

**LISTING RULES (SPONSORS) (AMENDMENT NO 3) INSTRUMENT 2012**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the powers and related provisions listed in Schedule 4 (Powers exercised) to the Listing Rules sourcebook of the Handbook.

**Commencement**

- B. This instrument comes into force on 31 December 2012.

**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 No 3) Instrument 2012.

By order of the Board  
27 September 2012

## Annex A

### Amendments to the Glossary of definitions

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

*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~~ including preparatory work that a *sponsor* may undertake before a decision is taken as to whether or not it will act as *sponsor* for a *listed company* or *applicant* or in relation to a particular transaction, and including all the *sponsor's* communications with the *FSA* in connection with the service. But nothing in this definition is to be taken as requiring a *sponsor* when requested to agree to act as a *sponsor* for a *company* or in relation to a transaction.

## Annex B

## Amendments to Listing Rules sourcebook (LR)

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

## 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:
- (1) ~~makes~~ is required to submit any of the following documents to the FSA in connection with an application for admission of equity shares to premium listing 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~~ submit to the FSA a class 1 circular for approval; or
  - (3) is ~~producing~~ required to submit to the FSA a circular that proposes a reconstruction or a refinancing which does not constitute a class 1 transaction is required by LR 9.5.12R to include a working capital statement; or
  - (4) is ~~producing~~ required to submit to the FSA a circular for the proposed purchase of own shares which is required by LR 13.7.1R(2) to include a working capital statement; or
- [Note: This does not include a circular issued by a closed-ended investment company.]
- (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~~ or the transparency rules by the listed company; or

- (6) is required by LR 11.1.10R(2)(b) to provide the FSA with a confirmation that the terms of the proposed *related party transaction* are fair and reasonable; or
- (7) is required to submit to the FSA a *related party circular* which is required by LR 13.6.1R(5) to include a statement by the board that the transaction or arrangement is fair and reasonable; or
- (8) is required by LR 8.4.3R(4) to submit to the FSA a letter from a *sponsor* in relation to the *applicant's* eligibility; or
- (9) is required to make an announcement or request a suspension in connection with a *reverse takeover* under LR 5.6.6R; or
- (10) provides to the FSA a disclosure regime confirmation in connection with a *reverse takeover* under LR 5.6.12G(1); or
- (11) makes a disclosure announcement in connection with a *reverse takeover* under LR 5.6.15G that contains a declaration described in LR 5.6.15G(3) or (4); or
- (12) submits to the FSA a letter in relation to the *issuer's* eligibility in connection with a *reverse takeover* under LR 5.6.23G(2); or
- (13) provides confirmation to the FSA of its severe financial difficulty for the purposes of LR 10.8.3G(2); or
- (14) is required to provide an assessment of the appropriateness of an investment exchange or *multilateral trading facility* under LR 13.5.27BR.

...

Other transactions where a ~~listed~~ company with a *premium listing* must obtain a sponsor's guidance

- 8.2.2 R If a ~~listed~~ company with a *premium listing* 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 the *disclosure rules*~~ and the *transparency rules*.
- 8.2.3 R If a ~~listed~~ company with a *premium listing* 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 the *disclosure rules*~~ and the *transparency rules*.

### 8.3 Role of a sponsor: general

Responsibilities of a sponsor

- 8.3.1 R A *sponsor* must in relation to a *sponsor service*:

- (1) referred to in *LR 8.2.1R(1) to (4), LR 8.2.1R(11), LR 8.2.1AR* and, where relevant *LR 8.2.1R(5)*, provide assurance to the *FSA* when required that the responsibilities of the *listed company with or applying for a premium listing of its equity shares* ~~or applicant~~ under the *listing rules* have been met; and
- (1A) provide to the *FSA* any explanation or confirmation in such form and within such time limit as the *FSA* reasonably requires for the purposes of ensuring that the *listing rules* are being complied with by a *company with or applying for a premium listing of its equity shares*; and
- (2) referred to in *LR 8.2.1R, LR 8.2.2R or LR 8.2.3R*, guide the *listed company* ~~or applicant~~ *company with or applying for a premium listing of its equity shares* in understanding and meeting its responsibilities under the *listing rules*, ~~and~~ the *disclosure rules* and the *transparency rules*.

