

LONDON STOCK EXCHANGE
HIGH GROWTH SEGMENT RULEBOOK
27 March 2013

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INTRODUCTION

- A. **These rules** apply to **Issuers** (and their **Key Advisers**) applying to admit **securities**, or with **securities** admitted, to trading on the **High Growth Segment** of the **Main Market**, part of the **regulated market** operated by the **Exchange**.
- B. The **High Growth Segment** opened on 27 March 2013. It offers admission to trading to the **Main Market** principally for high growth, trading businesses that intend in due course to seek admission to the **Official List** but that may not yet meet the applicable eligibility criteria, in particular due to having a lower proportion of **securities in public hands**.
- C. As a segment of an **EU regulated market**, **Issuers** with **securities** admitted to, or applying for admission to, the **High Growth Segment** must comply with certain **EU** directive standards, such as applicable parts of the **FCA Disclosure Rules and Transparency Rules** and the **Prospectus Rules**.
- D. Other rules that will apply to **Issuers** include the **Admission & Disclosure Standards** issued by the **Exchange**, which should be read in conjunction with **these rules**. An **Issuer** will also need to comply with the national law and regulation of its country of incorporation.
- E. **Securities** admitted to the **High Growth Segment** are not admitted to the **Official List** maintained by the **FCA** and therefore the **Listing Rules** do not apply.
- F. Admission to the **High Growth Segment** is determined by the **Exchange** on the basis of information and submissions relating to eligibility given by the **Issuer** and its **Key Adviser** and on the basis that a **prospectus** has been approved by the **FCA** or other **EEA State** competent authority.
- G. Prospective **Issuers** considering applying for admission to the **High Growth Segment** should consult with the **Exchange** (via the **Primary Market Regulation Team**) at the earliest possible opportunity in order to discuss their eligibility.
- H. Questions or concerns in relation to the interpretation of **these rules** should be addressed at the earliest possible opportunity to the **Primary Market Regulation Team**. The **Exchange** may modify or dispense with **these rules** in individual cases as it considers appropriate.
- I. Terms in bold are defined in the Glossary at the end of **these rules**.
- J. The **prospectus** required under rule 3, any documents sent to **shareholders** and any information required by **these rules** (including the website at section B7) must be in English.
- K. The rules relating to the trading of **securities** are set out in the *Rules of the London Stock Exchange*.

SECTION A – ADMISSION

1. This section applies to **Issuers** that do not already have **securities admitted**, unless (i) **admission** is sought for a new **class of securities**, or (ii) **admission** is the result of a **reverse takeover** involving an **Issuer** that previously had **securities admitted**, in which case this section shall apply unless the **Exchange** otherwise determines.

A1: Eligibility for admission

2. In order to be eligible for **admission**¹, and in addition to the requirements of the **Admission & Disclosure Standards**, the following criteria must be satisfied, at **admission**, unless the **Exchange** otherwise agrees:
 - 2.1. the **Issuer** together with its **subsidiary undertakings** must be a trading business²
 - 2.2. the **Issuer** must control the majority of its assets
 - 2.3. the **Issuer** must be able to demonstrate growth in audited consolidated revenue, prepared in a form consistent with that which will be adopted in the **Issuer's** next published financial statements, of at least 20% on a **CAGR** basis over the prior three financial years
 - 2.4. at least 10% of the number of **securities** to be **admitted** must be **in public hands**
 - 2.5. the value of the **securities in public hands** must be at least £30 million. The majority of the £30 million must be raised at **admission** by the issue of new **securities** or sale of existing **securities** from the same **class** as that to be **admitted**
 - 2.6. there will be a sufficient number of registered holders of the **securities** to be **admitted** to provide an orderly market in the **securities** following **admission**
 - 2.7. the **securities** to be **admitted** must form part of the **Issuer's equity share capital**, must conform with the laws and regulations of the **Issuer's** place of incorporation and be duly authorised according to the requirements of the **Issuer's** constitution as well as having any other necessary consents, and
 - 2.8. the **Issuer** must:
 - 2.8.1. be duly incorporated or otherwise validly established in an **EEA State** and must operate in conformity with its constitution, and
 - 2.8.2. be a public limited company or similar **EEA** corporate structure.
3. In addition, to be eligible for **admission**, the **Issuer** must have published prior to **admission** a **prospectus** in relation to the **securities** to be **admitted** that must have been approved by the **FCA** or another **EEA State** competent authority as applicable. To the extent permitted by the relevant competent authority, that **prospectus** (as well any notification to a **RIS** at **admission**) should include the following:
 - 3.1. a statement, ideally on the front page, prominently and boldly, stating the following:

"Admission to the High Growth Segment of the Main Market of the London Stock Exchange is primarily intended for high growth companies, which are likely to have a lower proportion

¹ GUIDANCE – **Issuers** should note that certain of the eligibility requirements set out here are continuing obligations pursuant to section B1

² GUIDANCE - an **Issuer** should not, for example, be a mineral resource company at exploration stage, or an investment entity

of securities in public hands at admission than companies admitted to the Official List. High Growth Segment securities are not admitted to the Official List of the Financial Conduct Authority. Therefore the company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Financial Conduct Authority's Listing Rules. The London Stock Exchange has not examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.", and

- 3.2. a non-binding indication in the section of the **prospectus** dealing with information on the **Issuer** (and in any notification to a **RIS** at **admission**) setting out that the **Issuer** intends to apply for admission to the **Official List** in the future and how it intends to satisfy the eligibility criteria for admission to the **Official List**.
4. In addition, to be eligible for **admission**, an **Issuer** must have appointed a **Key Adviser** in relation to an **admission**. The **Key Adviser** must comply with the requirements of Annex 3 of **these rules**.
5. In addition to the powers set out in the **Admission & Disclosure Standards**, even if an application for **admission** by an **Issuer** satisfies all of the criteria set out in this section A1, the **Exchange** may refuse **admission** or may impose any conditions to **admission** if it considers that **admission** would or may be detrimental to investors' interests, the reputation of the **High Growth Segment** or the **Exchange**.

A2: Procedure for admission

6. In addition to the requirements for **admission** set out in the **Admission & Disclosure Standards**, to apply for **admission**:
 - 6.1. a **Key Adviser** must submit to the **Exchange** a draft copy of the **eligibility letter** by email to the **Primary Market Regulation Team** no later than the date on which a draft **prospectus** is first submitted for review to the **FCA** or other **EEA State** competent authority
 - 6.2. an **Issuer** (or **Key Adviser** on its behalf) must submit to the **Exchange** at least two **business days** before the **Exchange** is to consider the application for **admission**, the following by email to the **Primary Market Regulation Team**:
 - 6.2.1. a completed **Issuer Declaration**
 - 6.2.2. where the **prospectus** is approved by an **EEA State** competent authority other than the **FCA**, a certificate of approval, and
 - 6.2.3. any other documentation required by the **Exchange** in connection with assessing the **Issuer's** eligibility, and
 - 6.3. a **Key Adviser** must submit to the **Exchange** at least two **business days** before the **Exchange** is to consider the application for **admission** by email to the **Primary Market Regulation Team**:
 - 6.3.1. a completed **Key Adviser Declaration**
 - 6.3.2. the final form **eligibility letter**, and
 - 6.3.3. any other documentation required by the **Exchange** in connection with assessing the **Issuer's** eligibility.
7. An **Issuer** in the case of rule 6.2 and information required by the **Admission & Disclosure Standards** or **Key Adviser** in the case of the whole of rule 6, in each case must inform the

Exchange (via the **Primary Market Regulation Team**) without delay of any change in the information provided under those provisions that occurs prior to **admission**. Where, in the opinion of the **Exchange**, such change(s) result in the information being significantly different to that initially provided or otherwise being material in the context of the **admission**, the **Exchange** may delay **admission**.

