

UK Financial Conduct Authority Consultation on Sponsor Competence

February 4, 2014 | Client Update

On 30 January, the UK's Financial Conduct Authority ("FCA") issued a consultation paper (CP 14/2) on sponsor competence. Sponsors play a fundamental role in the FCA's premium listing regime, providing expert guidance to prospective and existing premium listed companies on the interpretation of the FCA's rules, and also providing important confirmations to the FCA that a premium listed company or applicant can meet its regulatory obligations under the listing regime. Sponsors are typically investment banks although accountants and lawyers can perform the role.

The current regime requires a sponsor to demonstrate competence, but the FCA acknowledges that its approach to applying the rules and guidance is not clear from the face of the rules. Given the increased regulatory powers that the FCA now has in relation to sponsors, it believes that it needs to increase the transparency of the sponsor regime to make its expectations clear. The consultation paper therefore proposes clearer Listing Rules, together with (binding) guidance in the form of a new technical note and a new procedural note.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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