

# Lowering UK Capital Raising's Costs:

## The FCA's 2025 Reforms to Public Offers and Prospectus Rules



October 2025

In mid July 2025, the Financial Conduct Authority (FCA) published a landmark policy statement (PS25/9) and accompanying press release, unveiling a comprehensive overhaul of the UK's public offers and admissions to trading regime. The UK Government initiated these reforms to make it easier and more cost-effective for companies to raise capital on the UK public markets, while maintaining high standards of investor protection and market integrity. The changes are a central part of the UK's broader strategy to boost economic growth, enhance the competitiveness of its capital markets, and support innovation.

### The Rationale for Reform

The FCA's reforms respond to long-standing concerns that the UK's capital raising rules were too complex, costly and restrictive; especially for smaller and high-growth companies. The previous regime, based on the EU and UK Prospectus Regulation (UKPR), required companies to produce lengthy and expensive prospectuses for a wide range of transactions, creating barriers to entry and limiting opportunities for both issuers and investors. The new framework is set out in the Public Offers and Admissions to Trading Regulations 2024 (POATRs) and a new FCA sourcebook, the PRM Admission to Trading on a Regulated Market. It aims to reduce unnecessary regulatory friction, lower costs, and widen participation in the UK's capital markets. The approach is to focus regulatory requirements where they are most needed, while giving companies greater flexibility and freedom to raise capital efficiently. The UKPR and the FCA's current Prospectus Regulation Rules will cease to apply when the POATRs and the PRM come into force on 19 January 2026.

### Key Changes in the New Regime

The reforms introduce several significant changes to the rules governing public offers and admissions to trading:

- **Higher threshold for prospectus requirements:** The threshold at which a prospectus is required for further issuances of shares already admitted to a regulated market (broadly the Main Markets of the London Stock Exchange and Aquis) has been raised from 20% to 75% of issued share capital (and up to 100% for closed-ended investment funds). This means that many secondary capital raisings will no longer require a full prospectus, significantly reducing costs and administrative burdens for issuers. Issuers will still be able to submit for FCA approval a voluntary prospectus (i.e. below the threshold), which is an important option for issuers planning to target international investors particularly the US and it is likely that the bulge bracket investment banks involved in the capital raising will insist on a prospectus so as to mitigate risks.

- **Replacement of AIM and Aquis Growth Market Admission Documents by an MTF Admission Prospectus:** Currently, unless their IPO involves an offer to the public, companies seeking admission to trading on AIM or the Aquis Growth Market publish an admission document with content prescribed by AIM or Aquis. With the aim of encouraging these markets to open up to retail investors, the FCA is requiring all applicants for initial admission to trading on AIM or Aquis Growth Market to publish an MTF Admission Prospectus. This will also apply to admission of enlarged entities resulting from reverse takeovers, but otherwise no MTF Admission Prospectus will be required for secondary issues. The contents of an MTF Admission Prospectus will be prescribed by the MTF on which the securities are to be traded. The relevant FCA rules are set out in a new chapter 5AA (Multilateral trading facilities operating as a primary MTF) in the Market Conduct Sourcebook (MAR).
- **Simplified process for bond issuances:** The rules now align prospectus requirements for lower and higher denomination bonds, introducing a single set of minimum disclosure standards. This change is expected to make it easier and cheaper for companies to issue bonds, particularly to retail investors.
- **Shorter prospectus publication period:** The period for which a prospectus must be made publicly available before an initial public offering (IPO) has been reduced from six working days to three, streamlining the process and making it easier for companies to include retail investors in capital raises.
- **More flexible prospectus summaries:** The requirements for prospectus summaries have been somewhat relaxed, allowing for cross referencing to other parts of the prospectus and so avoiding duplication of financial information. The page length has been extended to 10 pages from 7, with the aim of making the summary easier for retail investors to understand.
- **Protected forward-looking statements:** With the aim of encouraging disclosures in prospectuses and MTF Admission Prospectuses that assist investors to make better informed decisions, there will be a less onerous liability regime for a “protected forward-looking statement” (PFLS). This means that, instead of the negligence liability that applies where an investor has suffered loss due to an untrue or misleading statement or the omission of prescribed information in a prospectus, with the burden of proof being on the issuer, the PFLS regime uses a recklessness/dishonesty liability standard, with the burden of proof on the investor claimant.

A PFLS must meet the conditions set out in the PRM, which include that it can only relate to future events or sets of circumstances; contains financial information or operational information; includes an estimate as to when the events or circumstances to which it relates are expected to occur and contains information that a reasonable investor would be likely to use as part of the basis for their investment decisions.

The PRM also requires a general statement explaining how to identify a PFLS in the prospectus, that there is no guarantee that a PFLS is accurate and that a different liability standard applies.

- **New climate-related disclosures in prospectuses:** Equity issuers (other than closed ended investment funds, open-ended investment companies and shell companies) that have identified climate-related risks as material risk factors or climate-related opportunities that are material to their prospects will be required to include climate-related information, including, where they have published a transition plan, a summary of key information in the plan. All debt issuers must include a statement whether the debt instruments are marketed as green, social, sustainable or sustainability-linked or issued under a bond framework on green, social, sustainable or sustainability linked financing. Debt issuers who fall within these

categories must consider what further supporting information should be given and the PRM sets out guidance on what that information may comprise.