8. The **Exchange** may publish the information contained in the documents it receives pursuant to rule 6.1 or the **Admission & Disclosure Standards**, in particular by noting details of the proposed **admission** on its website.
9. **Admission** becomes effective at the time set out in the **Admission & Disclosure Standards**.

SECTION B – CONTINUING OBLIGATIONS

10. This section applies to **Issuers** that have **securities admitted**.

B1: Continuing eligibility requirements

11. While it has **securities admitted**, the **Issuer** must comply with the criteria set out in rule 2 (other than those at rules 2.3, 2.5 and 2.6) as if they applied on a continuing basis.
12. In addition to the requirements in the **Admission & Disclosure Standards**, an **Issuer** must:
 - 12.1. deal with the **Exchange** in an open and co-operative way and deal with all enquiries raised by the **Exchange** promptly
 - 12.2. promptly notify the **Exchange** if it becomes aware that it is likely to fail or has failed to comply with its obligations under **these rules** or the **Admission & Disclosure Standards**, and
 - 12.3. provide to the **Exchange** any information or explanation the **Exchange** might reasonably require for the purpose of verifying whether **these rules** are being or have been complied with.
13. In relation to any further issue of **securities** of the same **class**, the provisions of the **Admission & Disclosure Standards** apply and a **Form 1** must be submitted to the **Exchange** for **admission** of such **securities**.

B2: Advice of Key Advisers

14. An **Issuer** must obtain the guidance of a **Key Adviser** to assist it³ with the application of **these rules** and the **Admission & Disclosure Standards** where it (or any of its **subsidiary undertakings**) is proposing to enter into or undertake any significant transaction or a significant event occurs, including any of the following:
 - 14.1. a transaction which due to its size or nature could amount to a **notifiable transaction**, **related party transaction** or **reverse takeover**
 - 14.2. cancellation of its **admission**

³ GUIDANCE - For the avoidance of doubt, the role of the **Key Adviser** after **admission** is to advise the **Issuer** only and the **Key Adviser** will not owe duties to the **Exchange** in relation to such advice.

- 14.3. a further issue of **securities** or a purchase of own **securities** of the same **class** to that which is **admitted**, or
- 14.4. severe financial difficulty, including in relation to any associated restructuring, reconstruction or disposal.

B3: Notifiable transactions

15. In this section B3, (except where specifically provided to the contrary) a reference to a transaction by an **Issuer**:
 - 15.1. subject to paragraphs 15.3, 15.4 and 15.5, includes all agreements (including amendments to agreements) entered into by the **Issuer** (or its **subsidiary undertakings**)
 - 15.2. includes the grant or acquisition of an option as if the option had been exercised except that, if exercise is solely at the **Issuer's** (or its **subsidiary undertaking's**) discretion, the transaction will be classified on exercise and only the consideration (if any) for the option will be classified on the grant or acquisition
 - 15.3. excludes a transaction in the ordinary course of business
 - 15.4. excludes an issue of **securities**, or a transaction to raise finance, which does not involve the acquisition or disposal of any fixed asset of the **Issuer** (or of its **subsidiary undertakings**), and
 - 15.5. excludes any transaction between the **Issuer** and its wholly-owned **subsidiary undertaking** or between its wholly-owned **subsidiary undertakings**.
16. In assessing whether a transaction is in the ordinary course of an **Issuer's** business, regard should be had to the size and incidence of similar transactions which the **Issuer** (or its **subsidiary undertakings**) has entered into.⁴
17. A transaction is classified by assessing its size relative to that of the company proposing to make it. The comparison of size is made by using the **percentage ratios** that result from applying the **class test** calculations to a transaction. The **class tests** are set out in Annex 1.
18. A “**notifiable transaction**” is a transaction where any **percentage ratio** is 25% or more.
19. Transactions completed during the 12 months before the date of the latest transaction must be aggregated with that transaction for the purposes of classification if:
 - 19.1. they are entered into by the **Issuer** (or its **subsidiary undertaking**) with the same **person** or with **persons** connected with one another
 - 19.2. they involve the acquisition or disposal of **securities** or an interest in one particular company, or
 - 19.3. together they lead to substantial involvement in a business activity which did not previously form a significant part of the **Issuer's group's** principal activities.

⁴ GUIDANCE - Where relevant when considering whether a transaction is a **notifiable transaction**, the following **Listing Rules** should be regarded as guidance: **Listing Rules** 10.2.4 to 10.2.9 R inclusive in relation to indemnities and similar arrangements, break fee arrangements and issues by major subsidiary undertakings. The **Exchange** may require an **Issuer** to provide its calculations of the **percentage ratios** in connection with a transaction and the **Issuer's** reasons for concluding whether or not a transaction is a **notifiable transaction**.

20. An **Issuer** must notify a **RIS** as soon as possible after the terms of a **notifiable transaction** are agreed in the terms set out in Annex 2, noting also the requirements for a supplementary notification set out in that Annex.

B4: Related party transactions

21. A "related party transaction" is a transaction where any **percentage ratio** is 5% or more, and it is:
- 21.1. a transaction (other than a transaction in the ordinary course of business) between an **Issuer** and a **related party**
 - 21.2. an arrangement (other than an arrangement in the ordinary course of business) pursuant to which an **Issuer** and a **related party** each invests in, or provides finance to, another undertaking or asset, or
 - 21.3. any other similar transaction or arrangement (other than a transaction in the ordinary course of business) between an **Issuer** and any other **person** the purpose and effect of which is to benefit a **related party**.
22. In this section B4, a reference to a transaction or arrangement:
- 22.1. by an **Issuer** includes a transaction or arrangement by its **subsidiary undertaking**, and
 - 22.2. is, unless the contrary intention appears, a reference to the entering into of the agreement for the transaction or the entering into of the arrangement.
23. In assessing whether a transaction is in the ordinary course of business, regard should be had to the size and incidence of the transaction and also whether the terms and conditions of the transaction are unusual. Rule 25 will apply to the variation or novation of an existing agreement between an **Issuer** and a **related party** whether or not, at the time the original agreement was entered into, that party was a **related party**.
24. If an **Issuer** enters into transactions or arrangements with the same **related party**⁵ in any 12 month period, the transactions or arrangements must be aggregated. If any **percentage ratio** is 5% or more for the aggregated transactions or arrangements, the **Issuer** must comply with rule 25 in respect of the latest transaction or arrangement.⁶
25. If an **Issuer** enters into a **related party transaction**, the **Issuer** must make a notification in accordance with rule 20 as if it were a **notifiable transaction**, including also the following:
- 25.1. the name of the **related party**, and
 - 25.2. details of the nature and extent of the **related party's** interest in the transaction or arrangement.

⁵ GUIDANCE - or with any 'associate' of a **related party** as such term is defined in the **Listing Rules**

⁶ GUIDANCE - The **Exchange** may require an **Issuer** to provide its calculations of the **percentage ratios** in connection with the transaction and the **Issuer's** reasons for concluding whether or not a transaction is a **related party transaction**. The following should be taken into consideration as guidance when considering whether a transaction or arrangement is a **related party transaction**:

- paragraph 1 or 1A of **Listing Rule 11 Annex 1 R** (a small transaction or a transaction the terms of which were agreed before a **person** became a related party); or
- paragraphs 2 to 9 of **Listing Rule 11 Annex 1 R** and does not have any unusual features.

