

IPO and beyond:  
A corporate  
governance roadmap



# Introduction

**An IPO is often the most complex, and strategically important transaction a company, and you as its management team, will ever undertake. There are a multitude of governance, operational and analytical considerations which may not be core to your business. Have you truly considered and most importantly understood what IPO readiness actually means? This white paper aims to capture all of that and ensure nothing is overlooked.**

Like you, we know our business and the market in which we operate. And when coupled with the expertise and experience of our people, this best places us as market leader in supporting companies that wish to go public. As the largest share registration business in the UK, we use our wealth of experience to deliver a best-in-class service to our client base so that the risks associated with new companies coming to the London markets is minimal. We believe that by being that best-in-class partner, it will enable you to deliver value and success sustainably, for many years to come.

We also understand the criticality of careful planning to deliver a successful and potentially complex IPO. By working with us you will benefit from our experience of supporting 100s of companies to listing on the AIM, Aquis and Main Markets. Whether it be as registrar, supporting your selling shareholders, providing analytics around your investors or ensuring you are compliant from a governance perspective, these are all services core to our offering and an integral part of the IPO process.

You will likely be thinking about a long list of requirements, and I could talk at length about the multiple solutions we offer, but the main takeaway for any IPO candidate is that by having as many of the necessary services under one roof is incredibly valuable in the lead up to and post listing.

We have worked with hundreds of IPO clients over the years and allowing us to take the pain out of the process and manage the perceived 'unknown unknowns' means that

these companies have been able to focus on what's important and what they do best!

By having a flexible and personal approach, we're able to offer a bespoke partnership to support your goals and ways of working both pre and post IPO, as we understand that 'one size' doesn't fit all.

If you need support or guidance ahead of your IPO, our team are very much on hand to support you as a trusted advisor. Please don't hesitate to get in touch.

There are many aspects to consider when preparing to list. Our specialists are on hand to help you navigate life on the public markets.

We specialise in working with advisers, company secretaries and boards in different sectors, stages of maturity and countries. Knowing what good looks like underpins every aspect of our comprehensive service offering. This includes:

- *Pre-IPO preparations*
- *Navigating the pre- and post-IPO landscape*
- *Implementing the reporting and regulatory environment of a listed company*

The IPO is one of the most significant milestones in a company's journey. We will be there every step of the way.

**IPO** Our unique, integrated corporate markets offering supports over **75%** of companies trading on the London Stock Exchange.



**Steve Playford**  
Senior Manager, Capital Markets  
MUFG Corporate Markets

# Your Team

## Do you have a Company Secretary in post? Or is the role currently part of the Finance Director's or General Counsel's remit?

Your business needs to be fit to list from a corporate governance perspective. We can help by reviewing the FPPP, your current governance processes and documentation, implementing robust structures and setting up your corporate calendar.

A qualified Company Secretary is a pivotal role in a listed company, and you will need to make some decisions about how you resource this vital area. All PLCs require a Company Secretary by law, which can be an individual or a corporate body. The Directors must be confident the individual or corporate body has the requisite knowledge, experience and qualification to perform this role.

## The vast majority of our listed clients who appoint Company Matters, a part of MUFG Corporate Markets, as their Company Secretary do so because of the benefits this provides their business:



Appointing us to hold office as Company Secretary gives our clients the advantage of enabling more than one qualified person to represent the company, giving them access to a more extensive knowledge base



Outsourced Company Secretary providers have the necessary qualifications, experience and capacity to act as the named Company Secretary, supported by a wider team of professionals



As appointed Company Secretary, we would expect to attend all board and committee meetings. This benefits you as the Company Secretary will be in the room to facilitate the full meeting cycle, take minutes, provide listed company and governance advice in real time and create and publish your first annual report



# Are you ready for your new regulatory environment?

**As a listed company, you will have a number of key external regulatory relationships and obligations to maintain after floating, including regulators such as:**

- FCA and Takeover Panel
- Financial Reporting Council
- Institutional shareholder bodies and proxy voting agencies
- Companies Act (depending on where your company is incorporated)
- Market Abuse Regulation
- FSMA
- CMA

The Company Matters team helps with numerous events that require disclosure to the market, as well as documents that must be sent to the FCA and shared with shareholders.



