

## Prospectus Rules: Admission to Trading on a Regulated Market: Key changes for debt capital markets

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The FCA has finalised its new Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (“**PRM**”). These rules deal with prospectuses in the context of admission to trading on a UK regulated market, including when a prospectus is required and what it must contain.

Many of the rules remain consistent with the current regime. For example, the required contents of a prospectus are largely unchanged. A key change is the increase to the threshold at which a prospectus is required for a further issuance of transferable securities from 20% to 75% of those same securities already admitted to trading. This exemption applies to both debt and equity securities, though it will have less impact on the debt market due to the fungibility requirement.

The PRM rules apply alongside the Public Offer and Admission to Trading Regulations 2024 (“**POATR**”) (briefing [here](#)) and both will come into force on 19 January 2026, replacing the UK version of the EU Prospectus Regulation which was “onshored” at the point of Brexit in 2020 (the “**UK Prospectus Regulation**”).

The PRM rules were published as part of the [FCA's Policy Statement 25/9](#) which includes consequential changes to other rules and sourcebooks.

We provide a high-level overview of some of the key aspects of the new rules as they will apply to issuers of non-equity securities.



### Key practical changes for issuers of debt securities



The new PRM rules align the prospectus requirements for lower denomination bonds with those for higher denominations by creating a single harmonised disclosure regime for prospectus documents for non-equity securities. The removal of the existing dual disclosure standard for ‘retail’ and ‘wholesale’ non-equity securities is intended to simplify the rules and remove one disincentive that may have driven a reduction of issuances of low denomination corporate bonds.



Introducing new product governance guidance and changes to the disclosure and transparency rules for ‘**plain vanilla listed bonds**’ issued by an issuer with an existing listing in the equity shares (commercial companies) (ESCC) category (an ‘**ESCC issuer**’) or a wholly owned subsidiary of an ESCC issuer (an ‘**ESCC subsidiary**’) (provided the debt securities are fully, unconditionally and irrevocably guaranteed by the issuer’s listed holding company).



The PRM rules include enhanced disclosure guidelines for issuers of sustainable bonds. The precise requirements are summarised below and reflect a policy intention of addressing discrepancies between prospectus and bond framework disclosure; such rules reflect a different approach to those currently being developed in the EU (as part of the changes to the EU Prospectus Regulation pursuant to the EU Listing Act – briefing [here](#)).



The new PRM rules permit issuers to incorporate by reference future financial information into base prospectuses, thus reducing the need for issuers to systematically publish supplemental prospectuses for this information. Similar flexibility has been introduced in the EU (briefing [here](#)).

Click [here](#) for our briefing on the key issues for issuers of equity securities.

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## What is changing?

In the main, the PRM rules will be broadly consistent with the current UK Prospectus Regulation: a prospectus will be required where debt securities are admitted to London's regulated market (the "Main Market"), prospectus contents will be generally the same for issuers of 'wholesale' debt securities and the exemptions to the requirements for a prospectus for admission to the Main Market will largely be carried across from the UK Prospectus Regulation.

## Will a prospectus be required under the FCA's PRM rules?

Unless exempt, issuers seeking admission to the Main Market will be required to prepare and publish a prospectus.

Exemptions from the requirement to publish a prospectus in the PRM rules have broadly been carried across from the UK Prospectus Regulation. Set out below are some key changes that will be of particular interest to debt capital markets practitioners:

- > **Islamic finance:** a new exemption has been included for non-equity securities that are instruments of Islamic finance (i) issued by an SPV established by a sovereign or central bank where such non-equity securities are backed by such sovereign or central bank in a way that has equivalent economic effect as issuance by such sovereign or central bank or (ii) over which a credit support arrangement exists which is equivalent in economic effect to a guarantee from such sovereign;
- > **Public International Bodies:** the definition of a 'public international body' has been aligned across the UK's PRM rules and the Listing Rules, a welcome change for issuers previously not included in the list of named entities exempt from the Listing Rules;
- > **Nonprofit making bodies:** the FCA has removed the exemption under the UK Prospectus Regulation for securities issued by 'nonprofit making bodies'. In practice, such entities were required to publish Listing

Particulars to obtain admission of securities to the Official List. As the FCA is removing the concept of Listing Particulars (see further below) these entities will be in the same position as any corporate issuer in preparing a prospectus for admission to the Main Market. This will be relevant to entities such as universities and housing associations;

- > **Requirement for a prospectus on a further issue of securities:** the FCA has raised the threshold at which a prospectus is required on a further issue i.e. for tap issuances (across all asset classes) from 20% to 75%, although with the possibility of producing an FCA-approved prospectus for issues below this threshold on a voluntary basis.