B5: Reverse takeovers

26. Where an **Issuer** wishes to undertake a **reverse takeover**⁷, it must:
 - 26.1. comply with the requirements of section B3 as if it were a **notifiable transaction**
 - 26.2. send an explanatory circular to its **shareholders** and obtain their prior approval in a general meeting for the transaction which constitutes the **reverse takeover**, and
 - 26.3. ensure that any agreement that effects such transaction is conditional on that **shareholder** approval being obtained.
27. Matters relating to the circular and material change:
 - 27.1. The circular required by rule 26.2 should include all relevant information to enable **shareholders** to make an informed decision about the proposed **reverse takeover**⁸.
 - 27.2. If after publication of the circular but before the general meeting a material change or new matter occurs which the **Issuer** should have included in the circular if it had been in existence at the time of its publication, the **Issuer** should send a supplementary circular to its **shareholders** providing an explanation of such change or matter.
 - 27.3. If, after obtaining **shareholder** approval but before the completion of the **reverse takeover**, there is a material change to the terms of the transaction, the **Issuer** must comply again with rule 26.
28. Where **shareholder** approval is given for the **reverse takeover**, **admission** of the **securities** will be cancelled. The **Issuer**, as enlarged by the **reverse takeover**, must re-apply for **admission** of its **securities** should it wish to be **admitted** and it must satisfy the relevant requirements set out in section A of **these rules** and the **Admission & Disclosure Standards** in relation to the **admission**, together with any other applicable rules such as the **Prospectus Rules**.
29. Suspension in relation to a reverse takeover:
 - 29.1. An **Issuer** must contact the **Exchange** via the **Primary Market Regulation Team** as early as possible:
 - 29.1.1. before announcing a **reverse takeover** which has been agreed or is in contemplation, to discuss whether a **suspension of trading** of the **securities** under the **Admission & Disclosure Standards** is appropriate, or
 - 29.1.2. where details of the **reverse takeover** have leaked, to request such a **suspension of trading**.
 - 29.2. Examples of where a **reverse takeover** will be considered as in contemplation include situations where:
 - 29.2.1. the **Issuer** (or its **subsidiary undertaking**) has approached the **target** company's board

⁷ GUIDANCE - The **Exchange** may require an **Issuer** to provide its calculations of the **percentage ratios** in connection with a transaction, the **Issuer's** reasons for concluding whether or not a transaction is a **reverse takeover** and a confirmation from the **Issuer** in relation to the publicly available information about the **target**.

⁸ GUIDANCE - **Listing Rules** 13.3 – 5 inclusive should be used as guidance in relation to the contents of the circular. For the avoidance of doubt, the **Exchange** does not approve the contents of the circular to be sent to **shareholders**. If a **prospectus** for the **Issuer** as enlarged by the **reverse takeover** is published and sent to shareholders with the notice of the meeting required by rule 26.2, the **Issuer** will be deemed to have satisfied the requirements of that rule in relation to the publication of a circular.

- 29.2.2. the **Issuer** (or its **subsidiary undertaking**) has entered into an exclusivity period with a **target** company, or
- 29.2.3. the **Issuer** (or its **subsidiary undertaking**) has been given access to begin due diligence work (whether or not on a limited basis).
- 29.3. Generally, when a **reverse takeover** is announced or leaked, there will be insufficient publicly available information about the proposed transaction and the **Issuer** will be unable to assess accurately its financial position and inform the market accordingly. In this case, the **Exchange** will often consider that **suspension of trading** will be appropriate. However, if the **Exchange** is satisfied that there is sufficient publicly available information about the proposed transaction it may agree with the **Issuer** that a **suspension of trading** is not required.⁹

B6: Requirement for notifications to a RIS

30. An **Issuer** must notify an **RIS** without delay of:
 - 30.1. the resignation, dismissal or appointment of any **director** giving the date of such occurrence and, in relation to an appointment, including usual biographical information about such **director** as might be found in a **prospectus** including details of any holding of **securities** in the **Issuer**
 - 30.2. any change in its accounting reference date, registered office address or legal name
 - 30.3. any decision to make any payment in respect of the **securities** specifying the net amount payable per security, the payment date and the record date
 - 30.4. the admission or cancellation of any of the **Issuer's securities**, including the reason(s), and details of any **securities** taken in and out of **treasury shares**
 - 30.5. any proposed or actual change in the **Issuer's** capital structure and the results of any new issue of **securities**, and
 - 30.6. details of all resolutions passed at a general meeting of the **Issuer** other than resolutions concerning ordinary business passed at an annual general meeting.

B7: Continuing website disclosures

31. An **Issuer** must from **admission** maintain a website on which the following information in relation to it should be easily available, free of charge:
 - 31.1. a description of its or its **group's** business
 - 31.2. the names of the **Issuer's directors** and brief biographical details of each, as would normally be included in a **prospectus**
 - 31.3. a description of the responsibilities of the members of the board of **directors** and details of any committees of the board of **directors** and their responsibilities
 - 31.4. the **Issuer's** country of incorporation and main country of operation

⁹ GUIDANCE - In considering whether **suspension of trading** is required, the **Exchange** may, if it considers relevant, refer for guidance to **Listing Rules 5.6.10 G to 5.6.18 R inclusive**, as well as considering its duties as a **Recognised Investment Exchange**.

- 31.5. its current constitutional documents (e.g. its articles of association)
- 31.6. details of any other exchanges or trading platforms on which the **Issuer** has applied or agreed to have any of its **securities** admitted or traded
- 31.7. the number of **securities** in issue (noting any held as **treasury shares**)
- 31.8. details of any restrictions on the transfer of its **securities**
- 31.9. its most recent annual financial report and any subsequent half-yearly, quarterly or similar reports
- 31.10. the information in relation to corporate governance required to be included in an **Issuer's** annual financial report in accordance with section B8
- 31.11. all notifications to a **RIS** the **Issuer** has made in the past 12 months
- 31.12. taking into account any restrictions in relation to applicable securities laws, its most recent **prospectus** together with any circulars or documents sent to **shareholders** within the past 12 months, and
- 31.13. details of its key professional advisers (as might normally be found in a **prospectus**).

B8: Corporate governance

32. An **Issuer** must ensure that the following additional items are included in its annual financial report on an ongoing basis:
 - 32.1. details of the corporate governance code to which the **Issuer** is subject and/or details of the corporate governance code or practices which the **Issuer** may have voluntarily decided to apply, and where such code or practices are publicly available
 - 32.2. a statement as to how the **Issuer** has applied the main principles set out in such code or practices, in a manner that would enable **shareholders** to evaluate how the principles have been applied, and
 - 32.3. a statement as to:
 - 32.3.1. which relevant provisions set out in code or practices the **Issuer** has complied with throughout the accounting period, or
 - 32.3.2. where it has not complied with the relevant provisions, set out those provisions and explain the reasons for non-compliance, and
 - 32.3.3. in the case of provisions whose requirements are of a continuing nature, the period within which, if any, it did not comply with some or all of those provisions.

