

Chapter 8

Sponsors: Premium listing

8.6 Criteria for approval as a sponsor

List of sponsors

- 8.6.1 **G** The FCA will maintain a *list of sponsors* on its website.

Application for approval as a sponsor

- 8.6.2 **R** A person wanting to provide *sponsor services*, and to be included on the *list of sponsors*, must apply to the FCA for approval as a *sponsor* by submitting the following to the Primary Market Specialist Supervision Team at the FCA's address:

- (1) a completed Sponsor Firm Application Form;
- (2) [deleted]
- (3) the application fee set out in ■ FEES 3; and
- (4) details of any matter in the past 5 years that would have been notifiable to the FCA pursuant to ■ LR 8.7.8R(2), (3), (4) or (5), had the person been approved as a *sponsor*.

[**Note:** The Sponsor's Firm Application Form can be found on the Primary Markets section of the FCA's website.]

- 8.6.3 **R** A person wanting to provide *sponsor services* and be included on the *list of sponsors* must also submit:

- (1) all additional documents, explanations and information as required by the FCA; and
- (2) verification of any information in such a manner as the FCA may specify.

- 8.6.4 **G** When considering an application for approval as a *sponsor* the FCA may:

- (1) carry out any enquiries and request any further information which it considers appropriate, including consulting other regulators;
- (2) request that the applicant or its specified representative answer questions and explain any matter the FCA considers relevant to the application; and

(3) take into account any information which it considers appropriate in relation to the application.

(4) [deleted]

[Note: The decision-making procedures that the *FCA* will follow when it considers whether to refuse an application for approval as a *sponsor* are set out in *DEPP*.]

Criteria for approval as a sponsor

8.6.5

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The *FCA* will approve a *person* as a *sponsor* only if it is satisfied that the *person* :

- (1) is an *authorised person* or a *member of a designated professional body*;
- (2) is competent to provide *sponsor services* in accordance with ■ LR 8; and
- (3) has appropriate systems and controls in place to carry out its role as a *sponsor* in accordance with ■ LR 8.

8.6.5A

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The *FCA* may impose restrictions or limitations on the services a *sponsor* can provide at the time of granting a *sponsor's* approval.

8.6.5AA

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In assessing whether a *person* wanting to provide *sponsor services* satisfies ■ LR 8.6.5R(2), the *FCA* will consider a variety of factors, including any matters notified to it pursuant to ■ LR 8.6.2R(4).

8.6.5B

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Situations when the *FCA* may impose restrictions or limitations on the services a *sponsor* can provide include (but are not limited to) where it appears to the *FCA* that:

- (1) the *employees* of the *person* applying to be a *sponsor* whom it is proposed will perform *sponsor services* have no or limited relevant experience and expertise of the kind described in ■ LR 8.6.7R(1) in relation to certain types of *sponsor services* or in relation to certain types of *company*; or
- (2) the *person* applying to be a *sponsor* does not have systems and controls in place which are appropriate for the nature of the *sponsor services* which the *person* applying to be a *sponsor* proposes to undertake.

[Note: A *statutory notice* may be required under section 88 of the *Act*. Where this is the case, the procedure for giving a *statutory notice* is set out in *DEPP*.]

8.6.5C

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Where a *person* wishes to apply for approval as a *sponsor* to provide a limited range of *sponsor services*, it may do so on the basis that the *FCA* will impose a limitation or restriction on its approval (in accordance with section 88 of the *Act*). In such circumstances, the *FCA* will assess whether the *person* satisfies ■ LR 8.6.5R (2) and ■ LR 8.6.5R (3) taking into consideration the *sponsor*

services to which the approval, as formally limited or restricted by the *FCA*, will relate.

Continuing obligations

8.6.6 **R** A *sponsor* must comply, at all times, with the criteria set out in **■ LR 8.6.5 R**.