## Single disclosure standard for all debt securities, based on the current wholesale debt standard

A policy objective of the UK Government in rewriting the UK public offer and admission to trading regime is to reduce regulatory disincentives on companies to issue bonds in low denominations that can be accessed by retail investors.

Issuers of bonds seeking admission to the Main Market currently benefit from a reduced prospectus disclosure standard for non-equity securities with minimum denominations of €100,000 or above (wholesale securities) compared to the standard for issuers of non-equity securities with lower denominations (retail securities).

By moving to a single disclosure standard (based on the existing wholesale standard) the FCA has done away with summary requirements and aligned requirements with respect to historical financial statements across all prospectuses relating to non-equity securities, regardless of denomination.

There will continue to be additional disclosure requirements for securities with more complex features, such as asset backed securities and securities with a derivative element.

## Exceptions to the public offer prohibition

A key feature of the new UK prospectus regime is that public offers will be prohibited unless they fall within an exemption – there is no prospectus requirement for public offers of debt securities.

The exemptions, set out in the POATRs, are broadly aligned with those under the existing UK Prospectus Regulation. Of relevance for the wholesale debt capital markets are familiar exceptions for offers:

- > made solely to qualified investors ("QIs");
- > made to fewer than 150 persons in the UK, other than QIs; or
- > with a minimum denomination of at least £50,000 or equivalent.<sup>1</sup>

**NEW** A new exemption applies where the securities are admitted to trading on a UK regulated market or primary MTF (or the offer is conditional on securities being admitted to trading on a UK regulated market or primary MTF).<sup>2</sup>

## Increased flexibility for supplementary prospectuses

The PRM rules introduce additional flexibility permitting an issuer to supplement a base prospectus for securities specific information without there being a significant new factor, material mistake or material inaccuracy.

This will allow for changes to amend the terms and conditions and/or form of final terms where certain conditions are met.

<sup>1</sup> The minimum denomination exemption has been translated to £50,000.

<sup>2</sup> The London Stock Exchange's International Securities Market (the "ISM") is a primary MTF. The FCA's powers have been expanded to make certain rules relating to primary MTFs; where such primary MTF meets the "qualified investor condition" (which is expected to be the case for the ISM), many of these rules will not be applicable.

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## Additional regulatory barriers to issuance in low denominations

The FCA is also seeking to address other identified deterrents to corporate issuers from issuing debt securities in low denominations.

## New concept of 'plain vanilla listed bond'

A new definition of '**plain vanilla listed bonds**' is added to the FCA Handbook. These will be vanilla bonds that bear interest at a fixed or floating rate, subject to certain conditions, are unsubordinated, unsecured and not subject to bail-in.

Where such bonds are issued by an ESCC issuer (or an ESCC subsidiary, provided the debt securities are fully, unconditionally and irrevocably guaranteed by the issuer's listed holding company that is an ESCC issuer) certain alleviations will apply.

- > **Revisions to UK product governance regime:** The FCA has elaborated on the guidance in the UK MiFID Product Governance Rules sourcebook to clarify that 'plain vanilla listed bonds' issued by an ESCC issuer or an ESCC subsidiary are an example of the type of financial instrument that would ordinarily be regarded as 'simple' for the purposes of a proportionate application of the product governance rules and that such an instrument would be likely to be compatible with the needs and characteristics of consumers in the mass retail market and appropriate for distribution by way of a wide range of channels. Manufacturers of such bonds will be able to identify a target market with less granularity and benefit from an exemption from the product governance rules requiring on-going review.
- > Further, a new rule has been included to the Conduct of Business sourcebook provisions relating to 'appropriateness' assessments to clarify that where a plain vanilla listed bond issued by an ESCC issuer or an ESCC subsidiary includes a make-whole call

option, this does not mean that the plain vanilla listed bond embeds a derivative or incorporates a structure which makes it difficult for investors to understand.