B9: Cancellation of admission

33. Except as set out in rule 34, an **Issuer** that wishes to cancel its **admission** of **securities** must:
 - 33.1. Shareholder consent:
 - 33.1.1. obtain, at a general meeting, the prior approval of a resolution for the cancellation from a majority of not less than 75% of **shareholders** as (being entitled to do so) vote in person or, where proxies are allowed, by proxy. The relevant meeting should be convened by way of the requisite notice required under the **Issuer's** constitution or applicable law, and should set out:

- 33.1.1.1. the reasons for the intended cancellation
 - 33.1.1.2. the anticipated date of cancellation (which must not be less than 20 **business days** following the passing of the resolution required by this rule), and
 - 33.1.1.3. all relevant information to enable the **shareholders** to make an informed decision¹⁰.
 - 33.2. notify a **RIS**, at the same time as the notice convening the meeting required by rule 33.1 above is despatched, of the intended cancellation and of the notice period and meeting, and
 - 33.3. also subsequently notify a **RIS** of the outcome of the above meeting.
34. Rule 33 does not apply:
- 34.1. where there is a concurrent application for **admission** of the **securities** to the Premium listing segment of the **Official List**¹¹, or
 - 34.2. in the case of a takeover¹² where:
 - 34.2.1. the offeror has by virtue of its shareholdings and acceptances of the offer, acquired or agreed to acquire issued share capital carrying 75% of the voting rights of the **Issuer**, and
 - 34.2.2. the offeror has stated in the offer document or any subsequent circular sent to the **shareholders** that a notice period of not less than 20 **business days** prior to cancellation will commence either on the offeror attaining the required 75% described above or on the first date of issue of compulsory acquisition notices under section 979 of the Companies Act 2006 (Right of offeror to buy out minority shareholders), or equivalent provisions in the relevant legislation or regulation of the **Issuer's** country of incorporation.
 - 34.2.3. In the circumstances of 34.2.1 and 34.2.2, the **Issuer** must notify **shareholders** that the required 75% has been attained and that the notice period has commenced and of the anticipated date of cancellation or the explanatory letter or other material accompanying the section 979 notice (or equivalent) must state that the notice period has commenced and the anticipated date of cancellation.
 - 34.3. in the case of a cancellation of **admission** as a result of a scheme of arrangement or equivalent court approved or insolvency event, where the **Exchange** has in advance confirmed that rule 33 will not apply¹³.
35. The provisions of this section B9 supersede where relevant the requirements of the **Admission & Disclosure Standards** in relation to cancellation of **admission**.

¹⁰ GUIDANCE - Listing Rule 13.3.1 R should be used as guidance in relation to the contents of the circular. For the avoidance of doubt, the Exchange does not approve the contents of the circular to be sent to **shareholders**

¹¹ Shareholder consent as set out in rule 33 is required for a transfer to the Standard listing segment of the **Official List**. Rule 27.2 in relation to a material change or new matter occurring shall be deemed to apply to the circular required by this section B9 also.

¹² GUIDANCE - as such term is defined in the **FCA Handbook**

¹³ GUIDANCE - Listing Rule 5.2.12 R should be used as guidance

B10: Discipline of Issuers

36. Where the **Exchange** considers that an **Issuer** is in breach of its responsibilities and obligations under **these rules**, the **Exchange** may take disciplinary action against such **Issuer** and the Compliance Procedures set out in the **Admission & Disclosure Standards** shall apply to breaches of **these rules** as well as to breaches of the **Admission & Disclosure Standards**.

SECTION C: KEY ADVISERS

37. Rule 4 and rule 14 require, respectively, the appointment of a **Key Adviser** for **admission** and that the guidance of a **Key Adviser** is sought for certain events occurring after **admission**.
38. Annex 3 applies to **persons** intending to act or acting as **Key Advisers** in relation to **these rules**.
39. An **Issuer** must ensure that prior to engaging a **person** to act as **Key Adviser**, that **person** is on the list of **Key Advisers**, which is available from the **Exchange** on request to the **Primary Market Regulation Team**.
40. An **Issuer** must ensure that the **Exchange** is informed promptly of the name and contact details of any **Key Adviser** appointed in accordance with **these rules**.
41. An **Issuer** must notify the **Exchange** in writing at the earliest possible opportunity of the resignation or dismissal of any **Key Adviser** that it had appointed. In the case of a dismissal, the reasons for the dismissal must be included in the notification. The notification must be copied to the **Key Adviser**.
42. An **Issuer** must cooperate with its **Key Adviser** in relation to its performance of the **Key Adviser** role by providing the **Key Adviser** with all information reasonably requested by the **Key Adviser** for the purpose of performing the **Key Adviser** role.

ANNEX 1 - CLASS TESTS

Class tests		
1	This Annex sets out the following class tests :	
	(1) the gross assets test;	
	(2) the profits test;	
	(3) the consideration test; and	
	(4) the gross capital test.	
The gross assets test		
2	(1)	The assets test is calculated by dividing the gross assets the subject of the transaction by the gross assets of the Issuer .
	(2)	The gross assets of the Issuer means the total non-current assets, plus the total current assets, of the Issuer .
	(3)	For:
	(a)	an acquisition of an interest in an undertaking which will result in consolidation of the assets of that undertaking in the accounts of the Issuer ; or
	(b)	a disposal of an interest in an undertaking which will result in the assets of that undertaking no longer being consolidated in the accounts of the Issuer ;
		the gross assets the subject of the transaction means the value of 100% of that undertaking's assets irrespective of what interest is acquired or disposed of.
	(4)	For an acquisition or disposal of an interest in an undertaking which does not fall within paragraph (3), the gross assets the subject of the transaction means:
	(a)	for an acquisition, the consideration together with liabilities assumed (if any); and
	(b)	for a disposal, the assets attributed to that interest in the Issuer's accounts.
	(5)	If there is an acquisition of assets other than an interest in an undertaking, the assets the subject of the transaction means the consideration or, if greater, the book value of those assets as they will be included in the Issuer's balance sheet.
	(6)	If there is a disposal of assets other than an interest in an undertaking, the assets the subject of the transaction means the book value of the assets in the Issuer's balance sheet.
3	The Exchange may modify paragraph 2 to require, when calculating the assets the subject of the transaction, the inclusion of further amounts if contingent assets or arrangements are involved.	
The profits test		
4	(1)	The profits test is calculated by dividing the profits attributable to the assets the subject of the transaction by the profits of the Issuer .

	(2)	For the purposes of paragraph (1), profits means:
	(a)	profits after deducting all charges except taxation; and
	(b)	for an acquisition or disposal of an interest in an undertaking referred to in paragraph 2 (3)(a) or (b) of this Annex, 100% of the profits of the undertaking (irrespective of what interest is acquired or disposed of).
	(3)	If the acquisition or disposal of the interest will not result in consolidation or deconsolidation of the target then the profits test is not applicable.
4A		The amount of loss is relevant in calculating the impact of a proposed transaction under the profits test. An Issuer should include the amount of the losses of the Issuer or target i.e. disregard the negative when calculating the test.
The consideration test		
5	(1)	The consideration test is calculated by taking the consideration for the transaction as a percentage of the aggregate market value of all the ordinary shares (excluding treasury shares) of the Issuer .
	(2)	For the purposes of paragraph (1):
	(a)	the consideration is the amount paid to the contracting party;
	(b)	if all or part of the consideration is in the form of securities to be traded on a market, the consideration attributable to those securities is the aggregate market value of those securities ; and
	(c)	if deferred consideration is or may be payable or receivable by the Issuer in the future, the consideration is the maximum total consideration payable or receivable under the agreement.
	(3)	If the total consideration is not subject to any maximum, the transaction is to be treated as a notifiable transaction . ¹⁴
	(4)	For the purposes of sub-paragraph (2)(b), the figures used to determine consideration consisting of:
	(a)	securities of a class already admitted , must be the aggregate market value of all those securities on the last business day before the announcement; and
	(b)	a new class of securities for which an application for admission to trading will be made, must be the expected aggregate market value of all those securities .
	(5)	For the purposes of paragraph (1), the figure used to determine market capitalisation is the aggregate market value of all the ordinary shares (excluding treasury shares) of the Issuer at the close of business on the last business day before the announcement.
6		The Exchange may modify paragraph 5 to require the inclusion of further amounts in the calculation of the consideration. For example, if the purchaser agrees to discharge any liabilities, including the repayment of inter-company or third party debt, whether actual or contingent, as part of the terms of the transaction.
The gross capital test		

¹⁴ GUIDANCE – the rules relating to **reverse takeovers** should also be considered

