

**LISTING RULES (SPONSORS) (AMENDMENT NO 5) INSTRUMENT 2014****Powers exercised**

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 73A (Part 6 Rules);
  - (2) section 84 (Prospectus rules);
  - (3) section 88 (Sponsors);
  - (4) section 96 (Obligations of issuers of listed securities);
  - (5) section 137A (General rule-making power);
  - (6) section 137T (General supplementary powers); and
  - (7) section 139A (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 1 October 2014, with the exception of the amendments in Annex A and the amendments in Annex B to LR 8, LR 11 and Appendix 1.1 of the Listing Rules which come into force on 1 February 2015.

**Amendments to the FCA Handbook**

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below:

(1)	(2)
Glossary of definitions	Annex A
Listing Rules sourcebook (LR)	Annex B
Prospectus Rules sourcebook (PR)	Annex C

**Citation**

- E. This instrument may be cited as the Listing Rules (Sponsors) (Amendment No 5) Instrument 2014.

By order of the Board of the Financial Conduct Authority  
25 September 2014

**Annex A****Amendments to the Glossary of definitions**

**This Annex comes into force on 1 February 2015.**

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

*sponsor declaration* a declaration submitted by a *sponsor* to the *FCA* as required under *LR* 8.4.3R (Application for listing), *LR* 8.4.9R (Further application for listing), *LR* 8.4.13R (Production of circular) or *LR* 8.4.14R (Transfer between listing category).

Amend the following definition as shown. Underlining indicates new text.

*class 1 circular* (in *LR*) a *circular* relating to a *class 1 transaction* or a transaction which must comply with the requirements of a *class 1 transaction*.

## Annex B

### Amendments to the Listing Rules sourcebook (LR)

The amendments in this Annex to LR 5 and LR 13 come into force on 1 October 2014. The amendments in this Annex to LR 8, LR 11 and Appendix 1.1 of LR come into force on 1 February 2015.

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

#### 5.6 Reverse takeovers

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5.6.15 G Where the *target* in a *reverse takeover* is not subject to a public disclosure regime, or if the *target* has *securities* admitted on an investment exchange or trading platform that is not a *regulated market* but the *issuer* is not able to give the confirmation and make the announcement contemplated by LR 5.6.12G, the *FCA* will generally be satisfied that there is sufficient publicly available information in the market about the proposed transaction such that a suspension is not required where the *issuer* makes an announcement containing:

...

- (4) a ~~statement~~ declaration confirming that the *issuer* has made the necessary arrangements with the *target* vendors to enable it to keep the market informed without delay of any developments concerning the *target* that would be required to be released were the *target* part of the *issuer*.

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#### 8 Sponsors: Premium listing

##### 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~~ (Role of a sponsor: general); and
- (2) ~~LR 8.6 to LR 8.7.~~ 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).

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## 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 *equity shares* must appoint a *sponsor* on each occasion that it:

...

(14) is required to provide an assessment of the appropriateness of an investment exchange or *multilateral trading facility* under *LR 13.5.27BR*; or

(15) is required to provide a written opinion to the FCA under LR 11 Annex 1R(8) (Joint investment arrangements).

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## 8.3 Role of a sponsor: general

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Principles for sponsors: identifying and managing conflicts

8.3.7A G The purpose of *LR 8.3.7BR* to ~~*LR 8.3.13G*~~ 8.3.12AG is to ensure that conflicts of interest do not adversely affect:

...

...

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.] [deleted]~~

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## 8.4 Role of a sponsor: transactions

Application for admission: new applicants

8.4.1 R *LR 8.4.2R to LR 8.4.4G* apply in relation to an application for *admission of equity shares to premium listing* if an *applicant* does not have *equity shares* already admitted to *premium listing* and ~~*LR 6.1.1R* does not apply because of the operation of *LR 6.1.1AR*, the conditions in *LR 6.1.1AR* do not apply and, in connection with the application, the *applicant* is required to submit to the *FCA*:~~

- (1) ~~the production of a *prospectus*, *supplementary 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 under *PR 1.2.3R(8)*;~~ or
- (4) ~~the production of *listing particulars* is required in the circumstances referred to in or *supplementary listing particulars* under *LR 15.3.3R* or *LR 16.3.4R*.~~

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Further issues: procedure

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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 *equity shares* to be allotted or admitted.

