member in its *group* at a time when, under the provisions of the *Model Code*, a *director* of the *company* would be prohibited from dealing in its *securities*, unless such dealings are entered into:

- (1) in the ordinary course of business by a securities dealing business; or
- (2) on behalf of third parties by the *company* or any other member of its *group*.

9.2.8 **R** A *listed company* must require every *person discharging managerial responsibilities*, including *directors* to comply with the *Model Code* and to take all proper and reasonable steps to secure their compliance.

9.2.9 **G** A *listed company* may impose more rigorous dealing obligations than those required by the *Model Code*.

9.2.10 **R** Where clearance is given to a *person* to deal in exceptional circumstances (pursuant to paragraph 9 of the *Model Code*) in a *close period*, the notification to a *RIS* required by ■ DTR 3.1.4 R must also include a statement of the exceptional circumstances.

Contact details

9.2.11 **R** A *listed company* must ensure that the *FSA* is provided with up to date contact details of at least one appropriate person nominated by it to act as the first point of contact with the *FSA* in relation to the *company's* compliance with the *listing rules* and the *disclosure rules* and *transparency rules*.

9.2.12 **G** The contact person referred to in ■ LR 9.2.11 R will be expected to be:

- (1) knowledgeable about the *listed company* and the *listing rules* applicable to it;

- (2) capable of ensuring that appropriate action is taken on a timely basis; and
- (3) contactable on *business days* between the hours of 7 a.m. to 7 p.m.

Sponsors

9.2.13 **G** A *listed company* should consider its notification obligations under ■ LR 8.5.

9.2.14 **R** [deleted]

Shares in public hands

9.2.15 **R** A *listed company* must comply with ■ LR 6.1.19 R at all times.

9.2.16 **R** A *listed company* that no longer complies with ■ LR 6.1.19 R must notify the FSA as soon as possible of its non-compliance.

9.2.17 **G** A *listed company* should consider ■ LR 5.2.2G (2) in relation to its compliance with ■ LR 6.1.19 R.

Publication of unaudited financial information

- 9.2.18 **R**
- (1) This *rule* applies to a *listed company* that has published:
 - (a) any unaudited financial information in a *class 1 circular* or a *prospectus*; or
 - (b) any *profit forecast* or *profit estimate*.
 - (2) The first time a *listed company* publishes financial information as required by ■ LR 9.7 to ■ LR 9.9 after the publication of the unaudited financial information, *profit forecast* or *profit estimate*, it must:
 - (a) reproduce that financial information, *profit forecast* or *profit estimate* in its next annual report and accounts;
 - (b) produce and disclose in the annual report and accounts the actual figures for the same period covered by the information reproduced under paragraph (2)(a); and
 - (c) provide an explanation of the difference, if there is a difference of 10% or more between the figures required by paragraph (2)(b) and those reproduced under paragraph (2)(a).

9.2.19 **G** ■ LR 9.2.18 R does not apply to:

- (1) pro forma financial information prepared in accordance with Annex 1 and Annex 2 of the *PD Regulation*; or

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- (2) any preliminary statements of annual results or half-yearly or quarterly reports that are reproduced with the unaudited financial information.



9.3 Continuing obligations - holders

9.3.1 **R** [deleted]

9.3.2 **G** [deleted]

9.3.3 **R** [deleted]

9.3.4 **R** [deleted]

9.3.5 **R** [deleted]

Proxy forms

9.3.6 **R** *A listed company* must ensure that, in addition to its obligations under the Companies Act 2006, a proxy form:

- (1) [deleted]
- (2) provides for at least three -way voting on all resolutions intended to be proposed (except that it is not necessary to provide proxy forms with three -way voting on procedural resolutions); and
- (3) [deleted]
- (4) states that if it is returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his discretion as to whether, and if so how, he votes.

Proxy forms for re-election of retiring directors

9.3.7 **R** If the resolutions to be proposed include the re-election of retiring *directors* and the number of retiring *directors* standing for re-election exceeds five, the proxy form may give shareholders the opportunity to vote for or against (or abstain from voting on) the re-election of the retiring *directors* as a whole but must also allow votes to be cast for or against (or for shareholders to abstain from voting on) the re-election of the retiring *directors* individually.

9.3.8 **R** [deleted]

Sanctions

9.3.9

R

Where a *listed company* has taken a power in its *constitution* to impose sanctions on a shareholder who is in default in complying with a notice served under section 793 of the Companies Act 2006 (Notice by company requiring information about interests in its shares) :

- (1) sanctions may not take effect earlier than 14 days after service of the notice;
- (2) for a shareholding of less than 0.25% of the *shares* of a particular *class* (calculated exclusive of *treasury shares*), the only sanction the *constitution* may provide for is a prohibition against attending meetings and voting;
- (3) for a shareholding of 0.25% or more of the *shares* of a particular *class* (calculated exclusive of *treasury shares*), the *constitution* may provide:
 - (a) for a prohibition against attending meetings and voting;
 - (b) for the withholding of the payment of dividends (including *shares* issued in lieu of dividend) on the *shares* concerned; and
 - (c) for the placing of restrictions on the transfer of *shares*, provided that restrictions on transfer do not apply to a sale to a genuine unconnected third party (such as through a *RIE* or an *overseas* exchange or by the acceptance of a takeover offer); and
- (4) any sanctions imposed in accordance with paragraph (2) or (3) above must cease to apply after a specified period of not more than seven days after the earlier of:
 - (a) receipt by the *issuer* of notice that the shareholding has been sold to an unconnected third party through a *RIE* or an *overseas* exchange or by the acceptance of a takeover offer; and
 - (b) due compliance, to the satisfaction of the *issuer*, with the notice under section 793 .

9.3.10

G

An *overseas company* with a *primary listing* is not required to comply with ■ LR 9.3.9 R.

