

UK Listing Authority (UKLA) Technical notes – additional powers to supervise sponsors

Financial Conduct Authority (FCA)

RPC rating: validated

Description of the measure

The FCA has provided a number of assessments relating to short guidance notes for companies listed on the Official List of the London Stock Exchange. These notes clarify, for listed companies and their advisers, how the FCA interprets provisions in its Listing Rules. The guidance was subject to consultation in March 2017. This opinion covers two notes clarifying guidance related to the FCA's statutory powers to suspend, limit or restrict sponsors under sections of the Financial Services and Markets Act 2000 (FSMA). Sponsors are firms approved by the FCA to advise premium listed companies on their obligations under the listing regime and to provide assurances to the FCA on companies' transactions.

Impacts of the measure

The FCA explains that the 46 sponsor firms will incur one-off costs of familiarisation with the clarificatory notes; the firms will already be familiar with the original guidance published in 2014. The notes are five pages in length; the FCA estimates that the one-off costs to firms will be £2,000, based on a familiarisation time of one hour per firm. The FCA used supervisory conversations with firms to estimate these costs.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) for these notes as totalling £0.0 million. They are qualifying regulatory provisions, which will score under the Business Impact Target.

Quality of submission

The assessments provide sufficient evidence to support the cost estimates. The RPC notes that in these cases the FCA has indicated in a footnote that discussions with firms support their estimates. A statement to this effect within the body of the assessments would have been more helpful to the reader.

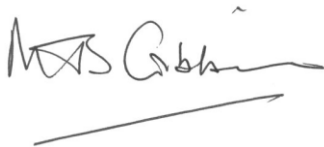
The RPC are pleased to see the use of appropriate industry-specific wage rates, though it would have been more helpful still had the FCA stated explicitly whether on-costs were included in the rate.

Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.0 million
Business net present value	£0.0 million

RPC assessment

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated ¹	£0.0 million
Business Impact Target (BIT) Score ¹	£0.0 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.