- **Removal of Listing Particulars:** The requirement for Listing Particulars as a regulated market admission document has been removed, further simplifying the process for companies seeking to list securities.
- **Retention of existing Exemptions:** The exemptions under UKPR from the requirement to publish a prospectus have been retained with a helpful clarification that the takeover exemption applies to takeovers that are facilitated by a scheme of arrangement as well as a contractual offer. The exemption for offers limited to qualified investors (who include intermediaries such as wealth managers in respect of clients under discretionary management) also remains. The *de minimis* exemption for an offer to the public where the total consideration cannot exceed EUR 8 million or equivalent will be reduced from 19 January 2026 to £5 million or equivalent; however the impact of this may be reduced by the new PISCES market for secondary trading of private companies and by the public offer platform (POP – another POATRs reform). The FCA issued final rules for POP operators at the same time as the PRM rules. The POP will permit public offers to non-qualified investors but will be subject to the FCA's restrictive financial promotion rules for high-risk investments. Details of the POP and the rules that apply to POP operators are set out in the FCA's PS25/10.

## Who benefits from the Reforms?

The new rules are designed to benefit a wide range of market participants:

- **Issuers:** Companies seeking to raise capital, whether through equity or debt, should face lower costs, less administrative burden and greater flexibility in timing and structuring their transactions. This will be particularly beneficial for listed issuers making secondary issues. In addition, the PFLS regime should encourage companies to make more meaningful statements about future targets and intentions.
- **Investors:** The reforms are expected to increase the number and diversity of investment opportunities, particularly for retail investors, by making it easier for companies to include them in capital raises. In particular, the use of an MTF Admission Prospectus would enable an offer to a wide range of investors (i.e. not limited to qualified investors or fewer than 150 persons, as per the current exemptions).
- **Advisors and intermediaries:** Investment banks, law firms, accountants and other advisors involved in capital raising will benefit from clearer, more proportionate rules and streamlined processes.

## Safeguards and Investor Protection

While the reforms reduce regulatory burdens, the FCA has maintained key safeguards to protect investors and ensure market integrity:

- **Prospectus content requirements:** there is no substantive change to the information required to be included in a prospectus from that currently in the UK Prospectus Regulation and the overriding requirement remains that the prospectus/MTF Admission Prospectus contains the necessary information which is material to an investor for making an informed assessment of:
  - (a) the assets and liabilities, profits and losses, financial position and prospects of the issuer and of any guarantor,

- (b) the rights attaching to the transferable securities; and
- (c) the reasons for the issuance and its impact on the issuer.

AIM Regulation and Aquis Growth Market will make their own rules as to content of their MTF Admission Prospectuses, subject to FCA supervision.

- **Protected forward-looking statements:** The new rules introduce a liability regime for protected forward-looking statements that satisfy certain prescribed criteria, encouraging issuers to provide more useful information to investors about future prospects while managing legal risks. The protection extends to MTF Admission Prospectuses.
- **Market notifications and transparency:** Issuers must provide timely notifications for further issuances, and the FCA will continue to monitor compliance and market conduct. Issuances below the threshold must still comply with the issuer's obligations under the UK Market Abuse Regulation and the FCA's Disclosure Guidance and Transparency Rules.

## Economic and Market Impact

The FCA estimates that raising the threshold for prospectus requirements could reduce regulatory costs by up to £40 million per year. By making it easier and cheaper for companies to raise capital, the reforms are expected to support business growth, innovation and job creation. Over time, this should make the UK a more attractive destination for both domestic and international companies seeking to list or raise funds, and for investors looking for new opportunities.

## Implementation and Next Steps

The new rules will come into effect on 19 January 2026. The FCA has published for consultation draft additional guidance on financial information disclosure by companies with a complex financial history and is planning to issue in October 2025 further draft technical guidance on other issues under the new regime, including the takeover exemption, climate-related disclosures, working capital statements and protected forward looking statements. It will continue to update, amend or delete other prospectus-related material in the FCA's Knowledge Base and make further adjustments as needed, based on feedback from market participants and the experience of implementation.

## Conclusion

The FCA's 2025 reforms to the public offers and admissions to trading regime mark a significant step forward in making the UK's capital markets more efficient, competitive, and accessible, while retaining high standards through high quality, comprehensive disclosure. By lowering costs and simplifying the listing process, the FCA hopes to support the growth ambitions of UK business, make the UK a more attractive place for issuers (whether domiciled in the UK or elsewhere) to list, relative to other jurisdictions and reinforce the UK's position as a leading global financial centre.

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**In summary:** The FCA's new rules make it easier and cheaper for companies to raise capital in the UK, while maintaining the standards of transparency and protection. These reforms are a key part of the UK's strategy to drive economic growth and innovation and to revive London as the premier international financial centre.

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*Late on 17 October 2025, the FCA published Primary Market Bulletin 58 (PMB58) which inter alia consults on draft new Technical Notes under the new regime and amendments to/deletions of existing Technical Notes to reflect the new regime, as well as guidance on changes to procedure and transition provisions / timetable for submission of PRM prospectuses for FCA approval. We will comment separately on PMB58.*

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