

## AFME ECM - Verification of Unconnected Research Analysts in UK IPOs

### 1 Overview

The Association for Financial Markets in Europe (“**AFME**”) and the European Association of Independent Research Providers (“**Euro IRP**”) have agreed an industry-wide approach for the selection of bona fide unconnected research analysts (“**Unconnected Research Analysts**”) who will be given access to Issuers ahead of an IPO should they request it.

Under those guidelines, any person who meets the following three conditions will be given access to the Issuer:

- (a) Registering their interest in participating in the proposed IPO process;
- (b) Meeting the definition in the guidelines of an Unconnected Research Analyst (“a research analyst not employed by one of the proposed members of the underwriting syndicate, who produces research, which is disseminated to one or more third party/ies that is/are also external clients of the research analyst’s employer’s group”)<sup>1</sup>; and
- (c) Agreeing to comply with the requirements of the “Market Standard Research Guidelines” (standard form unconnected research analyst guidelines that have been agreed between AFME and Euro IRP and which have also been reviewed by the FCA).

This note sets out a protocol that joint global co-ordinators (“**JGCs**”) may choose to adopt in order to document the verification process.

### 2 Verification

[Issuer] should check that persons that register their interest in attending the Unconnected Analyst Presentation (“**UAP**”) and that are granted access to the Unconnected Analyst Information Pack (the “**Information Pack**”) in response to the open invitation in the [expectation of an ITF announcement] are *bona fide* unconnected (e.g. not press or buy-side or credit research analysts) to ensure that condition (b) above is met. In order to do this:

- [Issuer] should send details of anyone expressing an interest in attending the UAP or accessing the Information Pack to the [ECM teams] at the [JGCs] for consultation when the request is made and in any event before any materials are provided or the UAP is held.
- When the [JGCs] receive names of interested persons, if necessary they will check the following sources to assist in the determination of whether each person is *bona fide* unconnected:
  - (i) The Euro IRP list of members (found at <https://euroirp.com/members/>)<sup>2</sup>.
  - (ii) Certain publicly available information as they see fit on the person (i.e. a search of one or more of the person’s website(s), or Bloomberg, or Google

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<sup>1</sup> The definition of an “unconnected analyst” in COBS 11A.1.4BR(4), with which the definition in the guidelines is consistent, should also be noted – namely “a person other than the firm or its staff: (a) who does not provide the service of underwriting or placing of the same relevant securities to the same issuer client, and (b) whose business or occupation may reasonably be expected to involve the production of research”.

<sup>2</sup> In order to facilitate communication between the issuer teams and interested unconnected analysts on prospective IPOs, Euro IRP has compiled a list of its member firms interested in writing research on prospective IPOs.

or LinkedIn) to do what they can to check that the person is a bona fide “sellside” research analyst and not, for example, a member of the press or an in-house buy-side analyst or a credit analyst.<sup>3</sup>

- If, following any such checks, it is not clear whether a person is bona fide unconnected, the [JGCs] may ask the [Issuer] to request further information from that person, as follows:

“Thank you for requesting access to further information on the [Issuer] unconnected analyst process pursuant to the invitation to bona fide unconnected sell-side research analysts in [yesterday’s] announcement.

Please can you provide a biography and also a recent external research report with you named as an author.

Please let us know if you have any questions.

Kind Regards

[Issuer]”

Once the exercise above is complete, the [JGCs] may respond to [Issuer] indicating those persons that, in their view, appear to be Unconnected Analysts (per the AFME/Euro IRP guidelines and the COBS 11 definition), based on the above searches, any information received from relevant persons and any other searches that may be undertaken, as follows:

“The [JGCs] have checked the names of the persons who expressed an interest in participating in the IPO process (the “**Interested Persons**”) and have set out their views in the attached Excel table, which indicates which of the Interested Persons appear to meet the definition of an Unconnected Research Analyst under the AFME Unconnected Analyst Guidelines and of an “unconnected analyst’ under COBS 11.

We would be very happy to discuss any aspect of the table further if that would be helpful.

Kind regards

The [JGCs]”

Only those Interested Persons that have been confirmed as appearing to be Unconnected Analysts will be invited to the UAP/ granted access to the Information Pack.

### **3 Record keeping**

[JGCs] may find it helpful to keep a record of their view regarding each Interested Person using the Excel table set out in the Appendix to this note (the “**Table**”). If a Table is used, the [JGCs] may wish to send it to [Issuer] once it has been completed.

To the extent that an Interested Person does not appear to be an Unconnected Analyst, the entry in the ‘Comment’ column should be “*Does not appear to meet the definition of an “unconnected analyst” for the purposes of COBS 11A.1.4BR(4) or of an “unconnected research analyst” for the purposes of the AFME / Euro IRP document entitled “Process in relation to providing issuer access for unconnected analysts”, including the unconnected research guidelines that form part of it.*”

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<sup>3</sup> The [JGCs] may also check the FCA register (although the fact an analyst is not FCA registered does not count them out) and check if there is evidence of the person publishing legitimate sell-side research.

The Table should be updated accordingly as more names are added and as opinions are given and, once it is in final form, it may be kept by the [JGCs], on behalf of the syndicate, with their transaction records.

*[A copy of the final version of the Table should also be sent to the other syndicate members for their records.]*

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**Appendix  
Record of Interested Persons**

#	First Name	Surname	Job Description	Sector Coverage	Company	Country	Email Address	Phone Number	[JGC] View	[JGC] Comment
1										
2										

Unconnected Analyst Presentation					Approved
Approved	Email Sent	Responded	Accepted	Notes	Approved