The New UK Prospectus Regime comes into force on 19 January 2026

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The UK's new prospectus regime comes into force on 19 January 2026. This update looks at the key takeaways under the new regime for equity capital markets (ECM) transactions.

The implementation of the new regime means that the UK will no longer follow the previous "dual trigger" regime, which required a prospectus to be published for (i) the admission of shares to a regulated market and/or (ii) if an offer to the public was to be made, with each limb being subject to several exemptions. Instead, under the new regime, offers of shares to the public will generally be prohibited subject to exemptions, which include where the relevant shares are to be admitted to a regulated market (such as the main market of the London Stock Exchange (LSE)) or a primary multilateral trading facility (MTF) (such as AIM). Other off-market exemptions to the general prohibition will apply including where shares are offered to the public via a "public offer platform" (POP), ostensibly a crowdfunding platform, which will be a new Financial Conduct Authority (FCA) regulated activity. The previous exemptions to the offer to the public limb under the former regime have also been retained as exemptions to the general prohibition on public offers under the new regime, including where the offer is for less than £5 million (taking into account other applicable offers within a 12-month period), which replaces the previous €8 million cap, made to fewer than 150 persons in the UK or made to qualified investors only. A takeover exemption has also been retained provided the shares being offered as consideration are not to be admitted to a regulated market or MTF, and a written statement containing certain prescribed information accompanies the offer. It will no longer be possible to carry out a public offer by publishing a prospectus, the relevant offer will have to fall within an exemption.

A prospectus will still be required to be published when applying for admission of shares to a regulated market for the first time (and depending on its size, on a post-initial public offering (IPO) admission as well). Similarly, a company's first admission to a primary MTF will require the publication of an MTF admission prospectus (in lieu of the current requirement for an admission document). From a documentation perspective, market practice on IPOs will, therefore, largely be unaffected by the incoming reforms, although as explained below, practice on post-IPO pre-emptive issuances could change.

Overview of New Prospectus Regime's Application to Shares

Offers to the Public Prohibited Generally				
	On-market Exemptions		Off-market Exemptions	
Exemptions	Admission to a regulated market (i.e. Main Market of the LSE)	Admission to a primary MTF (i.e. AIM)	POP Offers (i.e. crowdfunding platforms)	Other specific exemptions imported from old regime, including: • Offers less than £5 million, or equivalent amount • Offers to less than 150 persons • Offers to "qualified investors" only • Offers to directors and employees • Offers in connection with takeovers
Disclosure Requirements	Prospectus required for initial admission (i.e. at IPO) and secondary offers of 75% or more[1]	MTF admission prospectus required at initial admission – no prospectus/admission required for follow-on raises on AIM	Disclosure content requirements apply under the POP regime	
Points to Note	• FCA remains approving authority • Sponsor required to be appointed for mandatory prospectuses published by an ESCC listed issuer • Offer period for retail reduced to three working days	• MTF operator rules to govern approval and content of MTF admission prospectus • Offer period for retail now three working days	• Operating a POP to be a new FCA-regulated activity • POP operators will have oversight of disclosure • Significant scope to increase the size of crowdfunding raises	• Other public offer exemptions from old regime apply[2]

1 The old exemptions from having to publish a prospectus for an admission of ordinary shares to a regulated market have also been retained under the new regime – these, in summary, are: (i) conversion or exchange of other transferable securities; (ii) shares resulting from conversion or exchange or other securities under the banking and central counterparty special resolution regime (iii) shares issued in substitution for shares of the same class; (iv) shares issued in connection with a takeover; (v) shares issued in connection with a merger or division; (vi) shares allotted to existing or former directors or employees; and (vii) shares already admitted to a regulated market subject to certain conditions, principally that they have been admitted for 18 months or more on another regulated market and were subject to an approved prospectus or equivalent when admitted. The FCA has issued guidance on the content of prospectus exemption documents for takeovers, mergers and divisions where such documents are required to be prepared under the new Prospectus Rules: Admission to Trading on a regulated Market sourcebook.

2 Other exemptions to the general prohibition on public offers include (i) offers to existing shareholders, (ii) offers to persons already connected with the offeror company and (iii) securities offered under banking or central counterparty special resolution regime.

