

## Chapter 8

# Sponsors: Premium listing

## 8.1 Application

### Sponsors and applicants

8.1.1

R

A *sponsor* must comply with:

- (1) ■ LR 8.3 (Role of a sponsor: general);
- (2) ■ LR 8.4 (Role of a sponsor: transactions);
- (3) ■ LR 8.6 (Criteria for approval as a sponsor); and
- (4) ■ LR 8.7 (Supervision of sponsors).

8.1.1A

R

A *person* applying for approval as a *sponsor* must comply with ■ LR 8.6 (Criteria for approval as a sponsor).

### Listed companies and applicants

8.1.2

R

A *company* with, or applying for, a *premium listing* must comply with ■ LR 8.2 (When a sponsor must be appointed or its guidance obtained) and ■ LR 8.5 (Responsibilities of listed companies).

## 8.2 When a sponsor must be appointed or its guidance obtained

### When a sponsor must be appointed

#### 8.2.1

**R**

A *company* with, or applying for, a *premium listing* of its *securities* must appoint a *sponsor* on each occasion that it:

- (1) is required to submit any of the following documents to the *FCA* in connection with an application for *admission of securities to premium listing*:
  - (a) a *prospectus* or *supplementary prospectus*; or
  - (b) [deleted]
  - (c) a summary document as required by article 1(5)(j) of the *Prospectus Regulation*; or
  - (d) *listing particulars* referred to in ■ LR 15.3.3 R, ■ LR 16.3.4 R, ■ LR 21.3.3R or ■ LR 21.7.4R or *supplementary listing particulars*; or
- (1A) is required to publish a document under article 1(4)(f) or (g) or (5)(e) or (f) of the *Prospectus Regulation*; or
- (2) is required to submit to the *FCA* a *class 1 circular* for approval; or
- (3) is required to submit to the *FCA* a *circular* that proposes a reconstruction or a refinancing which is required by ■ LR 9.5.12 R to include a working capital statement; or
- (4) is required to submit to the *FCA* a *circular* for the proposed purchase of own *shares*: which is required by ■ LR 13.7.1R (2) to include a working capital statement; or
 

[**Note:** This does not include a *circular* issued by a *closed-ended investment company*.]
- (5) is required to do so by the *FCA* because it appears to the *FCA* that there is, or there may be, a breach of the *listing rules*, the *disclosure requirements* or the *transparency rules* by the *listed company*; or
- (6) is required by ■ LR 11.1.10R (2)(b) to provide a *listed company* with a confirmation that the terms of the proposed *related party transaction* are fair and reasonable; or
- (7) is required to submit to the *FCA* a *related party circular* which is required by ■ LR 13.6.1R (5) to include a statement by the board that the transaction or arrangement is fair and reasonable; or

- (8) is required by ■ LR 8.4.3R (4) to submit to the *FCA* a letter from a *sponsor* in relation to the *applicant's* eligibility; or
- (9) is required to make an announcement or request a suspension in connection with a *reverse takeover* under ■ LR 5.6.6 R; or
- (10) provides to the *FCA* a disclosure regime confirmation in connection with a *reverse takeover* under ■ LR 5.6.12 G (1); or
- (11) makes a disclosure announcement in connection with a *reverse takeover* under ■ LR 5.6.15 G that contains a declaration described in ■ LR 5.6.15 G (3) or ■ LR 5.6.15 G (4); or
- (12) submits to the *FCA* a letter in relation to the *issuer's* eligibility in connection with a *reverse takeover* under ■ LR 5.6.23 G (2); or
- (13) provides confirmation to the *FCA* of its severe financial difficulty for the purposes of ■ LR 10.8.3G (2); or
- (14) is required to provide an assessment of the appropriateness of an investment exchange or *multilateral trading facility* under ■ LR 13.5.27B R; or
- (15) is required to provide a written opinion to the *FCA* under ■ LR 11 Annex 1 (8) (Joint investment arrangements).

## 8.2.1A

R

A company must appoint a *sponsor* where it applies to transfer its category of *listing* from:

- (1) a *standard listing (shares)* to a *premium listing (commercial company)*; or
  - (2) a *standard listing (shares)* to a *premium listing (investment company)*; or
  - (3) a *premium listing (investment company)* to a *premium listing (commercial company)*; or
  - (4) a *premium listing (commercial company)* to a *premium listing (investment company)*; or
- a *standard listing (shares)* to a *premium listing (sovereign controlled commercial company)*; or
- a *standard listing (certificates representing certain securities)* to a *premium listing (sovereign controlled commercial company)*; or
- a *premium listing (commercial company)* to a *premium listing (sovereign controlled commercial company)*; or
- a *premium listing (sovereign controlled commercial company)* to a *premium listing (commercial company)*; or
- a *premium listing (investment company)* to a *premium listing (sovereign controlled commercial company)*; or
- a *premium listing (sovereign controlled commercial company)* to a *premium listing (investment company)*.