8.6.6A **G** In assessing whether a *sponsor* satisfies **■ LR 8.6.6R**, the *FCA* will consider a variety of factors, including any matters notified to it pursuant to **■ LR 8.7.8R**.

Competence of a sponsor

8.6.7 **R** A *sponsor*, or a *person* applying for approval as a *sponsor*, will not satisfy **■ LR 8.6.5R (2)** unless it has:

- (1) a sufficient amount of relevant experience and expertise, demonstrated by having:
 - (a) submitted a *sponsor declaration* to the *FCA*:
 - (i) for a *person* applying for approval as a *sponsor*, within 5 years of the date of its application; and
 - (ii) for a *sponsor*, within the previous 5 years; or
 - (b) provided sufficient relevant corporate finance advisory services within the previous 5 years to *persons*:
 - (i) with securities admitted to trading on, or applying for admission of securities to trading on, a *UK RIE* or a market established under the rules of a *UK RIE*; and
 - (ii) each having an aggregate market value or expected aggregate market value of at least the amount specified in **■ LR 2.2.7R(1)(a)** or, where the *sponsor* or *person* applying for approval as a *sponsor* is doing so on the basis of providing *sponsor services* to *closed-ended investment funds* only, **■ LR 2.2.7R(1A)**,
at the time such services were provided; and
- (2) a sufficient number of *employees* with the skills and knowledge necessary for it to:
 - (a) provide *sponsor services* in accordance with **■ LR 8.3**;
 - (b) understand:
 - (i) the *rules* and *guidance* directly relevant to *sponsor services*;
 - (ii) the procedural requirements and processes of the *FCA*;
 - (iii) the due diligence process required in order to provide *sponsor services* in accordance with **■ LR 8.3** and **■ LR 8.4**;
 - (iv) the responsibilities and obligations of a *sponsor* in **■ LR 8**; and
 - (v) specialist industry sectors and/or certain types of *company*, if relevant to the *sponsor services* it provides or intends to provide; and
 - (c) be able to comply with the key contact requirements in **■ LR 8.6.19 R**.

- 8.6.7A** **G** To determine whether a *sponsor*, or a *person* applying for approval as a *sponsor*, satisfies **■ LR 8.6.7R(1)(a)**, the *FCA* may consider whether any of the *sponsor's* or *person's* employees have had material involvement in the provision of *sponsor services* that have required the submission of a *sponsor declaration* within the previous 5 years.
- 8.6.7AA** **G** For the purposes of **■ LR 8.6.7R(1)(a)**, any declaration or confirmation given by a *sponsor* to the *FCA* that is not a *sponsor declaration* will not be accepted to demonstrate relevant experience and expertise.
- 8.6.7AB** **G** To determine whether a *sponsor*, or a *person* applying for approval as a *sponsor*, satisfies **■ LR 8.6.7R(1)(b)**, the *FCA* may consider a variety of factors, including:
- (1) the cumulative body of its experience and expertise providing relevant corporate finance advisory services, including any *sponsor services* provided where no *sponsor declaration* has been required;
 - (2) the range of skills and knowledge evidenced through its provision of relevant corporate finance advisory services, including:
 - (a) advising on the rules and guidance issued by a regulator or exchange;
 - (b) adhering to the procedural requirements and processes of a regulator or exchange; and
 - (c) undertaking due diligence to:
 - (i) support assurances or information delivered to a regulator or exchange; and
 - (ii) verify public statements made by an issuer; and
 - (3) the extent of the *sponsor services* intended to be provided.
- 8.6.7B** **G** In exceptional circumstances, the *FCA* may consider dispensing with, or modifying, the requirement in **■ LR 8.6.7R(1)** in accordance with **■ LR 1.2.1 R**.
- 8.6.7C** **G** In assessing whether a *sponsor*, or a *person* applying for approval as a *sponsor*, satisfies **■ LR 8.6.7R**, the *FCA* will consider a variety of factors, including:
- (1) the nature, scale and complexity of its business;
 - (2) the diversity of its operations;
 - (3) the volume and size of transactions it undertakes;
 - (4) the volume and size of transactions it anticipates undertaking in the following year; and
 - (5) the degree of risk associated with the transactions it undertakes or anticipates undertaking in the following year.

