

## 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; and
- (2) [deleted]
- (3) the application fee set out in ■ FEES 3.

[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

**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	<b>G</b>	Records should: <ol style="list-style-type: none"> <li>(1) be capable of timely retrieval; and</li> <li>(2) include material communications which relate to the provision of <i>sponsor services</i>, including any advice or guidance given to a <i>company</i> with or applying for a <i>premium listing</i> in relation to their responsibilities under the <i>listing rules</i>, the <i>disclosure requirements</i> and the <i>transparency rules</i>.</li> </ol>
8.6.16C	<b>G</b>	In considering whether a <i>sponsor</i> has satisfied the requirements regarding sufficiency of records in <b>LR 8.6.16A R</b> , the <i>FCA</i> will consider whether the records would enable a person with general knowledge of the sponsor regime but no specific knowledge of the actual <i>sponsor service</i> undertaken to understand and verify the basis upon which material judgments have been made throughout the provision of the <i>sponsor service</i> .
8.6.17	<b>R</b>	[deleted]
8.6.18	<b>R</b>	[deleted]
<b>Key contact</b> .....		
8.6.19	<b>R</b>	For each <i>sponsor service</i> requiring the submission of a <i>document</i> to the <i>FCA</i> or contact with the <i>FCA</i> , a <i>sponsor</i> must: <ol style="list-style-type: none"> <li>(1) at the time of submission or on first making contact with the <i>FCA</i> notify the <i>FCA</i> of the name and contact details of a key contact within the <i>sponsor</i> for that matter; and</li> <li>(2) ensure that its keycontact :             <ol style="list-style-type: none"> <li>(a) has sufficient knowledge about the <i>listed company</i> or <i>applicant</i> and the proposed matter to be able to answer queries from the <i>FCA</i> about it;</li> <li>(b) is available to answer queries from the <i>FCA</i> on any business day between 7am and 6pm;</li> <li>(c) is authorised to make representations to the <i>FCA</i> for and on behalf of the <i>sponsor</i>;</li> <li>(d) possesses technical knowledge of <i>rules</i>, <i>guidance</i> and <i>ESMA</i> publications directly relevant to the <i>sponsor service</i>; and</li> <li>(e) understands the responsibilities and obligations of the <i>sponsor</i> under <b>LR 8</b> in relation to the <i>sponsor service</i>.</li> </ol> </li> </ol>
8.6.20	<b>G</b>	The <i>FCA</i> expects an <i>employee</i> carrying out the role of key contact to have provided a <i>sponsor service</i> in the previous three years.