# Your major shareholders and investor engagement

**Decisions made at IPO regarding KPIs, financial disclosures and guidance will define what analysts and investors expect going forward.**

We guide and help our clients to develop a planned programme of investor engagement to ensure there are no surprises in your annual report disclosures and AGM resolutions.

Shareholders must disclose their holdings to the company when their interest reaches a certain level. Do you have procedures in place to capture these

notifications and release the information to the market?

Do you have a controlling shareholder? It will be imperative to be aware of the additional requirements under the Listing Rules regarding your relationship, and the process at AGMs for electing independent directors.

# Your wider workforce and stakeholder engagement

**There are a number of options suggested by the UK Corporate Governance Code. Which one is best for your organisation?**

As a listed company you will have to formally disclose your approach to workforce engagement. You may already do this very well, but the disclosures and interest around this will be magnified.

Your s.172 statement will expect you to set out your approach to engaging with your wider stakeholders. Who are they and what are the feedback mechanisms back to the board?

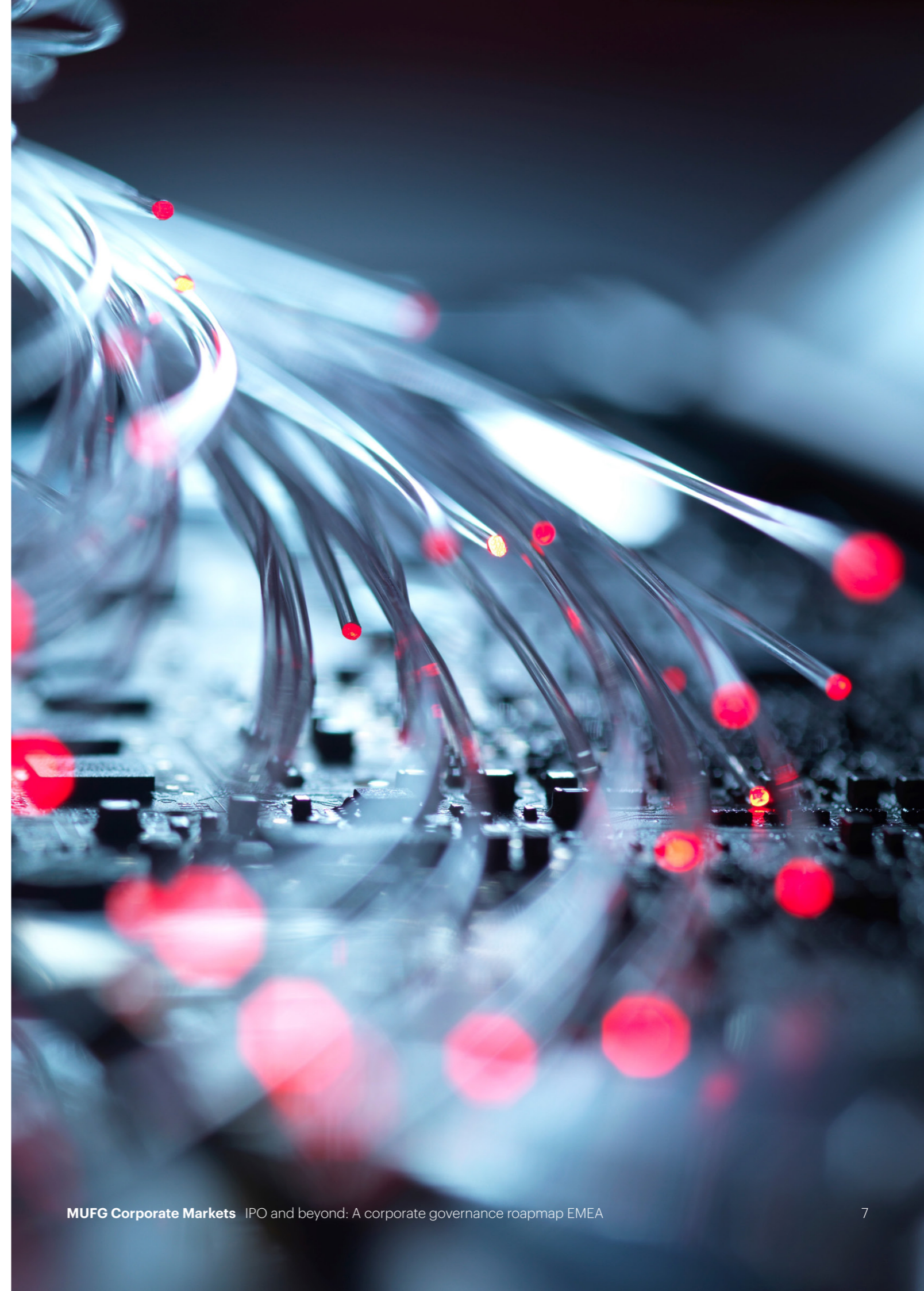
# Financial reporting and inside information