- 8.6.7CA** G To determine whether a *sponsor*, or a *person* applying for approval as a *sponsor*, satisfies ■ LR 8.6.7R(1)(b), the *FCA* may consider whether any of the *sponsor's* or *person's* employees have, within the previous 5 years, had material involvement in the provision of corporate finance advisory services to *persons* with or applying for admission of securities to a *UK RIE* and each having an aggregate market value or expected aggregate market value of at least the amount specified in ■ LR 2.2.7R(1)(a) or, where the *sponsor* or *person* applying for approval as a *sponsor* is doing so on the basis of providing *sponsor services to closed-ended investment funds* only, ■ LR 2.2.7R(1A), at the time such services were provided.
- 8.6.7D** G Notwithstanding ■ LR 8.6.7C G, when considering whether a *sponsor* satisfies ■ LR 8.6.7R (2)(c) the *FCA* expects a *sponsor* to have no less than two *employees* who are able to satisfy the key contact requirements in ■ LR 8.6.19R (2).
- 8.6.8** G (1) [deleted]
(2) [deleted]
(3) [deleted]
- 8.6.9** G (1) [deleted]
(2) [deleted]
(a) [deleted]
(b) [deleted]
(3) [deleted]
- 8.6.9A** G [deleted]
- 8.6.9B** G In assessing whether a *sponsor* or a *person* applying for approval as a *sponsor* can demonstrate it is competent in the areas required under ■ LR 8.6.7R (2), the *FCA* may also take into account, where relevant, the guidance or advice on the *listing rules* or *disclosure requirements* and *transparency rules* the *sponsor* or *person* has given in circumstances other than in providing *sponsor services*.
- 8.6.10** R [deleted]
- 8.6.11** G [deleted]
- 8.6.12** R **Systems and controls: general**
A *sponsor* or a *person* applying for approval as a *sponsor* will not satisfy ■ LR 8.6.5R (3) unless it has in place:

- (1) clear and effective reporting lines for the provision of *sponsor services* (including clear and effective management responsibilities);
- (1A) effective systems and controls which require *employees* with management responsibilities for the provision of *sponsor services* to understand and apply the requirements of ■ LR 8;
- (2) effective systems and controls for the appropriate supervision of *employees* engaged in the provision of *sponsor services* by the *sponsor*;
- (3) effective systems and controls for compliance with all applicable *listing rules* at all times, including when performing *sponsor services*;
- (4) [deleted]
- (5) [deleted]
- (6) effective systems and controls which require appropriate staffing arrangements for providing each *sponsor service* in line with the principles for *sponsors* in ■ LR 8.3;
- (7) effective systems and controls for *employees* engaged in the provision of *sponsor services* to receive appropriate guidance and training to provide each *sponsor service* in line with the principles for *sponsors* in ■ LR 8.3;
- (8) effective systems and controls to identify and manage conflicts of interest;
- (9) effective systems and controls for compliance with each of the requirements in ■ LR 8.6.7R (2)(b); and
- (10) systems and controls which comply with the requirements of ■ LR 8.6.16A R (Record management).

8.6.13 G When considering a *sponsor's* ability to comply with ■ LR 8.6.12 R, the *FCA* will consider a variety of factors, including:

- (1) the nature, scale and complexity of its business;
- (2) the diversity of its operations;
- (3) the volume and size of the transactions it undertakes;
- (4) the volume and size of the transactions it anticipates undertaking in the following year; and
- (5) the degree of risk associated with the transactions it undertakes or anticipates undertaking in the following year.