**Other transactions where a company with a premium listing must obtain a sponsor's guidance**

- 8.2.2** **R** If a *company with a premium listing* is proposing to enter into a transaction which due to its size or nature could amount to a *class 1 transaction* or a *reverse takeover* it must obtain the guidance of a *sponsor* to assess the application of the *listing rules*, the *disclosure requirements* and the *transparency rules*.
  
- 8.2.3** **R** If a *company with a premium listing* is proposing to enter into a transaction which is, or may be, a *related party transaction* it must obtain the guidance of a *sponsor* in order to assess the application of the *listing rules*, the *disclosure requirements* and the *transparency rules*.

## 8.3 Role of a sponsor: general

### Responsibilities of a sponsor

- 8.3.1** **R** A *sponsor* must in relation to a *sponsor service*:
- (1) referred to in ■ LR 8.2.1R (1) to ■ (4), ■ LR 8.2.1R (11), ■ LR 8.2.1A R and, where relevant ■ LR 8.2.1R (5), provide assurance to the *FCA* when required that the responsibilities of the *company* with or applying for a *premium listing* of its *securities* under the *listing rules* have been met;
  - (1A) provide to the *FCA* any explanation or confirmation in such form and within such time limit as the *FCA* reasonably requires for the purposes of ensuring that the *listing rules* are being complied with by a *company* with or applying for a *premium listing* of its *securities*; and
  - (2) guide the *company* with or applying for a *premium listing* of its *securities* in understanding and meeting its responsibilities under the *listing rules*, the *disclosure requirements* and the *transparency rules*.
- 8.3.1A** **R** A *sponsor* must, for so long as it provides a *sponsor service*:
- (1) take such reasonable steps as are sufficient to ensure that any communication or information it provides to the *FCA* in carrying out the *sponsor service* is, to the best of its knowledge and belief, accurate and complete in all material respects; and
  - (2) as soon as possible provide to the *FCA* any information of which it becomes aware that materially affects the accuracy or completeness of information it has previously provided.
- 8.3.1B** **G** Where a *sponsor* provides information to the *FCA* which is or is based on information it has received from a third party, in assessing whether a *sponsor* has complied with its obligations in ■ LR 8.3.1AR (1) the *FCA* will have regard, amongst other things, to whether a *sponsor* has appropriately used its own knowledge, judgment and expertise to review and challenge the information provided by the third party.
- 8.3.2** **G** The *sponsor* will be the main point of contact with the *FCA* for any matter referred to in ■ LR 8.2. The *FCA* expects to discuss all issues relating to a transaction and any draft or final document directly with the *sponsor*. However, in appropriate circumstances, the *FCA* will communicate directly

with the *company* with or applying for a *premium listing* of its *securities*, or its advisers.

**8.3.2A** **G** A *sponsor* remains responsible for complying with **■ LR 8.3** even where a *sponsor* relies on the *company* with or applying for a *premium listing* of its *securities* or a third party when providing an assurance or confirmation to the *FCA*.

**Principles for sponsors: due care and skill**.....

**8.3.3** **R** A *sponsor* must in relation to a *sponsor service* act with due care and skill.

**Principles for sponsors: duty regarding directors of listed companies**.....

**8.3.4** **R** Where, in relation to a *sponsor service*, a *sponsor* gives any guidance or advice to a *listed company* or *applicant* on the application or interpretation of the *listing rules* or *disclosure requirements* and *transparency rules*, the *sponsor* must take reasonable steps to satisfy itself that the *director* or *directors* of the *listed company* understand their responsibilities and obligations under the *listing rules* and *disclosure requirements* and *transparency rules*.

**Principles for sponsors: relations with the FCA**.....

**8.3.5** **R** A *sponsor* must at all times (whether in relation to a *sponsor service* or otherwise):

- (1) deal with the *FCA* in an open and co-operative way; and
- (2) deal with all enquiries raised by the *FCA* promptly.
- (3) [deleted]

**8.3.5A** **R** If, in connection with the provision of a *sponsor service*, a *sponsor* becomes aware that it, or a *company* with or applying for a *premium listing* of its *securities* is failing or has failed to comply with its obligations under the *listing rules*, the *disclosure requirements* or the *transparency rules*, the *sponsor* must promptly notify the *FCA*.

