



HERBERT SMITH  
FREEHILLS  
KRAMER

# CORPORATE BRIEFING

CONSOLIDATED CORPORATE UPDATE



# Contents

## July – December 2025

### London

#### Company law 03

Reform of Companies House – implementation update	03
Corporate criminal liability	04
Proposed abolition of share certificates for listed companies	05
High Court rules on “proper purpose” for access to register of members	05

#### Contract law 06

Hague 2019 judgments convention comes into force in UK	06
Payment practices reporting – additional measures	06

#### Mergers and acquisitions 07

Takeover Panel code changes and new practice statements	07
CMA revised approach to merger remedies	08
Consultation on changes to the National Security and Investment Act	08

#### Private capital 09

PERG annual report on compliance with the Walker Guidelines	09
---	----

#### Listing regime 10

Latest FCA Guidance	10
Share buybacks – FCA consultation on UKLR rule change and review	11

FCA consultation on listing application process and other minor changes	12
---	----

FCA fines ex-employee of AIM listed company	13
---	----

LSE publishes feedback on proposed changes to the AIM Rules	13
---	----

#### Capital markets 14

New prospectus rules	14
HM Treasury consults on legislation to move to T+1 settlement cycle	15

#### Corporate reporting 16

Proposals to reduce the narrative reporting burden	16
Payment practices reporting – additional measures	17
Consultations on sustainability reporting and disclosure of climate transition plans	17
FRC publishes annual reviews of corporate governance reporting	17
Proxy voting guidelines	18

#### Environmental, social and governance 19

Consultations on sustainability reporting and disclosure of climate transition plans	19
Postponement of certain sustainability reporting requirements under the CSRD regime	20

## INTRODUCTION

This consolidated corporate update summarises the major developments in UK corporate law and regulation which have occurred over the last six months and which will be of relevance to UK listed companies.

### Related links

[Herbert Smith Freehills Kramer](#)  
[Corporate Notes Blog](#)  
[Takeovers Portal](#)

### On the horizon: the most material developments expected in the next 6-12 months

#### Reform of Companies House

– identity verification became compulsory for directors on 18 November 2025, and it is expected that from spring 2026, identity verification will be compulsory for anyone filing a document at Companies House on behalf of a company – see [page 3](#).

#### Reform of the prospectus regime

– The Financial Services and Markets Act 2023 (Commencement No. 11 and Saving Provisions) Regulations 2025 will repeal the current prospectus regime contained in the UK Prospectus Regulation and related legislation on 19 January 2026. The regime will be replaced on the same date by the new public offers regime – see [page 14](#).

## COMPANY LAW

### Reform of Companies House – implementation update

Over the past few months, several key steps have been implemented in relation to the transformation of Companies House (CH). The sixth commencement order for the [Economic Crime and Corporate Transparency Act 2023 \(ECCTA\)](#) introduced mandatory identity verification (IDV) for directors and persons with significant control (PSCs) and abolished the requirement for companies to maintain certain local registers. The [Economic Crime and Corporate Transparency Act 2023 \(Commencement No. 6 and Transitional Provisions\) Regulations 2025](#) also set out the transitional arrangements which apply in relation to the commencement of these changes. Alongside these changes, several related reforms have been announced, which we explore in more detail below.

#### IDV

Voluntary IDV has been possible since April 2025, and from 18 November 2025 it became mandatory for all new and existing directors (of both UK incorporated companies and overseas companies with UK establishments), individual PSCs and members of LLPs. The IDV requirements for other groups, including those filing information with CH, limited partnerships, officers of corporate PSCs and corporate members of LLPs are expected to be brought into force from spring 2026.

From 18 November 2025 any individual appointed as a director, either on incorporation or as a new director of an existing company, need to confirm that their identity has been verified as part of the incorporation/appointment process. For existing directors, individual PSCs and individual LLP members, there is a 12 month transition period so deadlines for confirming verified status to CH are for example:

- for existing directors: when the company's first annual confirmation statement after 18 November 2025 is filed;
- for individual PSCs who are also directors: within a 14 day window after the company's first confirmation statement date falling after 18 November 2025;
- for individual PSCs who are not also directors: within 14 days of the first day of their month of birth falling after 1 December 2025; and
- for directors of an overseas company with a UK establishment: by the first anniversary of the date the overseas company registered the UK establishment falling after 18 November 2025.

The IDV process can be carried out by CH (using [GOV.UK One Login](#)) or via an authorised corporate service provider (ACSP). Details of the process are

set out in [The Registrar \(Identity Verification and Authorised Corporate Service Providers\) Regulations 2025](#), made in January 2025, and in the [Companies House rules](#), published in February 2025. CH also published the following guidance on the new IDV requirements:

- [verifying your identity for Companies House](#); and
- [when you need to verify your identity for Companies House](#).

On completion of the verification process, individuals will be allocated a personal CH code – a unique identifier which can then be used to confirm that the verification process has been completed. CH issued [guidance](#) on the use of these codes, which confirms that the same code will be used for every directorship a person holds and sets out what to do in the event that a personal code has been compromised or shared without consent.

CH published numerous guides to the new IDV regime which are available on its [website](#), including [guidance on how it will approach non-compliance with the IDV requirements](#).

CH also released [details](#) of the online service through which PSCs need to provide confirmation of their verified status. This online service can also be used by PSCs to request extensions to the deadline for providing this confirmation.

CH has published updated versions of its guidance and forms to reflect the changes.

#### Abolition of certain local registers

The ECCTA abolishes the requirement for companies to keep their own register of directors, register of directors' residential addresses, register of secretaries and register of PSCs, known as "local registers". The information will still have to be notified to CH.