		(1) The gross capital test is calculated by dividing the gross capital of the company or business being acquired by the gross capital of the Issuer .
	(2)	The test in paragraph (1) is only to be applied for an acquisition of a company or business.
	(3)	For the purposes of paragraph (1), the gross capital of the company or business being acquired means the aggregate of:
		(a) the consideration (as calculated under paragraph 5 of this Annex);
		(b) if a company, any of its shares and debt securities which are not being acquired;
		(c) all other liabilities (other than current liabilities) including for this purpose minority interests and deferred taxation; and
		(d) any excess of current liabilities over current assets.
	(4)	For the purposes of paragraph (1), the gross capital of the Issuer means the aggregate of:
		(a) the market value of its shares (excluding treasury shares) and the issue amount of the debt security;
		(b) all other liabilities (other than current liabilities) including for this purpose minority interests and deferred taxation; and
		(c) any excess of current liabilities over current assets.
	(5)	For the purposes of paragraph (1):
		(a) figures used must be, for shares and debt security aggregated for the purposes of the gross capital percentage ratio, the aggregate market value of all those shares (or if not available before the announcement, their nominal value) and the issue amount of the debt security; and
		(b) for shares and debt security aggregated for the purposes of paragraph (3)(b), any treasury shares held by the company are not to be taken into account.

Figures used to classify assets and profits

		(1) For the purposes of calculating the tests in this Annex, except as otherwise stated in paragraphs (2) to (6), figures used to classify assets and profits, must be the figures shown in the latest published audited consolidated accounts or, if an Issuer has, or will have, published a preliminary statement of later annual results at the time the terms of a transaction are agreed, the figures shown in that preliminary statement.
	(2)	If a balance sheet has been published in a subsequently published interim statement then gross assets and gross capital should be taken from the balance sheet published in the interim statement.
	(3)	(a) The figures of the Issuer must be adjusted to take account of subsequent completed transactions which have been notified to a RIS pursuant to rule 20. (b) The figures of the target company or business must be adjusted to take account of subsequent completed transactions which would have been a notifiable transaction or greater when classified against the target as a whole.
	(4)	Figures on which the auditors are unable to report without modification must be disregarded.

	(5)	When applying the percentage ratios to an acquisition by a company whose assets consist wholly or predominantly of cash or short-dated securities , the cash and short-dated securities must be excluded in calculating its assets and market capitalisation.
	(6)	The principles in this paragraph also apply (to the extent relevant) to calculating the assets and profits of the target company or business.
9		The Exchange may modify paragraph 8(4) in appropriate cases to permit figures to be taken into account.
	Anomalous results	
10	If a calculation under any of the class tests produces an anomalous result or if a calculation is inappropriate to the activities of the Issuer , the Exchange may modify the relevant rule to substitute other relevant indicators of size, including industry specific tests.	
	Adjustments to figures	
11	Where an Issuer wishes to make adjustments to the figures used in calculating the class tests they should discuss this with the Exchange before the class tests crystallise.	

ANNEX 2 - NOTIFIABLE TRANSACTIONS

1. The notification required by section B3 must include:
 - 1.1. details of the transaction, including the name of the other party to the transaction
 - 1.2. a description of the business carried on by, or using, the net assets the subject of the transaction
 - 1.3. the consideration, and how it is being satisfied (including the terms of any arrangements for deferred consideration)
 - 1.4. the value of the gross assets the subject of the transaction
 - 1.5. the profits attributable to the assets the subject of the transaction
 - 1.6. the effect of the transaction on the **Issuer** including any benefits which are expected to accrue to the **Issuer** as a result of the transaction
 - 1.7. details of any service contracts of proposed **directors** of the **Issuer**;
 - 1.8. for a disposal, the application of the sale proceeds
 - 1.9. for a disposal, if **securities** are to form part of the consideration received, a statement whether the **securities** are to be sold or retained,
 - 1.10. details of key individuals important to the business or company the subject of the transaction, and
 - 1.11. where the transaction is a **reverse takeover**:
 - 1.11.1. details of the general meeting to be held by the **Issuer** in connection with the **reverse takeover**, and
 - 1.11.2. where and when an explanatory circular as required by rule 26.2 will be available.
2. Supplementary notification¹⁵:
 - 2.1. An **Issuer** must notify a **RIS** as soon as possible if, after the notification under 1 above it becomes aware that prior to completion of the transaction:
 - 2.1.1. there has been a significant change affecting any matter contained in that earlier notification, or
 - 2.1.2. a significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.
 - 2.2. The supplementary notification must give details of the change or new matter and also contain a statement that, except as disclosed, there has been no significant change affecting any matter contained in the earlier notification and no other significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.
 - 2.3. In paragraphs 2.1 and 2.2, significant means significant for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the **Issuer** and the rights attaching to any **securities** forming part of the consideration.

¹⁵ GUIDANCE – **Issuers** should also consider their obligations in relation to a **reverse takeover** under rule 27

ANNEX 3 - KEY ADVISERS

RESPONSIBILITIES OF A KEY ADVISER

1. A **Key Adviser** must in relation to a **Key Adviser service**:
 - 1.1. provide assurance to the **Exchange** when required that the responsibilities of the **Issuer** have been met
 - 1.2. provide to the **Exchange** any explanation or confirmation in such form and within such time limit as the **Exchange** reasonably requires in relation to an **admission** for the purposes of ensuring that **these rules** and the **Admission & Disclosure Standards** are being complied with by an **Issuer**, and
 - 1.3. guide the **Issuer** in understanding and meeting its responsibilities in relation to an **admission** under **these rules** and the **Admission & Disclosure Standards**.
2. A **Key Adviser** must, for so long as it provides a **Key Adviser service**:
 - 2.1. take such reasonable steps as are sufficient to ensure that any communication or information it provides to the **Exchange** in carrying out the **Key Adviser service** is, to the best of its knowledge and belief, accurate and complete in all material respects, and
 - 2.2. as soon as possible provide to the **Exchange** any information of which it becomes aware that materially affects the accuracy or completeness of information it has previously provided.
3. Where a **Key Adviser** provides information to the **Exchange** which is or is based on information it has received from a third party, in assessing whether a **Key Adviser** has complied with its obligations, the **Exchange** will have regard, amongst other things, to whether a **Key Adviser** has appropriately used its own knowledge, judgment and expertise to review and challenge the information provided by the third party.
4. The **Key Adviser** will be the main point of contact with the **Exchange** in relation to a **Key Adviser service** and for any subsequent matter that the **Issuer** requests be dealt with on its behalf by the **Key Adviser**.

PRINCIPLES FOR KEY ADVISERS

5. A **Key Adviser** must in relation to a **Key Adviser service** act with due care and skill.
6. Where, in relation to a **Key Adviser service**, a **Key Adviser** gives any guidance or advice to an **Issuer** on the application or interpretation of **these rules** or the **Admission & Disclosure Standards**, the **Key Adviser** must take reasonable steps to satisfy itself that the **directors** of the **Issuer** understand their responsibilities and obligations under those rules.
7. A **Key Adviser** must at all times (whether in relation to a **Key Adviser service** or otherwise):
 - 7.1. deal with the **Exchange** in an open and co-operative way, and
 - 7.2. deal with all enquiries raised by the **Exchange** promptly.
8. If, in connection with the provision of a **Key Adviser service**, a **Key Adviser** becomes aware that it, or an **Issuer** is failing or has failed to comply with its obligations under **these rules** or the **Admission & Disclosure Standards**, the **Key Adviser** must promptly notify the **Exchange**.
9. A **Key Adviser** must, in relation to a **Key Adviser service**, act with honesty and integrity.