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Key ECM Takeaways

Further Issuances on a Regulated Market

The biggest change to be implemented under the new regime is the increase to the threshold that a prospectus is required to be published for post-IPO issuances of shares within a 12-month period from 20% to 75% of the number of shares already admitted to trading to a regulated market. If a prospectus is required to be published, the issuer may, subject to certain conditions, elect to publish a "simplified" prospectus instead. Issuers will be able to publish a prospectus (which will have to comply with all prospectus content requirements and be approved by the FCA) on a voluntary basis at a lower threshold than 75%. An issuer will be required to appoint a sponsor when a prospectus is required to be published, but such an appointment will not be required for the publication of a voluntary prospectus.

Content Requirements for a Prospectus

Other than the introduction of specific climate-related disclosure requirements for issuers who identify climate-related risks or opportunities in their prospectuses, as well as a small number of changes to the presentation of information included in the summaries of prospectuses, the content requirements for prospectuses under the new regime replicate those under the old. The FCA has published updated guidance for issuers with complex financial histories (for instance when they have carried out acquisitions or disposals during the three-year financial period covered by the prospectus), which provides additional flexibility than was the case previously. Working capital statements will still be required to be included in prospectuses[3] and the FCA is due to consult further on their format in 2026.

Protected Forward-looking Statements (PFLSs)

Under the new regime, those typically responsible for a prospectus (i.e. the issuer and its directors) will be able to benefit from a lower standard of responsibility for certain forward-looking statements included in the prospectus. Instead of a negligence-based liability standard, which applies generally to information included in prospectuses and requires those responsible for the document to show the information was produced on a reasonable basis, PFLSs will be subject to a fraud or recklessness standard with the burden of proof being on the investor claiming loss. PFLSs will need to comply with certain requirements to be subject to the lower standard. Financial and operational information will be capable of being covered although a profit estimate for a financial period that has finished (as opposed to a profit forecast for a period which has not yet been completed) will not. The new regime will require PFLS to be presented in a specified manner in the prospectus and for prescribed disclaimers to be included.

Reduction in the Length of Retail Offer Period on IPOs

Retail offer periods on IPOs will be reduced from three to six working days under the new regime. The FCA hopes that shortening such periods will encourage more issuers to carry out retail offers on IPOs.

MTF Admission Prospectuses

Applicants to primary MTFs will be required to publish an MTF admission prospectus. As is currently the case for admission documents, MTF admission prospectuses will not require FCA approval and their contents will be governed by the relevant MTF operator's (such as the LSE in the case of AIM) rules. Since an admission of securities to a primary MTF is an exemption to the general prohibition on public offers under the new regime, MTF admission prospectuses will be able to be used for retail offers that exceed the revised £5 million cap mentioned above. MTF operators will have the discretion to decide when a MTF admission prospectus is required for post-IPO issuances of shares. AIM have confirmed that no MTF prospectus or admission document will be required to be published by AIM companies on post-IPO fundraises (as is currently the case).

The current exemptions from having to publish an admission document available under the AIM designated market and Aquis Stock Exchange (AQSE) fast track routes have been retained, as has the requirement for one to be published following a reverse takeover. The statutory responsibility, advertisements, supplementary prospectus, withdrawal rights and PFLSs requirements applicable to regulated market prospectus will also apply to MTF admission prospectuses.

Our Thoughts

Main Market

Issuers will be able to carry out larger secondary offers without the need to publish a prospectus, but it remains to be seen to what extent market practice will gravitate towards the maximum 75% threshold or settle for the publication of voluntary prospectuses or, potentially, some other form of offering document (not approved by the FCA) at a lower limit (albeit a higher one than 20%). UK fundraises involving US shareholders will, in all likelihood, see the publication of voluntary prospectuses or offering documents at lower thresholds. Absent preparing a voluntary prospectus or offering document, issuers will be carrying out larger equity raises using their ordinary course public disclosure (annual reports, interim reports and trading updates) than they have in the past. Above all though, the new regime should facilitate the inclusion of existing retail shareholders in secondary fundraisings carried out by listed companies as well as retail investors more generally on IPOs. Similarly, the new regime will make retail investor participation on secondary selldowns (for instance a post-IPO block trade) easier, although the requirements of the UK financial promotion regime will need to be followed.