Regulations make various changes to legislation to deal with the consequences of the abolition of these local registers:

- [The Economic Crime and Corporate Transparency Act 2023 \(Consequential, Incidental and Miscellaneous Provisions\) Regulations 2025](#), which also include miscellaneous provisions relating to the submission of IDV statements to CH and the suppression of IDV statements from public inspection;
- [The Register of People with Significant Control \(Amendment\) Regulations 2025](#), which amend certain notification requirements on companies in relation to the PSC regime; and



- **The Limited Liability Partnership (Application and Modification of Company Law) Regulations 2025**, which extend the abolition of certain local registers to the equivalent local registers maintained by LLPs.

CH had [announced](#) that the removal of the option for private companies to elect to use the central register held by CH to record shareholder information (in lieu of entering shareholder information on their own, locally-held register) would take effect from 18 November 2025. This change was not included in the sixth commencement order and so its commencement date has not yet been confirmed.

### Other miscellaneous updates

- **Changes to CH online filing service** – From 13 October 2025, WebFiling moved to GOV.UK One Login for secure access.
- **Extension of the protection of personal information regime** – The [Protection and Disclosure of Personal Information \(Amendment\) Regulations 2025](#) were made in July 2025 to extend what personal information an individual can request CH make unavailable for public inspection. Requests can cover the day of their date of birth, signatures, and, for company directors, business occupation. No reason is

required, but applications cannot remove information needed for company charges.

- **Amendments to CH fees** – Regulations were made in October 2025 to amend the fees charged by CH. Most of the amendments in the [Registrar of Companies \(Fees\) \(Amendment\) Regulations 2025](#) will result in an increase to CH's fees (e.g., same-day incorporation will become £100; confirmation statements £50). The fees will rise from 1 February 2026.
- **Changes to accounts coming in 2027** – CH confirmed three changes to take effect from 1 April 2027:
  - all companies have to file their accounts (including dormant accounts) using commercial software;
  - companies claiming an audit exemption will need to give an enhanced statement from their directors on the balance sheet, specifying which exemption is being claimed and confirming that the company qualifies for it; and
  - companies will need to provide a business reason if they wish to shorten their accounting reference period more than once in five years. There are currently no restrictions on being able to shorten accounting reference periods.

## Corporate criminal liability

The new corporate offence of failure to prevent fraud came into force on 1 September 2025.

The new strict liability offence, which is contained in the ECCTA, will be committed by an in-scope organisation if an associate (which includes employees, agents and subsidiaries) commits a specified fraud offence, such as false accounting, with the intention of benefitting the organisation or any of its customers.

A company will have a defence if it had reasonable fraud prevention procedures in place.

The Home Office published statutory [guidance](#) for organisations on the new offence, which provides insight into what will be expected of organisations in terms of fraud prevention procedures. However, the guidance is not prescriptive, so careful thought and proper engagement will be required to ensure a company has appropriate measures in place.





## Proposed abolition of share certificates for listed companies

In July 2025, the Digitisation Taskforce, chaired by Sir Douglas Flint, delivered its [final recommendations](#) for modernising how shares in UK listed companies are held.

The Taskforce was set up in response to one of the recommendations of the 2022 [UK Secondary Capital Raising Review](#) and recommends a staged approach to removing paper share certificates in listed companies and moving to a fully intermediated system:

- **Removal of paper shares and establishment of digitised registers** – In the first stage of the digitisation process, paper share registers will be replaced by digitised versions. Certificated shareholders' interests will be reflected solely in the digitised register already administered by a listed company's registrar. Listed companies would no longer be permitted to issue paper share certificates and certificates would no longer be required when transferring shares.

- **Improvements to intermediated system** – In the second stage of the digitisation process, over the course of this Parliament, the government, Financial Conduct Authority (FCA) and a [newly-formed technical group](#) will work to reform the intermediated system to ensure that shareholders can exercise their rights effectively through intermediaries.

- **All shares transition into the intermediated system** – As stage three of the digitisation process, once the improvements have been made to the intermediated system, all shares will transition into the intermediated system, with digitised share registers being phased out.

The government [accepted](#) the recommendations made in the report and set out how it will take them forward. The aim is to legislate to implement the first phase by the end of 2027 at the latest, with a precise date to be determined by the [newly-formed technical group](#).

## High Court rules on “proper purpose” for access to register of members

The High Court in [Aviva plc v Litani LLC](#) ([2025] EWHC 3134) considered whether a request for access to a listed company's register of members was for a proper purpose under section 116 and 117 of the Companies Act 2006 (CA 2006), which requires companies to either comply within five working days or seek a court ruling.

Aviva, which has many small shareholders, challenged Litani's request for the register. Litani intended to contact these shareholders to buy their shares at a 17.5% discount and then resell them – a “mini-tender offer.” Aviva applied to court for a ruling that the request was not for a proper purpose, arguing that those who accepted would be economically disadvantaged as compared to selling their shares via the company's registrar or the small shareholder dealing service that the company had put in place. Litani maintained that its purpose was lawful, transparent and commercially acceptable.

The court rejected the application by the company and held that the purpose for which Litani sought a copy of the register was proper. It said that:

- the fact that a person's objective in seeking the information is to make a commercial profit does not mean that their purpose is not proper; and

- while there are limits as to what is commercially acceptable as the reason for access, a court would need to “find something with a flavour of the genuinely exploitative or unscrupulous” in order for the purpose to be improper and it will not “seek to regulate or proscribe merely ‘undesirable’ commercial activity”.

The court went on to say it cannot find that a person's purpose is not proper based on reputation, nor would it express a view about the desirability or otherwise of mini-tender offers (which are lawful and not subject to specific regulatory control in the UK).

The court also made clear that the point in time at which the purpose of the request should be assessed is the date of the hearing, and not the date of the application.