10. A **Key Adviser** must take all reasonable steps to identify conflicts of interest that could adversely affect its ability to perform its functions properly under **these rules**.
11. In identifying conflicts of interest, **Key Advisers** should also take into account circumstances that could:
 - 11.1. create a perception in the market that a **Key Adviser** may not be able to perform its functions properly, or
 - 11.2. compromise the ability of a **Key Adviser** to fulfil its obligations to the **Exchange** in relation to the provision of a **Key Adviser service**.
12. Only one **Key Adviser** may be appointed by an **Issuer** in relation to **these rules** at any one time. A **Key Adviser** must not delegate any of its functions or permit another **person** to perform those functions. Where a **Key Adviser** wishes another member of its **group** to carry out any part of its **Key Adviser** role, it should seek the prior written permission of the **Exchange** via the **Primary Market Regulation Team**.

ROLE OF A KEY ADVISER

13. In relation to an **admission**, a **Key Adviser** must not submit to the **Exchange** a **Key Adviser Declaration** on behalf of an **Issuer**, in accordance with rule 6.3, unless it has come to a reasonable opinion, after having made due and careful enquiry, that:
 - 13.1. the **Issuer** has satisfied all requirements of **these rules** and the **Admission & Disclosure Standards**
 - 13.2. the **directors** have established procedures which enable the **Issuer** to comply with **these rules**, the **Admission & Disclosure Standards** and applicable **Disclosure Rules and Transparency Rules** on an ongoing basis
 - 13.3. the **directors** have established procedures which provide a reasonable basis for them to make proper judgments on an ongoing basis as to the financial position and prospects of the **Issuer** and its **subsidiary undertakings**, and
 - 13.4. the **directors** have a reasonable basis on which to make the working capital statement in the **prospectus**.
14. A **Key Adviser** must:
 - 14.1. submit a letter to the **Exchange** in the form prescribed on the **Exchange's** website setting out how the **Issuer** satisfies the criteria in section A of **these rules** (i) in draft in accordance with rule 6.1 and (ii) in final form in accordance with rule 6.3 ("**eligibility letter**")
 - 14.2. submit a completed **Key Adviser's Declaration** on an application for **admission** to the **Exchange** in accordance with rule 6.3, and
 - 14.3. ensure that all matters known to it which, in its reasonable opinion, should be taken into account by the **Exchange** in considering:
 - 14.3.1. the application for **admission**
 - 14.3.2. whether the **admission** would be detrimental to investors' interests have been disclosed with sufficient prominence in the **prospectus** or otherwise in writing to the **Exchange**.

CRITERIA FOR APPROVAL AS A KEY ADVISER

List of Key Advisers

15. A list of **Key Advisers** is available from the **Exchange** on request to the **Primary Market Regulation Team**.

Application for approval as a Key Adviser

16. A **person** wanting to act as a **Key Adviser** must apply to the **Exchange** for approval as a **Key Adviser** by submitting the following to the **Primary Market Regulation Team**:
 - 16.1. a completed **Key Adviser Application**
 - 16.2. any applicable fee due to the **Exchange** on application for approval as a **Key Adviser**
 - 16.3. all additional documents, explanations and information as required by the **Exchange**, and
 - 16.4. verification of any information in such a manner as the **Exchange** may specify.
17. When considering an application for approval as a **Key Adviser** the **Exchange** may:
 - 17.1. carry out any enquiries and request any further information which it considers appropriate, including consulting other regulators
 - 17.2. request that the applicant or its specified representative answer questions and explain any matter the **Exchange** considers relevant to the application, and
 - 17.3. take into account any information which it considers appropriate in relation to the application.

Criteria for approval as a Key Adviser

18. The **Exchange** will approve a **person** as a **Key Adviser** only if it is satisfied that the **person**:
 - 18.1. is an authorised person (as such term is defined in the **FCA Handbook**) that is included on the list of sponsors that is maintained by the **FCA** pursuant to **Listing Rule 8** when acting as competent authority under Part VI of the Financial Services & Markets Act 2000,
 - 18.2. is competent to perform **Key Adviser services** and the further advisory role set out in rule 14, and
 - 18.3. has appropriate systems and controls¹⁶ in place to ensure that it can carry out its role as a **Key Adviser** in accordance with this Annex 3.
19. A **Key Adviser** must comply, at all times, with the criteria set out in section 18 of this Annex 3. If a **Key Adviser** fails to continue to comply with such criteria, the **Exchange** may cancel the **Key Adviser's** approval.

Competence of a Key Adviser

20. A **person** will be considered competent to act as a **Key Adviser** if it has a broad range of relevant experience and expertise in providing relevant advice to companies admitted to public markets and on the applicable market rules, in particular in relation to companies admitted to the **Official List**.

¹⁶ GUIDANCE – the **Exchange** will consider **Listing Rule 8.6.12 G – 8.6.13B G** when assessing this criterion

21. In assessing whether a **person** is competent to act as a **Key Adviser**, the **Exchange** will generally have regard amongst other things to the **person's**:
 - 21.1. prior relevant experience, and
 - 21.2. skills, knowledge and expertise.

Record management

22. A **Key Adviser** must have in place effective arrangements to create and retain for six years accessible records which are sufficient to be capable of demonstrating that it has provided **Key Adviser services** and otherwise complied with its obligations under this Annex 3, including the basis of any declaration, opinion, confirmation, guidance required by **these rules**.
23. Records should:
 - 23.1. be capable of timely retrieval, and
 - 23.2. include material communications which relate to the provision of **Key Adviser services**, including any advice or guidance given to an **Issuer** in relation to their responsibilities whilst providing a **Key Adviser service** under **these rules**.

Contact persons

24. For each transaction for which it provides **Key Adviser services**, a **Key Adviser** must:
 - 24.1. notify the **Exchange** as soon as practicable of the name and contact details of the main contact person or persons in the **Key Adviser** for that transaction, and
 - 24.2. ensure that the contact person or persons:
 - 24.2.1. have sufficient knowledge about the **Issuer** and the proposed transaction to be able to answer queries from the **Exchange** about it, and
 - 24.2.2. are available to answer queries from the **Exchange** on any **business day** between 7am and 6pm.

SUPERVISION OF KEY ADVISERS

25. The **Exchange** expects to have an open, co-operative and constructive relationship with a **Key Adviser** to enable it to have a broad picture of the **Key Adviser's** activities and its ability to satisfy the criteria for approval as a **Key Adviser** as set out in section 18 of this Annex 3.
26. Requirement to provide information:
 - 26.1. The **Exchange** may by notice in writing given to a **Key Adviser**, or a **person** applying for approval as a **Key Adviser**, require it to provide specified documents or specified information to the **Exchange**.
 - 26.2. The **Key Adviser**, or the **person** applying for approval as a **Key Adviser**, must as soon as practicable provide to the **Exchange** any documents or information that it has been required to provide under paragraph 26.1 above.
 - 26.3. This rule applies only to documents or information reasonably required by the **Exchange** in connection with the performance of its functions in relation to a **Key Adviser**, a **person** applying for approval as a **Key Adviser** or an **Issuer** that has appointed a **Key Adviser**.

27. The **Exchange** uses a variety of tools to monitor whether a **Key Adviser**:
 - 27.1. continues to satisfy the criteria for approval as a **Key Adviser** as set out in section 18 of this Annex 3, and
 - 27.2. remains in compliance with all applicable parts of **these rules**.
28. **Exchange** staff, after notifying the **Key Adviser**, may make supervisory visits to a **Key Adviser** on a periodic and an ad hoc basis.
29. The **Exchange** will give reasonable notice to a **Key Adviser** of requests for meetings or requests for access to a **Key Adviser**'s documents and records.
30. The **Exchange**, on behalf of other regulators, may request information from a **Key Adviser** or pass information on to other regulators to enable such regulators to discharge their functions.
31. A **Key Adviser** must pay any annual fee due to the **Exchange** in order to remain a **Key Adviser**.