- > **Revisions to DTR 4.4.2R:** The FCA will exempt ESCC subsidiaries that exclusively issue plain vanilla listed bonds (or both high denomination securities and plain vanilla listed bonds only) from the requirement to comply with the annual and half-yearly financial reporting requirements in DTR 4.4.

## Disclosures for sustainability-labelled bonds

The PRM rules require issuers to specify in their prospectuses if bonds are marketed as 'green', 'social', 'sustainable' or 'sustainability-linked' or issued under a framework or equivalent document.

If any of those are the case, issuers must then consider including additional disclosures in their prospectuses. The FCA provides guidance in the PRM sourcebook on what these additional disclosures might consist of in respect of the bond framework, use of proceeds bonds and sustainability-linked bonds, noting that the policy objective is to bridge the information gap between prospectuses and bond frameworks.

The FCA also notes that despite not being mandatory, its expectation is that issuers consider whether the additional disclosure on bond frameworks (and at security-level, as applicable) would be required to satisfy the '**necessary information test**'.

This is a seemingly more flexible approach to the proposals suggested under the EU Prospectus Regulation, where a separate disclosure annex is proposed for debt securities advertised as taking into account ESG factors or ESG objectives (briefing [here](#)).

The FCA has also made changes to the existing sustainability disclosures required for equity and GDR issuers (briefing [here](#)).

## Incorporating future financial information by reference

The PRM rules permit issuers to incorporate by reference future annual and interim financial information, as well as audit reports and financial statements into base prospectuses. This will align the UK regime with changes made in the EU in December 2024 pursuant to the EU Listing Act (briefing [here](#)).

This is intended to reduce the administrative burden on issuers publishing regular prospectus supplements for periodic financial information. Issuers will be permitted to continue to publish such supplements at their discretion and may need to do so if other aspects of their disclosure (for example risk factors) require updating.

The FCA has also clarified that inclusion of forward information does not in and of itself constitute a significant new factor requiring publication of a supplement and indicates plans to consult on a Technical Note to provide non-handbook guidance on including 'evergreen' language in a base prospectus.

## Listing Particulars and the Professional Securities Market

The FCA has confirmed that it will cease to accept Listing Particulars from 19 January 2026, and no admissions of new securities will be possible on the London Stock Exchange's Professional Securities Market.

## New 'necessary information test'

The legacy necessary information test has broadly been carried across to the POATRs with two discrete changes applicable to debt securities:

- > the reference to the 'prospectus' of the issuer and any guarantor are to be read as reference to the 'creditworthiness' of the issuer and any guarantor; and
- > the 'necessary information' no longer varies according to minimum denominations, with the distinction between 'retail' and 'wholesale' being removed.

## Disclosure of forward-looking information

Liability for protected forward-looking statements under the POATRs is set at the fraud standard (knowledge or recklessness), rather than the negligence standard that applies to other prospectus content in the UK. Whilst likely to be of greater interest for equity issuance, information on climate-related risks, opportunities, and transition planning may qualify if the relevant criteria are met.

## Withdrawal Rights

The FCA has confirmed that withdrawal rights do not apply to supplements relating to admission to trading only prospectuses.

## Timing and transition

The new UK Prospectus regime will come into effect on 19 January 2026. The POATRs provide that any prospectus (including a base prospectus and any supplementary prospectus) that is approved prior to 19 January 2026 will remain valid under the current rules until the earlier of (i) the end of its validity, i.e. 12 months in the case of a base prospectus or (ii) 19 January 2027.

## Impact of the new rules

Recognising the importance of seamless cross-border wholesale debt offerings, the new UK prospectus regime will enable issuers who choose not to admit securities to trading on the Main Market or a primary MTF to continue structuring their offerings to benefit from exemptions under the UK and EU prospectus regimes on a near identical basis.

The FCA has been mindful of maintaining frictionless wholesale European primary debt markets whilst also making adjustments in order to facilitate the issuance of low denomination bonds for certain corporate issuers in the UK.

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