

## Chapter 5

# Multilateral trading facilities (MTFs)

## 5.10 Operation of an SME growth market

### Registering an MTF as an SME growth market

- 5.10.1** **R** A firm may apply to the FCA to have an MTF registered as an SME growth market.
- [Note: article 33(1) of MiFID]
- 5.10.2** **R** For an MTF to be eligible for registration as an SME growth market, the firm must have effective rules, systems and procedures which ensure that:
- (1) at least 50% of the issuers whose financial instruments are admitted to trading on the MTF are small and medium-sized enterprises at the time when the MTF is registered as an SME growth market, and in any calendar year thereafter;
  - (2) appropriate criteria are set for initial and ongoing admission to trading of financial instruments of issuers on the market;
  - (3) on initial admission to trading of financial instruments on the market, there is sufficient information to enable investors to make an informed judgement about whether or not to invest in the financial instruments published in either:
    - (a) an appropriate admission document; or
    - (b) a prospectus, if the Prospectus Directive is applicable in respect of a public offer being made in conjunction with the initial admission to trading of the financial instrument on the MTF;
  - (4) there is appropriate ongoing periodic financial reporting by, or on behalf of, an issuer on the market, for example through audited annual reports;
  - (5) the following comply with the Market Abuse Regulation as applicable to each of them:
    - (a) issuers on the market as defined in point (21) of article 3(1) of the Market Abuse Regulation;
    - (b) persons discharging managerial responsibilities as defined in point (25) of article 3(1); and
    - (c) persons closely associated with them as defined in point (26) of article 3(1);

- (6) regulatory information concerning the *issuers* on the market is stored and disseminated to the public; and
- (7) there are effective systems and controls aiming to prevent and detect *market abuse* on that market as required under the *Market Abuse Regulation*.

[Note: articles 33(2) and 33(3) of *MiFID*]

**The contents of an application for registration as an SME growth market**

5.10.3

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The requirements specified in ■ MAR 5.10.2R:

- (1) are subject to the provisions of the *MiFID Org Regulation*, further specifying the requirements laid down in article 33(3) of *MiFID*; and
- (2) do not detract from other obligations relevant to an *MTF* under this chapter, but a *firm* may impose additional requirements to those specified in ■ MAR 5.10.2R.

[Note: articles 33(4) and 33(8) of *MiFID*, and articles 78 and 79 of the *MiFID Org Regulation*]

5.10.4

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- (1) The *FCA* expects an application for registration as an *SME growth market* to be accompanied by:
  - (a) a copy of the rules, systems and procedures supporting the applicant's compliance with the requirements specified in ■ MAR 5.10.2R; and
  - (b) such other information as the *FCA* may reasonably require to determine the application in accordance with ■ MAR 5.10.2R and ■ MAR 5.10.3R.
- (2) A *firm* intending to apply for registration as an *SME growth market* may wish to contact the Infrastructure and Trading Firms Department at the *FCA* for further advice on the preparation, timing and practical aspects of an application to register.

5.10.5

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- (1) Where a *financial instrument* of an *issuer* is admitted to trading on one *SME growth market*, the *financial instrument* must not be traded on another *SME growth market* unless the *issuer* has been informed and has not objected.
- (2) In the case of (1), the *issuer* shall not be subject to any obligation relating to corporate governance or initial, ongoing or ad hoc disclosure with regard to the latter *SME growth market*.

[Note: article 33(7) of *MiFID*]

5.10.6

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The *issuer* of the *financial instrument* referred to in ■ MAR 5.10.5R should be informed by notice in writing that another *SME growth market* wishes to admit the instrument to trading, and should generally be given no less than 28 days to object.

**Deregistering an MTF as an SME growth market**

5.10.7

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An *MTF* registered as an *SME growth market* may be deregistered by the *FCA* in the following cases:

- (1) the *firm* operating the market applies for its deregistration; or
- (2) the requirements in ■ MAR 5.10.2R are (subject to ■ MAR 5.10.3G(1)) no longer complied with.

[Note: article 33(5) of *MiFID* and article 79 of the *MiFID Org Regulation*]