**8.3.5B** **R** A *sponsor* must, in relation to a *sponsor service*, act with honesty and integrity.

**8.3.6** **R**

- (1) [deleted]
- (2) [deleted]
- (3) [deleted]

- 8.3.7 **G** (1) [deleted]  
(2) [deleted]
- Principles for sponsors: identifying and managing conflicts**.....
- 8.3.7A **G** The purpose of ■ LR 8.3.7B R to ■ LR 8.3.12A G is to ensure that conflicts of interest do not adversely affect:
- (1) the ability of a *sponsor* to perform its functions properly under this chapter; or
  - (2) market confidence in *sponsors*.
- 8.3.7B **R** A *sponsor* must take all reasonable steps to identify conflicts of interest that could adversely affect its ability to perform its functions properly under this chapter.
- 8.3.8 **G** In identifying conflicts of interest, *sponsors* should also take into account circumstances that could:
- (1) create a perception in the market that a *sponsor* may not be able to perform its functions properly; or
  - (2) compromise the ability of a *sponsor* to fulfil its obligations to the *FCA* in relation to the provision of a *sponsor service*.
- 8.3.9 **R** A *sponsor* must take all reasonable steps to put in place and maintain effective organisational and administrative arrangements that ensure conflicts of interest do not adversely affect its ability to perform its functions properly under this chapter.
- 8.3.10 **G** Disclosure of a conflict of interest will not usually be considered to be an effective organisational or administrative arrangement for the purpose of ■ LR 8.3.9 R.
- 8.3.11 **R** If, in relation to a *sponsor service*, a *sponsor* is not reasonably satisfied that its organisational and administrative arrangements will ensure that a conflict of interest will not adversely affect its ability to perform its functions properly under this chapter, it must decline or cease to provide the *sponsor services*.
- 8.3.12 **G** ■ LR 8.3.11 R recognises that there will be some conflicts of interest that cannot be effectively managed. Providing *sponsor services* in those cases could adversely affect both a *sponsor's* ability to perform its functions and market confidence in the *sponsor regime*. If in doubt about whether a conflict can be effectively managed a *sponsor* should discuss the issue with the *FCA* before it decides if it can provide a *sponsor service*.



8.3.12A **G** ■ LR 8.3.7B R, ■ LR 8.3.9 R and ■ LR 8.3.11 R apply for so long as the *sponsor* provides a *sponsor service*.

**Principles for sponsors: acting for another sponsor**.....

8.3.13 **G** [deleted]

**Principles for sponsors: joint sponsors**.....

8.3.14 **R** If a *listed company* or *applicant* appoints more than one *sponsor* to provide a *sponsor service* then:

- (1) the appointment does not relieve either of the appointed *sponsors* of their obligations under ■ LR 8; and
- (2) the *sponsors* are each responsible for complying with the obligations under ■ LR 8 .

8.3.15 **G** If a *listed company* or *applicant* appoints more than one *sponsor* to provide a *sponsor service*, the *FCA* expects the *sponsors* to co-operate with each other in relation to the *sponsor service*, including by establishing arrangements for the sharing of information as appropriate having regard to the *sponsor service*.

## 8.4 Role of a sponsor: transactions

### Application for admission

8.4.1

R

■ LR 8.4.2 R to ■ LR 8.4.4 G apply in relation to an application for *admission* of securities to *premium listing*, if an *applicant* does not have securities already admitted to *premium listing*, the conditions in ■ LR 6.1.1R(1), ■ LR 6.1.1R(2), ■ LR 21.2.5R(1), ■ LR 21.2.5R(2), ■ LR 21.6.13R(1) or ■ LR 21.6.13R(2) do not apply and, in connection with the application, the *applicant* is required to publish a document under article 1(4)(f) or (g) or (5)(e) or (f) of the *Prospectus Regulation* or is required to submit to the FCA:

- (1) a *prospectus* or *supplementary prospectus*; or
- (2) [deleted]
- (3) a summary document under article 1(5)(j) of the *Prospectus Regulation*; or
- (4) *listing particulars* or *supplementary listing particulars* under ■ LR 15.3.3 R or ■ LR 16.3.4 R.

8.4.2

R

A *sponsor* must not submit to the FCA an application on behalf of an *applicant*, in accordance with ■ LR 3, unless it has come to a reasonable opinion, after having made due and careful enquiry, that:

- (1) the *applicant* has satisfied all requirements of the *listing rules* relevant to an application for *admission to listing*;
- (2) the *applicant* has satisfied all applicable requirements set out in the *prospectus rules*;
- (3) the *directors* of the *applicant* have established procedures which enable the *applicant* to comply with the *listing rules* and the *disclosure requirements* and *transparency rules* on an ongoing basis;
- (4) the *directors* of the *applicant* have established procedures which provide a reasonable basis for them to make proper judgments on an ongoing basis as to the financial position and prospects of the *applicant* and its *group*; and
- (5) the *directors* of the *applicant* have a reasonable basis on which to make the working capital statement which demonstrates that ■ LR 6.7.1R is satisfied.

