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Adetutu Odutola
Markets Policy
Financial Services Authority
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10 March 2009

Dear Adetutu,

FSA Consultation Paper – CP 08/21: Amendments to the Listing Rules and Feedback on DP 08/01

This is a response on behalf of the London Investment Banking Association (LIBA) and the Securities Industry and Financial Markets Association (SIFMA) to the referred consultation paper.

We consider that the review of the structure of the listing regime has been a constructive exercise. We are very pleased that the Primary (Premium) Listing category will be continued and that the FSA/UKLA is mindful of the competition concerns which are present.

We would not advise the extension of DTR 7.2 to non EEA issuers, especially to GDR listed companies. In our view it would be an obstacle to attracting such issuers to the London markets. The current provisions are adequate. We would not oppose non-prescriptive guidance which would highlight the attraction of such practices to UK investors. A voluntary road map of better governance methods would be preferable and over time would presumably be effective.

We would also note our view that UK issuers should not be permitted at this time to seek Secondary (Standard) listings. We accept that logically UK companies could have the same listing options as non-UK companies. A fairness argument can also be made. However, maintaining higher standards for UK companies should be a most important

priority in today's crisis of confidence environment. Also we suspect that there is no great demand for this change by UK investors or UK companies, but you may be able to assess the levels of demand from submissions in response to the CP.

Please find attached our answers to the specific questions posed by the CP. We thank you for the opportunity to respond to the CP and also for the extension of time granted for our response.

If it would be useful, we would be happy to meet with you and your team to discuss the issues raised in the CP and our answers to the queries posed.

Yours very truly

A handwritten signature in black ink, appearing to be 'W J Ferrari', with a stylized, somewhat abstract flourish at the end.

W J Ferrari
LIBA

A handwritten signature in black ink, appearing to be 'Laurie Charlton', written in a cursive style.

L Charlton
SIFMA

About our associations:

LIBA is the principal trade association in the United Kingdom for firms which are active in the investment banking and securities industry. The Association represents its members on both domestic and international aspects of this business, and promotes their views to the authorities in the United Kingdom, the European Union, and elsewhere. More information about LIBA is available at www.liba.org.uk.

SIFMA brings together the shared interests of more than 650 securities firms, banks, investors, and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services, and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in London, New York, Washington DC, and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong. More information about SIFMA is available at www.sifma.org.

CP 08/21 List of Questions

Q1: *Do you agree with the segmentation and labeling of the Listing Regime as described above?*

We do agree with the segmentation of the Listing Regime as proposed, although the labeling proposals per se do not create substantially more clarity/differentiation than existing labels. The proposed rules against misrepresentation of the listing segment should be augmented with guidance to encourage more specific disclosures in some contexts. See our response to question 4.

Q2: *Do you agree with the labels 'Premium' and 'Standard' labels? If not, please provide suggestions for alternative labels.*

Our members have no further proposals to make regarding labeling.

Q3: *Do you consider that the proposed segmentation of the Listing Regime provides sufficient clarity?*

The proposed segmentation of the regime provides sufficient clarity.

Q4: *Do you agree with the introduction of LR1.5.3R which will prohibit the misrepresentation of the type of listing a company has?*

Our members are in favour of a revised Rule 1.5.3 which forbids false labeling, and we would support extending this to AIM companies and GDRs. FSA guidance would be appropriate to encourage companies to use the full, applicable label e.g. XYZ company is listed (standard) in the UK or XYZ company maintains a Standard Listing in the UK. Full, accurate labeling would promote a more fully understood segmentation.

Q5: *Do you agree with the deletion of old LR9.8.7R and the introduction of a new LR9.8.7R?*

We do agree that the existing LR 9.8.7R should be replaced with the proposed new text which will require a more informative discussion of corporate governance in annual reports.

The comparison of actual governance practices to the Combined Code should be retained.

Q6: *Do you agree with introduction of LR9.8.7BR?*

We do agree with the proposed LR9.8.7BR.

Q7: *Do you agree with the deletion of LR9.3.12(4)R and the introduction of LR9.3.13R and LR9.8.7AR which require Primary Listed overseas companies to disclose in their annual report whether or not they offer pre-emption rights to their shareholders?*

We do agree with the proposed rule changes and propose that Rule 9.8.7A should be altered to allow alternative disclosure concerning its pre-emption rights posture on the issuer's website continuously.

Q8: *Do you agree with the amendment to make the directive-minimum listing regime in LR 14 available to UK companies?*

We expressed opposition to this proposal in our response to the Consultation Paper, submitted to you last May. Absent very strong demand from investors, we continue to oppose any measure that would dilute the quality of disclosure expected of a UK company. Nevertheless, we appreciate that the approach might not be considered appropriate by all (e.g., an issuer with the majority of its operations located abroad, but incorporated in the UK for tax reasons).

Q9: *Do you agree that we should extend DTR7.2 to all Listed companies with the listing of equity securities and GDRs and the amendments to LR9 and LR14?*

We think that current rules are sufficient and require no change. We do not agree that the obligations of DTR 7.2 should be extended to overseas companies especially to GDR listings for competition reasons. We believe that such new regulations would discourage many companies from choosing a London venue and may encourage currently listed overseas companies to reconsider their choice of venue.

Q10: *Do you agree that the types of companies identified above should be able to migrate without a cancellation of their listing?*

We do agree subject to the principle that any migration from any Premium segment to any Standard Segment should require prior shareholder approval and compliance with LR5A.4R. A premium listing has a value to investors which should not be arbitrarily foregone without full consultation with them. Shareholders will need to be persuaded that there is a compelling reason to downgrade a company's listing.

Q11: *Do you agree with the provisions of LR5.A and our approach for all companies migrating from one segment to another? Please state which part you do not agree with and suggest an alternative approach.*

We agree generally with LR5.A except that any migration from any Premium listing to any Standard listing category should require shareholders approval and a sponsor declaration.

Q12: *Do you agree with the amendments to LR8 setting out the requirements for the appointment and obligations of a sponsor with respect to migration?*

We have no objections to the proposed rules.

Q13: *Do you agree that we should also require prior shareholder approval for a commercial company that is wishing to migrate from a Premium to a Standard Listing?*

We strongly agree that a migration from a Premium to a Standard listing should be subject to shareholders' approval at a general meeting.

Q14: *Do you consider that we should also require prior shareholder approval for a cancellation of securities and delete LR5.2.6R?*

We agree that shareholders' approval should be required in order to cancel a listing, since cancellation will affect investor protections and raise a liquidity concern for shareholders. We support the deletion of LR5.2.6R in respect of Premium Listings of commercial companies.

Q15: *Do you agree with our proposals for migration as we have set out in the above paragraphs?*

We do agree with the migration proposals as set out in paragraphs 3.27 – 3.31. We do not think that a sponsor's declaration should be required where a migration from a premium listing to a standard listing is approved by shareholders.