**The content of your annual report will grow considerably upon listing. Have you thought about how you and your advisers will navigate the rules around the content and deadlines for release of financial information?**

You will also be required to release a half-year report and whilst quarterly reporting is no longer a legal requirement, many listed companies like to update the market quarterly.

Insiders will be prohibited from dealing in the company's shares during closed periods until the relevant financial information is announced.

The production, release and distribution of your annual report to shareholders ahead of the AGM will require project management skills. The corporate calendar will be finely tuned to take account of regulatory deadlines and corporate governance guidelines. This may be the first time you need to take account of electronic reporting under ESEF and XHTML and so key stakeholders should be engaged early on.



# Systems, controls and procedures - inside information



## **Do you have adequate systems, controls and procedures in place in relation to the identification and disclosure of inside information to the market?**

Directors must ensure they have appropriate systems and controls in place to identify inside information, and whether it should be disclosed. Usually, the Company Secretary takes responsibility for these matters and they will have authority to call board meetings at any point to opine on information and make decisions about its release.

Listed companies must have robust share dealing processes in place for their directors, senior management and their contacts for approval of share dealing and the management of inside information. Being a listed company involves a step change in your approach to sharing financial information.

# Your board



## **As a listed company, the size of your board will grow to include a balance of independent non-executive directors. Have you planned what type of induction and regular training directors will receive on their duties under the Companies Act and as directors of a listed company?**

The board will set out a framework of matters reserved to it, the split of responsibility between the Chair and CEO and role profiles for the Chair, CEO, CFO and senior independent non-executive director. This framework should be reviewed at least annually.

# What committees will you need after listing?



The 'standard' committees of Audit, Remuneration, Nomination and Disclosure are a given, but depending on your sector, you may also need to delegate some board responsibilities to other committees managing areas such as Risk, ESG, Investment, Management Engagement, Health & Safety. All committees must have agreed terms of reference and must be managed in accordance with their terms of reference.

We can help to create the corporate governance framework, draft terms of reference and disclosures in the prospectus, applying best practice along the way.

# Your corporate governance framework



## **Which code will you adopt? How will you evidence compliance?**

Your company will be required to disclose which corporate governance code it has adopted, and explain how it has complied with the code's principles in its annual report.

The UK Corporate Governance Code contains principles of good corporate governance and a code of best practice around areas such as director and board composition, training and performance evaluation, directors' remuneration, relations with shareholders and accountability and audit.

# Registers and records



## Do you have the right registers in place?

Private companies are of course required to maintain numerous registers under the Companies Act. As a listed PLC, the number of registers will increase to include, for example, a register of directors, PDMR and PCA interests in shares and options of the company, a register of major shareholdings, related party registers, a register of directors' conflicts/other interests.

# Board and committee meetings



## How often should your boards and committees meet?

This will be determined by their governing documents and forward-looking agendas. Your meetings should be minuted by an appropriately experienced and qualified professional minute-taker as they will be subject to increased scrutiny by your other advisers and regulators. Consider using a board-paper portal for ease of electronic access to meeting papers.

# Cash management



## Have you developed cash management strategies to ensure efficient utilisation of funds and maximise investment returns?

It is important to assess the company's post-IPO cash flow forecasts, and develop appropriate liquidity structures, and implement tools such as cash pooling, cash concentration, and zero balancing techniques to optimise cash positions. This will require access to multiple counterparties to diversify credit risk, and optimise yield on cash balances.

# Directors' remuneration and evaluation



## The spotlight will be on your executive directors' remuneration – are you ready to disclose your remuneration policy in your prospectus and put it to shareholders for approval at your first AGM?

You will be expected to review and report on your board's and individual directors' effectiveness and performance on an annual basis. This can be conducted internally, but your investors will expect an externally-facilitated evaluation on a regular basis.