General notifications

32. A **Key Adviser** must notify the **Exchange** (unless prohibited by law or regulation) by telephone and in writing to the **Primary Market Regulation Team** as soon as possible if:
 - 32.1. the **Key Adviser** ceases to satisfy the criteria for approval as a **Key Adviser** set out in section 18 of this Annex 3 or it becomes aware of any matter which, in its reasonable opinion, would be relevant to the **Exchange** in considering whether the **Key Adviser** continues to comply with section 18 (including but not limited to any communications with the **FCA** that indicate that its **FCA** sponsor status may be affected in any way or that it may or has become the subject of disciplinary action), or
 - 32.2. the **Key Adviser** becomes aware of any fact or circumstance relating to the **Key Adviser** or any of its employees performing the **Key Adviser** role which, in its reasonable opinion, would be likely to adversely affect market confidence in the **Key Adviser** regime, or
 - 32.3. the **Key Adviser**, or any of its employees or staff engaged in performing the **Key Adviser** role, are:
 - 32.3.1. convicted of any offence involving fraud, theft or other dishonesty, or
 - 32.3.2. the subject of a bankruptcy proceeding, a receiving order or an administration order, or
 - 32.4. any of its employees or staff performing the **Key Adviser** role are disqualified by a court from acting as a **director** (or similar) of a company or from acting in a management capacity or conducting the affairs of any company, or
 - 32.5. the **Key Adviser**, or any of its employees or staff performing the **Key Adviser** role, are subject to any public criticism, regulatory intervention or disciplinary action:
 - 32.5.1. by the **Exchange**, or
 - 32.5.2. any regulatory body, or
 - 32.5.3. under any comparable legislation in any jurisdiction outside the United Kingdom, or
 - 32.6. the **Key Adviser** resigns or is dismissed by an **Issuer**, giving details of any relevant facts or circumstances, or
 - 32.7. the **Key Adviser** changes its name, or

- 32.8. an **Issuer** denies the **Key Adviser** access to documents or information that have been the subject of a reasonable request by the **Key Adviser**, or
- 32.9. it identifies or otherwise becomes aware of any material deficiency in the **Key Adviser's** systems and controls, or
- 32.10. there is intended to be a change of control of the **Key Adviser**, any restructuring of the **Key Adviser's group**, or a re-organisation of or a substantial change to its **directors**, partners or employees or staff performing the **Key Adviser** role, or
- 32.11. there is expected to be a change in the financial position of the **Key Adviser** or any of its **group** companies that would be likely to adversely affect the **Key Adviser's** ability to perform the **Key Adviser** role or otherwise comply with **these rules**.

CANCELLATION OF KEY ADVISER STATUS

33. Cancellation of a Key Adviser's approval at the Key Adviser's request:

- 33.1. A **Key Adviser** that intends to request the **Exchange** to cancel its approval as a **Key Adviser** should comply with paragraph 33.3 below.
- 33.2. Examples of when a **Key Adviser** should submit a cancellation request include, but are not limited to:
 - 33.2.1. situations where the **Key Adviser** ceases to satisfy the ongoing criteria for approval as a **Key Adviser** in accordance with section 18 of this Annex 3, or
 - 33.2.2. where there is a change of control of the **Key Adviser** or any restructuring of the **Key Adviser's group** that will result in the **Key Adviser** role being provided by a different **person**, in which case the **person** that is intended to provide the **Key Adviser** role should apply for approval as a **Key Adviser** before it performs any of the **Key Adviser** role.
- 33.3. A request by a **Key Adviser** for its approval as a **Key Adviser** to be cancelled must be in writing and must include:
 - 33.3.1. the **Key Adviser's** name
 - 33.3.2. a clear explanation of the background and reasons for the request
 - 33.3.3. the date on which the **Key Adviser** requests the cancellation to take effect
 - 33.3.4. a signed confirmation that the **Key Adviser** will not perform the **Key Adviser** role as of the date the request is submitted to the **Exchange**, and
 - 33.3.5. the name and contact details of the **person** at the **Key Adviser** with whom the **Exchange** should liaise in relation to the request.
- 33.4. A **Key Adviser** may withdraw its request at any time before the cancellation takes effect. The withdrawal request should initially be made by telephone and then confirmed in writing as soon as possible, with an explanation of the reasons for the withdrawal.

Publication of the cancellation of Key Adviser status

34. Where the **Exchange** cancels a **Key Adviser's** approval, the **Exchange** will notify such cancellation of approval by way of a notice published on **RNS** and/or mark the list of **Key Advisers** accordingly.

DISCIPLINE OF KEY ADVISERS

35. If the **Exchange** considers that a **Key Adviser** is in breach of its responsibilities under **these rules** or that the integrity and reputation of **High Growth Segment** or the **Exchange** has been or may be impaired as a result of its conduct or judgment or that market confidence in the **Key Adviser** regime has been or may be adversely affected as a result of its conduct or judgment, the **Exchange** may take disciplinary action against such **Key Adviser**.

Disciplinary process

36. Where the **Exchange** proposes to take action under paragraph 35 above, it shall do so in accordance with the Compliance Procedures set out in the **Admission & Disclosure Standards**, the provisions of which shall apply to **Key Advisers** subject to paragraph 37 below.

Sanctions

37. Any sanctions applicable to **Issuers** under the Compliance Procedures set out in the **Admission & Disclosure Standards** shall apply in relation to **Key Advisers**, save that the sanctions available to the Disciplinary Committee (under section C305 (*Disciplinary powers*)) shall be replaced with the following:
- 37.1. a written warning (censure) which may be public or private
 - 37.2. an unlimited fine for each breach, and/or
 - 37.3. cancellation of the **Key Adviser's** approval.

Moratorium on acting for further Issuers

38. Where, in the opinion of the **Exchange**, a **Key Adviser** (i) no longer meets the requirements of section 18 of Annex 3; (ii) is not meeting its responsibilities under **these rules**; or (iii) is the subject of disciplinary action, or action to remove its **Key Adviser** approval by the **Exchange** or in either case by the **FCA** in relation to its sponsor status, the **Exchange** may prevent that **Key Adviser** from acting as a **Key Adviser** to any additional **Issuers** until that situation is resolved to the **Exchange's** satisfaction.
39. The **Exchange** may make the imposition of any moratorium public by way of a notice published on **RNS** and/or marking the list of **Key Advisers** accordingly.

Appeals by Key Advisers

40. Where the **Exchange** takes any steps against a **Key Adviser** pursuant to **these rules**, the **Key Adviser** may appeal against the **Exchange's** decision in accordance with the Compliance Procedures set out in the **Admission & Disclosure Standards**.