[**Note:** see ~~*LR 3.3*~~ *3.3.4R* ]

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 an *issuer* with a *premium listing* of *equity shares* that is required to submit to the *FCA* for approval:

- (1) ~~is required to produce~~ a *class 1 circular*; or
- (2) ~~is producing~~ a *circular* that proposes a reconstruction or a refinancing which does not constitute a *class 1 transaction*; or
- (3) ~~is producing~~ a *circular* for the proposed purchase of own *shares*;

...

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

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...

#### Reverse takeovers

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

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- (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 5.6.15G* 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.]~~

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

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## 8.6 Criteria for approval as a sponsor

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### 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 ~~perform~~ provide sponsor services in accordance with *LR 8*; and
  - (3) has appropriate systems and controls in place to ~~ensure that it can carry out its role as a *sponsor* in accordance with this chapter *LR 8*.~~

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- 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 (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* 8.6.5R.

#### Competence of a sponsor

- 8.6.7 R A *sponsor*, or a *person* applying for approval as a *sponsor*, will be competent to provide *sponsor services* if it has a broad range of relevant experience and expertise in providing advice to *listed companies* and on the *listing rules*. ~~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* 8.6.19R.

- 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 1.2.1R.
- 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 8.6.7CG, 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).
- ...
- 8.6.9A     G     ~~In assessing whether a *person* is competent to provide, or to continue to provide, *sponsor services*, the FCA 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. [deleted]~~
- 8.6.9B     G     In assessing whether a *sponsor* or a *person* ~~is competent to provide, or to continue to provide, *sponsor services*~~ 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 ~~quality of any~~ guidance or advice on the *listing rules* or *disclosure rules* and *transparency rules* the *sponsor* or *person* has given in circumstances other than in providing *sponsor services*.



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Systems and controls: general

- 8.6.12 G ~~A sponsor or a person applying for approval as a sponsor will generally be regarded as having appropriate systems and controls if there are not satisfy~~  
R LR 8.6.5R(3) unless it has in place:
- (1) clear and effective reporting lines ~~in place 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:
  - ...
  - (3) effective systems and controls ~~to ensure its~~ for compliance with all applicable listing rules at all times, including when performing *sponsor services*;
  - ...
  - (6) effective systems and controls ~~to ensure that it has~~ which require appropriate staffing arrangements for the performance of providing each sponsor services with due care and skill service in line with the principles for sponsors in LR 8.3;
  - (7) effective systems and controls ~~to ensure that for employees~~ employees engaged in the provision of *sponsor services* ~~by the sponsor to receive appropriate guidance and training for the performance of those services with due care and skill to provide each sponsor service in line with the principles for sponsors in LR 8.3; and~~
  - (8) effective systems and controls to identify and manage conflicts of interest; ~~and~~
  - (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 8.6.16AR (Record management).
- 8.6.13 G ~~The nature and extent of the systems and controls which a sponsor will need to maintain will depend upon~~ When considering a sponsor's ability to comply with LR 8.6.12R, the FCA will consider a variety of factors,  
including:

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- (5) the degree of risk associated with the transactions it undertakes or anticipates undertaking in the following year.

...

Systems and controls: record management

- 8.6.16A R A *sponsor* must have ~~in place~~ 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* ~~in accordance with the listing rules,~~ 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 8.4.17R*; or ~~where relevant~~
- (b) pursuant to an appointment under *LR 8.2.1R(5)*;
- the basis of each declaration given;

...