## CONTRACT LAW

---

### Hague 2019 judgments convention comes into force in UK

---

The Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters (**Hague 2019**) came into force on 1 July 2025 in the UK.

Hague 2019 provides a uniform framework for the recognition and enforcement of judgments between the UK and the other contracting states, which currently include all EU member states (except Denmark), Uruguay and Ukraine. The coming into force of Hague 2019 will therefore facilitate the enforcement of English judgments in other Hague 2019 contracting states and vice versa.

English judgments are currently enforceable under the Hague 2005 Convention on Choice of Court Agreements (Hague 2005), which includes all EU member states (as well as Mexico, Singapore, Montenegro, Ukraine, Moldova, Albania, Switzerland, North Macedonia and Bahrain), but only where there is an exclusive English jurisdiction clause. Hague 2019 allows for a much broader range of judgments to be enforced. In particular, it provides for the enforcement of a judgment given by a court where the dispute falls within a non-exclusive or asymmetric jurisdiction clause, as well as in a wide range of scenarios where there is no applicable jurisdiction clause. It is also wider in scope than Hague 2005, applying for example to employment and consumer contracts.

### Payment practices reporting – additional measures

---

See [page 17](#).



## MERGERS AND ACQUISITIONS

### Takeover Panel code changes and new practice statements

#### Takeover Code changes on companies with a dual class share structure, IPOs and share buybacks

In December 2025, the Takeover Panel published changes to the Takeover Code ([RS 2025/1](#)) on how the Code applies to companies with a dual class share structure (**DCSS**), the disclosures required under the Code on an IPO, and how the Code applies on a share buyback.

The changes, which are in line with the Panel's proposals in [PCP 2025/1](#) (subject to some minor changes), will come into force on 4 February 2026.

The key rule changes include:

- **Companies with a DCSS** – A DCSS company typically has both ordinary voting shares and a class of shares with an enhanced level of voting rights or control, held for example by a founder of the company. The new rules set out a framework for how the Takeover Code applies to DCSS companies, including how the mandatory bid requirement applies when a shareholder's percentage of voting rights is increased as a result of the conversion or extinction of the founder shares, and how the acceptance condition on a contractual offer for a DCSS company should work.
- **IPOs** – On an IPO that would result in a company becoming subject to the Code, the company will have to disclose any controlling shareholders (and their concert parties) and describe the mandatory offer requirement under the Code in its prospectus/admission document. The ability of the Panel to grant a "Rule 9 dispensation by disclosure" has also been codified – meaning that the Panel will be able to grant a dispensation from a potential future obligation for a shareholder to make a mandatory offer (for example upon the conversion or extinction of

founder shares in a DCSS company, or the conversion of convertible securities), if certain criteria are met.

- **Share buybacks** – Rules on share buybacks have been clarified, particularly regarding when an obligation to make a mandatory offer may be triggered by a buyback that takes a shareholder's interests through 30%.

#### New practice statements

In July 2025, the Takeover Panel published two new practice statements.

[Practice Statement 35](#) covering profit forecasts, quantified financial benefits statements and investment research and provides guidance on topics such as:

- the Executive's practice where a profit forecast is published by an offeree company after the unequivocal rejection of an approach about a possible offer;
- the application of Rule 28.1 to a profit forecast that is provided privately by the offeree company to an offeror (for example, an offeror subject to US securities laws) for due diligence purposes and which is subsequently included in a document or announcement published by the offeror in connection with the satisfaction of a condition to the offer; and
- the Executive's practice in relation to whether a forward-looking statement should be treated as an aspirational target to which Rule 28.1 does not apply.

[Practice Statement 36](#) discusses offers where the bidder is offering an unlisted share alternative as consideration. It covers which terms for an unlisted share alternative will be acceptable, the disclosure required and the share rights that are permitted.



## CMA revised approach to merger remedies

---

The Competition and Markets Authority (**CMA**) launched a [consultation](#) in October 2025, on its approach to merger remedies. The consultation follows an earlier call for evidence around three main themes: the CMA's approach to remedies, preserving pro-competitive merger efficiencies and merger benefits, and running efficient processes.

The CMA is also making a number of changes to improve its remedies process at phase 1. This includes additional guidance for the merger parties on engaging with the CMA on remedies throughout the process, including early without-prejudice discussions on remedies.

The consultation closed on 13 November 2025, and the final guidance was published on 19 December 2025 ([CMA87 Guidance](#) and [Consultation Outcome: Revised merger remedies guidance](#)).

The CMA also updated [guidance on jurisdiction and procedure \(CMA2\)](#) and updated [Merger](#)

[Notice template](#) in October 2025. The updated guidance:

- clarifies the CMA's approach to the 'material influence' and 'share of supply' tests;
- includes more detail on when the CMA will exercise its discretion to take into account merger control proceedings in other jurisdictions (when deciding whether to call in a transaction for investigation on its own initiative); and
- contains changes to the pre-notification and phase 1 merger process, and to the Merger Notice template.

In December 2025, the CMA further revised CMA2 to reflect procedural changes to merger remedies. The revised guidance took effect on 19 December 2025 and applies to merger cases where the formal phase 1 investigation commences on or after that date. It replaces the version published in October 2025.

## Consultation on changes to the National Security and Investment Act

---

In July 2025, the government published a [consultation](#) on proposed amendments to the [National Security and Investment Act 2021 \(Notifiable Acquisitions\) \(Specification of Qualifying Entities\) Regulations 2021](#). The government is proposing to:

- add the water sector to the list of sensitive sectors;
- create new standalone sectors for Semiconductors and Critical Minerals and update the definitions of these sectors to include some additional activities; and

- make a number of changes to the definitions of other existing sensitive sectors to ensure that those definitions remain up-to-date.

