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## UK Equity Capital Markets Insights — July 2026

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In this edition of *UK Equity Capital Markets Insights*, we cover the following developments:

- The publication of the latest UK Regulatory Initiatives Grid.
- The FRC's publication of its 2025/2026 annual report on structured digital reporting.
- The LSE's consultation on the AIM Rules.
- The LSE's consultation on the role of the nominated adviser on AIM.
- A response to the FCA's proposal to change the research rules on UK IPOs.
- Consultation on changes to the UK Listing Rules for closed-ended investment funds.

### Latest UK Regulatory Initiatives Grid Published

On 19 May, the Financial Services Regulatory Initiatives Forum published the [Regulatory Initiatives Grid for May 2026](#). The grid sets out the expected timeframes for regulatory initiatives by the FCA and the Dematerialisation Market Action Taskforce (DEMAT Taskforce). These include:

- The FCA is commencing a review of the value of its Disclosure Guidance and Transparency Rules (DTRs). The review will be the next milestone of a major programme of reform to UK public markets, building on the listing regime reform in 2024 and the prospectus regime reform in 2026. The FCA intends to publish a public document on this review in the third quarter.
- The DEMAT Taskforce will report by summer 2026 with a recommended go-live date for Step 1 of its three-step process — the replacement of paper-based certificated share registers by digitised share registers (see the [August 2025](#) edition of this newsletter for more information) — and an implementation plan for the actions industry participants need to take to deliver this. The go-live date is expected to be before the end of 2027.
- The FCA plans to consult on aspects of the UK Listing Rules to consider the eligibility criteria for the listing of specific types of investment entities and whether those criteria, particularly regarding risk-spreading, are unduly restrictive. A consultation paper setting out the FCA's proposals is expected during the second quarter and the FCA aims to complete its work by the end of the fourth quarter.
- The FCA plans to publish a policy statement on its consultation relating to UK Sustainability Reporting Standards in the fourth quarter.

## FRC Reports on Structured Digital Reporting

On 20 May, the Financial Reporting Council (FRC) published its [annual report for 2025/26 on structured digital reporting](#). The report is based on a market-wide analysis of digital reports from FCA-listed companies as well as detailed reviews of 30 annual reports.

The FRC noted that most files are well structured and comply with requirements. However, the report highlights the following key issues with digital reporting:

- Companies often apply only a single, high-level tag to disclosures covering multiple accounting topics that require more detailed or multiple tags, creating inconsistencies.
- Companies create custom tags (called extensions), as allowed by the IFRS taxonomy, where such extensions are not necessary, which can fragment comparable information across the market. This was particularly the case for alternative performance measures, equity movements and cash flow items.
- When companies create extensions, they are often too broad or imprecise, limiting the usefulness of the extensions for analysis and interpretation.
- Companies sometimes apply tags based on label wording instead of the underlying accounting meaning, causing disclosures to be associated with incorrect concepts or identical figures to be tagged inconsistently.
- Companies often make errors reporting their earnings per share, usually as a result of incorrect scaling.

The report also notes issues relating to process and compliance, including a failure to make the reports easily available on the company's website or in a viewer-friendly format; validation errors and warnings not being fully investigated or resolved before filing. Issues relating to filing structured reports late or failing to ensure successful publication on the National Storage Mechanism (NSM) were also identified. Mandatory UK-specific tags were also sometimes omitted or applied incorrectly, such as group tags applied to parent-only disclosures, which may lead to files being rejected by Companies House.

The FRC suggests companies use the FCA's mandatory tag list to support completeness checks, prioritise standard tags over custom extensions, conduct post-submission checks on the NSM and build sufficient time into the filing process to address validation errors. The FRC has directly notified companies of significant issues identified through its review.

## LSE Consults on Extensive Changes to the AIM Rules

On 4 June, the London Stock Exchange (LSE) published [AIM Notice 62](#), in which the LSE consults on proposed changes to the AIM Rules for Companies (AIM Rules) and the AIM Disciplinary Procedures and Appeals Handbook. The consultation follows the LSE's November 2025 Feedback Statement on Shaping the Future of AIM (for more information, see the [December](#) edition of this newsletter).