### New applicants: procedure

8.4.3

R

A sponsor must:

- (1) submit a completed Sponsor's Declaration on an Application for Listing to the *FCA* either:
  - (a) on the day the *FCA* is to consider the application for approval of the *prospectus* and prior to the time the *prospectus* is approved; or
  - (b) at a time agreed with the *FCA*, if the *FCA* is not approving the *prospectus*;
- (2) submit a completed Shareholder Statement or Pricing Statement, as applicable, to the *FCA* by 9 a.m. on the day the *FCA* is to consider the application;
- (3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FCA* in considering:
  - (a) the application for *listing*; and
  - (b) whether the *admission* of the *securities* would be detrimental to investors' interests;

have been disclosed with sufficient prominence in the *prospectus* or a document published under article 1(4)(f) or (g) or (5)(e) or (f) of the *Prospectus Regulation* or otherwise in writing to the *FCA*; and
- (4) submit a letter to the *FCA* setting out how the *applicant* satisfies the criteria in ■ LR 2 (Requirements for listing - all securities), ■ LR 6 (Additional requirements for premium listing (commercial company)) and, if applicable, ■ LR 15, ■ LR 16 or ■ LR 21, no later than when the first draft of the *prospectus* or *listing particulars* is submitted (or, if the *FCA* is not approving a *prospectus*, at a time to be agreed with the *FCA*).

[Note: the Sponsor's Declaration on an Application for Listing, the Shareholder Statement and the Pricing Statement forms can be found on the UKLA section of the *FCA*'s website.]

8.4.4

G

Depending on the circumstances of the case, a *sponsor* providing services to an *applicant* on an application for *admission to listing* may have to confirm in writing to the *FCA* that the board of the *applicant* has allotted the *securities*.

[Note: see ■ LR 3.3.4 R]

8.4.5

R

- (1) [deleted]
- (2) [deleted]
- (3) [deleted]

8.4.6

R

- (1) [deleted]
  - (a) [deleted]

(b) [deleted]

(2) [deleted]

#### Application for admission: further issues

**8.4.7** **R** ■ LR 8.4.8 R to ■ LR 8.4.10 G apply in relation to an application for *admission of premium listed securities* of an *applicant* that has *securities* already *premium listed* or in circumstances in which ■ LR 6.1.1R(1), ■ LR 6.1.1R(2), ■ LR 21.2.5R(1), ■ LR 21.2.5R(2), ■ LR 21.6.13R(1) or ■ LR 21.6.13R(2) applies.

**8.4.8** **R** A *sponsor* must not submit to the *FCA* an application on behalf of an *applicant*, in accordance with ■ LR 3 (Listing applications), unless it has come to a reasonable opinion, after having made due and careful enquiry, that:

- (1) the *applicant* has satisfied all requirements of the *listing rules* relevant to an application for *admission to listing*;
- (2) the *applicant* has satisfied all applicable requirements set out in the *prospectus rules*; and
- (3) the *directors* of the *applicant* have a reasonable basis on which to make the working capital statement:
  - (a) that is, in the case of *equity shares*, required to be included in the *applicant's prospectus* or *listing particulars* and submitted to the *FCA* in accordance with ■ LR 3.3.2R(2); or
  - (b) that is, in the case of *certificates representing shares*,
    - (i) included in the *applicant's prospectus* or *listing particulars* for the *certificates representing shares* that are being admitted, or
    - (ii) required to be published by the *applicant* in accordance with ■ LR 21.8.27R(2).

#### Further issues: procedure

**8.4.9** **R** A *sponsor* must:

- (1) submit a completed Sponsor's Declaration on an Application for Listing to the *FCA* either:
  - (a) on the day the *FCA* is to consider the application for approval of the *prospectus* and prior to the time the *prospectus* is approved; or
  - (b) at a time agreed with the *FCA* if the *FCA* did not approve the *prospectus* or or if it is determining whether a document is an *equivalent document*;
- (2) submit a completed Shareholder Statement or Pricing Statement, as applicable, to the *FCA* by 9 a.m. on the day the *FCA* is to consider the application; and
- (3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FCA* in considering the

application for *listing* have been disclosed with sufficient prominence in the *prospectus* or a document published under article 1(4)(f) or (g) or (5)(e) or (f) of the *Prospectus Regulation* or otherwise in writing to the *FCA*.

[**Note:** The Sponsor's Declaration on an Application for Listing, the Shareholder Statement and the Pricing Statement forms can be found on the UKLA section of the *FCA*'s website.]