The scope of the consultation was limited to addressing the sectors to which the mandatory notification regime applies – it did not propose any changes to the types of transaction affected. The government is however looking at other ways to reduce the burden on businesses, including in relation to mandatory notifications for certain internal reorganisations and the appointment of liquidators.

The consultation period ended on 14 October 2025.

## PRIVATE CAPITAL

### PERG annual report on compliance with the Walker Guidelines

The Private Equity Reporting Group (PERG) published its **annual report** on the private equity industry's compliance with the **Walker Guidelines for Disclosure and Transparency in Private Equity**. It also published a **Good Practice Reporting by Portfolio Companies Guide** and a **Report on the performance of portfolio companies**.

The Walker Guidelines aim to improve disclosure and transparency in the PE industry and apply to the largest portfolio companies and the PE firms behind them. The Guidelines were updated last year and the revised guidelines will be in full effect from 2026.

This year 98 portfolio companies, backed by 65 private equity (or similar) firms, fell within the scope of the Guidelines. The reports of around a third of those companies were then reviewed for compliance. Key findings in this year's annual report include:

- within the sample of 27 companies reviewed in detail, 100% were ultimately compliant – either through their annual report or an addendum – but only 56% reached a good standard of

disclosure, which PERG describes as disappointing;

- 74% included a Statement of Compliance in their annual report (2024: 78%). This statement is regarded by the PERG as a basic requirement and the private-market equivalent of the “fair, balanced and understandable” test under the UK Corporate Governance Code; and
- 11 portfolio companies failed to comply with any of the requirements, despite repeated engagement by the PERG.

Environmental reporting and social, community and human-rights were the areas of greatest progress, while disclosures on strategy, gender diversity and financial KPIs were identified as requiring improvement.

The PERG says that private equity firms should spend time familiarising themselves and their portfolio companies with the requirements of the Guidelines, and knowledge of the Guidelines' requirements should be embedded in the annual reporting cycle.





## LISTING REGIME

### Latest FCA Guidance

The FCA has published the following Primary Market Bulletins:

- **Primary Market Bulletin 56 (PMB 56)** highlighting notification obligations for PDMRs and listed companies;
- **Primary Market Bulletin 57 (PMB 57)** with further updates to its Guidance Notes for the new UK Listing Rule (**UKLRs**);
- **Primary Market Bulletin 58 (PMB 58)** on Prospectus rules (see [page 14](#)); and
- **Primary Market Bulletin 59 (PMB 59)** covering the findings of its delayed disclosure of inside information review, cryptoasset acquisitions by listed companies, its review of the short selling regime and the enhancements to the national storage mechanism.

#### PMB 56

In PMB 56 the FCA noted that it formed a new Market Oversight Data and Intelligence Department and that it is monitoring compliance with notification obligations relating to major shareholding positions, directors' dealing and net short positions using the data generated. The FCA highlighted the recent issues for Wizz Air plc and Bytes Technology Group plc where transactions by PDMRs had not been properly disclosed. The FCA says that the use of alerts by the FCA was instrumental in spotting both situations. The FCA also reminded companies which have not yet provided three sets of contact details to

the FCA, under UKLR 1.3.5, 1.3.7 and 1.3.8, to do so as soon as possible.

#### PMB 57

Following the introduction of the new UKLRs last year and the publication of the new UK prospectus regime rules on 15 July 2025, the FCA has been updating its Guidance Notes in stages.

The following notes have been finalised as consulted on, without amendment, and are now available in the FCA's Knowledge Base:

- Periodic financial information and inside information ([TN/506.3](#))
- Structured digital reporting for annual financial statements prepared in accordance with International Financial Reporting Standards ([TN/507.2](#))
- Delaying disclosure/dealing with leaks and rumours ([TN/520.3](#))
- Assessing and handling inside information ([TN/521.4](#))
- Issuer's obligations under DTR 5 ([TN/542.3](#))

The FCA also consulted:

- again on some further changes to its Guidance Note 'Sponsor Services: Principles for Sponsors' ([TN/710.1](#)) to further clarify the scope of "sponsor services" under the UKLRs; and





- on a new draft technical note 'Guidance on application of complex financial history and significant financial commitment rules' (TN/638.1) on the information which companies with a complex financial history should provide to the FCA when submitting prospectus applications.

The consultations on TN/701.1 and TN/638.1 closed on 12 September 2025 and were finalised in PMB 58 published in October 2025, incorporating feedback received over the summer (see [page 14](#)).

In PMB 57 the FCA also reminded companies of the changes made in November 2025 to the National Storage Mechanism (**NSM**). To avoid the NSM rejecting disclosures, companies will need to maintain their Legal Entity Identifier (**LEI**) and "issued" status annually, and ensure they provide their Primary Information Provider with the LEI and name of any relevant related companies.

### PMB59

PMB 59 set out the findings from the FCA's review of compliance with the requirements under Article 17(4) of the UK Market Abuse Regulation (**UK MAR**), which allows issuers to delay public disclosure of

inside information under certain conditions. This follows its [previous review](#) in November 2020, which it has used by way of comparison.

The FCA reviewed delayed disclosure of inside information (**DDII**) notifications submitted to it from 1 April 2022 to 31 March 2024. In summary, it found:

- there was a "significant and unexpected" 39% decrease in DDII notifications per day compared to the previous review, with only 18% of issuers making notifications (down from 25% in 2020);
- the average delay in disclosure increased by 7 days to 35.2 days; and
- most notifications related to M&A, business updates, and corporate finance (2 notifications related to PDMR dealings).

The FCA said it followed up with a number of outliers in terms of the length of delay, delays in notifying, and the number of DDII notifications made.

The FCA noted that fewer DDII notifications and longer delays do not necessarily indicate lower compliance, this may reflect less information being classified as inside information or fewer issuers exercising the ability to delay.