The consultation covers eight key topics:

- **Reducing unnecessary admission burdens.** The LSE proposes to remove the working capital statement requirement from AIM admission documents and replacing it with an obligation to disclose details of the capital resources available, financial obligations and future 12-month fundraising needs. UK AIM companies would be permitted to use UK GAAP (FRS 102) instead of IFRS. AIM admission documents would also permit incorporation by reference.

- **Easier fundraisings and enabling retail participation.** AIM companies undertaking equity fundraising would be able to request a voluntary, temporary trading suspension — referred to as a “capital access window” — to manage the fundraising process and engage a broader investor base, including retail investors, reflecting processes implemented in overseas exchanges. The LSE notes this would be considered on a case-by-case basis and would require market notifications to be made.
- **Supporting AIM company acquisition activity.** AIM Rule 14 would be amended to narrow the definition of a reverse takeover (reflecting the current policy approach, which has been applied since the publication of the Feedback Statement); raise the substantial transaction class test threshold, which requires market disclosure from 10% to 25% (to align with the Main Market); permit nominated advisers to request that trading is not suspended on announcement of a proposed reverse takeover where the nominated adviser is satisfied that appropriate alternative disclosure can be made to enable investors to make an informed assessment of the proposed enlarged group; and align the AIM “class tests” with the UK Listing Rules by removing the profits class test (other than for related party transactions).
- **Flexibility to support growth.** Non-standard director remuneration arrangements would no longer require a fair and reasonable opinion from the nominated adviser, provided the nominated adviser is satisfied that the contractual terms provide reasonable commercial protections. The issue of special voting shares would also be permitted, with restrictions applied in line with those applicable to the Main Market.
- **Greater agency for AIM companies.** The LSE proposes to remove the obligation to comply-or-explain against a recognised corporate governance code and replace it with specific board and governance disclosure requirements around areas including board composition, directors’ role and responsibilities, remuneration and performance, risk and controls framework, and approach to investor relations.
- **Attracting international companies.** The existing AIM Designated Market route would be replaced with a new Express Market route with expanded and updated eligibility criteria and an accelerated admission process for certain Main Market companies. A new dual market admission route would also be introduced, making it easier for companies to join AIM alongside admitting to an Express Market by enabling companies to leverage the same disclosures for both markets.
- **Leveraging nominated adviser expertise.** The LSE proposes to introduce a new rule (a new AIM Rule 11) to leverage the value of the nominated adviser in assisting an AIM company to understand its disclosure obligations. This rule will focus on the value of the nominated adviser’s public market experience to support an AIM company in understanding the potential market impact of developments in its business. In this way the company will have full information when considering its own UK MAR obligations.
- **Buyer beware.** Commensurate with AIM’s purpose, an express statement of the buyer beware principle would be added to the Introduction to the AIM Rules.

The consultation closes on 2 July 2026. A further consultation on the contents of an admission document is expected in due course.

### LSE Consults on the Role of the Nominated Adviser on AIM

On 4 June, the LSE published [AIM Notice 63](#), in which it consults on draft amendments to the AIM Rules for Nominated Advisers (Nomad Rules). The LSE has also published a new [Nominated Adviser Technical Note](#) (Technical Note), which sets out the expectations of nominated advisers in performing their obligations under the Nomad Rules.

