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UK Equity Capital Markets Insights — January 2026

By Dan Hirschovits, Matthew Poxon and James Lansdown

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

- Amendments to the Takeover Code in relation to dual class share companies and companies seeking IPO.
- Glass Lewis' 2026 Benchmark Guidelines.
- The GC100's guidance on virtual shareholder meetings.
- The Pre-Emption Group's annual monitoring report.
- The FCA's proposal to reform its research rules on UK IPOs.

Takeover Code Amendments Published for DCSS Companies and Companies Seeking IPO

On 2 December 2025, the Takeover Panel published amendments to the Takeover Code following consultation earlier in the year (for more information, see the August edition of this newsletter) related to the application of the Takeover Code to companies with a dual class share structure (DCSS companies), introducing new disclosure requirements for IPO admission documents and clarifying the Takeover Code in relation to share buybacks. The amendments have been adopted largely as proposed and take effect on 4 February.

Key Changes for DCSS Companies

Key changes for DCSS companies contained in the amendments include:

- Clarifying the application of the mandatory bid requirement under the Takeover Code to a DCSS company where a shareholder's percentage of voting rights is increased as a result of a trigger event (whereby shares carrying enhanced voting rights are converted into ordinary shares or the voting rights extinguished), and the circumstances in which the Takeover Panel may grant a dispensation from the mandatory bid obligation (see below).

- Adding a requirement that two tests must be met for the acceptance condition to be satisfied for an offer for a DCSS company — tested by reference to the percentage of voting rights (i) immediately before and (ii) immediately after the relevant shares convert or are extinguished.

IPO Disclosure Requirements

The Takeover Code has been amended to codify existing practice that a company which will be subject to the Takeover Code following an IPO must disclose in its prospectus or admission document information in relation to the application of the Takeover Code, including in relation to Rule 9.

In addition, a new note has been added that enables the Takeover Panel to grant a "Rule 9 dispensation by disclosure" at the time of a company's IPO where the company has convertible securities in issue or is a DCSS company, where the conversion of the securities or trigger event in relation to the shares carrying enhanced voting rights might otherwise result in an obligation for a person to make a mandatory offer. The Takeover Panel will usually grant such a dispensation, provided that appropriate disclosure is made in the prospectus or admission document. However, the dispensation will fall away if, except with the consent of the Takeover Panel, the person who would otherwise be required to make a mandatory offer (or any person acting in concert with them) acquires any additional shares in the company between the period of admission and the event giving rise to the mandatory offer obligation.

Buybacks

The rules around share buybacks have been made clearer, more concise and consistent with other changes relating to DCSS companies. Further, the Takeover Code has been amended to provide that the Takeover Panel will normally grant a Rule 9 waiver if a share buyback by a company results in a person (other than a director or person acting in concert with a director) holding an interest in voting rights exceeding 30%, unless that person acquired shares at a time when they had reason to believe that the specific share buyback was being or would be implemented. Acquiring shares while being aware the company had or intended to renew annual buyback authority will not trigger this proviso.

Glass Lewis Publishes 2026 Benchmark Guidelines

On 4 December 2025, Glass Lewis published its 2026 UK proxy voting guidelines (the 2026 Guidelines), which reflects investor opinion and corporate governance best practice. The guidelines describe the circumstances in which a recommendation will be made against resolutions put to shareholders and is therefore of relevance to companies when thinking about AGM resolutions.

The following substantive changes have been made in the 2026 Guidelines compared to the previous years' iterations:

- If audit and/or remuneration committees are of an insufficient size, a recommendation will typically be made to vote against the re-election of the audit and/or remuneration committee chair (as applicable).

- If the board of a company does not comprise at least 40% gender diverse directors, a recommendation will typically be made to vote against the re-election of the nomination committee chair (absent any mitigating circumstances).

- If an AIM company has less than half independent directors on the board, and fewer than two independent nonexecutive directors, a recommendation will typically be made to vote against the re-election of one or more of the nonindependent directors in order to satisfy this threshold.

- A description of Glass Lewis' new proprietary pay-for-performance model has been added, as have clarifications that the policy recommendations on the remuneration report and policy proposals will continue to result from a holistic assessment of the company's remuneration structure, disclosure and practices as a whole.