8.3.1A R A *sponsor* must, for so long as it provides a *sponsor service*:

- (1) take such reasonable steps as are sufficient to ensure that any communication or information it provides to the *FSA* in carrying out the *sponsor service* is, to the best of its knowledge and belief, accurate and complete in all material respects; and
- (2) as soon as possible provide to the *FSA* any information of which it becomes aware that materially affects the accuracy or completeness of information it has previously provided.

8.3.1B G Where a *sponsor* provides information to the *FSA* which is or is based on information it has received from a third party, in assessing whether a *sponsor* has complied with its obligations in *LR 8.3.1AR(1)* the *FSA* will have regard, amongst other things, to whether a *sponsor* has appropriately used its own knowledge, judgment and expertise to review and challenge the information provided by the third party.

8.3.2 G The *sponsor* will be the main point of contact with the *FSA* for any matter referred to in *LR 8.2*. 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 company with or applying for a premium listing of its equity shares*~~, or its advisers.

8.3.2A G A *sponsor* remains responsible for complying with *LR 8.3* even where a *sponsor* relies on the *company with or applying for a premium listing of its equity shares* or a third party when providing an assurance or confirmation to the *FSA*.

...

Principles for sponsors: ~~standard of conduct relations with the FSA~~

...

8.3.5A R ~~A *sponsor* must in relation to a~~ If, in connection with the provision of a *sponsor*

service, a sponsor becomes aware that it, or a company with or applying for a premium listing of its equity shares is failing or has failed to comply with its obligations under 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, the or disclosure rules or the and transparency rules, the sponsor must promptly notify the FSA.

8.3.5B R A sponsor must, in relation to a sponsor service, act with honesty and integrity.

...

Principles for sponsors: identifying and managing conflicts

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

...

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~~ In identifying conflicts of interest, sponsors should also take into account circumstances that could:

- (1) create a perception in the market that a sponsor may not be able to perform its functions properly; and
- (2) compromise the ability of a sponsor to fulfil its obligations to the FSA in relation to the provision of a sponsor service.

...

8.3.11 R If, in relation to a ~~transaction~~ sponsor service, 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 or cease to provide the sponsor services on the transaction.

...

8.3.12A G LR 8.3.7BR, LR 8.3.9R and LR 8.3.11R apply for so long as the sponsor provides a sponsor service.

...

## 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 listed admitted to premium listing and LR 6.1.1R does not apply because of the operation

of LR 6.1.1AR, and:

...

- (3) the application is accompanied by a summary document as required by *PR 1.2.3R(8)*; or
- (4) the production of *listing particulars* is required in the circumstances referred to in *LR 15.3.3R* or *LR 16.3.4R*.

...

- 8.4.7 R *LR 8.4.8R* to *LR 8.4.10G* apply in relation to an application for *admission of equity shares* of an *applicant* that has *equity shares* already *listed* or in circumstances in which *LR 6.1.1AR* applies.

...

Applying for transfer between listing categories

- 8.4.14 R In relation to a proposed transfer under *LR 5.4A*, if a *sponsor* is appointed in accordance with *LR 8.2.1AR*, it must:

...

...

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:
- (1) submit to the *FSA* under *LR 5.6.17R* a completed *Sponsor's Disclosure Announcement Declaration*;
  - (2) not submit to the *FSA* the *Sponsor's Disclosure Announcement Declaration* unless it has come to a reasonable opinion, after having made due and careful enquiry, that it is reasonable for the *issuer* to provide the declarations described in *LR 5.6.15G(3)* and (4); and
  - (3) ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the *FSA* 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 *FSA*.

[Note: The *Sponsor's Disclosure Announcement Declaration* can be found on the UKLA section of the *FSA* website.]

...

