

Pre-Emption Group

Pre-Emption Group expectations for disapplication thresholds

5 March 2018

When the Prospectus Regulation came into force last year it introduced 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, the Pre-Emption Group confirmed that no change to the flexibility permitted by the Statement of Principles was expected as a consequence of the Prospectus Regulation, and that the Group continued to support the overall limit of ten per cent in the 2015 Statement of Principles.

Whilst decisions about specific placings are a matter for individual shareholders, the Statement of Principles reflects a generally agreed position supported by the Investment Association and Pensions and Lifetime Savings Association. To assist in a constructive discussion between companies and shareholders, companies should be mindful of the expectations included within the Statement of Principles.

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 Sir Adrian Montague. The Pre-Emption Group issues best practice documents regarding authorities to disapply pre-emption rights. The Group represents listed companies, investors and intermediaries.

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