## Share buybacks – FCA consultation on UKLR rule change and review

In September 2025, the FCA published, as part of its quarterly consultation paper No 49 ([CP25/24](#)), a proposed amendment to the notification requirements following a share buyback in the UKLRs. It also [published](#) the findings from its review of share buybacks by UK listed companies.

### Consultation on UKLR rule change

The FCA consulted on a proposed amendment to the requirements in UKLR 9 on notifying purchases following a share buyback.

Currently companies listed in the equity shares (commercial companies) category or the closed ended investment fund category must notify a Regulatory Information Service (**RIS**) as soon as possible when they purchase their own shares, and in any event by no later than 7.30 am on the business day following the calendar day on which the purchase occurred (UKLR 9.6.6R).

To reduce overlap with UK MAR safe harbour and DTR 5 requirements, the FCA proposes extending the deadline to the end of the 7th daily market session, allowing weekly batch notifications. It also sought views on the proportionality of these rules, including for convertible securities. The consultation closed on 15 October 2025.

### FCA review of share buybacks

The FCA reviewed share buybacks by UK listed companies, focusing on banks' role in executing them, and found no material concerns. The FCA conducted the review because of the significant growth in buybacks in the UK over the last few years. In the three years post-Covid, they accounted for 42% of the capital returned to shareholders by FTSE 350 issuers, compared to 20% in the three years pre-Covid.

The FCA's conclusions following the review include that:

- while it is optional to comply with the safe harbour requirements for share buybacks under the UK MAR, most banks and issuers conduct buybacks so that they do fall within the safe harbour (for example by making the requisite disclosures to the public, reporting to the regulator and following the limits on price and volume);
- there were no unmanaged conflicts in the way structured buybacks were executed; and
- issuers typically engage with several banks when considering a structured buyback, often including formal processes to compare banks' proposals.

## FCA consultation on listing application process and other minor changes

The FCA published its [Quarterly Consultation Paper 50 \(CP 25/35\)](#), which includes proposals that aim to simplify the listing application process and minor changes to the UKLRs.

Ahead of the implementation of the new Public Offers and Admissions to Trading regime (see [page 14](#)) on 19 January 2026, the FCA is proposing amendments to UKLR 20 to reflect the fact that, under the new regime, a listing application will only be required for admissions of new securities. Further issuances of securities already listed will be automatically admitted without a new application.

The FCA is also proposing other minor changes to the UKLRs, the new Prospectus Rules: Admission to Trading on a Regulated Market sourcebook, the Disclosure Guidance and Transparency Rules and the FCA Handbook's glossary of definitions. The changes include:

- confirming that, on a significant transaction, the information that has to be disclosed can be included in a shareholder circular where one is being published;

- adding guidance to make it clear that, on a related party transaction, the sponsor may take into account, but not rely on, the directors' commercial assessments, and that the requirement to make a supplementary notification ends when the transaction completes;
- clarifying how to calculate free float when some of the shares are subject to a lock-up; and
- clarifying the scope of certain prospectus exemptions.

The consultation on these points closes on 19 January 2026.



## FCA fines ex-employee of AIM listed company

---

The FCA issued a [final notice](#) to Neil Dwane, formerly a capital markets adviser in the investor relations team at ITM Power Plc, an AIM listed company in October 2025. The FCA found that Mr Dwane engaged in insider dealing in breach of Article 14 of the UK MAR.

Mr Dwane sold his and a close family member's entire shareholding in ITM (125,000 shares worth £124,287) on 26 October 2022 while in possession of inside information which was due to be disclosed to the market in a trading update the following day. Following the trading update issued on 27 October 2022, ITM's share price fell around 37%.

As an experienced financial professional and former FCA approved person, the FCA found that Mr Dwane would have known that his conduct amounted to insider dealing and knew that ITM's internal policies required him to obtain the company's permission before dealing in its shares (but he failed to request such permission). It therefore considers that his conduct was deliberate and dishonest.

The FCA fined Mr Dwane £100,281 (after a 30% settlement discount) and banned him from working in UK financial services going forwards.

ITM itself has not been criticised, sanctioned or fined by the FCA.

## LSE publishes feedback on proposed changes to the AIM Rules

---

In November 2025, the London Stock Exchange (**LSE**) issued a [Feedback Statement](#) following its Discussion Paper on the future of AIM published earlier this year.

The Feedback Statement sets out some immediate operational changes alongside areas for consultation and further reform. The changes that will be implemented immediately through derogations or updates to guidance include:

- **Dual class shares** – these will be acceptable on AIM where they meet the Main Market-equivalent requirements (with appropriate disclosures);
- **Related party transactions** – the nominated advisor (Nomad) will not need to give a “fair and reasonable” opinion on directors’ remuneration (provided the Nomad is satisfied that there are reasonable protections in place);

- **Substantial transactions** – derogation requests will be considered to treat an acquisition as a “substantial transaction” (AIM Rule 12), rather than a reverse takeover (AIM Rule 14), where it does not amount to a fundamental change of business; and

- **Admission document** – an admission document may not be required when listing a new class of securities.

The Nomad role is one of the key areas where the LSE will consult further. The LSE says that the gatekeeper role of the Nomad remains critical to AIM's success but needs to be recalibrated to be less compliance-orientated. It plans to publish a new technical note for Nomads alongside its consultation on AIM Rule changes in the first half of 2026.



## CAPITAL MARKETS

### New prospectus rules

#### FCA rules for new UK prospectus regime published

In July 2025, the FCA published its long-awaited re-set of the UK's prospectus rules. The reforms represent the biggest change to the UK public offer regime since 2005.