- 8.4.10** **G** Depending on the circumstances of the case, a *sponsor* providing services to an *applicant* on an application for *admission to listing* may have to confirm in writing to the *FCA* the number of *securities* to be allotted or admitted.  
[**Note:** see ■ LR 3.3.4 R]

### Class 1 circulars, refinancing and purchase of own equity shares

- 8.4.11** **R** ■ LR 8.4.12 R to ■ LR 8.4.13 R apply in relation to transactions involving an *issuer* with a *premium listing* that is required to submit to the *FCA* for approval:

- (1) a *class 1 circular*; or
- (2) a *circular* that proposes a reconstruction or a re-financing which does not constitute a *class 1 transaction*; or
- (3) a *circular* for the proposed purchase of own *shares*:
  - (a) which does not constitute a *class 1 circular*; and
  - (b) is required by ■ LR 13.7.1R (2) to include a working capital statement.

- 8.4.12** **R** A *sponsor* must not submit to the *FCA*, on behalf of a *listed company*, a *circular* regarding a transaction set out in ■ LR 8.4.11 R for approval, unless the *sponsor* has come to a reasonable opinion, after having made due and careful enquiry, that:

- (1) the *listed company* has satisfied all requirements of the *listing rules* relevant to the production of a *class 1 circular* or other *circular*;
- (2) the transaction will not have an adverse impact on the *listed company's* ability to comply with the *listing rules* or the *disclosure requirements* and *transparency rules*; and
- (3) the *directors* of the *listed company* have a reasonable basis on which to make the working capital statement required by ■ LR 9.5.12 R, ■ LR 13.4.1 R or ■ LR 13.7.1 R.

### Circulars: procedure

- 8.4.13** **R** A *sponsor* acting on a transaction falling within ■ LR 8.4.11 R must:
- (1) submit a completed Sponsor's Declaration for the Production of a Circular to the *FCA* on the day the *circular* is to be approved by the *FCA* and prior to the time the *circular* is approved;

- (2) submit a completed Pricing Statement, if applicable, to the *FCA* by 9 a.m on the day the *FCA* is to consider the application; and
- (3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FCA* in considering the transaction have been disclosed with sufficient prominence in the documentation or otherwise in writing to the *FCA*.

[**Note:** The Sponsor's Declaration for the Production of a Circular and the Pricing Statement forms can be found on the UKLA section of the *FCA*'s website.]

### Applying for transfer between listing categories

#### 8.4.14

**R**

In relation to a proposed transfer under ■ LR 5.4A, if a *sponsor* is appointed in accordance with ■ LR 8.2.1A R, it must:

- (1) submit a letter to the *FCA* setting out how the *issuer* satisfies each *listing rule* requirement relevant to the category of *listing* to which it wishes to transfer, by no later than when the first draft of the *circular* or announcement required under ■ LR 5.4A is submitted;
- (2) submit a completed Sponsor's Declaration for a Transfer of Listing to the *FCA* for the proposed transfer on the day the *circular* or announcement is to be approved by the *FCA* and before it is approved; and
- (3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FCA* in considering the transfer between *listing* categories have been disclosed with sufficient prominence in the *circular* or announcement referred to in ■ LR 5.4A or otherwise in writing to the *FCA*.

[**Note:** The Sponsor's Declaration for a Transfer of Listing can be found on the UKLA section of the *FCA* website.]

#### 8.4.15

**R**

A *sponsor* must not submit to the *FCA* on behalf of an *issuer* a final *circular* or announcement for approval or a Sponsor's Declaration for a Transfer of Listing, unless it has come to a reasonable opinion, after having made due and careful enquiry, that:

- (1) the *issuer* satisfies all eligibility requirements of the *listing rules* that are relevant to the new category to which it is seeking to transfer;
- (2) the *issuer* has satisfied all requirements relevant to the production of the *circular* required under ■ LR 5.4A.4 R or the announcement required under ■ LR 5.4A.5 R (whichever is relevant);
- (3) the *directors* of the *issuer* have established procedures which enable the *issuer* to comply with the *listing rules*, the *disclosure requirements* and the *transparency rules* on an ongoing basis;
- (4) the *directors* of the *issuer* have established procedures which provide a reasonable basis for them to make proper judgments on an ongoing basis as to the financial position and prospects of the *issuer* and its *group*; and

- (5) the *directors* of the *issuer* have a reasonable basis on which to make the working capital statement (if any) required in connection with the transfer.

8.4.16

**R**

■ LR 8.4.15R (3), ■ LR 8.4.15R (4) and ■ LR 8.4.15R (5) do not apply in relation to an *issuer* that was required to meet these requirements under its existing *listing* category.

