

LISTING RULES (SPONSORS) (AMENDMENT) INSTRUMENT 2008

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the powers and related provisions in the following sections of the Financial Services and Markets Act 2000:
- (1) section 73A (Part 6 rules);
 - (2) section 88(3) (Sponsors);
 - (3) section 96 (Obligations of issuers of listed securities);
 - (4) section 101 (Listing rules: general provisions);
 - (5) section 157(1) (Guidance); and
 - (6) Schedule 7 (The Authority as Competent Authority for Part VI).

Commencement

- B. This instrument comes into force on 6 February 2009.

Amendments to the Handbook

- C. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- D. The Listing Rules sourcebook (LR) is amended in accordance with Annex B to this instrument.

Notes

- E. In Annex B to this instrument, the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Listing Rules (Sponsors) (Amendment) Instrument 2008.

By order of the Board
4 December 2008

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

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(4) (in *LR*):

- (a) (except in *LR* 6.1.19R, ~~*LR* 8.3.6R, *LR* 8.3.7G~~ and *LR* 8.7.8R(10)), an *issuer* and its *subsidiary undertakings* (if any); and
- (b) in *LR* 6.1.19R, ~~*LR* 8.3.6R, *LR* 8.3.7G~~ and *LR* 8.7.8R(10), as defined in section 421 of the *Act*.

sponsor service

a service relating to a matter referred to in *LR* 8.2 that a *sponsor* provides or is requested or appointed to provide and that is for the purpose of the *sponsor* complying with *LR* 8.3.1R or *LR* 8.4. This definition includes preparatory work that a *sponsor* may undertake before a decision is taken as to whether or not it will act as *sponsor* for a *company* or in relation to a transaction. But nothing in this definition is to be taken as requiring a *sponsor* to agree to act as a *sponsor* for a *company* or in relation to a transaction.

Annex B

Amendments to the Listing Rules sourcebook (LR)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

For the convenience of readers the whole of LR 8 is reproduced in this Annex.

8.1 Application

Sponsors and applicants

8.1.1 R A *sponsor* and a *person* which is applying for approval as a *sponsor* must comply with:

(1) LR 8.3 to LR 8.4; and

(2) LR 8.6 to LR 8.7.

Listed companies and applicants

8.1.2 R A *company* with, or applying for, a *primary listing* of its *equity securities* must comply with LR 8.2 (When a sponsor must be appointed or its ~~assistance~~ guidance obtained) and LR 8.5 (Responsibilities of listed companies).

8.2 When a sponsor must be appointed or its ~~assistance~~ guidance obtained

When a sponsor must be appointed

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

(1) makes an application for *admission* of *equity securities* which:

(a) requires the production of a *prospectus* or *equivalent document*; or

(b) is accompanied by a certificate of approval from another competent authority; or

(c) is accompanied by a summary document as required by PR 1.2.3R(8); or

(d) requires the production of *listing particulars* and is referred to in LR 15.3.3R or LR 16.3.4R; or

- (2) is required to produce a *class 1 circular*; or
- (3) is producing a *circular* that proposes a reconstruction or a refinancing which does not constitute a *class 1 transaction*; or
- (4) is producing 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; or
- (5) is required to do so by the *FSA* because it appears to the *FSA* that there is, or there may be, a breach of the *listing rules* or the *disclosure rules* ~~and~~ and *transparency rules* by the *listed company*.

~~When~~ Other transactions where a listed company must obtain a sponsor's assistance guidance

- 8.2.2 R If a *listed company* 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* and *disclosure rules* and *transparency rules* ~~LR 10~~.
- 8.2.3 R If a *listed company* 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* and *disclosure rules* and *transparency rules* ~~LR 11~~.