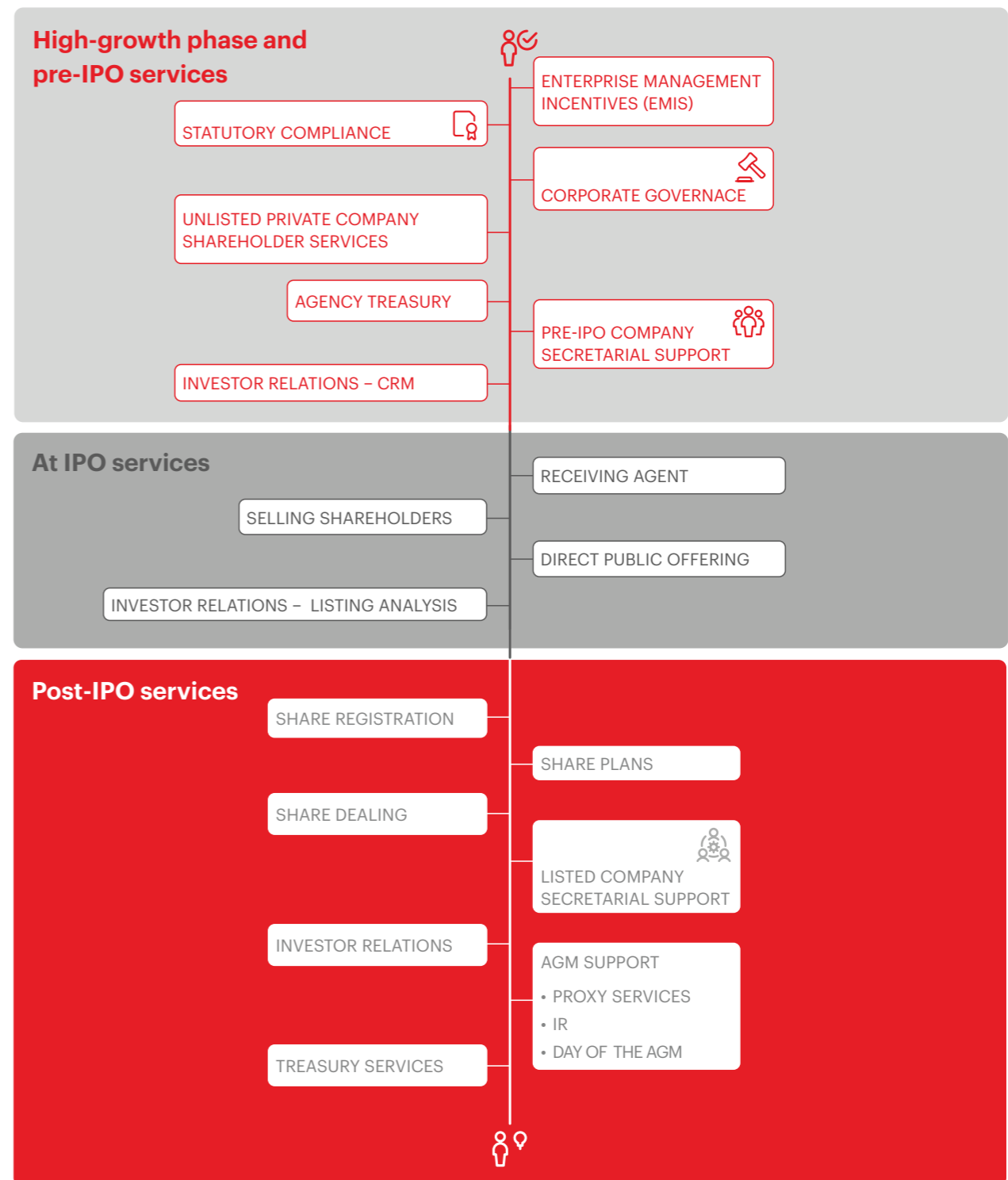
# Financial risk management



## Have you developed cash management strategies to ensure efficient utilisation of funds and maximise investment returns?

Post-IPO, companies face can various financial risks, including interest rate risk, foreign exchange risk, credit risk, and commodity price risk as their operations grow into new markets. It will be important identify and mitigate against these risks through the use of derivatives, hedging strategies, and risk management policies and procedures.

# MUFG Corporate Markets service map



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Registered in England and Wales No. 2729260.

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