The proposed amendments to the Nomad Rules are administrative and clarificatory. The changes include:

- It would be made explicit that nominated advisers have an overriding obligation to preserve the reputation and/or integrity of AIM.
- Clarification would be added regarding the confidentiality of communications between nominated advisers and the LSE, including expressly permitting disclosure if required by court order and to appropriate advisers who are subject to professional confidentiality obligations, but only where relevant to the advice being provided. The confidentiality obligations would continue after a nominated adviser ceases to be a nominated adviser.
- The nominated adviser's declaration at the time of an AIM IPO would confirm that directors understand their responsibilities and obligations under the AIM Rules, rather than simply confirming that directors have received advice and guidance in that respect. The declaration would no longer need to confirm the admission document's compliance with the AIM Rules.
- A new restriction would be added prohibiting two existing "Qualified Executives" (employees of the nominated adviser with a sound understanding of UK corporate finance and AIM in particular) from citing the same transaction as demonstrating experience of acting as a nominated adviser unless they can demonstrate it is sufficiently complex.

The consultation closes on 2 July 2026.

The LSE is not consulting on the Technical Note but will engage with the nominated adviser community and update the note from time to time, as appropriate, to ensure its effectiveness.

### **City of London Law Society Responds to Proposed Changes to UK IPO Research Rules**

On 23 June, the Joint Working Party of the Company Law Committees of the City of London Law Society and the Law Society of England & Wales (JWP) [responded](#) to the FCA's proposal to revise the rules relating to analyst research in UK IPOs (see the [May](#) edition of this newsletter).

The JWP response agreed with the FCA's proposal to remove the seven-day waiting period between the publication of an FCA-approved prospectus or registration document and connected research, and to remove the prohibition on communication between connected analysts and IPO issuers unless unconnected analysts are identified and equivalent information is provided.

The JWP response also noted that, in the JWP's view, if the FCA changes its rules as proposed, the utility of requiring that a separate and early registration document is published is reduced, and that there are already sufficient pre-existing information flows in UK IPOs during the public phase of deals that have been largely established through market practice. The response goes on to add that while the JWP would not seek to prevent issuers from publishing an early registration document if they choose (for example, if they want to encourage unconnected research), this should be an option in specific circumstances only and not mandatory given the incremental costs and process.

Finally, the JWP agreed with relaxing the rules relating to interaction between analysts and issuers pre-mandate, noting that pre-mandate analyst/issuer interaction can fulfil a genuine due diligence function and be beneficial to IPO processes. Whilst the JWP recognises that reducing the potential for pressure to be exerted on analysts to produce favourable coverage as a means of securing mandates is an appropriate policy decision, the current FCA rules essentially act as a *de facto* ban on a legitimate information conduit.

### **FCA Consults on Rule Changes for Closed-Ended Investment Funds**

On 26 June, the FCA published a [consultation paper](#) seeking views on proposed changes to the UK Listing Rules for closed-ended investment funds (CP26/21), following a review of the conflict of interest and related party provisions.

The FCA has proposed certain changes to strengthen the current rules relating to board independence from a fund's investment manager and substantial shareholders, including:

- Ensuring that any director who is not independent of a proposed investment manager does not participate in the board's consideration of the transaction or arrangement for the appointment of the new investment manager. This would include not voting on the board resolution.
- Ensuring that the association between a director and a substantial shareholder (or its associates) that proposed them for a board appointment is adequately accounted for in the UK Listing Rules, to prevent such a director from participating in votes on related party transactions involving that substantial shareholder (or its associates) and to strengthen the integrity of the board to enable it to act independently of any investment manager.
- Bringing proposed investment managers within the scope of the relevant related party transaction provisions in the UK Listing Rules to ensure that related party protections applicable to investment manager fees apply consistently before and after an investment manager's appointment.
- Excluding a substantial shareholder that is also the fund's investment manager, and its associates, from voting on material changes to the fund's published investment policy. Where the investment manager is an associate of the substantial shareholder, only the substantial shareholder would be excluded from voting on a material change to the investment policy.

The consultation closes on 14 August 2026. The FCA is aiming to finalise the rules and publish a policy statement before the end of 2026.

***UK Equity Capital Markets Insights*** is a newsletter from Paul Hastings on legal and regulatory developments affecting UK-listed companies and capital markets participants. Sign up [here](#) to receive this and other regular updates and invitations from our Equity Capital Markets team.



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