

March 2008

08 / 5 *newsletter* ★



This newsletter provides a summary of CP08/5. Please see the section 'Who should read this paper?' to see if CP08/5 is relevant to you.

Financial Services Authority

Sponsor regime – a targeted review

Why are we issuing this Consultation Paper (CP)?

We are seeking market participants' views on our proposed changes to the sponsor regime, which is set out in LR8 of the UK Listing Authority Sourcebook: the Listing Rules.

Who should read the full paper?

The paper will be of interest primarily to approved sponsors, legal and other professional advisers to Listed companies and firms seeking to become approved sponsors or who interact with sponsors in situations where one is required.

As Listed companies are required to use the services of a sponsor in defined situations under LR8, they and their investors should also be aware of the contents of the paper. We would encourage non-sponsor entities to take part in this consultation to ensure that the responses received are representative of the views of London equity market participants. However, we do not believe that the changes are fundamental in nature or that they affect a large number of equity market participants.

Is the paper of interest to consumers?

As sponsors are appointed by companies with Primary Listed equity securities or new applicants seeking a Primary Listing of their equity securities to the Official List they do not interact directly with retail investors in this capacity. While we recognise that a key element of the sponsor regime is indirectly ensuring investor protection, as most of the proposed changes focus on the internal systems and controls of a sponsor firm, we expect these proposals to have little direct effect on the consumer. The clarification of the application of sponsor Principles may be of interest to consumer groups. This is discussed further in the paper.

What is the background to this?

In July 2005, as part of the Listing Review, we strengthened the rules relating to the sponsor regime and committed to review the regime again in 2007. As a consequence of discussions with market participants in 2006, we stated in CP06/17 (October 2006) that we would not undertake a fundamental review of the regime. Instead we agreed to conduct a regular review of the regime, making changes where necessary, to ensure that the regime is practical, reflects good market practice and is effective in ensuring that sponsors are clear on the high standards expected of them. So now we are asking for views on our proposed changes to the sponsor regime.

What happens next

The consultation period for the CP will close on 6 June 2008. We expect to publish and implement final Handbook text on or around 6 October 2008.

The Financial Services Authority invites comments on this Consultation Paper. Comments should reach us by 6 June 2008.

Comments may be sent by electronic submission using the form on the FSA's website at (www.fsa.gov.uk/Pages/Library/Policy/CP/2008/cp08_05_response.shtml).

Alternatively, please send comments in writing to:

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25 The North Colonnade
Canary Wharf
London E14 5HS

Telephone: 020 7066 8258
Fax: 020 7066 8259
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It is the FSA's policy to make all responses to formal consultation available for public inspection unless the respondent requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure.

A confidential response may be requested from us under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Tribunal.

How can I get the full paper?

You can download the full Consultation Paper from:

www.fsa.gov.uk/pages/Library/Policy/CP/2008/08_05.shtml

Or you can order hard copies of the paper:

Phone our helpline on **0845 608 2372**, quoting reference **CP08/5**

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