

Sponsors

Chapter 24

Sponsors

24.2 Role of a sponsor: general

Responsibilities of a sponsor

24.2.1

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A *sponsor* must, in relation to a *sponsor service*:

- (1) provide assurance to the *FCA*, when required, that the applicable requirements of the *issuer* with a *listing of equity shares* or applying for *admission of its equity shares* under the *listing rules* and the *Prospectus Rules* have been met;
- (2) provide to the *FCA* any explanation or confirmation in such form and within such time limit as the *FCA* reasonably requires for the purposes of ensuring that the applicable requirements of the *listing rules*, the *Prospectus Rules*, the *disclosure requirements* and the *transparency rules* are being complied with by an *issuer* with a *listing of equity shares* or applying for *admission of its equity shares*; and
- (3) guide the *issuer* with a *listing of equity shares* or applying for *admission of its equity shares* in understanding and meeting its responsibilities under the *listing rules*, the *Prospectus Rules*, the *disclosure requirements* and the *transparency rules*.

24.2.2

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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 *FCA* 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 *FCA* any information of which it becomes aware that materially affects the accuracy or completeness of information it has previously provided.

24.2.3

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Where a *sponsor* provides information to the *FCA* 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 **UKLR 24.2.2R(1)**, the *FCA* will have regard, among other things, to whether a *sponsor* has appropriately used its own knowledge, judgement and expertise to review and challenge the information provided by the third party.

24.2.4

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The *sponsor* will be the main point of contact with the *FCA* for any matter referred to in **UKLR 4.2**. The *FCA* expects to discuss all issues relating to a transaction and any draft or final document directly with the *sponsor*.

However, in appropriate circumstances, the *FCA* will communicate directly with the *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares*, or its advisers.

- 24.2.5 **G** A *sponsor* remains responsible for complying with **■ UKLR 24.2** even where a *sponsor* relies on the *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares* or a third party when providing assurance or confirmation to the *FCA*.

Principles for sponsors: due care and skill

- 24.2.6 **R** A *sponsor* must, in relation to a *sponsor service*, act with due care and skill.

Principles for sponsors: honesty and integrity

- 24.2.7 **R** A *sponsor* must, in relation to a *sponsor service*, act with honesty and integrity.

Principles for sponsors: duty regarding directors of issuers

- 24.2.8 **R** Where, in relation to a *sponsor service*, a *sponsor* gives any guidance or advice to a *listed issuer* or *applicant* on the application or interpretation of the *listing rules*, the *disclosure requirements* or the *transparency rules*, the *sponsor* must take reasonable steps to satisfy itself that the *director* or *directors* of the *listed issuer* or *applicant* understand their responsibilities and obligations under the *listing rules*, the *disclosure requirements* and the *transparency rules*.

Principles for sponsors: relations with the FCA

- 24.2.9 **R** A *sponsor* must at all times (whether in relation to a *sponsor service* or otherwise):

- (1) deal with the *FCA* in an open and cooperative way; and
- (2) deal with all enquiries raised by the *FCA* promptly.

- 24.2.10 **R** If, in connection with the provision of a *sponsor service*, a *sponsor* becomes aware that it, or an *issuer* with a *listing* of *equity shares* or applying for *admission* of its *equity shares*, is failing or has failed to comply with its obligations under the *listing rules*, the *disclosure requirements* or the *transparency rules*, the *sponsor* must promptly notify the *FCA*.

Principles for sponsors: identifying and managing conflicts

- 24.2.11 **G** The purpose of **■ UKLR 24.2.12R** to **■ UKLR 24.2.17G** 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*.

24.2.12 **R** A *sponsor* must, for so long as it provides a *sponsor service*, take all reasonable steps to identify conflicts of interest that could adversely affect its ability to perform its functions properly under this chapter.

24.2.13 **G** 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; or
- (2) compromise the ability of a *sponsor* to fulfil its obligations to the *FCA* in relation to the provision of a *sponsor service*.

24.2.14 **R** A *sponsor* must, for so long as it provides a *sponsor service*, 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.

24.2.15 **G** Disclosure of a conflict of interest will not usually be considered to be an effective organisational or administrative arrangement for the purpose of **■ UKLR 24.2.14R**.

24.2.16 **R** A *sponsor* must, for so long as it provides a *sponsor service*, be reasonably satisfied that its organisational and administrative arrangements will ensure that its ability to perform its functions properly under this chapter will not be adversely affected by a conflict of interest. If a *sponsor* is not so reasonably satisfied in relation to a *sponsor service*, it must decline or cease to provide such *sponsor service*.

24.2.17 **G** **■ UKLR 24.2.16R** 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 properly and market confidence in *sponsors*. If in doubt about whether a conflict can be effectively managed, a *sponsor* should discuss the issue with the *FCA* before it decides whether it can provide a *sponsor service*.

Principles for sponsors: joint sponsors

24.2.18 **R** If a *listed issuer* or *applicant* appoints more than one *sponsor* to provide a *sponsor service*:

- (1) the appointment does not relieve any of the appointed *sponsors* of their obligations under **■ UKLR 24**; and
- (2) the *sponsors* are each responsible for complying with the obligations under **■ UKLR 24**.

- 24.2.19 **G** If a *listed issuer* or *applicant* appoints more than one *sponsor* to provide a *sponsor service*, the *FCA* expects the *sponsors* to cooperate with each other in relation to the *sponsor service*, including by establishing arrangements for the sharing of information as appropriate, having regard to the *sponsor service*.