Pre-emption rights

9.3.11

R

A *listed company* proposing to issue *equity shares* for cash or to sell *treasury shares* that are equity securities for cash must first offer those securities in proportion to their existing holdings to:

- (1) existing holders of that class of *equity shares* (other than the *listed company* itself by virtue of it holding *treasury shares*); and

9.3.12

R

■ LR 9.3.11 R does not apply if:

- (2) holders of other *equity shares* of the *listed company* who are entitled to be offered them.
- (1) a general disapplication of statutory pre-emption rights has been authorised by shareholders in accordance with section 95 of the Companies Act 1985 (Disapplication of pre-emption rights) and the issue of *equity securities* or sale of *treasury shares* that are *equity shares* by the *listed company* is within the terms of the authority; or
 - (2) the *listed company* is undertaking a *rights issue* or *open offer* and the disapplication of pre-emption rights is with respect to:
 - (a) *equity shares* representing fractional entitlements; or
 - (b) *equity shares* which the *company* considers necessary or expedient to exclude from the offer on account of the laws or regulatory requirements of another territory; or
 - (3) the *listed company* is selling *treasury shares* for cash to an *employee share scheme*; or
 - (4) the *company* is an *overseas company* with a *primary listing*.

9.4 Documents requiring prior approval

Employees share schemes and long-term incentive plans

9.4.1

R

- (1) This *rule* applies to the following schemes of a *listed company* incorporated in the *United Kingdom* and of any of its *major subsidiary undertaking* (even if that *major subsidiary undertaking* is incorporated or operates overseas):
- (a) an *employees' share scheme* if the scheme involves or may involve the issue of new *shares* or the transfer of *treasury shares*; and
 - (b) a *long-term incentive scheme* in which one or more *directors* of the *listed company* is eligible to participate.
- (2) The *listed company* must ensure that the *employees' share scheme* or *long-term incentive scheme* is approved by an ordinary resolution of the shareholders of the *listed company* in general meeting before it is adopted.

9.4.2

R

■ LR 9.4.1 R does not apply to the following *long-term incentive schemes*:

- (1) an arrangement where participation is offered on similar terms to all or substantially all *employees* of the *listed company* or any of its *subsidiary undertakings* whose *employees* are eligible to participate in the arrangement (provided that all or substantially all *employees* are not *directors* of the *listed company*); and
- (2) an arrangement where the only participant is a *director* of the *listed company* (or an individual whose appointment as a *director* of the *listed company* is being contemplated) and the arrangement is established specifically to facilitate, in unusual circumstances, the recruitment or retention of the relevant individual.

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9.4.3

R

For a scheme referred to in ■ LR 9.4.2R (2), the following information must be disclosed in the first annual report published by the *listed company* after the date on which the relevant individual becomes eligible to participate in the arrangement:

- (1) all of the information prescribed in ■ LR 13.8.11 R;
- (2) the name of the sole participant;
- (3) the date on which the participant first became eligible to participate in the arrangement;
- (4) an explanation of why the circumstances in which the arrangement was established were unusual;
- (5) the conditions to be satisfied under the terms of the arrangement; and
- (6) the maximum award(s) under the terms of the arrangement or, if there is no maximum, the basis on which awards will be determined.

Discounted option arrangements

9.4.4

R

- (1) This *rule* applies to the grant to a *director* or *employee* of a *listed company* or of any *subsidiary undertaking* of a *listed company* of an option to subscribe, warrant to subscribe or other similar right to subscribe for *shares* in the capital of the *listed company* or any of its *subsidiary undertakings*.
- (2) A *listed company* must not, without the prior approval by an ordinary resolution of the shareholders of the *listed company* in a general meeting, grant the option, warrant or other right if the price per *share* payable on the exercise of the option, warrant or other similar right to subscribe is less than whichever of the following is used to calculate the exercise price:
 - (a) the market value of the *share* on the date when the exercise price is determined; or
 - (b) the market value of the *share* on the *business day* before that date; or
 - (c) the average of the market values for a number of dealing days within a period not exceeding 30 *days* immediately before that date.

9.4.5

R

■ LR 9.4.4 R does not apply to the grant of an option to subscribe, warrant to subscribe or other similar right to subscribe for *shares* in the capital of a *listed company* or any of its *subsidiary undertakings*:

- (1) under an *employees' share scheme* if participation is offered on similar terms to all or substantially all *employees* of the *listed company* or any of its *subsidiary undertakings* whose *employees* are entitled to participate in the scheme; or

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- (2) following a take-over or reconstruction, in replacement for and on comparable terms with options to subscribe, warrants to subscribe or other similar rights to subscribe held immediately before the take-over or reconstruction for *shares* in either a *company* of which the *listed company* thereby obtains control or in any of that *company's subsidiary undertakings*.

9.5 Transactions

Rights issue

- 9.5.1 **R** For a placing of rights arising from a *rights issue* before the official start of dealings, a *listed company* must ensure that:
- (1) the placing relates to at least 25% of the maximum number of *securities* offered;
 - (2) the places are committed to take up whatever is placed with them;
 - (3) the price paid by the places does not exceed the price at which the *securities* the subject of the *rights issue* are offered by more than one half of the calculated premium over that offer price (that premium being the difference between the offer price and the theoretical ex-rights price); and
 - (4) the *securities* the subject of the *rights issue* are of the same *class* as *securities* already *listed*.
- 9.5.2 **G** The *FSA* may modify **■** LR 9.5.1R (1) to allow the placing to relate to less than 25% if it is satisfied that requiring at least 25% would be detrimental to the success of the issue.
- 9.5.3 **G** In a *rights issue*, the *FSA* may list the *securities* at the same time as the *securities* are admitted to trading in nil paid form. On the *securities* being paid up and the allotment becoming unconditional, the *listing* will continue without any need for a further application to list fully paid *securities*.
- 9.5.4 **R** If existing *security* holders do not take up their rights to subscribe in a *rights issue*:
- (1) the *listed company* must ensure that the *securities* to which the offer relates are offered for subscription or purchase on terms that any premium obtained over the subscription or purchase price (net of expenses) is to be for the account of the holders, except that if the proceeds for an existing holder do not exceed

5.00, the proceeds may be retained for the *company's* benefit; and

- (2) the *securities* may be allotted or sold to underwriters, if on the expiry of the subscription period no premium (net of expenses) has been obtained.

9.5.5 **R** A *listed company* must ensure that for a *rights issue* the following are notified to a *RIS* as soon as possible:

- (1) the issue price and principal terms of the issue; and
- (2) the results of the issue and, if any rights not taken up are sold, details of the sale, including the date and price per *share*.

9.5.6 **R** A *listed company* must ensure that the offer relating to a *rights issue* remains open for acceptance for at least 21 days.

Open offers

9.5.7 **R** A *listed company* must ensure that the timetable for an *open offer* is approved by the *RIE* on which its *securities* are traded.