8.3 Role of a sponsor: general

Responsibilities of a sponsor

- 8.3.1 R ~~Where a *sponsor* has been appointed under *LR 8.2* by a *listed company* or an *applicant*, a~~ A *sponsor* must in relation to a *sponsor service*:
 - (1) referred to in *LR 8.2.1R*, provide assurance to the *FSA* when required that the responsibilities of the *listed company* or *applicant* under the *listing rules* have been met; and
 - (2) referred to in *LR 8.2.1R*, *LR 8.2.2R* or *LR 8.2.3R*, guide the *listed company* or *applicant* in understanding and meeting its responsibilities under the *listing rules* and *disclosure rules* ~~and~~ and *transparency rules*.
- 8.3.2 G ~~A~~ The *sponsor* will be the main point of contact with the *FSA* for any matter referred to in *LR 8.2* where the *sponsor* has been appointed by a *listed company* or *applicant*. The *FSA* expects to discuss all issues relating to a transaction and any draft or final document directly with the *sponsor*. However, in appropriate circumstances, the *FSA* will communicate directly with the *listed company* or

applicant.

Principles for sponsors: due care and skill

- 8.3.3 R A *sponsor* must in relation to a *sponsor service* provide:
- (1) ~~any service as set out in LR 8.4; or~~
 - (2) ~~any assurance, guidance or advice to a *listed company* or *applicant* in relation to the application or interpretation of the *listing rules* and *disclosure rules* and *transparency rules*;~~
- 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* ~~in relation to~~ on the application or interpretation of the *listing rules* or *disclosure rules* ~~and~~ and *transparency rules*, the *sponsor* must take reasonable steps to satisfy itself that the *director* or *directors* of the *listed company* understand ~~the nature and extent of~~ their responsibilities and obligations under the *listing rules* and *disclosure rules* ~~and~~ and *transparency rules*.

Principles for sponsors: relations with the FSA

- 8.3.5 R A *sponsor* must at all times (whether in relation to a *sponsor service* or otherwise):
- (1) deal with the *FSA* in an open and co-operative way; and
 - (2) deal with all enquiries raised by the *FSA* promptly; and
 - (3) ~~disclose to the *FSA* in a timely manner any material information relating to the *sponsor* or to a *listed company* or *applicant* of which it has knowledge which addresses non-compliance with the *listing rules* or *disclosure rules* and *transparency rules*. [deleted]~~
- 8.3.5A R A *sponsor* must in relation to a *sponsor service* disclose to the *FSA* in a timely manner any material information relating to the *sponsor* or to a *listed company* or *applicant* of which it has knowledge which concerns non-compliance with the *listing rules* or *disclosure rules* and *transparency rules*.

Principles for sponsors: independence

- 8.3.6 R (1) ~~A *sponsor* must be independent of the *listed company* or *applicant* where a *sponsor* provides any service, assurance, guidance or advice and in any event must not act if the *sponsor* or another *company* in the *sponsor's* group has:~~
- (a) ~~an interest in, or a holding that is referenced to, 30% or more of the equity shares of the *listed company* or *applicant* or any other~~

~~company in that company's group; or~~

- ~~(b) a significant interest in the debt securities of a listed company or applicant or any other company in that company's group; or~~
 - ~~(c) a business relationship with, or financial interest in the listed company or applicant or any other company in the listed company's group that would give the sponsor or the sponsor's group a material interest in the outcome of the transaction. [deleted]~~
- (2) Any interest that arises as a result of the sponsor's discretionary client holdings is not to be included in the determination of the threshold set out in LR 8.3.6R(1)(a). [deleted]
 - (3) A sponsor will not be independent of a listed company or applicant if a director, partner or employee of the sponsor or another company in the sponsor's group:
 - (a) is involved in the provision of sponsor services; and
 - (b) has a material interest in the listed company or applicant or any other company in that company's group. [deleted]

- 8.3.7 G (1) ~~A sponsor and the sponsor's group should have a sufficient degree of independence from the listed company or applicant and from the transaction so that the role of the sponsor can be discharged in a way that will not:~~
- ~~(a) affect the outcome of the transaction; or~~
 - ~~(b) affect the nature of the advice given to the listed company or applicant; or~~
 - ~~(c) be perceived to have affected either the outcome of the transaction or the nature of the advice given to the listed company or applicant. [deleted]~~
- (2) In cases where a company in, or an employee of, the sponsor's group has an interest or a relationship that may be perceived to cause a conflict it may be possible to demonstrate to the FSA that adequate separation exists in respect of the transaction. [deleted]