Systems and controls: conflicts of interest

8.6.13A G A *sponsor* will generally be regarded as having appropriate systems and controls for identifying and managing conflicts if it has in place effective policies and procedures:

- (1) to ensure that decisions taken on managing conflicts of interest are taken by appropriately senior staff and on a timely basis;
- (2) to monitor whether arrangements put in place to manage conflicts are effective; and
- (3) to ensure that individuals within the *sponsor* are appropriately trained to enable them to identify, escalate and manage conflicts of interest.
- (4) [deleted]

8.6.13B G The policies and procedures referred to in ■ LR 8.6.13A G are distinct from the actual organisational and administrative arrangements that a *sponsor* is required to put in place and maintain under ■ LR 8.3.9 R to manage specific conflicts.

8.6.14 G [deleted]

8.6.15 R [deleted]

8.6.16 G [deleted]

- (1) [deleted]
- (2) [deleted]
- (3) [deleted]
 - (a) [deleted]
 - (b) [deleted]
 - (c) [deleted]
- (4) [deleted]

Systems and controls: record management.....

8.6.16A R A *sponsor* must have effective arrangements to create and retain for six years accessible records which are sufficient to be capable of demonstrating that it has provided *sponsor services* and otherwise complied with its obligations under ■ LR 8 including:

- (1) where a declaration is to be submitted to the *FCA*:
 - (a) under ■ LR 8.4.3R (1), ■ LR 8.4.9R (1), ■ LR 8.4.13R (1), ■ LR 8.4.14R (2) or ■ LR 8.4.17 R; or
 - (b) pursuant to an appointment under ■ LR 8.2.1R (5);
the basis of each declaration given;
- (2) where any opinion, assurance or confirmation is provided by a *sponsor* to the *FCA* or a *company* with or applying for a *premium*

listing in relation to a *sponsor service*, the basis of that opinion, assurance or confirmation;

- (3) where a *sponsor* provides guidance to a *company* with or applying for a *premium listing* pursuant to ■ LR 8.2.2 R, ■ LR 8.2.3 R or ■ LR 8.3.1R (2), the basis upon which the guidance is given and upon which any judgments or opinions underlying the guidance have been made or given; and
- (4) the steps taken to comply with its obligations under ■ LR 8.3.7B R, ■ LR 8.3.9 R , ■ LR 8.3.11 R and ■ LR 8.6.6 R.

8.6.16B **G**

Records should:

- (1) be capable of timely retrieval; and
- (2) include material communications which relate to the provision of *sponsor services*, including any advice or guidance given to a *company* with or applying for a *premium listing* in relation to their responsibilities under the *listing rules*, the *disclosure requirements* and the *transparency rules*.

8.6.16C **G**

In considering whether a *sponsor* has satisfied the requirements regarding sufficiency of records in ■ LR 8.6.16A R, the *FCA* will consider whether the records would enable a person with general knowledge of the sponsor regime but no specific knowledge of the actual *sponsor service* undertaken to understand and verify the basis upon which material judgments have been made throughout the provision of the *sponsor service*.

8.6.17 **R**

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8.6.18 **R**

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Key contact

8.6.19 **R**

For each *sponsor service* requiring the submission of a *document* to the *FCA* or contact with the *FCA*, a *sponsor* must:

- (1) at the time of submission or on first making contact with the *FCA* notify the *FCA* of the name and contact details of a key contact within the *sponsor* for that matter; and
- (2) ensure that its keycontact :
 - (a) has sufficient knowledge about the *listed company* or *applicant* and the proposed matter to be able to answer queries from the *FCA* about it;
 - (b) is available to answer queries from the *FCA* on any business day between 7am and 6pm;
 - (c) is authorised to make representations to the *FCA* for and on behalf of the *sponsor*;

- (d) possesses technical knowledge of *rules, guidance* and *ESMA* publications directly relevant to the *sponsor service*; and
- (e) understands the responsibilities and obligations of the *sponsor* under ■ LR 8 in relation to the *sponsor service*.

8.6.20

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