FCA Policy Statement 25/9 contains the new rules, which set out the detailed requirements of the new UK prospectus regime – and follow the establishment of the framework for the new regime through the making of the [Public Offers and Admissions to Trading Regulations \(POATR\)](#) last year. The final rules are broadly in line with [CP24/12](#), the FCA's consultation in July 2024 on the new regime. They aim to reduce the costs of listing on UK markets, make capital raising easier for UK listed companies and remove barriers to retail participation.

In summary, prospectuses will remain a key feature of an IPO in the UK, but for further issuances the threshold for triggering the requirement for a prospectus will increase from 20% to 75% of issued share capital – in line with the Secondary Capital Raising Review's recommendations.

Other key points to note on the new UK prospectus regime are:

- **Information in a prospectus** – the overarching requirement for a prospectus to contain all “necessary information” has been retained. The prescribed content requirements are largely unchanged and continue to be set out in detailed rule annexes.
- **Voluntary prospectuses** – companies will be able to produce a voluntary prospectus approved by the FCA for issuances below the 75%

threshold, recognising the needs of different issuers, including those with a more global shareholder base.

- **Forward-looking statements** – the FCA created a distinct liability regime for “protected forward-looking statements” (**PFLS**), which is in line with the regime for ongoing listed company disclosures (i.e. subject to a “recklessness” rather than “negligence” standard). PFLS can be financial or operational information that satisfies certain criteria (including profit forecasts), must be clearly demarcated and must have certain disclaimers.
- **New sourcebook** – The new rules are set out in the new ‘Prospectus Rules: Admission to Trading on a Regulated Market sourcebook’ (**PRM**). The PRM will replace the current Prospectus Regulation Rules.

In July 2025, the FCA also published its final rules for the new regulated activity of operating a public offer platform (**POP**), covering public offers of securities made outside of regulated markets or venues, including larger crowdfunding offers ([PS 25/10](#)). The rules create the new regime for POP operators, which will apply to all firms who have FCA permission to carry out this new regulated activity, and also come into force on 19 January 2026.

#### Implementation and Transitional provisions for the new regime

Regulations to implement the new regime from January 2026 was made and [Primary Market Bulletin 58 \(PMB 58\)](#) was published setting out transitional provisions and proposed new technical notes in October 2025.

The [Financial Services and Markets Act 2023 \(Commencement No. 11 and Saving Provisions\)](#)



[Regulations 2025](#) will repeal the current prospectus regime contained in the UK Prospectus Regulation and related legislation on 19 January 2026. The regime will be replaced on the same date by the new public offers regime as set out in the [Public Offers and Admissions to Trading \(Amendment and Consequential and Transitional Provisions\) Regulations 2025](#).

Prospectuses submitted under the current UK Prospectus Regulation regime must be approved by the FCA before 19 January 2026. Issuers with ongoing reviews under the current regime should liaise with the FCA to confirm approval timelines and documentation requirements. From 1 December 2025, issuers could submit draft prospectuses under the new POATRs for FCA approval on or after 19 January 2026.

### Consultation on updated and new guidance

In PMB 58 the FCA consulted on guidance notes to align them with the POATRs, the PRM and the updated UKLRs. It is also proposing four new guidance notes, as trailed in its policy statement [PS25/9](#):

- Public offers and prospectus publication ([Primary Market/TN/610.1](#)) – provides guidance on when a public offer will trigger the requirement for a prospectus under POATRs;
- Preparation of protected forward-looking statements ([Primary Market/TN/639.1](#)) – clarifies how to prepare forward-looking statements that benefit from liability protections;
- Content of the prospectus exemption document for takeovers, mergers and divisions ([Primary Market/TN/608.1](#)) – clarifies disclosure

expectations where a prospectus exemption applies in M&A transactions; and

- Fungible securities ([Primary Market/TN/609.1](#)) – explains when securities are considered fungible for listing purposes.

The FCA is consulting on amendments to 42 existing prospectus guidance notes and the removal of seven outdated guidance notes. Key updates to existing technical notes include:

- Prospectus content ([Primary Market/TN/619.1](#)) – clarifies disclosures around the preparations and calculations of a clean working capital statement;
- Sustainability disclosures ([Primary Market/TN/801.3](#)) – provides guidance on the application of the PFLS regime to sustainability-related information; and
- Exemptions from the requirement to produce a prospectus ([Primary Market/TN/602.4](#)) – amendments to prevent the misuse of the exemption around offers of securities to directors and employees.

PMB 58 provides further details on the proposals and links to the draft notes. The FCA aims to finalise these notes before the new rules take effect in January 2026. It notes that consultation on a small number of further affected guidance notes will take place after implementation of the new regime in January 2026.

The consultation on the prospectus guidance notes closed on 5 December 2025 for the new notes and those with more material amendments, and 21 November 2025 for the other notes with minor updates.

## HM Treasury consults on legislation to move to T+1 settlement cycle

In October 2025, HM Treasury published a [draft Statutory Instrument](#) (SI) and related [policy note](#) to make T+1 (one business day after trade) the standard settlement cycle for securities trades in the UK from 11 October 2027.

The UK currently requires securities trades to settle by T+2 (two business days after trade). The change to T+1 aligns with global moves toward faster settlement and is being overseen by the industry-led Accelerated Settlement Taskforce.

The draft SI will amend the UK Central Securities Depositories Regulation to require settlement by T+1 from 11 October 2027.

The FCA is responsible for ensuring that the T+1 requirement is applied by trading venues and securities settlement system participants. It published a [letter](#) to compliance officers of asset management and alternative firms to encourage them to review their operational processes and technology to ensure compliance with T+1 by the implementation date in October 2027.

The consultation on the draft SI closes on 27 February 2026, and the final SI will be laid before parliament ahead of the implementation date.



## CORPORATE REPORTING

### Proposals to reduce the narrative reporting burden

The government **announced** proposals to reduce the narrative reporting burden in the UK in October 2025. This forms part of the government's **Regulation Action Plan**, aimed at reforming the UK regulatory framework to drive economic growth, while protecting consumers and competition.

