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UK Equity Capital Markets Insights — August 2026

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

- FCA's publication of Primary Market Bulletin 64
- Publication of a consultation on Takeover Code amendments
- Proposed amendments to the UK's tax regime on transfers of securities
- Publication of the Dematerialisation Taskforce's implementation plan
- A response to the LSE's consultation on the future of AIM
- Amendments to the FCA's PRM Rules

FCA Publishes Primary Market Bulletin 64

On 6 July, the FCA published Primary Market Bulletin 64 (PMB 64), the latest edition of its newsletter for primary market participants. PMB 64 covered the FCA's findings from its review of total voting rights (TVR) disclosures and observations on significant transaction notifications made by issuers under UK Listing Rule 7.3.

TVR Disclosures

TVR disclosures set out the total number of voting rights in the company. This allows shareholders and the wider market to understand the total number of voting rights against which holdings are measured at a given point in time, enabling market participants to determine whether regulatory notification thresholds have been crossed (which may trigger market disclosure requirements) and identify potential shifts in influence or control.

The FCA's review noted that most issuers included information relevant to TVR or share capital in their announcements, in some form. However, the FCA noted that some disclosures lacked clarity. For instance, an announcement would include relevant share capital information – such as the total number of shares in issue – but contain neither (a) a subsection for TVR information, or (b) any direct mention of the total number of voting rights. The FCA noted that these omissions are potentially problematic, as shareholders may use these figures as a denominator when calculating respective shareholdings.

The FCA recommended that, based on its findings, issuers should:

- Ensure disclosures specifically confirm TVR figures in accordance with the requirements under DTR 5.6.1, particularly where these figures are included within a wider announcement.

- When disclosing TVR information, select, where possible, the applicable headline information classification of regulated information as "Total Voting Rights" in accordance with DTR 6.2.2A.

- Where TVR information is included within broader disclosures, expressly refer in the announcement to "total voting rights", to ensure the information can still be easily located via a keyword search.

Significant Transactions

Under the UK Listing Rules, companies undertaking "significant transactions" (transactions which exceed 25% by reference to certain "class tests") are required to announce such transactions to the market and provide enhanced disclosure which, pre-July 2024, would have been required to be included in a shareholder circular.

The FCA has monitored announcements made under the "significant transactions" regime and engaged with market participants to understand how the new notification requirements for significant transactions have been applied in practice.

The FCA noted that different approaches have been taken to disclosures relating to the risks of a significant transaction to a listed company, with some notifications moving away from the structured format previously used in shareholder circulars towards more concise, high-level descriptions and a less defined structure. While issuers have more flexibility in how to present risks (including how risks are ordered compared to other required information), the FCA noted that in some cases, risk disclosure was generic. The guidance reminds issuers that risk disclosures should be tailored and clearly articulate the risks of the transaction to the listed company.

The FCA also noted that the mandatory board statement that a significant transaction is, in the board's opinion, in the best interests of security holders as a whole,should track the exact wording in the UK Listing Rules. Departures from the prescribed wording are not appropriate.

Takeover Panel Publishes Public Consultation Paper 2026/1

On 9 July, the Code Committee (the Committee) of the UK Takeover Panel (the Panel) published Public Consultation Paper 2026/1 (PCP 2026/1), proposing various miscellaneous amendments to the City Code on Takeovers and Mergers (the Code). The amendments proposed by PCP 2026/1 are intended to clarify and simplify provisions, codify aspects of practice by the Panel Executive and update provisions so that the Code continues to operate clearly and effectively.

Amendments proposed by PCP 2026/1 include:

- Revising Note 5 on the definition of "acting in concert" to make clear that agreements that restrict a shareholder from reducing its interests in shares will normally result in the shareholder and the directors being regarded as acting in concert, similarly for voting agreements that require a shareholder to vote in line with board recommendations on the appointment or removal of directors.

- Amending the definition of a "reverse takeover" to cover any acquisition by a Code company for which more than 100% of its share capital may need to be issued as consideration (i.e. not only where the target is a Code company) and extend the application of the equality of information principle to offers that are in competition with certain reverse takeovers.

- Deleting the factors the Panel will take into account when deciding whether to consent to the extension of a "put up or shut up" deadline and the requirement for the offeree board to comment on those factors in an extension announcement.

- Requiring that, where an independent adviser must give a fair and reasonable opinion in relation to certain special deals or management incentivisation arrangements, the opinion must be expressed as being fair and reasonable "so far as shareholders are concerned".

- Clarifying when restrictions on frustrating action fall away during an offer period following the unequivocal rejection of an approach by an unidentified potential offeror.
- Where connected investment research is published on an offer party's website, (i) deleting the requirement to remove such research from its website at the beginning of an offer period; and (ii) provide that, if a consensus forecast includes a forecast by a firm that is connected to the relevant party, the nature of that relationship must be disclosed.
- Clarifying that the Panel will not normally consent to a former offeror that had made an "unqualified" no increase statement or acceleration statement taking restricted actions in relation to the purchase of significant assets from the offeree company in the three months after its offer was withdrawn or lapsed.
- Amendments to definitions in the Code for updates to legislation (e.g., amending the definition of "UK multilateral trading facility" with a new definition of "UK primary MTF", replicating the definition under the Public Offers and Admissions to Trading Regulations 2024).

The Committee invites responses on the proposals set out in PCP 2026/1 by 2 October 2026.