GLOSSARY

TERM	MEANING
Admission & Disclosure Standards	the Admission and Disclosure Standards issued by the Exchange , as amended from time to time
admission, admitted	admission of securities to trading on the High Growth Segment of the Main Market
business days	as such term is defined in the Admission & Disclosure Standards
CAGR	Compound Annual Growth Rate calculated in accordance with the following formula where Revenue means audited consolidated revenue prepared in a form consistent with that which will be adopted in the Issuer's next published financial statements; financial year 3 is the Issuer's most recent completed financial year, and; financial year 0 is the Issuer's financial year ended three years prior to financial year 3: $\left(\frac{\text{Revenue for financial year 3}}{\text{Revenue for financial year 0}} \right)^{1/3} - 1$ <p>For example, to evaluate the three year Revenue CAGR at the end of 2012, Revenue for financial year 0 would be revenue earned in 2009.</p>
class	securities , the rights attaching to which are, or will be, identical and which form a single issue (or series of issues)
class test(s)	the tests set out in Annex 1 which are used to determine how a transaction is to be classified for the purposes of these rules
director(s)	a person occupying the position of a director (by whatever name called) of a company or other body corporate with corresponding powers and duties
Disclosure Rules and Transparency Rules	as such term is defined in the Admission & Disclosure Standards
EEA	as such term is defined in the FCA Handbook
EEA State	as such term is defined in the FCA Handbook
eligibility letter	as defined in section 14.1 of Annex 3 and in such form as is found on the Exchange's website at: www.londonstockexchange.com/hgs
equity share capital	in relation to a company or similar body corporate, issued share capital excluding any part of that capital which, neither

	as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution
EU	as such term is defined in the FCA Handbook
Exchange	as such term is defined in the Admission & Disclosure Standards
FCA	the United Kingdom Financial Conduct Authority, previously the Financial Services Authority
FCA Handbook	the Handbook published by the FCA , as amended from time to time
Form 1	as such term is defined in the Admission & Disclosure Standards
group	a person's group of companies being its subsidiary undertakings , its parent undertakings and any other subsidiary undertakings of its parent undertakings
in public hands	<p>distributed to the public in one or more EEA States. Securities are not considered to be in public hands if they are held, directly or indirectly, by:</p> <ul style="list-style-type: none"> (a) a director of the Issuer or of any of its subsidiary undertakings; or (b) a person connected with a director of the Issuer or of any of its subsidiary undertakings; or (c) the trustees of any employees' share scheme or pension fund established for the benefit of any directors and employees of the Issuer and its subsidiary undertakings; or (d) any person who under any agreement has a right to nominate a person to the board of directors of the Issuer; or (e) any person or persons in the same group or persons acting in concert who have an interest in 5% or more of the shares of the relevant class. <p>Treasury shares are not to be taken into consideration when calculating the number of shares of the class.</p>
Issuer Declaration	as such form is found on the Exchange's website at: www.londonstockexchange.com/hgs
Issuer(s)	any company or other legal person or undertaking, any class of whose securities has been admitted , or is proposed to be, the subject of an application for admission to trading to the High Growth Segment
Key Adviser Application	as such form is found on the Exchange's website at: www.londonstockexchange.com/hgs

Key Adviser Declaration	as such form is found on the Exchange's website at: www.londonstockexchange.com/hgs
Key Adviser service(s)	a service relating to a matter referred to in rule 4 that a Key Adviser provides or is requested or appointed to provide, including preparatory work that a Key Adviser may undertake before a decision is taken as to whether or not it will act as Key Adviser for an Issuer , and including all the Key Adviser communications with the Exchange in connection with the service. But nothing in this definition is to be taken as requiring a Key Adviser when requested to agree to act as a Key Adviser for an Issuer
Key Adviser(s)	a Key Adviser whose name appears on the list maintained by the Exchange pursuant to section 15 of Annex 3
Listing Rules	as such term is defined in the Admission & Disclosure Standards
Main Market	as such term is defined in the Admission & Disclosure Standards
notifiable transaction	as set out in section B3
Official List	as such term is defined in the Admission & Disclosure Standards
High Growth Segment	The High Growth segment of the Main Market which is subject to these rules
parent undertaking(s)	as such term is defined in section 1162 of the Companies Act 2006
percentage ratio(s)	(in relation to a transaction) the figure, expressed as a percentage, that results from applying a calculation under a class test to the transaction
person(s)	(in accordance with the Interpretation Act 1978) any person, including a body of persons corporate or unincorporate (that is, a natural person, a legal person and, for example, a partnership)
Primary Market Regulation Team	the Primary Market Regulation team at the Exchange , email: primarymarketregulation@londonstockexchange.com, telephone: 020 7797 4199
prospectus	as such term is defined in the Admission & Disclosure Standards
Prospectus Rules	the Prospectus Rules issued by the FCA as part of the FCA Handbook , as amended from time to time

Recognised Investment Exchange	as such term is defined in the Admission & Disclosure Standards
regulated market	as such term is defined in the Admission & Disclosure Standards
related party	<p>(1) a person who is (or was within the 12 months before the date of the transaction or arrangement) a substantial shareholder; or</p> <p>(2) a person who is (or was within the 12 months before the date of the transaction or arrangement) a director or shadow director of the company or of any other company which is (and, if he has ceased to be such, was while he was a director or shadow director of such other company) its subsidiary undertaking or parent undertaking or a fellow subsidiary undertaking of its parent undertaking; or</p> <p>(3) a person exercising significant influence; or</p> <p>(4) an associate (as such term is defined in the Listing Rules) of a related party referred to in the above paragraphs.</p>
related party transaction	as set out in section B4
reverse takeover	<p>a reverse takeover is a transaction, whether effected by way of a direct acquisition by the Issuer or a subsidiary undertaking, an acquisition by a new holding company of the Issuer or otherwise, of a business, a company or assets:</p> <ul style="list-style-type: none"> • where any percentage ratio is 100% or more; or • which in substance results in a fundamental change in the business or in a change in board or voting control of the Issuer and its subsidiary undertakings. <p>When calculating the percentage ratio, the Issuer should apply the class tests.</p> <p>The following factors are usually indicators of a fundamental change:</p> <p>(1) the extent to which the transaction will change the strategic direction or nature of its business; or</p> <p>(2) whether its business will be part of a different industry sector following the completion of the transaction; or</p> <p>(3) whether its business will deal with fundamentally different suppliers and end users.</p>
RIS	as such term is defined in the Admission & Disclosure Standards
RNS	as such term is defined in the Admission & Disclosure Standards

securities	as such term is defined in the Admission & Disclosure Standards
shareholders	a holder of any legal or beneficial interest, whether direct or indirect, in a security admitted to the High Growth Segment
subsidiary undertaking(s)	as such term is defined in section 1162 of the Companies Act 2006
substantial shareholder	<p>means any person who is entitled to exercise, or to control the exercise of, 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the company (or of any company which is its subsidiary undertaking or parent undertaking or of a fellow subsidiary undertaking of its parent undertaking). For the purposes of calculating voting rights, the following voting rights are to be disregarded:</p> <p>(1) any voting rights which such a person exercises (or controls the exercise of) independently in its capacity as bare trustee, investment manager, collective investment undertaking or a long-term insurer in respect of its linked long-term business if no associate of that person interferes by giving direct or indirect instructions, or in any other way, in the exercise of such voting rights (except to the extent any such person confers or collaborates with such an associate which also acts in its capacity as investment manager, collective investment undertaking or long-term insurer); or</p> <p>(2) any voting rights which a person may hold (or control the exercise of) solely in relation to the direct performance, by way of business, of:</p> <ul style="list-style-type: none"> (a) underwriting the issue or sale of securities; or (b) placing securities, where the person provides a firm commitment to acquire any securities which it does not place; or (c) acquiring securities from existing shareholders or the Issuer pursuant to an agreement to procure third-party purchases of securities; <p>and where the conditions in (i) to (iv) are satisfied:</p> <ul style="list-style-type: none"> (i) the activities set out in (2)(a) to (c) are performed in the ordinary course of business; (ii) the securities to which the voting rights attach are held for a consecutive period of 5 trading days or less, beginning with the first trading day on which the securities are held; (iii) the voting rights are not exercised within the period the securities are held; and (iv) no attempt is made directly or indirectly by the firm to

	intervene in (or attempt to intervene in) or exert (or attempt to exert) influence on the management of the Issuer within the period the securities are held.
suspension of trading	as such term is defined in the Admission & Disclosure Standards
target	the subject of a notifiable transaction or reverse takeover
these rules	these rules relating to admission to the High Growth Segment
treasury shares	as such term is defined in the FCA Handbook