The changes, which the government intends to legislate for as quickly as possible, will:

- exempt most medium-sized private companies from the requirement to produce a strategic report as part of their annual report and accounts (**ARA**);
- exempt wholly-owned subsidiaries from the requirement to produce their own strategic report as part of their ARA where they are included in the reporting of their parent company; and
- remove the requirement to produce a directors' report as part of an ARA for all companies, although some of the disclosures currently

required in the directors' report which are viewed as being useful (including on energy consumption and emissions) will be relocated to another part of the ARA.

The changes to the reporting requirements follow measures already introduced by the government to streamline non-financial reporting, including raising the monetary thresholds used for the classification of companies and removing certain disclosures from the directors' report and directors' remuneration report.

The government also announced it will launch an expanded consultation on the modernisation of corporate reporting in 2026. This follows the government's **announcement** in October 2024 that it would consult on measures to modernise the UK's non-financial reporting framework. In light of the responses to that announcement, the government has now decided that the whole ARA should be looked at.





## Payment practices reporting – additional measures

Regulations were made in October 2025 requiring in-scope companies to include certain information regarding their payment practices in their annual report and accounts. The new requirements are in addition to the current regime, introduced in 2017, which require large companies to disclose twice a year via a government website certain information about "qualifying contracts".

The Companies (Directors' Report) (Payment Reporting) Regulations 2025 make amendments to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2018 to require a company's directors' report to include:

- information on the payment period (expressed in days) in the company's standard payment terms with suppliers and where the company has varied those standard terms in the financial year, details of the variation and any notification or consultation carried out by the company with suppliers prior to the change;
- a statement of the average number of days taken to make payments under the qualifying contracts within the financial year and the percentage and sum total of payments made:
  - within 30 days;
  - between 31 and 60 days; and
  - on or after 61 days,

after the day on which notice for payment is received; and

- a statement of the percentage and sum total of payments not made within the contractual payment period.

The Regulations come into force with effect from financial years beginning on or after 1 January 2026. On 30 December 2025, the DBT published [guidance](#) on the new requirements.

Alongside this the government launched a [consultation on further measures to tackle late payment](#), including:

- how best to involve audit committees in the scrutiny of companies' payment practices;
- introducing a mandatory 60-day limit to payment terms (with the potential for this reducing to 45 days after five years, subject to further consultation);
- imposing a fixed statutory interest rate on late payments; and
- empowering the Small Business Commissioner to fine persistent late payers, identified through disclosures made through the payment practices reporting regime.

The consultation closed on 23 October 2025.

## Consultations on sustainability reporting and disclosure of climate transition plans

See [page 19](#).

## FRC publishes annual reviews of corporate governance reporting

### Annual review of corporate reporting

In October 2025, the FRC published its [annual review of corporate reporting](#), setting out the findings of its corporate reporting review (CRR) team on the 2024/2025 reporting season. The CRR conducted 222 reviews (of which 38% related to FTSE 350 companies) during the 2024/2025 reporting season.

There was a decrease in the percentage of reviews which resulted in 'substantive letters' – where the FRC requires further information or explanations to understand an annual report. The review sets out:

- the top ten areas in relation to which the FRC asked companies substantive questions, with impairment of assets, cash flow statements and financial instruments remaining the top three; and

- examples of how these issues presented themselves in the reports reviewed and the questions asked by the FRC.

The review notes that the FRC most often questioned compliance with CA 2006 rules on distributable reserves when paying dividends.

### Annual review of corporate governance reporting

The FRC published its [annual review of corporate governance reporting for 2025](#) in November 2025, which discusses the quality of reporting against the UK Corporate Governance Code 2018. This is the last review which will look at reporting against the 2018 Code. The 2024 Code applies to financial years starting on or after 1 January 2025 (except for

Provision 29 which will apply to financial years beginning on or after 1 January 2026).

The FRC reviewed the reporting of 100 UK listed companies and sets out specific examples of good reporting against the Code, as well as areas where there is room for improvement. Points of particular interest include:

- **Explaining departures from the Code** – 25 companies disclosed at least one departure from the Code in their annual report, most commonly on audit committee composition, chair independence, and tenure;

- **Risk management and internal controls** – Although reporting against the new Provision 29 is not yet mandatory, over half the companies reviewed mentioned it, many outlining how they are preparing for it;
- **Cybersecurity** – 85% of companies reviewed included cybersecurity as a principal risk and 66% discussed how the board and board committees are involved in the mitigation or monitoring of cyber risks; and
- **AI** – 86% of companies mentioned AI in their annual report, but only one company disclosed using AI in its reporting.

## Proxy voting guidelines

### Institutional Shareholder Services

Institutional Shareholder Services (ISS) published the [changes to its global benchmark voting guidelines](#) (its proxy voting guidelines) for 2026, along with an [executive summary of the changes to all of its global guidelines](#).

For the UK, the changes include:

- **Virtual-only meetings** – Clarification on the formats and arrangements the ISS considered acceptable for physical meetings. The policy already made clear that, whilst the ISS is supportive of the use of hybrid meetings, it does not support virtual-only meetings.
- **Relationship agreements** – Amendments to reflect the removal of the UKLR requirement for a controlling shareholder relationship agreement, noting the expectation that companies should still disclose how they ensure management independence.
- **Good leaver treatment** – The changes require companies to provide justification for their treatment of leavers.

The updated guidelines apply to meetings taking place on or after 1 February 2026.

### Glass Lewis

Glass Lewis published its [2026 UK Benchmark Policy Guidelines](#), which set out the proxy adviser's views on current market practice and its voting recommendations for AGMs in 2026.