9.5.8 **R** A *listed company* must ensure that in relation to communicating information on an *open offer*:

- (1) if the offer is subject to shareholder approval in general meeting the announcement must state that this is the case; and
- (2) the *circular* dealing with the offer must not contain any statement that might be taken to imply that the offer gives the same entitlements as a *rights issue*.

Vendor consideration placing

9.5.9 **R** A *listed company* must ensure that in a *vendor consideration placing* all vendors have an equal opportunity to participate in the placing.

Discounts not to exceed 10%

9.5.10 **R**

- (1) If a *listed company* makes an *open offer*, *placing*, *vendor consideration placing*, *offer for subscription* of *equity shares* or an issue out of treasury (other than in respect of an employees' share scheme) of a *class* already *listed*, the price must not be at a discount of more than 10% to the middle market price of those *shares* at the time of announcing the terms of the offer or at the time of agreeing the placing (as the case may be).
- (2) In paragraph (1), the middle market price of *equity shares* means the middle market quotation for those *equity shares* as derived from the daily official list of the *London Stock Exchange* or any

other publication of an *RIE* showing quotations for *listed securities* for the relevant date.

- (3) Paragraph (1) does not apply to an offer or placing at a discount of more than 10% if:
 - (a) the terms of the offer or placing at that discount have been specifically approved by the issuer's shareholders; or
 - (b) it is an issue of *shares* for cash or the sale of *treasury shares* for cash under a pre-existing general authority to disapply section 89 of the Companies Act 1985 (Offers to shareholders to be on a pre-emptive basis) .
- (4) The *listed company* must notify a *RIS* as soon as possible after it has agreed the terms of the offer or placing.

Offer for sale or subscription

9.5.11

R

A *listed company* must ensure that for an *offer for sale* or an *offer for subscription of equity securities*:

- (1) letters of allotment or acceptance are all issued simultaneously and numbered serially (and, where appropriate, split and certified by the *listed company's* registrars);
- (2) if the *securities* may be held in uncertificated form, there is equal treatment of those who elect to hold the *securities* in certificated form and those who elect to hold them in uncertificated form;
- (3) letters of regret are posted at the same time or not later than three *business days* after the letters of allotment or acceptance; and
- (4) if a letter of regret is not posted at the same time as letters of allotment or acceptance, a notice to that effect is inserted in a national newspaper, to appear on the morning after the letters of allotment or acceptance are posted.

Reconstruction or refinancing

9.5.12

R

- (1) If a *listed company* produces a *circular* containing proposals to be put to shareholders in a general meeting relating to a reconstruction or a re-financing, the *circular* must be produced in accordance with ■ LR 13.3 and must include a working capital statement.
- (2) The requirement for a working capital statement set out in paragraph (1) does not apply to a *closed-ended investment fund*.

- (3) The working capital statement required by paragraph (1) must be prepared in accordance with item 3.1 of Annex 3 of the *PD Regulation* and on the basis that the reconstruction or the re-financing has taken place.

Fractional entitlements

9.5.13

R

If, for an issue of *shares* (other than an issue in lieu of dividend), a shareholders entitlement includes a fraction of a *security*, a *listed company* must ensure that the fraction is sold for the benefit of the holder except that if its value (net of expenses) does not exceed 5.00 it may be sold for the *company's* benefit. Sales of fractions may be made before *listing* is granted.

Further issues

9.5.14

R

When *shares* of the same *class* as *shares* that are *listed* are allotted, an application for *admission to listing* of such *shares* must be made as soon as possible and in any event within one month of the allotment. [Note: Article 64 *CARD*]

Temporary documents of title (including renounceable documents)

9.5.15

R

A *listed company* must ensure that any temporary document of title (other than one issued in global form) for an *equity security*:

- (1) is serially numbered;
- (2) states where applicable:
 - (a) the name and address of the first holder and names of joint holders (if any);
 - (b) for a fixed income *security*, the amount of the next payment of interest or dividend;
 - (c) the pro rata entitlement;
 - (d) the last date on which transfers were or will be accepted for registration for participation in the issue;
 - (e) how the *securities* rank for dividend or interest;
 - (f) the nature of the document of title and proposed date of issue;
 - (g) how fractions (if any) are to be treated; and
 - (h) for a *rights issue*, the time, being not less than 21 days, in which the offer may be accepted, and how *securities* not taken up will be dealt with; and
- (3) if renounceable:
 - (a) states in a heading that the document is of value and negotiable;

- (b) advises holders of *securities* who are in any doubt as to what action to take to consult appropriate independent advisers immediately;
- (c) states that where all of the *securities* have been sold by the addressee (other than ex rights or ex capitalisation), the document should be passed to the person through whom the sale was effected for transmission to the purchaser;
- (d) has the form of renunciation and the registration instructions printed on the back of, or attached to, the document;
- (e) includes provision for splitting (without fee) and for split documents to be certified by an official of the *company* or authorised agent;
- (f) provides for the last day for renunciation to be the second *business day* after the last day for splitting; and
- (g) if at the same time as an allotment is made of *shares* issued for cash, *shares* of the same *class* are also allotted credited as fully paid to vendors or others, provides for the period for renunciation to be the same as, but no longer than, that provided for in the case of *shares* issued for cash.

Definitive documents of title

9.5.16

R

A *listed company* must ensure that any definitive document of title for an *equity security* (other than a bearer *security*) includes the following matters on its face (or on the reverse in the case of paragraphs (5) and (7)):

- (1) the authority under which the *listed company* is constituted and the country of incorporation and registered number (if any);
- (2) the number or amount of *securities* the certificate represents and, if applicable, the number and denomination of units (in the top right-hand corner);
- (3) a footnote stating that no transfer of the *security* or any portion of it represented by the certificate can be registered without production of the certificate;
- (4) if applicable, the minimum amount and multiples thereof in which the *security* is transferable;
- (5) the date of the certificate;
- (6) for a fixed income *security*, the interest payable and the interest payment dates and on the reverse (with reference shown on the face) an easily legible summary of the rights as to redemption or repayment and (where applicable) conversion; and

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- (7) for *shares* with preferential rights, on the face (or, if not practicable, on the reverse), a statement of the conditions thereof as to capital, dividends and (where applicable) conversion.

