



ICGN

International Corporate Governance Network
Inspiring good governance & stewardship

Chair Ashley Alder
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

13 June 2024

Subject: Listing rules reforms

Dear Mr Alder,

We understand that the Board of the FCA Board is considering its final decisions on the revised UK listing rules shortly.

While we are aware that the FCA has undertaken a consultation process, we are concerned that the voice of investors, whilst being heard, seems to be being ignored.

Your consultation document CP23/311 notes that investors have expressed strong concerns over the proposed reforms. Despite investors' concerns, the FCA maintains its proposals, and goes further by removing a key investor protection mechanism: the mandatory time-based sunset clause for dual-class shares.

We have reattached for reference the ICGN's consultation [response](#), as well as the public [statement](#) signed by ICGN, many of our asset owner members and other investor organisations from around the world, urging you to reconsider.

We agree with the goal of a well-functioning and vibrant market but are concerned that this is not the way to achieve it. Strong shareholder rights and protections are important. Our members are investing hard working people's savings and pensions, and the UK governance system of accountability to shareholders plays a critical role in protecting those end investors.

We would strongly suggest that the FCA considers retaining these critical protections. On dual class shares, academic evidence points to there being no benefit to company value from dual class structures lasting more than 7 years.¹ Could the UK consider sunset clauses after 7 years from IPO? We also strongly believe that the votes on significant transactions and related party transactions provide useful protections for investors and that removing them exposes unnecessary risks.

ICGN, CII, ACGA, ACSI, AMEC, Assogestioni, CCGG, and ICEV stand ready to discuss these issues with you at your convenience, please let us know if you would like to do so.

¹ See for instance the [paper](#) from Harvard Law School researchers Lucian A. Bebchuk and Kobi Kastiel, the [studies](#) from the European Corporate Governance Institute, research from the CII Research and Education Fund (August 2023), former US SEC Commissioner [Jackson](#) and Investor Coalition for Equal Votes (ICEV)'s [report](#) on "Undermining the shareholder voice", (2023).

Yours faithfully,

Jen Sisson, CEO, International Corporate Governance Network (ICGN)

Amy Borrus, Executive Director, Council of Institutional Investors (CII)

Fabio Coelho, CEO, Associação de Investidores no Mercado de Capitais (AMEC)

Louise Davidson AM, CEO, Australian Council of Superannuation Investors (ACSI)

Caroline Escott, Chair, Investor Coalition for Equal Votes (ICEV)

Fabio Galli, Director General, Assogestioni

Amar Gill, Secretary General, Asian Corporate Governance Association (ACGA)

Catherine McCall, CEO, Canadian Coalition for Good Governance (CCGG)