Key changes in the guidelines for 2026 include that Glass Lewis will:

- **Committee size** – typically recommend voting against, rather than abstain from voting on, the re-election of the audit and/or remuneration committee chair where the relevant committee is too small;
- **Gender diversity** – typically recommend voting against the re-election of the nomination

committee chair where the board does not comprise at least 40% women, absent any mitigating circumstances; and

- **Performance-related pay** – base its voting recommendations on a holistic assessment of the company's remuneration structure, disclosure and practices, alongside the scores arising from its new proprietary pay-for-performance model.

The guidelines also clarify policies on attendance at key committees, remuneration committee independence and vesting/holding periods for long-term incentives.

The revised guidelines apply from January 2026.

### Pension UK

Pensions UK (formerly PLSA) published its [Stewardship & Voting Guidelines 2026](#). The 2026 guidelines retain the broad structure of previous years but include expanded narrative, updated voting recommendations and a new section on key emerging themes from the 2025 voting season.

Other key revisions in the 2026 guidelines include:

- **AI and cybersecurity** – more detail on what good company behaviour looks like and strengthened voting recommendations, reflecting rising cybersecurity incidents and AI-related resolutions;
- **Climate and sustainability** – revised narrative to address ESG backlash, while reaffirming the importance of acting on financially material environmental risks; and
- **Pass-through voting** – discussing pass-through voting where schemes seek to allow asset owners to exercise voting rights on shares held in pooled accounts or index funds.

Pensions UK also published a [stewardship fundamentals](#) document and a summary of its [voting recommendations](#).

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

### Consultations on sustainability reporting and disclosure of climate transition plans

In June 2025, the government launched three consultations on:

- new [UK Sustainability Reporting Standards](#) – UK SRS 1 and UK SRS 2 – which are based on the standards published by the International Sustainability Standards Board ([ISSB](#));
- introducing [mandatory disclosure of climate transition plans](#) by companies; and
- the development of a voluntary registration regime for the providers of [assurance of sustainability reporting](#).

The UK SRS as set out in the consultation track very closely the content of IFRS S1 and IFRS S2, with only a few minor amendments proposed following recommendations from the UK Sustainability Disclosure Technical Advisory Committee and the UK Sustainability Disclosure Policy and Implementation Committee. The proposed

amendments are mostly technical in nature but do include a longer transitional period than IFRS S1, with reporting on wider sustainability-related risks and opportunities beyond climate being required only from year 3 onwards.

The consultation closed on 17 September 2025, following which the UK SRS will be finalised and endorsed.

Once the UK SRS have been finalised, the FCA is expected to consult on changing the UKLRs to replace its existing TCFD-aligned reporting requirement for listed companies with a requirement to report against the UK SRS, including publishing transition plans. The government said it will also consult on whether to mandate UK SRS disclosures through the CA 2006.





## Postponement of certain sustainability reporting requirements under the CSRD regime

---

In July 2025, the European Commission published a [delegated regulation \(EU/2025/1416\)](#) postponing certain reporting requirements under the Corporate Sustainability Reporting Directive (**CSRD**) regime. The regulation (referred to as the Quick Fix Regulation) entered into force on 13 November 2025 and applies retrospectively to financial years beginning on or after 1 January 2025.

The CSRD regime introduces, on a staggered timetable, mandatory reporting for in-scope companies on a broad range of sustainability topics. Since it was passed, it has been criticised for being overly burdensome and duplicative for companies.

In April this year, the Stop the Clock Directive was passed, postponing reporting requirements under the CSRD for smaller companies but did not delay the requirements for large listed companies (so called "Wave 1" companies). The Quick Fix Regulation defers certain reporting requirements for these Wave 1 companies and allows them to benefit from certain temporary exemptions from reporting requirements.

The European Commission is continuing to work on separate legislation which aims to simplify and clarify the European Sustainability Reporting Standards delegated regulation (Regulation 2023/2772), the detailed reporting standards that companies must follow under CSRD.



## CONTACTS

---

**Julie Farley**

Knowledge Lawyer,  
London  
T +44 20 7466 2109  
[julie.farley@hsfkramer.com](mailto:julie.farley@hsfkramer.com)

**Antonia Kirkby**

Knowledge Counsel,  
London  
T +44 20 7466 2700  
[antonia.kirkby@hsfkramer.com](mailto:antonia.kirkby@hsfkramer.com)

**Sarah Hawes**

Head of Corporate Knowledge,  
UK, London  
T +44 20 7466 2953  
[sarah.hawes@hsfkramer.com](mailto:sarah.hawes@hsfkramer.com)

**Isobel Hoyle**

Knowledge Lawyer,  
London  
T +44 20 7466 2725  
[isobel.hoyle@hsfkramer.com](mailto:isobel.hoyle@hsfkramer.com)

**Camilla Karlsen**

Knowledge Paralegal,  
London  
T +44 20 7296 8924  
[camilla.karlsen@hsfkramer.com](mailto:camilla.karlsen@hsfkramer.com)

**Erica MacDonald**

Knowledge Lawyer,  
London  
T +44 20 3692 9643  
[erica.macdonald@hsfkramer.com](mailto:erica.macdonald@hsfkramer.com)

If you would like to receive more copies of this briefing, or would like to receive Herbert Smith Freehills Kramer briefings from other practice areas, or would like to be taken off the distribution lists for such briefings, please email [subscribe@hsfkramer.com](mailto:subscribe@hsfkramer.com).

© Herbert Smith Freehills Kramer LLP 2026

The contents of this publication, current at the date of publication set out above, are for reference purposes only. They do not constitute legal advice and should not be relied upon as such. Specific legal advice about your specific circumstances should always be sought separately before taking any action based on the information provided herein.

For a full list of our global offices visit **HSFKRAMER.COM**