Cooperation with sponsors

- 8.5.6 R In relation to the provision of a *sponsor service*, a *company* with or applying for a *premium listing* of its *equity shares* must cooperate with its *sponsor* by providing the *sponsor* with all information reasonably requested by the *sponsor* for the purpose of carrying out the *sponsor service* in accordance with LR 8.
- ...
- 8.6.4 G When considering an application for approval as a *sponsor* the *FSA* may:
- ...
- (2) request that the applicant or its specified representative answer questions and explain any matter the *FSA* considers relevant to the application; and
- ...
- 8.6.12 G A *sponsor* will generally be regarded as having 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 appropriate supervision of *employees providing engaged in the provision of sponsor services by the sponsor*;
- (3) effective systems and controls to ensure its compliance with all applicable *listing rules* at all times, including when performing *sponsor services*;
- (4) ...
- (5) ~~effective arrangements for creating and retaining for 6 years, adequate records of all matters relating to the provision of *sponsor services* to a *listed company* or *applicant*; [deleted]~~
- (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 engaged~~ in the provision of *sponsor services* by the *sponsor* receive appropriate guidance and training for the performance of those services with due care and skill; and
- (8) effective systems and controls to identify and manage 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:



...

- (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; ~~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. [deleted]~~

...

#### 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 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 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 FSA 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 8.2.2R, LR 8.2.3R 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 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.

8.6.16B G Records should:

- (1) be capable of timely retrieval; and
- (2) include material communications which relate to the provision of sponsor services, including any advice or guidance given to a company with or applying for a premium listing in relation to their responsibilities under the listing rules, the disclosure rules and the transparency rules.

8.6.16C G In considering whether a sponsor has satisfied the requirements regarding sufficiency of records in LR 8.6.16AR, the FSA will consider whether the records would enable a person with general knowledge of the sponsor regime but no specific knowledge of the actual sponsor service undertaken to understand and

verify the basis upon which material judgments have been made throughout the provision of the *sponsor service*.

#### 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.~~  
~~[deleted]~~
- 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. [deleted]~~

#### Contact persons

- 8.6.19 R For each transaction for which it provides *sponsor services*, a *sponsor* must:
- ...
  - (2) ensure that the contact *person* or *persons*:
    - ...
    - (b) are available to answer queries from the *FSA* on any business day between 8am and 6pm.

...

#### Annual notifications

- 8.7.7 R A *sponsor* must provide to the *FSA* on or after the first *business day* of January in each year but no later than the last *business day* of January in each year:
- ...
  - (1A) for each of the criteria in that rule, details evidence of the basis upon which it considers that it meets ~~the criteria~~ that criterion.

...

#### General notifications

- 8.7.8 R A *sponsor* must notify the *FSA* in writing as soon as possible if:
- (1) (a) the *sponsor* ceases to satisfy the criteria for approval as a *sponsor* set out in LR 8.6.5R or becomes aware of any matter which, in its reasonable opinion, would be relevant to the *FSA* in considering

whether the *sponsor* continues to comply with LR 8.6.6R; or

(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; or

(2) the *sponsor*, or any of its *employees* engaged in the provision of ~~who provide~~ *sponsor services* by the *sponsor*, are:

...

(3) any of its *employees* ~~who provide~~ engaged in the provision of *sponsor services* by the *sponsor* 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* ~~who provide~~ engaged in the provision of *sponsor services* by the *sponsor*, are subject to any public criticism, regulatory intervention or disciplinary action:

...

(9) a review carried out under LR 8.6.17R reveals it identifies or otherwise becomes aware of any material ~~deficiencies~~ *deficiency* in the *sponsor's* systems and controls; or

(10) there is intended to be a change of control of the *sponsor*, ~~or any restructuring of the *sponsor's* group, carries out any restructuring, which results in~~ or a re-organisation of or a substantial change to the *directors*, partners or *employees* ~~who provide~~ engaged in the provision of *sponsor services* by the *sponsor*; or

(11) there is expected to be a change in the financial position of the *sponsor* or any of its *group companies* that would be likely to adversely affect the *sponsor's* ability to perform the *sponsor services* or otherwise comply with LR 8.

8.7.8A R Where a *sponsor* is of the opinion that notwithstanding the circumstances giving rise to a notification obligation under LR 8.7.8R, it continues to satisfy the ongoing criteria for approval as a *sponsor* in accordance with LR 8.6.6R, it must include in its notification to the FSA a statement to that effect and the basis for its opinion.

...