Principles for sponsors: identifying and managing conflicts

- 8.3.7A G The purpose of LR 8.3.7BR to LR 8.3.12G 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 Conflicts to be identified include circumstances that could create a perception in the market that a sponsor may not be able to perform its functions properly.
- 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 8.3.9R.
- 8.3.11 R If, in relation to a transaction, 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 to provide sponsor services on the transaction.
- 8.3.12 G LR 8.3.11R 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 FSA before it decides if it can provide a sponsor service.

Principles for sponsors: acting for another sponsor

- 8.3.13 G The requirements in this section apply to a sponsor that acts for another sponsor. The delegating sponsor is not relieved of its obligations under this section or elsewhere in LR 8.

[Note: See LR 8.7.16R to LR 8.7.18R which deal with delegation of functions.]

Principles for sponsors: joint sponsors

- 8.3.14 R If a listed company or applicant appoints more than one sponsor to provide sponsor services in relation to a transaction 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 this section and elsewhere in LR 8 in relation to the transaction.

8.4 Role of a sponsor: transactions

Application for admission: new applicants

- 8.4.1 R ~~LR 8.4.2 R to LR 8.4.6R~~ LR 8.4.4G apply in relation to an application for admission of equity securities if an applicant does not have equity securities already listed and:
- (1) the production of a *prospectus* or *equivalent document* is required; or
 - (2) the application is accompanied by a certificate of approval from another competent authority; or
 - (3) the application is accompanied by a summary document as required by *PR 1.2.3R(8)*.
- 8.4.2 R A *sponsor* must not submit to the *FSA* 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* unless the *home Member State* of the *applicant* is not, or will not be, the *United Kingdom*;
 - (3) the *directors* of the *applicant* have established procedures which enable the *applicant* to comply with the *listing rules* and the *disclosure rules* ~~and~~ 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 required by *LR 6.1.16R*.

New applicants: procedure

- 8.4.3 R A *sponsor* must:
- (1) submit a completed Sponsor's Declaration on an Application for Listing to the ~~FSA~~ FSA either:
 - (a) on the day the *FSA* 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 *FSA*, if the *FSA* is not approving the *prospectus* or if it is determining whether a document is an *equivalent document*;
- (2) submit a completed a Shareholder Statement or a Pricing Statement, as applicable, to the *FSA* by 9 a.m. on the day the *FSA* 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 *FSA* in considering:
 - (a) the application for *listing*; and
 - (b) whether the *admission* of the *equity shares* would be detrimental to investors' interests;

have been disclosed with sufficient prominence in the *prospectus* or *equivalent document* or otherwise in writing to the *FSA*; and

- (4) submit a letter to the *FSA* setting out how the *applicant* satisfies the criteria in *LR 2* (Requirements for listing - all securities), ~~and~~ *LR 6* (Additional requirements for listing for equity securities) and, if applicable, *LR 15* or *LR 16*, no later than when the first draft of the *prospectus* or *listing particulars* is submitted (or, if the *FSA* is not approving a *prospectus* or if it is determining whether a document is an *equivalent document*, at a time to be agreed with the *FSA*).

[**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 *FSA*'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 *FSA* that the board of the *applicant* has allotted the *equity securities*.

[**Note:** see *LR 3.3.4R*]

~~New applicants: marketing~~

- 8.4.5 R ~~A *sponsor* must:~~
- (1) ~~ensure that no *equity shares* are placed with *connected clients* of the *sponsor* or of any securities house or other intermediary assisting with the offer, unless placed with a market maker or fund manager for the purpose of its business as such; [deleted]~~

- (2) ~~ensure that the results of any marketing, including the basis of allotment where applicable, are notified to a RIS before admission is expected to become effective; and [deleted]~~
- (3) ~~ensure that if, after an offer for sale, offer for subscription, placing or intermediaries offer, any of the listed company's advisers or any intermediary becomes interested in 3% or more of any class of equity shares being marketed (calculated exclusive of treasury shares) the interest is notified to a RIS before admission is expected to become effective. [deleted]~~