9.6 Notifications

Copies of documents

- 9.6.1 **R** A *listed company* must forward to the *FSA* for publication through the *document viewing facility*, two copies of all circulars, notices, reports or other documents to which the *listing rules* apply at the same time as they are issued.
- 9.6.2 **R** A *listed company* must forward to the *FSA*, for publication through the *document viewing facility*, two copies of all resolutions passed by the *listed company* other than resolutions concerning ordinary business at an annual general meeting as soon as possible after the relevant general meeting.
- 9.6.3 **R**
- (1) A *listed company* must notify a *RIS* as soon as possible when a document has been forwarded to the *FSA* under **■** LR 9.6.1 R or **■** LR 9.6.2 R unless the full text of the document is provided to the *RIS*.
 - (2) A notification made under paragraph (1) must set out where copies of the relevant document can be obtained.

Notifications relating to capital

- 9.6.4 **R** A *listed company* must notify a *RIS* as soon as possible (unless otherwise indicated in this rule) of the following information relating to its capital:
- (1) any proposed change in its capital structure including the structure of its *listed debt securities*, save that an announcement of a new issue may be delayed while marketing or underwriting is in progress;
 - (2) [deleted]
 - (3) any redemption of *listed shares* including details of the number of *shares* redeemed and the number of *shares* of that class outstanding following the redemption;

- (4) any extension of time granted for the currency of temporary documents of title; and
- (5) [deleted]
- (6) (except in relation to a block listing of *securities*) the results of any new issue of *equity securities* or *preference shares* or of a public offering of existing *shares* or other *equity securities*.

9.6.5 **R** [deleted]

9.6.6 **R** Where the *securities* are subject to an underwriting agreement a *listed company* may, at its discretion and subject to **■ DTR 2** (Disclosure and control of inside information by issuers), delay notifying a *RIS* as required by **■ LR 9.6.4R (6)** for up to two *business days* until the obligation by the underwriter to take or procure others to take *securities* is finally determined or lapses. In the case of an issue or offer of *securities* which is not underwritten, notification of the result must be made as soon as it is known.

9.6.7 **R** [deleted]

9.6.8 **R** [deleted]

9.6.9 **G** [deleted]

9.6.10 **G** [deleted]

Notification of board changes and directors' details

9.6.11 **R** *A listed company must notify a RIS of any change to the board including:*

- (1) the appointment of a new *director* stating the appointees name and whether the position is executive, non-executive or chairman and the nature of any specific function or responsibility of the position;
- (2) the resignation, removal or retirement of a *director* (unless the *director* retires by rotation and is re-appointed at a general meeting of the *listed company's* shareholders);
- (3) important changes to the role, functions or responsibilities of a *director*; and
- (4) the effective date of the change if it is not with immediate effect;

as soon as possible and in any event by the end of the *business day* following the decision or receipt of notice about the change by the *company*.

9.6.12 **R** If the effective date of the board change is not yet known, the notification required by **■ LR 9.6.11 R** should state this fact and the *listed company* should notify a *RIS* as soon as the effective date has been decided.

9.6.13 **R** A *listed company* must notify a *RIS* of the following information in respect of any new *director* appointed to the board as soon as possible following the decision to appoint the *director* and in any event within five *business days* of the decision:

- (1) details of all directorships held by the *director* in any other publicly quoted *company* at any time in the previous five years, indicating whether or not he is still a *director*;
- (2) any unspent convictions in relation to indictable offences;
- (3) details of any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company where the *director* was an executive *director* at the time of, or within the 12 months preceding, such events;
- (4) details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where the *director* was a partner at the time of, or within the 12 months preceding, such events;
- (5) details of receiverships of any asset of such *person* or of a partnership of which the *director* was a partner at the time of, or within the 12 months preceding, such event; and
- (6) details of any public criticisms of the *director* by statutory or regulatory authorities (including *designated professional bodies*) and whether the *director* has ever been disqualified by a court from acting as a *director* of a *company* or from acting in the management or conduct of the affairs of any *company*.

9.6.14 **R** A *listed company* must, in respect of any current *director*, notify a *RIS* as soon as possible of:

- (1) any changes in the information set out in **■ LR 9.6.13R (2)** to **■ LR 9.6.13R (6)**; and
- (2) any new directorships held by the *director* in any other publicly quoted *company*.

9.6.15 **G** If no information is required to be disclosed pursuant to **■ LR 9.6.13 R**, the notification required by **■ LR 9.6.13 R** should state this fact.

Notification of lock-up arrangements

9.6.16 **R** A *listed company* must notify a *RIS* as soon as possible of information relating to the disposal of *equity shares* under an exemption allowed in the lock-up arrangements disclosed in accordance with the *PD Regulations*.

9.6.17 **R** A *listed company* must notify a *RIS* as soon as possible of the details of any variation in the lock-up arrangements disclosed in accordance with the *PD Regulations* or any subsequent announcement.

Notification of shareholder resolutions

9.6.18 **R** A *listed company* must notify a *RIS* as soon as possible after a general meeting of all resolutions passed by the *company* other than resolutions concerning ordinary business passed at an annual general meeting.

Change of name

9.6.19 **R** A *listed company* which changes its name must, as soon as possible:

- (1) notify a *RIS* of the change, stating the date on which it has taken effect;
- (2) inform the *FSA* in writing of the change; and
- (3) where the *listed company* is incorporated in the *United Kingdom*, send the *FSA* a copy of the revised certificate of incorporation issued by the Registrar of Companies.

Change of accounting date

9.6.20 **R** A *listed company* must notify a *RIS* as soon as possible of:

- (1) any change in its accounting reference date; and
- (2) the new accounting reference date.

9.6.21 **R** A *listed company* must prepare and publish a second interim report in accordance with **DTR 4.2** if the effect of the change in the accounting reference date is to extend the accounting period to more than 14 months.

9.6.22 **G** The second interim report must be prepared and published in respect of either:

- (1) the period up to the old accounting reference date; or
- (2) the period up to a date not more than six months prior to the new accounting reference date.



9.7

[Deleted]

9.7A Preliminary statement of annual results, statement of dividends and half-yearly reports

Preliminary statement of annual results

9.7A.1

R

If a *listed company* prepares a preliminary statement of annual results:

- (1) the statement must be published as soon as possible after it has been approved by the board;
- (2) the statement must be agreed with the *company's* auditors prior to publication;
- (3) the statement must show the figures in the form of a table, including the items required for a half-yearly report, consistent with the presentation to be adopted in the annual accounts for that financial year;
- (4) the statement must give details of the nature of any likely modification that may be contained in the auditors report required to be included with the annual financial report; and
- (5) the statement must include any significant additional information necessary for the purpose of assessing the results being announced.