### Reverse takeovers

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8.4.17

**R**

A *sponsor* acting on a *reverse takeover* where the *issuer* decides to make a disclosure announcement under ■ LR 5.6.15 G must:

- (1) submit to the *FCA* under ■ LR 5.6.17 R a completed Sponsor's Declaration for a Reverse Takeover Announcement;
- (2) not submit to the *FCA* the Sponsor's Declaration for a Reverse Takeover Announcement unless it has come to a reasonable opinion, after having made due and careful enquiry, that it is reasonable for the *issuer* to provide the declarations described in ■ LR 5.6.15 G (3) and ■ LR 5.6.15 G (4); and
- (3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FCA* in considering a proposed disclosure announcement under ■ LR 5.6.15 G have been disclosed with sufficient prominence in the announcement or otherwise in writing to the *FCA*.

[**Note:** The Sponsor's Declaration for a Reverse Takeover Announcement can be found on the UKLA section of the *FCA* website.]

## 8.5 Responsibilities of listed companies

### Notifications to FCA

- 8.5.1 **R** A *listed company* or *applicant* must ensure that the *FCA* is informed promptly of the name and contact details of any *sponsor* appointed in accordance with the *listing rules* (either by the *listed company* or *applicant* or by the *sponsor* itself).
- 8.5.2 **R**
- (1) A *listed company* or *applicant* must notify the *FCA* in writing immediately of the resignation or dismissal of any *sponsor* that it had appointed.
  - (2) In the case of a dismissal, the reasons for the dismissal must be included in the notification.
  - (3) The notification must be copied to the *sponsor*.

### Listed company appoints more than one sponsor

- 8.5.3 **R** Where a *listed company* or *applicant* appoints more than one *sponsor* to provide a *sponsor service*, the *company* must:
- (1) ensure that one *sponsor* takes responsibility for contact with the *FCA* in respect of administrative arrangements for the *sponsor service*; and
  - (2) inform the *FCA* promptly, in writing, of the name and contact details of the *sponsor* taking responsibility under (1).

8.5.4 **R** [deleted]

8.5.5 **G** [deleted]

### Cooperation with sponsors

- 8.5.6 **R** In relation to the provision of a *sponsor service*, a *company* with or applying for a *premium listing* of its *securities* must cooperate with its *sponsor* by providing the *sponsor* with all information reasonably requested by the *sponsor* for the purpose of carrying out the *sponsor service* in accordance with ■ LR 8.



## 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 Sponsor Supervision Team at the *FCA*'s address:

- (1) a completed Sponsor Firm Application Form; and
- (2) [deleted]
- (3) the application fee set out in ■ FEES 3.

[Note: The Sponsor's Firm Application Form can be found on the UKLA 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

R

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

R

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

8.6.5B

G

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 providing certain types of *sponsor services* or of providing *sponsor services* 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

G

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.

### 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) submitted a *sponsor declaration* to the *FCA*:
  - (a) for a *person* applying for approval as a *sponsor*, within three years of the date of its application; and
  - (b) for a *sponsor*, within the previous three years; and
- (2) a sufficient number of *employees* with the skills, knowledge and expertise necessary for it to:
  - (a) provide *sponsor services* in accordance with ■ LR 8.3;
  - (b) understand:
    - (i) the *rules, guidance* and *ESMA* publications 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, 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* is able to satisfy ■ LR 8.6.7R (1)(a), the *FCA* may consider whether any of the *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 three years.

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 (2), 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.

**8.6.7D** **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]

**Systems and controls: general**

**8.6.12** **R** 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** [deleted]
- 8.6.18** **R** [deleted]
- 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** **G** The *FCA* expects an *employee* carrying out the role of key contact to have provided a *sponsor service* in the previous three years.

## 8.7 Supervision of sponsors

- 8.7.1** **G** The *FCA* expects to have an open, co-operative and constructive relationship with a *sponsor* to enable it to have a broad picture of the *sponsor's* activities and its ability to satisfy the criteria for approval as a *sponsor* as set out in **LR 8.6.5 R**.

### Requirement to provide information

- 8.7.1A** **R**
- (1) The *FCA* may by notice in writing given to a *sponsor* require it to provide specified documents or specified information to the *FCA*.
  - (2) The *sponsor* must as soon as practicable provide to the *FCA* any documents or information that it has been required to provide under (1).
  - (3) This rule applies only to documents or information reasonably required by the *FCA* in connection with the performance of its functions in relation to a *sponsor* or a *company* that has appointed a *sponsor*.