- 8.4.6 R (1) For the purposes of *LR 8.4.5R(3)* an adviser or intermediary:
- (a) ~~will usually be regarded as having an interest if any market maker in the group of companies to which the adviser or intermediary belongs holds any equity shares of the applicant; and~~
 - (b) ~~will not have an interest if the holding of the market maker arises solely from holdings of equity shares held on behalf of clients. [deleted]~~
- (2) ~~In assessing the percentage size of the interest, the equity shares being marketed are to be treated as having already been issued. [deleted]~~

Application for admission: further issues

- 8.4.7 R *LR 8.4.8R to LR 8.4.10G* apply in relation to an application for admission of equity securities of an applicant that has equity securities already listed.
- 8.4.8 R A sponsor must not submit to the FSA 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 unless the home Member State of the applicant is not, or will not be, the United Kingdom; and
 - (3) the directors of the applicant have a reasonable basis on which to make the working capital statement required by *LR 6.1.16R* or a qualified working capital statement in accordance with *LR 6.1.17G* (as the case may be).

Further issues: procedure

- 8.4.9 R A sponsor must:
- (1) submit a completed Sponsor's Declaration on an Application for Listing

to the *FSA* either:

- (a) on the day the *FSA* 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 *FSA* if the *FSA* is not approving the *prospectus* or if it is determining whether a document is an *equivalent document*;
- (2) submit a completed Shareholder Statement or a Pricing Statement, as applicable, to the *FSA* by 9 a.m. on the day the *FSA* 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 *FSA* in considering the application for *listing* have been disclosed with sufficient prominence in the *prospectus* or *equivalent document* or otherwise in writing to the *FSA*.

[**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 *FSA*'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 *FSA* the number of securities to be allotted or admitted.

[**Note:** see *LR* 3.3]

Class 1 circulars, refinancing and purchase of own equity shares

- 8.4.11 R *LR* 8.4.12R to *LR* 8.4.13R apply in relation to transactions involving a *listed company* of *equity shares* with a *primary listing* that:
- (1) is required to produce a *class 1 circular*;
 - (2) is producing a *circular* that proposes a reconstruction or a re-financing which does not constitute a *class 1 transaction*; or
 - (3) is producing 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 *FSA*, on behalf of a *listed company*, an application for approval of a *circular* regarding a transaction set out in *LR* 8.4.11R, 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 rules* ~~and~~ 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 9.5.12R*, *LR 13.4.1R* or *LR 13.7.1R*.

Circulars: procedure

- 8.4.13 R A *sponsor* acting on a transaction falling within *LR 8.4.11R* must:
- (1) submit a completed Sponsor's Declaration for the Production of a Circular to the *FSA* on the day the *circular* is to be approved by the *FSA* and prior to the time the *circular* is approved;
 - (2) submit a completed Pricing Statement, if applicable, to the *FSA* by 9 a.m. on the day the *FSA* 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 *FSA* in considering the transaction have been disclosed with sufficient prominence in the documentation or otherwise in writing to the *FSA*.

[**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 *FSA's* website.]

8.5 Responsibilities of listed companies

Notifications to FSA

- 8.5.1 R A *listed company* or *applicant* must ensure that the *FSA* is informed promptly of the name and contact details of a 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 *FSA* 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*, the

company must:

- (1) ensure that one of the *sponsors* that is appointed:
 - (a) takes primary responsibility for contact with the *FSA* in respect of the entire application or transaction; and
 - (b) ~~appoints a suitably experienced *employee*, whose name appears on the list described in LR 8.6.15 R to liaise with the *FSA*; and~~
- (2) inform the *FSA*, in writing, of the name and contact details of the *sponsor* taking responsibility under LR 8.5.3R(1)(a).