Clarificatory changes have also been made that the audit, remuneration and nomination committees are "key" committees for the purposes of director attendance, that the chair of the board should only be the chair of the remuneration committee if they were independent on appointment and continue to satisfy standard independence tests outside of their chair role, and that long-term incentive plans should have a minimum of a three year holding/vesting period, with five years being market standard.

GC100 Publishes Guidance on Virtual Shareholder Meetings

On 8 December 2025, the GC100 published guidance for virtual general meetings of shareholders, in anticipation of proposed changes to the UK Companies Act 2006 to clarify that fully virtual meetings are permitted.

The guidance provides practical suggestions for companies to ensure that shareholders are provided with a platform to question and hold to account the board of directors on the business of the meeting.

The guidance includes eight recommendations:

1. A virtual shareholder meeting should not be used to limit attendance or shareholders' ability to engage with the board as regards the business of the meeting.

2. Shareholders should always be able to access the latest information about the virtual meeting, including how to propose procedural motions, and companies should ensure timely updates are provided.

3. The notice of meeting should include the details required to access the virtual meeting, instructions for how to log in, ask questions and vote, and a link to where the information about the meeting can be found.

4. If company law requires displaying a document during the meeting, that requirement can be satisfied by making the document available on the company's website/area where information about the meeting can be found.

5. The directors attending the meeting should be able to be seen and heard by all shareholders when they are being asked a question or are responding to a question. The chair should be capable of being seen and heard throughout the meeting.

6. Subject to the chair's right to manage the conduct of the meeting, shareholders should be able to ask questions in whatever manner is available to them (e.g., telephone, chat "Q&A" function or other).

7. The chair should confirm how shareholder questions relating to the business of the meeting will be addressed at the start of the meeting. If questions are being moderated, that should be made clear.

8. The arrangements for the meeting should be such that all shareholders attending the meeting can see or hear questions put to the meeting, and the responses to those questions.

Pre-Emption Group Publishes 2024-25 Annual Monitoring Report

On 9 December 2025, the Pre-Emption Group published its annual monitoring report 2024-2025 (the Report), setting out its findings of how FTSE 350 companies apply the Pre-Emption Group's best practice Statement of Principles 2022 (the 2022 Principles) on the disapplication of pre-emption rights by listed companies and associated transaction reporting. The 2022 Principles permit a higher level of disapplication authority than the previous version and were introduced in part to allow greater flexibility for non-pre-emptive equity capital raisings following the COVID-19 pandemic.

The Report indicates increased uptake by listed companies applying the 2022 Principles, with 77.6% of FTSE 350 companies with an AGM during the period covered by the Report seeking enhanced disapplication authority. Shareholders passed all disapplication resolutions at 99.1% of companies covered by the Report.

The Report notes that a small minority of listed company shareholders disagree with the 2022 Principles, in part due to the disapplication limits they allow compared to the previous iteration. The Report notes the Pre-Emption Group may engage with this group in the future if the levels of dissent

remain elevated. The Report also notes that the Pre-Emption Group is open to investors who wish to report companies misusing disapplication authorities, including the use of cash box structures to raise funds in excess of the disapplication authority granted by shareholders at the company's most recent AGM.

FCA Proposes Potential Reform of Research Rules on UK IPOs

On 9 December 2025, the FCA published a letter to the prime minister, chancellor and secretary of state providing an update on the measures undertaken throughout the year to unlock growth in the UK and describe the FCA's plans for 2026.

In the context of attempting to speed up IPO processes, the FCA confirmed that in 2026 it proposes to remove the waiting period whereby "connected analysts" in an IPO process (i.e., research analysts connected to the investment banking syndicate) must not publish research until "unconnected analysts" are given access to the same information as provided to the connected analysts and a seven-day period for the unconnected analysts to prepare their own reports has expired.

The FCA has not set a timeline for the introduction of any new rule or revision to the existing rule.

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If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings London lawyers:

Dan Hirschovits
+44-20-3986-1215
danhirschovits@paulhastings.com

Matthew Poxon
+44-20-3023-5171
matthewpoxon@paulhastings.com

James Lansdown
+44-20-3986-1258
jameslansdown@paulhastings.com