### Supervisory tools

- 8.7.2** **G** The *FCA* uses a variety of tools to monitor whether a *sponsor*:
- (1) continues to satisfy the criteria for approval as a *sponsor* as set out in **LR 8.6.5 R**; and
  - (2) remains in compliance with all applicable *listing rules*.
- 8.7.2A** **R** The *FCA* may impose restrictions or limitations on the services a *sponsor* can provide at any time following the grant of a *sponsor's* approval.
- 8.7.2B** **G** 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 *sponsor* has no or limited relevant experience and expertise of providing certain types of *sponsor services* or of providing *sponsor services* to certain types of *company*; or
  - (2) the *sponsor* does not have systems and controls in place which are appropriate for the nature of the *sponsor services* which the *sponsor* is undertaking or proposing 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*.]

**8.7.3** **G** FCA staff, after notifying the *sponsor*, may make supervisory visits to a *sponsor* on a periodic and an ad hoc basis.

**8.7.4** **G** The FCA will give reasonable notice to a *sponsor* of requests for meetings or requests for access to a *sponsor's* documents and records.

**Requests from other regulators**

**8.7.5** **G** The FCA, on behalf of other regulators, may request information from a *sponsor* or pass information on to other regulators to enable such regulators to discharge their functions.

**Fees**

**8.7.6** **R** A *sponsor* must pay the annual fee set out in ■ FEES 4 in order to remain on the *list of sponsors*.

**Annual notifications**

**8.7.7** **R** A *sponsor* must provide to the FCA on or after the first *business day* of January in each year but no later than the last *business day* of January in each year:

- (1) written confirmation that it continues to satisfy the criteria for approval as a *sponsor* as set out in ■ LR 8.6.5 R; and
- (1A) for each of the criteria in that rule, evidence of the basis upon which it considers that it meets that criterion.
- (2) [deleted]
- (3) [deleted]
- (4) [deleted]

**8.7.7A** **R** Written confirmation must be provided by submitting a completed Sponsor Annual Notification Form to the FCA at the FCA's address.

[**Note:** The Sponsor Annual Notification Form can be found on the UKLA section of the FCA's website.]

**General notifications**

**8.7.8** **R** A *sponsor* must notify the FCA in writing as soon as possible if:

- (1) (a) the *sponsor* ceases to satisfy the criteria for approval as a *sponsor* set out in ■ LR 8.6.5 R or becomes aware of any matter which, in its reasonable opinion, would be relevant to the FCA in

- considering whether the *sponsor* continues to comply with ■ LR 8.6.6 R; or
- (b) the *sponsor* becomes aware of any fact or circumstance relating to the *sponsor* or any of its employees engaged in the provision of *sponsor services* by the *sponsor* which, in its reasonable opinion, would be likely to adversely affect market confidence in *sponsors*; or
- (2) the *sponsor*, or any of its *employees* engaged in the provision of *sponsor services* by the *sponsor*, are:
- (a) convicted of any offence involving fraud, theft or other dishonesty; or
- (b) the subject of a bankruptcy proceeding, a receiving order or an administration order; or
- (3) any of its *employees* engaged in the provision of *sponsor services* by the *sponsor* are disqualified by a court from acting as a *director* of a *company* or from acting in a management capacity or conducting the affairs of any *company*; or
- (4) the *sponsor*, or any of its *employees* engaged in the provision of *sponsor services* by the *sponsor*, are subject to any public criticism, regulatory intervention or disciplinary action:
- (a) by the *FCA*; or
- (b) by any *designated professional body*; or
- (c) by any body that is comparable to the *FCA* or a *designated professional body*; or
- (d) under any comparable legislation in any jurisdiction outside the *United Kingdom*; or
- (5) the *sponsor* resigns or is dismissed by a *listed company* or *applicant*, giving details of any relevant facts or circumstances;
- (6) the *sponsor* changes its name; or
- (7) [deleted]
- (8) a *listed company* or *applicant* denies the *sponsor* access to documents or information that have been the subject of a reasonable request by the *sponsor*; or
- (9) it identifies or otherwise becomes aware of any material deficiency in the *sponsor's* systems and controls; or
- (10) there is intended to be a change of control of the *sponsor*, any restructuring of the *sponsor's group*, or a re-organisation of or a substantial change to the *directors*, partners or *employees* engaged in the provision of *sponsor services* by the *sponsor*, or
- (11) there is expected to be a change in the financial position of the *sponsor* or any of its *group companies* that would be likely to adversely affect the *sponsor's* ability to perform *sponsor services* or otherwise comply with ■ LR 8.

**8.7.8A** **R** Where a *sponsor* is of the opinion that notwithstanding the circumstances giving rise to a notification obligation under **LR 8.7.8 R**, it continues to satisfy the ongoing criteria for approval as a *sponsor* in accordance with **LR 8.6.6 R**, it must include in its notification to the *FCA* a statement to that effect and the basis for its opinion.