Listed companies will still need to adhere to the limits contained in their shareholder approvals in relation to the issuance of new shares and the disapplication of pre-emption rights. If issuers are to make use of the higher threshold for when a prospectus is required to be published then, in the majority of cases, some form of pre-emptive offer structure (open offer or rights issue) will need to be used by them in light of 10%+10% limit on disapplication authorities included in the Pre-emption Group (PEG) Guidelines on the Disapplication of Pre-emption Rights (the PEG Guidelines) which listed companies are expected to follow. Companies that need to raise larger amounts of capital more frequently (so-called "capital hungry companies" under the PEG Guidelines) will be able to seek larger disapplication authorities from their shareholders provided the reasoning for exceeding the above limits is specifically highlighted at the time that the request for a general disapplication is made. IPO candidates should disclose in their IPO prospectus if they intend to be a "capital hungry company".

3 The FCA has indicated that it will engage further with market participants in 2026 on a three-tiered approach allowing issuers to make a working capital statement with either: (i) a clean statement, (ii) a clean statement with financing judgements or (iii) a qualified statement. For now, the FCA's exisitng guidance on working capital statements continues to apply

AIM

The implementation of the admission of securities to a primary MTF exemption to the general prohibition on public offers under the new regime will facilitate the inclusion of larger retail offers on AIM fundraises. Historically, retail components on AIM fundraises (including pre-emptive ones) have had to be subject to the GBP equivalent of the previous €8 million cap (even when carried out on a pre-emptive basis such as in the case of an open offer), so as not to trigger the requirement for the publication of a prospectus. This will no longer be the case meaning that larger retail components could be carried out by AIM companies (both at IPO and subsequently) albeit in compliance with the relevant company's allotment and disapplication of pre-emption right authorities (passed either at the company's last annual general meeting or obtained specifically for the transaction at a general meeting). It is also worth noting that that the changes being brought in by the FCA to the Market Conduct Handbook will allow issuers with securities already admitted to AIM to admit further classes of securities, whether or not they are fungible with those already admitted to trading, without having to publish a separate MTF admission prospectus. It will be interesting to see to what extent market practice develops to make use of this flexibility.

Next Steps

The new rules take effect on 19 January 2026.

Quick Recap of Secondary Fundraises for Listed Companies

Fundraising type	Pre-emptive/ Non pre-emptive	Size limits without specific shareholder approval	Discount limits	Points to note
Placings	Non pre-emptive	• Size will be subject to the relevant company's disapplication of pre-emption right authority. • PEG Guidelines limit general disapplication authorities to 10% of share capital, with an additional 10% available if the raise is in connection with an acquisition or other specified capital investment[4].	• The PEG Guidelines state that companies should limit discount to a maximum of 5% to the middle market price, including expenses (unless specific shareholder approval has been obtained). • UK Listing Rules (UKLRs) limit discount to no more than 10% to the middle market price at the time of announcement (unless specific shareholder approval has been obtained).	• Placings can be conducted very quickly (two to three weeks) and the bookbuilding period can be a matter of hours. • Practice on placings is unlikely to be significantly affected by the new prospectus regime given the need to adhere to pre-emption rights, although there is potentially greater scope to combine placings with open offers.
Open Offers	Pre-emptive	• Investment Association (IA) Guidelines[5] allow companies to obtain a general disapplication authority of up to two thirds of its share capital for a pre-emptive offer[6]	• UKLRs 10% limit applies (unless specific shareholder approval has been obtained).	• The minimum offer period is 10 business days. • Under the new prospectus regime, sizeable open offers will be capable of being carried out without the need for a prospectus to be published, although a voluntary prospectus (or offering document) may be required for liability reasons. • Potential to accelerate transaction timetable (usually 8-12 weeks under the previous prospectus regime) significantly if no prospectus (or offering document) is required to be published, but scope of legal due diligence required to be factored in.
Rights Issues	Pre-emptive	• Same as for open offers	• No discount restrictions	• Same as for open offers.

4 The PEG Guidelines relate to issuances by companies listed in the Equity Shares Commercial Companies Category. AIM companies are also encouraged to adopt them. The PEG Guidelines also permit small additional increases of up to 2% to these limits for concurrent retail raises.

5 The Investment Association Share Capital Management Guidelines (IA Guidelines).

6 N.B. IA Guidelines preference for rights issue for larger fundraises.

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