8.5.4 R ~~The appointment of more than one *sponsor* does not relieve any of the *sponsors* so appointed of their obligations under the *listing rules*. [deleted]~~

8.5.5 G ~~Where a *listed company* or *applicant* appoints more than one *sponsor* in relation to a transaction, the *FSA* will consider all *sponsors* so appointed as jointly responsible for compliance with the *listing rules*. [deleted]~~

8.6 Criteria for approval as a sponsor

List of sponsors

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

Application for approval as a sponsor

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

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

[**Note:** The Sponsor's Firm Application Form ~~and the Sponsor Employee Application Form~~ can be found on the UKLA section of the *FSA*'s website.]

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

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

- 8.6.4 G When considering an application for approval as a *sponsor* the *FSA* 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 *FSA* considers relevant to the application;
 - (3) take into account any information which it considers appropriate in relation to the application.
 - (4) [deleted]

[**Note:** The decision-making procedures that the *FSA* 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 *FSA* will approve a *person* as a *sponsor* only if it is satisfied that the *person* is:
- (1) is an authorised person or a member of a designated professional body;
 - (2) is competent to perform the services set out in LR 8.2, LR 8.3 and LR 8.4 sponsor services; and
 - (3) has adequate appropriate systems and controls in place to ensure that it can carry out its role as a sponsor in accordance with this chapter.

- 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 person* will be competent to provide sponsor services ~~perform the services set out in LR 8.2, LR 8.3 and LR 8.4~~ if it has a broad range of relevant experience and expertise in providing advice to *listed companies* and on the *listing rules*.

- 8.6.8 G ~~In assessing the competence of a sponsor the FSA will have regard to:~~
- (1) ~~the number of suitably experienced employees retained by the sponsor, taking into account the size, number and nature of transactions undertaken and anticipated by the sponsor;~~ [deleted]
 - (2) ~~the experience of those employees who are held out to the FSA as being suitably experienced employees;~~ and [deleted]
 - (3) ~~the seniority of those suitably experienced employees.~~ [deleted]

- 8.6.9 G (1) ~~An employee will generally be accepted as suitably experienced if he or~~

~~she has recent experience providing, in a competent manner, advice and services and fulfilling all responsibilities of a *sponsor* in relation to a transaction when a *sponsor* must be appointed. [deleted]~~

- (2) ~~The *FSA* may consider, in addition to the experience described in paragraph (1), an *employee's* recent experience, acting in a senior capacity, providing advice and services in a competent manner on:~~
- ~~(a) transactions where a *prospectus* is required under the *Prospectus Directive* or an *equivalent document* is produced; and~~
 - ~~(b) transactions which are similar in terms of size and complexity to those transactions set out in LR 8.2.1R. [deleted]~~
- (3) ~~Recent experience would normally be demonstrated if an *employee* has provided advice or services:~~
- ~~(a) at least three times in the preceding 36 months; and~~
 - ~~(b) at least once in the preceding 12 months. [deleted]~~

8.6.9A G In assessing whether a *person* is competent to provide, or to continue to provide, *sponsor services*, the *FSA* will generally have regard amongst other things to the *person's*:

- (1) prior relevant experience of providing *sponsor services*;
- (2) skills, knowledge and expertise necessary for the proper performance of *sponsor services*; and
- (3) prior corporate finance experience.

8.6.9B G In assessing whether a *person* is competent to provide, or to continue to provide, *sponsor services*, the *FSA* may also take into account, where relevant, the quality of any guidance or advice on the *listing rules* or *disclosure rules* and *transparency rules* the *person* has given in circumstances other than in providing *sponsor services*.

