

## 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 Regulation* 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

G

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

G

- (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

R

- (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

G

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

R

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*]