

Consultation on proposed reduction in the minimum free float of IPSX Prime Issuers

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I. Introduction

IPsx UK Limited (IPsx) is conducting a consultation on a proposed reduction of the minimum free float applied to IPSX Prime Issuers. At present, the minimum free float applied to IPSX Prime Issuers is 25%. IPSX is proposing reducing the minimum free float applied to IPSX Prime Issuers to 10%, subject to a minimum free float value of £3m.

This consultation is aimed at IPSX Issuers, potential Issuers and IPSX Lead Advisers, who are invited to provide feedback. We also welcome feedback from other IPSX Members and interested parties. The proposed changes are described in a consultation document. The proposed changes are described in this document.

The closing date for responses is 9 September 2022.

Responses should be sent to regulation@ipsx.com

Any queries should also be sent to this address.

2. Proposed reduction of minimum free float for IPSX Prime Issuers

IPsx is proposing reducing the minimum free float applied to IPSX Prime Issuers to 10%, subject to a minimum free float value of £3m.

Background

The FCA published its Policy Statement 21/22 (PS21/22) on 2 December 2021 as part of the Primary Markets Effectiveness Review (“PMER”). Two changes that were implemented on that date were:

- The minimum free float for a listed Issuer was reduced to 10% (from 25%).
- The minimum market capitalisation for a listed Issuer was increased to £30m (from £700k).

This implies a minimum value of a free float is £3m for an Issuer seeking admission to the Official List.

Proposal

We propose that the minimum free float applied to IPSX Prime Issuers be aligned with that of the Official List.

Free float percentage

The minimum free float applied to IPSX Prime Issuers is currently 25%. We propose that the minimum free float percentage applied to IPSX Prime Issuers be reduced to 10%, so that it is aligned with the minimum free float applied to Issuers admitted to the Official List.

Free Float Value

As the minimum value of an IPSX Issuer is based on the valuation of the Commercial Real Estate asset, which must generally be in excess of £50m, the value of a 10% free float of an Issuer that owns a leveraged asset could be below £3m. In order to remain consistent with Issuers admitted to the Official List, IPSX proposes that a minimum value of the free float for Issuers to IPSX Prime of £3m also be introduced as part of this proposal.

Impact on the IPSX Rules for Issuers

The proposal will necessitate the revision of Rule 1.20 of the IPSX Rules for Issuers. The proposed change to the text of this rule is tracked below.

Minimum free float

1.20 **IPsx Prime:** subject to a minimum free float value of at least £3million, a minimum of 10% ~~25%~~ of the shares for which application for **Admission to IPSX Prime** has been made must form part of a **free float**.



**International Property
Securities Exchange**

Birchin Court
20 Birchin Lane
London EC3V 9DU
1 Farnham Road
Guildford GU2 4RG

T +44 (0)20 3751 9548



ipsx.com

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