8.6.10 R ~~A *sponsor* must have a sufficient number of suitably experienced *employees* to provide the services described in LR 8.2, LR 8.3 and LR 8.4 to a competent standard at all times. [deleted]~~

8.6.11 G ~~The fewer the number of suitably experienced *employees* that a *sponsor* has, the greater the need that those *employees* do not rely on the same transactions to demonstrate their experience in advising on the *listing rules*, unless each of those *employees* has extensive experience in providing advice on the *listing rules*. [deleted]~~

Systems and controls: general

8.6.12 G A *sponsor* will generally be regarded as having adequate appropriate systems and controls if there are:

- (1) clear and effective reporting lines in place (including clear and effective management responsibilities);
- (2) effective systems and controls for the ~~adequate~~ appropriate supervision of *employees providing sponsor services* ~~performing any of the services set out in LR 8.2, LR 8.3 and LR 8.4;~~
- (3) effective systems and controls to ensure its compliance with all applicable *listing rules* when performing *sponsor services* ~~any of the services set out in LR 8.2, LR 8.3 or LR 8.4;~~
- (4) ~~effective systems and controls for identifying and managing conflicts of interest; and~~ [deleted]
- (5) effective arrangements for ~~making~~ creating, and retaining, for 6 years, adequate records of all matters relating to the provision of ~~any services~~ *sponsor services* to a *listed company* or *applicant*;
- (6) effective systems and controls to ensure that it has appropriate staffing arrangements for the performance of *sponsor services* with due care and skill; and
- (7) effective systems and controls to ensure that employees performing *sponsor services* receive appropriate guidance and training for the performance of those services with due care and skill.

8.6.13 G The nature and extent of the systems and controls which a *sponsor* will need to maintain will depend upon 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; ~~and~~
- (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.

Systems and controls: conflicts of interest

8.6.13A G A *sponsor* will generally be regarded as having appropriate systems and controls 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;

- (3) to ensure that individuals within the *sponsor* are appropriately trained to enable them to identify, escalate and manage conflicts of interest; and
- (4) to ensure that appropriate records are kept of decisions relating to identification and management of conflicts and the basis upon which it has reached those decisions.

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

8.6.14 G ~~To enable it to comply with its obligation to maintain appropriate systems and controls, a *sponsor* should carry out an annual review of them. [deleted]~~

~~Systems and controls: employees~~

8.6.15 R ~~A *sponsor* must keep an up to date list of all suitably experienced *employees* on whom it relies to demonstrate that it satisfies the criteria set out in LR 8.6.5R. [deleted]~~

8.6.16 G ~~A *sponsor* will generally be regarded as having effective systems and controls for the adequate supervision of *employees* if:~~

- (1) ~~All *employees* involved in the provision of any of the services described in LR 8.2, LR 8.3 and LR 8.4 are adequately supervised by a suitably experienced *employee*; [deleted]~~
- (2) ~~all *employees* providing any of the services described in LR 8.2, LR 8.3 and LR 8.4 do not act beyond their proper authority; [deleted]~~
- (3) ~~for each transaction which requires a *sponsor* as set out in LR 8.2, LR 8.3 and LR 8.4, an *employee*, whose name is on the list required by LR 8.6.15R:~~
 - (a) ~~is appointed by the *sponsor* to liaise with the FSA;~~
 - (b) ~~Reviews all the assurances provided to the FSA; and~~
 - (c) ~~signs the Confirmation of Independence, the Sponsor's Declaration and any Listing Application forms that may be required; and [deleted]~~
- (4) ~~for each transaction which requires a *sponsor* as set out in LR 8.2, *employees* who are sufficiently knowledgeable about the transaction are available to answer queries from the FSA on any *business day* between the hours of 8 a.m. and 6 p.m. [deleted]~~

Regular review

8.6.17 R A *sponsor* must carry out a regular review to ensure that:

- (1) it continues to be competent to provide *sponsor services*; and
- (2) it has appropriate systems and controls in place to ensure that it can continue to carry out its role as a *sponsor* in accordance with this chapter.

8.6.18 R A *sponsor* must create, and retain for 6 years, adequate records to demonstrate that it has carried out the regular reviews referred to in LR 8.6.17R setting out the basis upon which it has reached any conclusions about whether it continues to meet the criteria in that rule.

Contact persons

8.6.19 R For each transaction for which it provides *sponsor services*, a *sponsor* must:

- (1) notify the *FSA* as soon as practicable of the name and contact details of the main contact *person* or *persons* in the *sponsor* for that transaction; and
- (2) ensure that the contact *person* or *persons*:
 - (a) have sufficient knowledge about the *listed company* or *applicant* and the proposed transaction to be able to answer queries from the *FSA* about it; and
 - (b) are available to answer queries from the *FSA* on any business day between 8am and 6pm.