Statement of dividends

9.7A.2

R

A *listed company* must notify a *RIS* as soon as possible after the board has approved any decision to pay or make any dividend or other distribution on *listed equity* or to withhold any dividend or interest payment on *listed securities* giving details of:

- (1) the exact net amount payable per *share*;
- (2) the payment date;
- (3) the record date (where applicable); and
- (4) any foreign income dividend election, together with any income tax treated as paid at the lower rate and not repayable.

Omission of information

9.7A.3

G

The FSA may authorise the omission of information required by ■ LR 9.7A.1 R or ■ LR 9.7A.2 R if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the *listed company*, provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the *shares*.

9.8 Annual financial report

9.8.1 **R** [deleted]

9.8.2 **R** [deleted]

9.8.3 **R** [deleted]

Information to be included in annual report and accounts

9.8.4 **R** In addition to the requirements set out in ■ DTR 4.1 a *listed company* must include in its annual financial report , where applicable, the following:

- (1) a statement of the amount of interest capitalised by the *group* during the period under review with an indication of the amount and treatment of any related tax relief;
- (2) any information required by ■ LR 9.2.18 R (Publication of unaudited financial information);
- (3) details of any small related party transaction as required by ■ LR 11.1.10R (2)(c);
- (4) details of any long-term incentive schemes as required by ■ LR 9.4.3 R;
- (5) details of any arrangements under which a *director* of the *company* has waived or agreed to waive any emoluments from the *company* or any *subsidiary undertaking*;
- (6) where a *director* has agreed to waive future emoluments, details of such waiver together with those relating to emoluments which were waived during the period under review;
- (7) in the case of any allotment for cash of *equity securities* made during the period under review otherwise than to the holders of the *company's equity shares* in proportion to their holdings of such *equity shares* and which has not been specifically authorised by the *company's* shareholders:

- (a) the classes of shares allotted and for each class of shares, the number allotted, their aggregate nominal value and the consideration received by the company for the allotment;
 - (b) the names of the allottees, if less than six in number, and in the case of six or more allottees a brief generic description of each new class of equity holder (e.g. holder of loan stock);
 - (c) the market price of the allotted *securities* on the date on which the terms of the issue were fixed; and
 - (d) the date on which the terms of the issue were fixed;
- (8) the information required by paragraph (7) must be given for any unlisted *major subsidiary undertaking* of the *company*;
- (9) where a *listed company* has listed shares in issue and is a *subsidiary undertaking* of another *company*, details of the participation by the *parent undertaking* in any placing made during the period under review;
- (10) details of any *contract of significance* subsisting during the period under review:
- (a) to which the *listed company*, or one of its *subsidiary undertakings*, is a party and in which a *director* of the *listed company* is or was materially interested; and
 - (b) between the *listed company*, or one of its *subsidiary undertakings*, and a controlling shareholder;
- (11) details of any contract for the provision of services to the *listed company* or any of its *subsidiary undertakings* by a controlling shareholder, subsisting during the period under review, unless:
- (a) it is a contract for the provision of services which it is the principal business of the shareholder to provide; and
 - (b) it is not a *contract of significance*;
- (12) details of any arrangement under which a shareholder has waived or agreed to waive any dividends; and
- (13) where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review.

9.8.5

G

A *listed company* need not include with the annual report and accounts details of waivers of dividends of less than 1% of the total value of any dividend provided that some payment has been made on each *share* of the relevant *class* during the relevant calendar year.

Additional information

9.8.6

R

In the case of a *listed company* incorporated in the *United Kingdom*, the following additional items must be included in its annual financial report :

- (1) a statement setting out all the interests (in respect of which transactions are notifiable to the company under ■ DTR 3.1.2 R) of each *person* who is a *director* of the *listed company* as at the end of the period under review including:
 - (a) all changes in the interests of each *director* that have occurred between the end of the period under review and a date not more than one month prior to the date of the notice of the annual general meeting; or
 - (b) if there have been no changes in the period described in paragraph (a), a statement that there have been no changes in the interests of each *director* .

Interests of each *director* includes the interests of *connected persons* of which the *listed company* is, or ought upon reasonable enquiry to become, aware.

- (2) a statement showing, as at a date not more than one month prior to the date of the notice of the annual general meeting:
 - (a) all information disclosed to the *listed company* in accordance with ■ DTR 5 ; or
 - (b) that there have been no disclosures, if no disclosures have been made.
- (3) a statement made by the *directors* that the business is a going concern, together with supporting assumptions or qualifications as necessary, that has been prepared in accordance with *Going Concern and Financial Reporting: Guidance for Directors of listed companies registered in the United Kingdom*, published in November 1994;
- (4) a statement setting out:
 - (a) details of any shareholders authority for the purchase, by the *listed company* of its own *shares* that is still valid at the end of the period under review;
 - (b) in the case of purchases made otherwise than through the market or by tender to all shareholders, the names of sellers of such *shares* purchased, or proposed to be purchased, by the *listed company* during the period under review;
 - (c) in the case of any purchases made otherwise than through the market or by tender or partial offer to all shareholders, or

options or contracts to make such purchases, entered into since the end of the period covered by the report, information equivalent to that required under Part II of Schedule 7 to the Companies Act 1985 (Disclosure required by company acquiring its own shares, etc); and

(d) in the case of sales of *treasury shares* for cash made otherwise than through the market, or in connection with an *employees' share scheme*, or otherwise than pursuant to an opportunity which (so far as was practicable) was made available to all holders of the *listed company's securities* (or to all holders of a relevant class of its *securities*) on the same terms, particulars of the names of purchasers of such *shares* sold, or proposed to be sold, by the *company* during the period under review;

(5) a statement of how the *listed company* has applied the Main Principles set out in Section 1 of the *Combined Code*, in a manner that would enable shareholders to evaluate how the principles have been applied.

(6) a statement as to whether the *listed company* has:

(a) complied throughout the accounting period with all relevant provisions set out in Section 1 of the *Combined Code*; or

(b) not complied throughout the accounting period with all relevant provisions set out in Section 1 of the *Combined Code* and if so, setting out:

(i) those provisions, if any it has not complied with;

(ii) in the case of provisions whose requirements are of a continuing nature, the period within which, if any, it did not comply with some or all of those provisions; and

(iii) the *company's* reasons for non-compliance; and

(7) a report to the shareholders by the Board which contains all the matters set out in ■ LR 9.8.8 R.