Transaction notification rules: ~~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 Conflicts Declaration.~~

(2) ~~The completed 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. [deleted]~~

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

- 8.7.13 R ~~If, after submitting a Conflicts Declaration but prior to the *day* of approval of the *prospectus, listing particulars, circular* or announcement, a *sponsor* becomes aware that it is no longer able to comply with LR 8.3.9R or LR 8.3.11R, it must notify the FSA immediately. Details must be confirmed promptly to the FSA in writing. [deleted]~~
- 8.7.14 R ~~On the day of approval of the *prospectus, listing particulars, circular* or announcement:~~
- ~~(1) a written confirmation that there has been no material change to the Conflicts Declaration; or~~
- ~~(2) an updated Conflicts Declaration reflecting any and all changes;~~
- ~~must be submitted to the FSA. [deleted]~~
- 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 Conflicts Declaration as set out in LR 8.7.12R or LR 8.7.14R or other notification regarding the *sponsor's* independence. [deleted]~~

...

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 should comply with LR 8.7.22R.~~
- 8.7.21A G Examples of when a *sponsor* should submit a cancellation request pursuant to LR 8.7.22R include, but are not limited to:
- (1) situations where the *sponsor* ceases to satisfy the ongoing criteria for approval as a *sponsor* in accordance with LR 8.6.6R and, following a notification made under LR 8.7.8R, there are no ongoing discussions with the FSA which could lead to the conclusion that the sponsor remains eligible; or
- (2) where there is a change of control of the *sponsor* or any restructuring of the *sponsor's* group that will result in *sponsor services* being provided by a different person, in which case the person that is intended to provide the *sponsor services* should apply for approval as a *sponsor* under LR 8.6 before it provides any *sponsor services*.
- 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:

...

- (4) a signed confirmation that the *sponsor* will not ~~participate in~~ provide any services *sponsor services* described in LR 8.2 as of the date the request is submitted to the *FSA*; and

...

...

9.2.13A R In relation to the provision of a *sponsor service*, a company with a *premium listing* of its *equity shares* must cooperate with its *sponsor* by providing the *sponsor* with all information reasonably requested by the *sponsor* for the purpose of carrying out the *sponsor service* in accordance with LR 8.

...

#### Modified requirements for smaller related party transactions

11.1.10 R (1) ...

- (2) Where this rule applies, *LR 11.1.7R* does not apply but instead the *listed company* must before entering into the transaction or arrangement (as the case may be):

- (a) ...

- (b) provide the *FSA* with written confirmation from ~~an independent adviser acceptable to the *FSA*~~ a *sponsor* that the terms of the proposed transaction or arrangement with the *related party* are fair and reasonable as far as the shareholders of the *listed company* are concerned; and

...

...

13.2.4 R The following documents (to the extent applicable) must be lodged with the *FSA* in final form before it will approve a *circular*:

...

- (2) for a *class 1 circular* or *related party circular*, a letter setting out any items of information required by this chapter that are not applicable in that particular case; and
- (3) ~~the *sponsor's* Conflicts Declaration ; and [deleted]~~
- (4) any other document that the *FSA* has sought in advance from the *listed company* or its *sponsor*.

...

13.2.6 R ~~The *sponsor's* Conflicts Declaration in final form must be submitted at least 10~~

~~clear *business days* before the date on which it is intended to publish the *circular*.~~  
~~[deleted]~~

...

#### Related party circulars

13.6.1 R A *related party circular* must also include:

...

- (5) a statement by the board that the transaction or arrangement is fair and reasonable as far as the *security* holders of the *company* are concerned and that the *directors* have been so advised by ~~an independent adviser acceptable to the FSA~~ a sponsor;

...

...

13.6.3 G For the purpose of advising the *directors* under LR 13.6.1R(5), ~~an independent adviser~~ a sponsor may take into account but not rely on commercial assessments of the *directors*.

...

15.3.3 R ~~In addition to the circumstances set out in LR 8.2.1R when a *sponsor* must be appointed, an~~ An applicant must appoint a *sponsor* on each occasion that it makes an application for *admission of equity shares* which requires the production of *listing particulars*.

...

16.3.4 R ~~In addition to the circumstances set out in LR 8.2.1R when a *sponsor* must be appointed, an~~ An applicant must appoint a *sponsor* when it makes an application for *admission of equity shares* which requires the production of *listing particulars*.