8.7 Supervision of sponsors

8.7.1 G The *FSA* 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 8.6.5R.

Requirement to provide information

- 8.7.1A R
- (1) The *FSA* may by notice in writing given to a *sponsor*, or a *person* applying for approval as a *sponsor*, require it to provide specified documents or specified information to the *FSA*.
 - (2) The *sponsor*, or the *person* applying for approval as a *sponsor*, must as soon as practicable provide to the *FSA* 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 *FSA* in connection with the performance of its functions in relation to a *sponsor*, a *person* applying for approval as a *sponsor* or a *company* that has appointed a *sponsor*.

Supervisory tools

- 8.7.2 G The *FSA* 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 8.6.5R*; and
 - (2) remains in compliance with all applicable *listing rules*.
- 8.7.3 G *FSA* 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 *FSA* 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 *FSA*, 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 *FSA* on an annual basis:
- (1) written confirmation that it continues to satisfy the criteria for approval as a *sponsor* as set out in *LR 8.6.5R*; and
 - (1A) for each of the criteria in that rule, details of the basis upon which it considers that it meets the criteria.
 - (2) ~~an up to date list of employees that are suitably experienced on whom the sponsor can rely to demonstrate that it satisfies the criteria set out in LR 8.6.5 R; [deleted]~~
 - (3) ~~for each employee whose name is on the list maintained by the sponsor under LR 8.6.15 R, details of the transactions on which the employee has acted in the previous 12 months; and [deleted]~~
 - (4) ~~a list of transactions on which the sponsor was appointed as agent under LR 8.7.16 R, if applicable. [deleted]~~

General notifications

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

- (1) the *sponsor* ceases to satisfy the criteria for approval as a *sponsor* set out in *LR 8.6.5R*; or
- (2) the *sponsor*, or any of its *employees* ~~whose names are on the list maintained by the *sponsor* under *LR 8.6.15R*~~ who provide *sponsor services*, 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* ~~whose names are on the list maintained by the *sponsor* under *LR 8.6.15R*~~ who provide *sponsor services* 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* ~~whose names are on the list maintained by the *sponsor* under *LR 8.6.15R*~~ who provide *sponsor services*, are subject to any public criticism, regulatory intervention or disciplinary action:
 - (a) by the *FSA*; or
 - (b) by any *designated professional body*; or
 - (c) by any body that is comparable to the *FSA* 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) ~~the list of *employees* that are suitably experienced to enable the *sponsor* to demonstrate that it satisfies the criteria set out in *LR 8.6.5R* is amended, either because an *employee* is added to or is removed from the list; or [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) a review carried out under ~~*LR 8.6.14G*~~ *8.6.17R* reveals any material deficiencies in the *sponsor's* systems and controls; or

- (10) there is a change of control of the *sponsor*, or the *sponsor's group* carries out any restructuring, which results in a re-organisation of the *directors*, partners or *employees* involved in providing services as a *sponsor*.

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 FSA's address.

~~Transaction notification rules: appointment of FSA liaison~~

8.7.11 R ~~Each time a *sponsor* is appointed to act for a *listed company* or *applicant* as required by the *listing rules* it must inform the FSA as soon as possible of the name of the suitably experienced *employee*, whose name appears on the list described in LR 8.6.15R, who has been appointed by the *sponsor* to liaise with the FSA. [deleted]~~

~~Transaction notification rules: sponsor independence conflicts declaration~~

8.7.12 R (1) Each time a *sponsor* is appointed to act as a *sponsor* as required by the *listing rules* it must complete a ~~Confirmation of Independence Conflicts Declaration~~.

(2) The completed ~~Confirmation of Independence Conflicts Declaration~~ must be submitted to the FSA at the same time as any documents in connection with a transaction are first submitted to the FSA.

