
Press release

AFME and Euro IRP publish guidance on how unconnected research analysts can access issuer information in UK IPOs

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The Association for Financial Markets in Europe's (AFME) Equity Capital Markets Division and the European Association for Independent Research Providers (Euro IRP) have today published guidance for unconnected analysts (i.e. those not employed by the underwriting syndicate) seeking to access information about prospective issuers under the UK Financial Conduct Authority's (FCA) new rules governing initial public offerings (IPOs), which came into force on 1 July 2018.

The AFME/Euro IRP guidance sets out a process by which syndicate banks can facilitate access for unconnected analysts to prospective issuers and contains guidelines which those unconnected analysts gaining access to companies undertaking an IPO are expected to sign.

Under the new rules (as set out in FCA policy statement PS 17/23) relating to the UK IPO process, unconnected analysts must now be provided with access to company information and to the management team of the share issuer (if such access has been provided to connected analysts) before connected analysts (i.e. those employed by or connected to the underwriting bank syndicate) publish their own research. In line with the FCA's aim, the AFME/Euro IRP guidance therefore seeks to ensure that assistance is given to market participants following the introduction of the new rules.

Andrew Brooke, Director of AFME's Equity Capital Markets Division, said: "This guidance should provide potential investors, prospective issuers, banks and analysts with clarity regarding the process by which research on prospective issuers is made available in UK IPO transactions. This will help to facilitate the efficient and coordinated execution of UK IPOs."

Chris Deavin, Chairman of Euro IRP, said "These are important FCA reforms to the UK IPO process, which ensure for the first time, independent IPO research can be produced without barriers, and provide essential quality analysis at the right time to potential investors. This guidance defines the clear practical steps by which this will happen and should help market participants work in a UK IPO process that serves both investors and issuers."

Benefits of the AFME/Euro IRP guidance:

Private companies, unconnected analysts and investors all stand to benefit from the clarity provided by the guidance. It should help provide clear and coordinated implementation of the new rules regarding unconnected analysts' access to prospective issuers.

- Private companies will benefit from better prepared and well-executed IPOs.
- Investors/market participants will be provided with information about prospective issuers/IPOs from more sources and at an earlier point in the process.
- Unconnected analysts will have clarity on how to access private companies/prospective issuers.

The full guidance can be found on AFME's website:

<https://www.afme.eu/globalassets/downloads/industry-guidelines/afme-ecm-ipo-reform-unconnected-analysts-process-and-guidelines.pdf>

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About AFME:

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu.
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About Euro IRP

The European Association of Independent Research Providers represents the interests of independent investment research firms which are based in Europe or which have clients or activities in Europe. It was set up in 2005 to enhance the awareness and reputation of independent research; change the perception that research is free; work with regulators and investors to promote the awareness and acceptance of payment structures and to improve the regulatory and fiscal environment in which independent research firms operate. In addition to consulting as a collective voice with regulators, industry bodies and government the association maintains important relationships with other trade associations across the globe, industry commentators and opinion formers, third party software providers, and key figures within the industry.
For more information please visit the Euro IRP website: www.euroirp.com.