Draft Finance Bill Published for Replacement of Stamp Duty and Stamp Duty Reserve Tax
On 13 July, the government published draft legislation, alongside a related policy paper, introducing a securities transfer tax (STT) to replace stamp duty (SD) (which applies to instruments of transfer) and stamp duty reserve tax (SDRT) (which applies to agreements to transfer securities and is mainly relevant to publicly traded securities). The draft legislation was published as part of a wider package of tax measures for inclusion in the Finance Bill 2026-2027.

The scope of the STT is similar to SD and SDRT, covering transfers of "chargeable securities", including shares in UK incorporated companies, "equity-like" debt instruments in UK incorporated companies, and units in unit trusts schemes. The new STT will more clearly ensure that non-UK securities are outside its scope (currently the territorial ambit of SD is potentially broad). The rate will also be the same (0.5% of the amount or market value of the transfer consideration, with a market value override in certain cases). The main difference is that STT is intended to operate as a fully digital and self-assessed regime, with reporting and payment through a new HMRC portal. The draft legislation:

- Sets out the substantive framework for STT, including when a charge arises, how the tax is calculated and paid, and the related reporting, compliance and administration rules
- Preserves and modernises a range of exemptions and reliefs, such as relief for certain group and reorganisation transactions, although the £1,000 de minimis exemption that currently applies for SD will be removed
- Provides for the abolition of SD and SDRT, together with consequential amendments and repeals of existing legislation.

The government states that it is aiming to introduce STT, its legislative framework and the new online portal in 2027. Legislation will be introduced in the Finance Bill 2026-27 (which will be published later this year, and is likely to be enacted in 2027) to enable commencement of the new tax. SD and SDRT will no longer apply to transfers of securities on or after the STT commencement date.

The government has indicated that transitional arrangements will apply for a period of four years from the commencement of STT in relation to transfers of securities before the commencement date where SD or SDRT is applicable but is not due to be reported on or paid until on or after the commencement date. The government intends to provide an update on the commencement date in autumn 2026.

The closing date for commenting on the draft legislation is 7 September 2026.

Dematerialisation Task Force Publishes Implementation Plan for the Removal of Paper Share Certificates

On 14 July, the Dematerialisation Market Action Taskforce (Taskforce), which is a taskforce constituted of industry participants with the role of taking forward reforms to the UK's shareholding framework, published its Implementation Plan for the withdrawal of paper share certificates as evidence of ownership title and their replacement with digital share registers before the end of 2027.

Publication of the plan marks the first stage in a phased programme to modernise the share ownership framework for publicly traded UK companies, with the ultimate objective being to transition to a fully intermediated system in which all shareholders (both institutional and retail) hold their shares in digitised form. For more information on the Taskforce and its phased programme, see the August 2025 edition of this newsletter.

The government has accepted all the Taskforce's recommendations and, in its Government Response, confirmed that it will introduce legislation to mandate that all publicly traded UK companies keep digital share registers and end the issuance of paper share certificates.

The legislation will come into force before the end of 2027, with the exact date to be confirmed in due course.

Response to AIM Rules Consultation Published

On 14 July, the Joint Working Party (JWP) of the Company Law Committees of the City of London Law Society and the Law Society of England and Wales published a response to the London Stock Exchange's (LSE) consultation on proposed changes to the AIM Rules for Companies (AIM Rules) and the AIM Disciplinary Procedures and Appeals Handbook (the Response). The proposed amendments to the AIM rulebooks are intended to implement the measures set out in the Feedback Statement: Shaping the Future of AIM, published by the LSE on 21 November 2025, which described the LSE's plans for the future development of AIM (for more information, see the December 2025 and July 2026 editions of this newsletter). The Response also provides some minor comments on the changes that were made to the AIM Rules in January 2026 to reflect the implementation of the public offers and admissions to trading regime.

The Response broadly supports reforms which are aimed at reducing unnecessary burdens on AIM companies and improving the attractiveness of AIM. This includes proposed changes to admission requirements, acceptable accounting standards and dispensing with an admission document for second line securities. The Response noted the LSE should provide further guidance on areas such as "Capital Access Windows", reverse takeovers, related party rules and its expectations of nominated advisers, while welcoming the proposals to enable greater flexibility for fundraisings, acquisitions and international applicants.

FCA Amends PRM Rules

On 31 July, the FCA published Handbook Notice 143 (Notice 143) which sets out, among other things, the amendments that have been made to the FCA's Prospectus Rules: Admissions to Trading on a Regulated Market Sourcebook (the PRM Rules) by the FCA instrument, Prospectus Rules: Admission to Trading on a Regulated Market (Clarificatory Amendments) Instrument 2026 (the Instrument). The Instrument follows consultation in Consultation Paper 26/8 (see the April edition of this newsletter for more information). The Instrument came into force on 31 July 2026.

The main amendments made to the PRM Rules by the Instrument are as follows:

- The exemption from the prospectus requirement in PRM 1.4.12R (admissions to trading of transferable securities which are offered, allotted or to be allotted to existing or former directors or employees) has been narrowed to ensure that it is not available where the issuer intends for the securities to be placed with a third party via an offer or allotment to a director or employee.

- The requirement in PRM 9.5.2R for an IPO prospectus to be published at least three working days prior to the end of the offer period has been clarified to confirm that it applies only where there is retail participation in the IPO.
- The requirement under PRM 8.2.3R to repeat a content-specific accompanying statement for a protected forward-looking statement (PFLS) more than once in a prospectus has been removed (with a cross reference to the accompanying statement where the PFLS is repeated).
- The requirements for cross-reference lists, identifying the page numbers where disclosures can be found in a prospectus under PRM 9.2.16R and PRM 9.4.3R have been clarified.
- Updates have been made to cross references and terminology within the PRM Rules to ensure clarity and consistency.

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