[~~Note: The Confirmation of Independence Conflicts Declaration form can be found on the UKLA section of the FSA's website.~~]

8.7.13 R If, after submitting a ~~Confirmation of Independence Conflicts Declaration~~ but prior to the *day* of approval of the *prospectus*, *listing particulars* or *circular*, a *sponsor* becomes aware that it is ~~not independent of the *listed company* or *applicant* or the transaction~~ no longer able to comply with LR 8.3.9R or LR 8.3.11R, it must notify the FSA immediately. ~~The details~~ Details of the lack of independence must be confirmed promptly to the FSA in writing.

8.7.14 R On the day of approval of the *prospectus*, *listing particulars* or *circular*:

(1) a written confirmation that there has been no material change to the ~~Confirmation of Independence Conflicts Declaration~~; or

(2) an updated ~~Confirmation of Independence Conflicts Declaration~~ reflecting any and all changes;

must be submitted to the FSA.

8.7.15 G The FSA will notify the *sponsor* of any concerns it has in relation to the *sponsor's* independence as soon as possible following receipt of the

~~Confirmation of Independence Conflicts Declaration~~ as set out in LR 8.7.12R or LR 8.7.14R or other notification regarding the *sponsor's* independence.

~~Appointment of an agent~~ Performance of functions on behalf of a sponsor

- 8.7.16 R A *sponsor* ~~may~~ must not delegate any of its functions as such, or permit another person to perform those functions, unless that ~~except to another person is~~ is on the list of sponsors.
- 8.7.17 R (1) A *sponsor* that delegates any of its functions ~~under LR 8.7.16R or~~ permits another *sponsor* to perform its functions is not relieved of its obligations under the *listing rules*.
- (2) A *sponsor* that performs any function on behalf of ~~has been appointed as an agent by another *sponsor* under LR 8.7.16R~~ must comply with the requirements set out in LR 8.3.
- 8.7.18 R A *sponsor* must notify the FSA in writing as soon as practicable before another *sponsor* performs functions on its behalf of:
- (1) the identity of ~~any delegate appointed under LR 8.7.16R~~ that *sponsor*; and
- (2) a detailed description of the ~~scope of any delegation made under LR 8.7.16R~~ functions that the *sponsor* is to perform on its behalf.

Discipline of sponsors

- 8.7.19 R If the FSA considers that a *sponsor* has breached any provision of the *listing rules* and considers it appropriate to impose a sanction it will publish a statement censuring the *sponsor*.
- 8.7.20 G EG sets out the FSA's policy on when and how it will use its disciplinary powers, including in relation to a *sponsor*. This includes, at EG 18, its approach to cancellation of a *sponsor's* approval on the FSA's own initiative.

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

- 8.7.21 G A *sponsor* that intends to request the FSA to cancel its approval as a *sponsor* will need to comply with LR 8.7.22R.
- 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 participate in any services described in LR 8.2 as of the date the request is submitted to the

FSA; and

- (5) the name and contact details of the *person* at the *sponsor* with whom the *FSA* 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]

...

16.3.5 G ~~LR 8.4.5R(3) is modified to require the notification of interests of 10% or more for an *open ended investment company*.~~ [deleted]

LR Appendix 1:

- group*
- (1) except in *LR 6.1.19R*, ~~*LR 8.3.6R*~~, ~~*LR 8.3.7G*~~ and *LR 8.7.8R(10)*, an *issuer* and its *subsidiary undertakings* (if any); and
- (2) in *LR 6.1.19R*, ~~*LR 8.3.6R*~~, ~~*LR 8.3.7G*~~ and *LR 8.7.8R(10)*, as defined in section 421 of the *Act*.

sponsor service a service relating to a matter referred to in *LR 8.2* that a *sponsor* provides or is requested or appointed to provide and that is for the purpose of the *sponsor* complying with *LR 8.3.1R* or *LR 8.4*. This definition includes preparatory work that a *sponsor* may undertake before a decision is taken as to whether or not it will act as *sponsor* for a *company* or in relation to a transaction. But nothing in this definition is to be taken as requiring a *sponsor* to agree to act as a *sponsor* for a *company* or in relation to a transaction.