**8.7.9** **G** General notifications may be made in the first instance by telephone, but must be confirmed promptly in writing.

**8.7.10** **G** Written notifications should be sent to the Sponsor Supervision Team at the *FCA*'s address.

**8.7.11** **R** [deleted]

**8.7.12** **R** [deleted]

**8.7.13** **R** [deleted]

**8.7.14** **R** [deleted]

**8.7.15** **G** [deleted]

#### **Non-delegation of sponsor functions**

**8.7.16** **R** A *sponsor* must not delegate any of its functions as such, or permit another *person* to perform those functions,

**8.7.17** **R** (1) [deleted]

(2) [deleted]

**8.7.18** **R** [deleted]

**8.7.19** **R** [deleted]

#### **Discipline of sponsors**

**8.7.20** **G** *EG* sets out the *FCA*'s policy on when and how it will use its disciplinary powers, including in relation to a *sponsor*. A *statutory notice* may be required under section 88B of the *Act*. Where this is the case, the procedure for giving a *statutory notice* is set out in *DEPP*.

#### **Cancellation of a sponsor's approval at the sponsor's request**

**8.7.21** **G** A *sponsor* that intends to request the *FCA* to cancel its approval as a *sponsor* should comply with **LR 8.7.22 R**.

- 8.7.21A** **G** Examples of when a *sponsor* should submit a cancellation request pursuant to **LR 8.7.22 R** include, but are not limited to:
- (1) situations where the *sponsor* ceases to satisfy the ongoing criteria for approval as a *sponsor* in accordance with **LR 8.6.6 R** and, following a notification made under **LR 8.7.8 R**, there are no ongoing discussions with the *FCA* which could lead to the conclusion that the *sponsor* remains eligible; or
  - (2) where there is a change of control of the *sponsor* or any restructuring of the *sponsor's group* that will result in *sponsor services* being provided by a different *person*, in which case the *person* that is intended to provide the *sponsor services* should apply for approval as a *sponsor* under **LR 8.6** before it provides any *sponsor services*.
- 8.7.22** **R** A request by a *sponsor* for its approval as a *sponsor* to be cancelled must be in writing and must include:
- (1) the *sponsor's* name;
  - (2) a clear explanation of the background and reasons for the request;
  - (3) the date on which the *sponsor* requests the cancellation to take effect;
  - (4) a signed confirmation that the *sponsor* will not provide any *sponsor services* as of the date the request is submitted to the *FCA*; and
  - (5) the name and contact details of the *person* at the *sponsor* with whom the *FCA* should liaise with in relation to the request.
- 8.7.23** **G** A *sponsor* may withdraw its request at any time before the cancellation takes effect. The withdrawal request should initially be made by telephone and then confirmed in writing as soon as possible, with an explanation of the reasons for the withdrawal.
- 8.7.24** **G**
- (1) [deleted]
  - (2) [deleted]
- Suspension of a sponsor's approval at the sponsor's request**.....
- 8.7.25** **R** A request by a *sponsor* for its approval as a *sponsor* to be suspended must be in writing and must include:
- (1) the *sponsor's* name;
  - (2) a clear explanation of the background and reasons for the request;
  - (3) the date on which the *sponsor* requests the suspension to take effect;
  - (4) a signed confirmation that the *sponsor* will not provide any *sponsor services* as of the date the request is submitted to the *FCA*; and

- (5) the name and contact details of the *person* at the *sponsor* with whom the *FCA* should liaise with in relation to the request.

**8.7.26** **G** A *sponsor* may withdraw its request at any time before the suspension takes effect. The withdrawal request should initially be made by telephone and then confirmed in writing as soon as possible, with an explanation of the reasons for the withdrawal.

**8.7.26A** **G** A *sponsor* may wish to consider submitting a suspension request under ■ LR 8.7.25 R where the *sponsor*:

- (1) ceases to satisfy the ongoing criteria for approval as a *sponsor* in accordance with ■ LR 8.6.6 R;
- (2) has notified the *FCA* in accordance with ■ LR 8.7.8 R;
- (3) is having ongoing discussions with the *FCA* regarding remedial action; and
- (4) is undertaking remedial action which may result in the *sponsor* being able to satisfy the ongoing criteria for approval in accordance with ■ LR 8.6.6 R.

### Sponsors: advancing the FCA's operational objectives

**8.7.27** **G** The *FCA* may impose restrictions or limitations on the services a *sponsor* can provide or suspend a *sponsor's* approval under section 88E of the *Act* if the *FCA* considers it desirable to do so in order to advance one or more of its *operational objectives*.

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