9.8.6A

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(1) The effect of ■ LR 9.8.6R (1) is that a *listed company* is required to set out a 'snapshot' of the total interests of a *director* and his or her *connected persons*, as at the end of the period under review (including certain information to update it as at a date not more than a month before the date of the notice of the annual general meeting). The interests that need to be set out are limited to those in respect of which transactions fall to be notified under the notification requirement for PDMRs in ■ DTR 3.1.2 R. *Persons* who are *directors* during, but not at the end of, the period under review need not be included.

- (2) A *listed company* unable to compile the statement in ■ LR 9.8.6R (1) from information already available to it may need to seek the relevant information, or confirmation, from the *director* himself, including that in relation to *connected persons*, but would not be expected to obtain information directly from *connected persons*.

9.8.7

R

An *overseas company* with a *primary listing* must disclose in its annual report and accounts:

- (1) whether or not it complies with the corporate governance regime of its country of incorporation;
- (2) the significant ways in which its actual corporate governance practices differ from those set out in the *Combined Code*; and
- (3) the unexpired term of the service contract of any *director* proposed for election or re-election at the forthcoming annual general meeting and, if any *director* for election or re-election does not have a service contract, a statement to that effect.

Report to shareholders

9.8.8

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The report to the shareholders by the Board required by ■ LR 9.8.6R (7) must contain the following:

- (1) a statement of the *listed company's* policy on executive *directors'* remuneration;
- (2) information presented in tabular form, unless inappropriate, together with explanatory notes as necessary on:
 - (a) the amount of each element in the remuneration package for the period under review of each *director*, by name, including but not restricted to, basic salary and fees, the estimated money value of benefits in kind, annual bonuses, deferred bonuses, compensation for loss of office and payments for breach of contract other termination payments;
 - (b) the total remuneration for each *director* for the period under review and for the corresponding prior period;
 - (c) any significant payments made to former *directors* during the period under review; and
 - (d) any share options, including Save-as-you-earn options, for each *director*, by name, in accordance with the requirements of the Directors' Remuneration Report Regulations;
- (3) details of any *long-term incentive schemes*, other than share options as required by paragraph (2)(d), including the interests of each

- director*, by name, in the *long-term incentive schemes* at the start of the period under review;
- (4) details of any entitlements or awards granted and commitments made to each *director* under any *long-term incentive schemes* during the period, showing which crystallize either in the same year or in subsequent years;
 - (5) details of the monetary value and number of *shares*, cash payments or other benefits received by each *director* under any *long-term incentive schemes* during the period;
 - (6) details of the interests of each *director* in the *long-term incentive schemes* at the end of the period;
 - (7) an explanation and justification of any element of a *director's* remuneration, other than basic salary, which is pensionable;
 - (8) details of any *directors'* service contract with a notice period in excess of one year or with provisions for pre-determined compensation on termination which exceeds one years salary and benefits in kind, giving the reasons for such notice period;
 - (9) details of the unexpired term of any *directors'* service contract of a *director* proposed for election or re-election at the forthcoming annual general meeting, and, if any *director* proposed for election or re-election does not have a *directors'* service contract, a statement to that effect;
 - (10) a statement of the *listed company's* policy on the granting of options or awards under its *employees' share schemes* and other *long-term incentive schemes*, explaining and justifying any departure from that policy in the period under review and any change in the policy from the preceding year;
 - (11) for *money purchase schemes* details of the contribution or allowance payable or made by the *listed company* in respect of each *director* during the period under review; and
 - (12) for *defined benefit schemes* :
 - (a) details of the amount of the increase during the period under review (excluding inflation) and of the accumulated total amount at the end of the period in respect of the accrued benefit to which each *director* would be entitled on leaving service or is entitled having left service during the period under review;
 - (b) either:

- (i) the transfer value (less *director's* contributions) of the relevant increase in accrued benefit (to be calculated in accordance with Actuarial Guidance Note GN11 but making no deduction for any under-funding) as at the end of the period; or
 - (ii) so much of the following information as is necessary to make a reasonable assessment of the transfer value in respect of each *director*:
 - (A) age;
 - (B) normal retirement age;
 - (C) the amount of any contributions paid or payable by the director under the terms of the scheme during the period under review;
 - (D) details of spouses and dependants benefits;
 - (E) early retirement rights and options;
 - (F) expectations of pension increases after retirement (whether guaranteed or discretionary); and
 - (G) discretionary benefits for which allowance is made in transfer values on leaving and any other relevant information which will significantly affect the value of the benefits; and
- (c) no disclosure of voluntary contributions and benefits.

Information required by law

- 9.8.9 **G** The requirements of ■ LR 9.8.6R (6) and ■ LR 9.8.8 R relating to corporate governance are additional to the information required by law to be included in the *listed company's* annual report and accounts.

Auditors report

- 9.8.10 **R** A *listed company* must ensure that the auditors review each of the following before the annual report is published:
- (1) ■ LR 9.8.6R (3) (statement by the directors that the business is a going concern); and
 - (2) the parts of the statement required by ■ LR 9.8.6R (6) (corporate governance) that relate to the following provisions of the *Combined Code*:
 - (a) C1.1;
 - (b) C.2.1; and
 - (c) C3.1 to C3.7.

9.8.11 **R** A *listed company* must ensure that the auditors review the following disclosures:

- (1) ■ LR 9.8.8R (2) (amount of each element in the remuneration package and information on share options);
- (2) ■ LR 9.8.8R (3), ■ LR 9.8.8R (4) and ■ (5) (details of long term incentive schemes for directors);
- (3) ■ LR 9.8.8R (11) (money purchase schemes); and
- (4) ■ LR 9.8.8R (12) (defined benefit schemes).

9.8.12 **R** If, in the opinion of the auditors the *listed company* has not complied with any of the requirements set out in ■ LR 9.8.11 R the *listed company* must ensure that the auditors report includes, to the extent possible, a statement giving details of the non-compliance.

Summary financial statements

9.8.13 **R** Any summary financial statement issued by a *listed company* as permitted under the Companies Act 1985 , must disclose:

- (1) earnings per share; and
- (2) the information required for summary financial statements set out in the Companies Act 1985 .



