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9 October 2013

Dear Kate

GC100 response to CP13/7: Consequential changes to the Listing Rules

The GC100 welcomes the opportunity to respond to this consultation. As you may be aware, the GC100 is the association for the general counsel and company secretaries of companies in the UK FTSE 100. There are currently over 120 members of the group, representing some 80 companies. Please note, as a matter of formality, that the views expressed in this letter do not necessarily reflect those of each and every individual member of the GC100 or their employing companies.

We support the proposed consequential changes to the Listing Rules referred to in the Consultations Paper; our response to each of the questions posed on page 18 is, subject to our observation below, “yes”.

The one observation we would make is that we believe that the changes should take effect at the same time as the new BIS Regulations become effective. With the consultation paper having made the case for the changes to the Listing Rules, we see no benefit in having the old rules in place, and the attendant duplication, for even a short period when the new BIS Regulations are in force. In particular, the current proposal that the rule changes should apply only to companies with a year ending on or after 1 January 2014 means that companies with a December 31 year end (which comprise the majority of premium listed companies) will have to comply with the new BIS Regulations, but the old Listing Rules in preparing their forthcoming 2013 Annual Report. This will not only cause the duplication that the proposed changes seek to avoid, but it will also make it more difficult for companies to draft a directors’ remuneration report which will provide a model for future years, meaning that companies would incur extra expense in accommodating the changes in their 2014 Annual Report.

We therefore recommend that the new rules apply to companies with a year ending on or after 30 September 2013. (We accept the FCA might have concerns that technically this would amount to a retrospective rule change. We do not see that a retrospective simplification of the sort proposed could in practice operate unfairly, but if those concerns remain, we suggest that companies with year ends ending on or after 30 September 2013 be given the option to comply with either the old rules or the new ones).

The consultation does not address the other area of potentially significant overlap between the new BIS Regulations and the Listing Rules, namely the obligation under Listing Rule 9.4.1 to obtain shareholder approval for employees' share schemes that use new issue or treasury shares and

GC100 Group

The Association of General Counsel and Company Secretaries of the FTSE 100

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long-term incentive plans in which directors participate. We would welcome the opportunity to discuss our point on Listing Rule 9.4 with you in greater detail.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mary Mullally', with a horizontal line drawn through the middle of the signature.

Mary Mullally
Secretary, GC100
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