- (4) the steps taken to comply with its ~~conflicts~~ obligations under *LR 8.3.7BR*, *LR 8.3.9R* ~~and~~, *LR 8.3.11R* and its ~~ongoing eligibility obligations under *LR 8.6.6R*.~~

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Contact persons Key contact

- 8.6.19 R For each ~~transaction for which it provides *sponsor services*~~ *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* ~~as soon as practicable~~ of the name and contact details of ~~the main~~ a key contact *person* or *persons* in within the *sponsor* for that ~~transaction~~ matter; and
- (2) ensure that ~~the~~ its key contact *person* or *persons*:
- (a) ~~have~~ has sufficient knowledge about the *listed company* or *applicant* and the proposed ~~transaction~~ matter to be able to answer queries from the *FCA* about it; ~~and~~
- (b) ~~are~~ is available to answer queries from the *FCA* on any business day between 7 am 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

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### Requirement to provide information

- 8.7.1A R (1) The *FCA* 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 *FCA*.
- (2) The *sponsor*, ~~or the *person* applying for approval as a *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*, ~~a *person* applying for approval as a *sponsor*~~ or a *company* that has appointed a *sponsor*.

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### General notifications

- 8.7.8 R A *sponsor* must notify the *FCA* in writing as soon as possible if:
- (1) ...
  - (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 ~~the *sponsor* regime~~ *sponsors*; or

...

...

### ~~Performance~~ Non-delegation of *sponsor* functions on behalf of a *sponsor*

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

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

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- 8.7.26A G *A sponsor may wish to consider submitting a suspension request under LR 8.7.25R where the sponsor:*
- (1) *ceases to satisfy the ongoing criteria for approval as a sponsor in accordance with LR 8.6.6R;*
- (2) *has notified the FCA in accordance with LR 8.7.8R;*
- (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 8.6.6R.*

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## 11.1 Related party transactions: Premium listing

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### 11 Annex 1R Transactions to which the related party transaction rules do not apply

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Joint investment arrangements		
8	(1)	An arrangement where a <i>listed company</i> , or any of its <i>subsidiary undertakings</i> , and a <i>related party</i> each invests in, or provides finance to, another undertaking or asset if the following conditions are satisfied:
		...
	(b)	<del>an independent adviser acceptable to the FCA</del> a <i>sponsor</i> has provided a written opinion to the <i>FCA</i> stating that the terms and circumstances of the investment or provision of finance by the <i>listed company</i> or its <i>subsidiary undertakings</i> (as the case may be) are no less favourable than those applying to the investment or provision of finance by the <i>related party</i> .
	...	
...		

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## 13.4 Class 1 circulars

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### Takeover offers

#### 13.4.3 R ...

- (3) The *listed company* must prepare and publish the working capital statement on the *listed company* on the basis that the acquisition has not taken place. ~~The working capital statement prepared on the basis that the acquisition has taken place must be updated and published and sent to shareholders within 28 days of the offer becoming or being declared wholly unconditional. The *circular* must state that the statements on a combined basis will be made available as soon as possible.~~

...

- (5) ~~If the takeover offer becomes unconditional, any change or addition to the information disclosed which is material in relation to the *listed company*, should be disclosed in a *circular* published (in the absence of exceptional circumstances) within 28 days after the offer becoming or being declared wholly unconditional. [deleted]~~

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**Appendix 1.1 Relevant definitions**

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<i>class 1 circular</i>	a <i>circular</i> relating to a <i>class 1 transaction</i> or a transaction <u>which must comply with the requirements of a <i>class 1 transaction</i>.</u>
...	
<u>ESMA</u>	<u>European Securities and Markets Authority.</u>
...	
<i>sponsor declaration</i>	a declaration submitted by a <i>sponsor</i> to the <i>FCA</i> as required under <i>LR 8.4.3R</i> (Application for listing), <i>LR 8.4.9R</i> (Further application for listing), <i>LR 8.4.13R</i> (Production of circular) or <i>LR 8.4.14R</i> (Transfer between listing category).
...	

**Annex C****Amendments to the Prospectus Rules sourcebook (PR)**

**This Annex comes into force on 1 October 2014.**

In this Annex, underlining indicates new text.

**3 Approval and publication of prospectus****3.1 Approval of prospectus**

Applying for approval

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- 3.1.2A**     **R**     An applicant must take all reasonable care to ensure that any prospectus submitted for approval, for which it is responsible, contains:
- (1)     the necessary information as required under section 87A of the Act; and
  - (2)     the information items required in Annexes I to XVII and Annexes XX to XXX of the PD regulation, as appropriate to its application.
- 3.1.2B**     **R**     An applicant must take all reasonable care to ensure that any prospectus submitted for approval for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

...