9.9

[Deleted]

THE MODEL CODE (R)

This annex is referred to in LR 9.2 (Requirements with continuing application) and LR 15 (Investment entities).

Table: The Model Code

Introduction

This code imposes restrictions on dealing in the *securities* of a *listed company* beyond those imposed by law. Its purpose is to ensure that *persons discharging managerial responsibilities* do not abuse, and do not place themselves under suspicion of abusing, *inside information* that they may be thought to have, especially in periods leading up to an announcement of the *company's* results.

Nothing in this code sanctions a breach of section 118 of the *Act* (Market abuse), the insider dealing provisions of the Criminal Justice Act or any other relevant legal or regulatory requirements.

Definitions

1 In this code the following definitions, in addition to those contained in the *listing rules*, apply unless the context requires otherwise:

(a) *close period* means:

- (i) the period of 60 days immediately preceding a preliminary announcement of the *listed company's* annual results or, if shorter, the period from the end of the relevant financial year up to and including the time of announcement; or
- (ii) the period of 60 days immediately preceding the publication of its annual financial report or if shorter the period from the end of the relevant financial year up to and including the time of such publication; and
- (iii) if the *listed company* reports on a half yearly basis the period from the end of the relevant financial period up to and including the time of such publication; and
- (iv) if the *listed company* reports on a quarterly basis the period of 30 days immediately preceding the announcement of the quarterly results or, if shorter, the period from the end of the relevant financial period up to and including the time of the announcement;

(b) *connected person* has the meaning given in section 96B (2) of the *Act* (Persons discharging managerial responsibilities and connected persons);

(c) *dealing* includes:

- (i) any acquisition or disposal of, or agreement to acquire or dispose of any of the *securities* of the *company*;
 - (ii) entering into a contract (including a contract for difference) the purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the price of any of the *securities* of the *company*;
 - (iii) the grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call, or put or both) to acquire or dispose of any of the *securities* of the *company*;
 - (iv) entering into, or terminating, assigning or novating any stock lending agreement in respect of the *securities* of the *company*;
 - (v) using as security, or otherwise granting a charge, lien or other encumbrance over the *securities* of the *company*;
 - (vi) any transaction, including a transfer for nil consideration, or the exercise of any power or discretion effecting a change of ownership of a beneficial interest in the *securities* of the *company*; or
 - (vii) any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of any *securities* of the *company*;
- (d) [deleted]
- (e) *prohibited period* means:
- (i) any *close period*; or
 - (ii) any period when there exists any matter which constitutes *inside information* in relation to the *company*;
- (f) *restricted person* means a *person discharging managerial responsibilities* ; and
- (g) *securities of the company* means any publicly traded or quoted *securities* of the *company* or any member of its *group* or any *securities* that are convertible into such *securities*.

Dealings not subject to the provisions of this code

2 The following dealings are not subject to the provisions of this code:

- (a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of *securities* of the *company* in lieu of a cash dividend);
- (b) the take up of entitlements under a rights issue or other offer (including an offer of *securities* of the *company* in lieu of a cash dividend);
- (c) allowing entitlements to lapse under a rights issue or other offer (including an offer of *securities* of the *company* in lieu of a cash dividend);
- (d) the sale of sufficient entitlements nil-paid to take up the balance of the entitlements under a rights issue;
- (e) undertakings to accept, or the acceptance of, a takeover offer;
- (f) dealing where the beneficial interest in the relevant *security* of the *company* does not change;

- (g) transactions conducted between a *person discharging managerial responsibilities* and their spouse, civil partner, child or step-child (within the meaning of section 96B(2) of the *Act*);
- (h) transfers of *shares* arising out of the operation of an *employees' share scheme* into a savings scheme investing in *securities* of the *company* following:
 - (i) exercise of an option under an approved SAYE option scheme; or
 - (ii) release of *shares* from a HM Revenue and Customs approved share incentive plan ;
- (i) with the exception of a disposal of *securities* of the *company* received by a restricted person as a participant, dealings in connection with the following *employees' share schemes* ;
 - (i) an HM Revenue and Customs approved SAYE option scheme or share incentive plan, under which participation is extended on similar terms to all or most employees of the participating *companies* in that scheme; or
 - (ii) a scheme on similar terms to a HM Revenue and Customs approved SAYE option scheme or share incentive plan, under which participation is extended on similar terms to all or most employees of the participating *companies* in that scheme; or
- (j) the cancellation or surrender of an option under an *employees' share scheme*;
- (k) transfers of the *securities* of the *company* by an independent trustee of an *employees' share scheme* to a beneficiary who is not a restricted person;
- (l) transfers of *securities* of the *company* already held by means of a matched sale and purchase into a saving scheme or into a pension scheme in which the restricted person is a participant or beneficiary;
- (m) an investment by a restricted person in a scheme or arrangement where the assets of the scheme (other than a scheme investing only in the *securities* of the *company*) or arrangement are invested at the discretion of a third party;
- (n) a dealing by a restricted person in the units of an authorised unit trust or in *shares* in an *open-ended investment company*; and
- (o) bona fide gifts to a restricted person by a third party.

Dealing by restricted persons

- 3 A restricted person must not deal in any *securities* of the *company* without obtaining clearance to deal in advance in accordance with paragraph 4 of this code.

Clearance to deal

- 4 (a) A *director* (other than the chairman or chief executive) or company secretary must not deal in any *securities* of the *company* without first notifying the chairman (or a *director* designated by the board for this purpose) and receiving clearance to deal from him.
- (b) The chairman must not deal in any *securities* of the *company* without first notifying the chief executive and receiving clearance to deal from him or, if the chief executive is not present, without first notifying the senior independent

director, or a committee of the board or other officer of the *company* nominated for that purpose by the chief executive, and receiving clearance to deal from that director, committee or officer .

- (c) The chief executive must not deal in any *securities* of the *company* without first notifying the chairman and receiving clearance to deal from him or, if the chairman is not present, without first notifying the senior independent director, or a committee of the board or other officer of the *company* nominated for that purpose by the chairman, and receiving clearance to deal from that director, committee or officer .
- (d) If the role of chairman and chief executive are combined, that *person* must not deal in any *securities* of the *company* without first notifying the board and receiving clearance to deal from the board.
- (e) *Persons discharging managerial responsibilities* (who are not *directors*) must not deal in any *securities* of the *company* without first notifying the company secretary or a designated *director* and receiving clearance to deal from him.

5 A response to a request for clearance to deal must be given to the relevant restricted person within five *business days* of the request being made.

6 The *company* must maintain a record of the response to any dealing request made by a restricted person and of any clearance given. A copy of the response and clearance (if any) must be given to the restricted person concerned.

7 A restricted person who is given clearance to deal in accordance with paragraph 4 must deal as soon as possible and in any event within two *business days* of clearance being received.

Circumstances for refusal

8 A restricted person must not be given clearance to deal in any *securities* of the *company*:

- (a) during a prohibited period; or
- (b) on considerations of a short term nature. An investment with a maturity of one year or less will always be considered to be of a short term nature.

Dealings permitted during a prohibited period

Dealing in exceptional circumstances

9 A restricted person, who is not in possession of *inside information* in relation to the *company*, may be given clearance to deal if he is in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a *person* to sell (but not purchase) *securities* of the *company* when he would otherwise be prohibited by this code from doing so. The determination of whether the *person* in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the *director* designated for this purpose.

10 A *person* may be in severe financial difficulty if he has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant *securities* of the *company*. A liability of such a *person* to pay tax would not normally constitute severe financial difficulty unless the *person* has no other means of satisfying the liability. A circumstance will be considered exceptional if the *person* in question is required by a court order to

transfer or sell the *securities* of the *company* or there is some other overriding legal requirement for him to do so.

- 11 The *FSA* should be consulted at an early stage regarding any application by a restricted person to deal in exceptional circumstances.

Awards of securities and options

- 12 The grant of options by the board of *directors* under an *employees' share scheme* to individuals who are not restricted persons may be permitted during a prohibited period if such grant could not reasonably be made at another time and failure to make the grant would be likely to indicate that the *company* was in a prohibited period.

- 13 The award by the *company* of *securities*, the grant of options and the grant of rights (or other interests) to acquire *securities* of the *company* to restricted persons is permitted in a prohibited period if:

- (a) the award or grant is made under the terms of an *employees' share scheme* and the scheme was not introduced or amended during the relevant prohibited period; and
- (b) either:
 - (i) the terms of such *employees' share scheme* set out the timing of the award or grant and such terms have either previously been approved by shareholders or summarised or described in a document sent to shareholders, or
 - (ii) the timing of the award or grant is in accordance with the timing of previous awards or grants under the scheme; and
- (c) the terms of the *employees' share scheme* set out the amount or value of the award or grant or the basis on which the amount or value of the award or grant is calculated and do not allow the exercise of discretion; and
- (d) the failure to make the award or grant would be likely to indicate that the *company* is in a prohibited period.

Exercise of options

- 14 Where a *company* has been in an exceptionally long prohibited period or the *company* has had a number of consecutive prohibited periods, clearance may be given to allow the exercise of an option or right under an *employees' share scheme*, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during a prohibited period and the restricted person could not reasonably have been expected to exercise it at a time when he was free to deal.

- 15 Where the exercise or conversion is permitted pursuant to paragraph 14, clearance may not be given for the sale of the *securities* of the *company* acquired pursuant to such exercise or conversion including the sale of sufficient *securities* of the *company* to fund the costs of the exercise or conversion and/or any tax liability arising from the exercise or conversion unless a binding undertaking to do so was entered into when the *company* was not in a prohibited period.

Qualification shares

16 Clearance may be given to allow a *director* to acquire qualification *shares* where, under the *company's constitution*, the final date for acquiring such *shares* falls during a prohibited period and the *director* could not reasonably have been expected to acquire those shares at another time.

Saving schemes

17 A restricted person may enter into a scheme under which only the *securities* of the *company* are purchased pursuant to a regular standing order or direct debit or by regular deduction from the *person's* salary, or where such *securities* are acquired by way of a standing election to re-invest dividends or other distributions received, or are acquired as part payment of the *person's* remuneration without regard to the provisions of this code, if the following provisions are complied with:

- (a) the restricted person does not enter into the scheme during a prohibited period, unless the scheme involves the part payment of remuneration in the form of *securities* of the *company* and is entered into upon the commencement of the *person's* employment or in the case of a non-executive *director* his appointment to the board;
- (b) the restricted person does not carry out the purchase of the *securities* of the *company* under the scheme during a prohibited period, unless the restricted person entered into the scheme at a time when the *company* was not in a prohibited period and that person is irrevocably bound under the terms of the scheme to carry out a purchase of *securities* of the *company* (which may include the first purchase under the scheme) at a fixed point in time which falls in a prohibited period;
- (c) the restricted person does not cancel or vary the terms of his participation, or carry out sales of *securities* of the *company* within the scheme during a prohibited period; and
- (d) before entering into the scheme, cancelling the scheme or varying the terms of his participation or carrying out sales of the *securities* of the *company* within the scheme, the restricted person obtains clearance in accordance with paragraph 4.

Acting as a trustee

18 Where a restricted person is acting as a trustee, dealing in the *securities* of the *company* by that trust is permitted during a prohibited period where:

- (a) the restricted person is not a beneficiary of the trust; and
- (b) the decision to deal is taken by the other trustees or by investment managers on behalf of the trustees independently of the restricted person.

19 The other trustees or investment managers acting on behalf of the trustees can be assumed to have acted independently where the decision to deal:

- (a) was taken without consultation with, or other involvement of, the restricted person; or
- (b) was delegated to a committee of which the restricted person is not a member.

Dealing by connected persons and investment managers

- 20 **A person discharging managerial responsibilities must take reasonable steps to prevent any dealings by or on behalf of any *connected person* of his in any *securities* of the *company* on considerations of a short term nature.**
- 21 **A person discharging managerial responsibilities must seek to prohibit any dealings in the *securities* of the *company* during a close period:**
- (a) **by or on behalf of any *connected person* of his; or**
 - (b) **by an investment manager on his behalf or on behalf of any *person* connected with him where either he or any *person* connected has funds under management with that investment fund manager, whether or not discretionary (save as provided by paragraphs 17 and 18).**
- 22 **A person discharging managerial responsibilities must advise all of his *connected persons* and investment managers acting on his behalf:**
- (a) **of the name of the *listed company* within which he is a *person discharging managerial responsibilities*;**
 - (b) **of the *close periods* during which they cannot deal in the *securities* of the *company*; and**
 - (c) **that they must advise the *listed company* immediately after they have dealt in *securities* of the *company*.**

