Jonathan Pyne

ANNEX 3

SUMMARY OF QUESTIONS

ACCEPTABLE SPONSOR FIRMS

(Paragraphs 50 to 52 of Part B of the Consultation Paper)

We propose that to be eligible to act as a sponsor to a new applicant or a listed issuer, the firm is required to be accepted by the Exchange for such purposes and admitted to a list of acceptable sponsors maintained by the Exchange. The Exchange may refuse an application as a sponsor or cancel a sponsor's admission to the list if the Exchange considers that the sponsor or applicant does not satisfy the criteria established in order for the firm to be included on the list of acceptable sponsors maintained by the Exchange. We propose that all first instance decisions in relation to eligibility on application; on-going eligibility and independence of a sponsor should be made by the Listing Division and subject to review, if necessary, by the Listing Committee.

Q.1 Do you agree with our proposal?

x *Yes*

No

Please state reason(s) for your view

In order to be able to bring companies to list in Hong Kong, the sponsor needs to have sufficient manpower resources to handle the transaction and sufficient reputational risk to take its obligations seriously. If the sponsor is a "one-man band" it is unlikely to have sufficient clout to be able to really question statements in a prospectus by the listed applicant, is too concerned about revenue from this transaction (perhaps its only IPO for the year) to be able to take a really impartial and professional view.
In addition, its size is a deterrent to shareholders seeking legal redress if the sponsor has acted negligently.

ACCEPTABLE IFA FIRMS

(Paragraphs 52 to 53 of Part B of the Consultation Paper)

We propose that only firms on the list of acceptable sponsors or acceptable IFAs be eligible to act IFAs to issuers in relation to a connected party transaction. We propose that a process similar to that for admitting firms to the list of acceptable sponsors be adopted

for IFA firms.

Q.2 Do you agree with our proposal?

Yes

x *No*

Please state reason(s) for your view.

This is not the best method to handle a history of poor quality advice on connected transactions and other matters. This is already covered by SFC Liscensing regime under SFO. HkeX (as with London Exchange) should not become involved in a duplicate licensing regime.

Its duty (as with SFC) is to improve the quality of advice and police infringements (by withdrawal of licence etc.).
There are too many times when one small firm has been an IFA to a Listco or associated Listco, such that the IFA becomes little more than a "hired hand" and can be counted on to give a favourable opinion. There is too much "opinion shopping".

The HkeX or SFC (as appropriate in context of Listing rules or Code matters) should have the right (duty) to call an IFA in to explain its advice before the Listing Committee / Division in sensitive/high profile transactions or where there is suspicion that a connected transaction is being undertaken for ulterior motives (eg the Chairman selling a development site to Listco so as to extract cash from Listco). In this example, the IFA should not just rely on a valuation of the site but consider more subjective issues (like effect on cashflow at Listco, is the transaction within the core competencies/strategy of Listco. and what is the opportunity cost?).

This will make Corporate Finance firms more careful and professional and may make them think twice before agreeing to sign off on deals of dubious quality.

ACCEPTABLE INDIVIDUALS

(Paragraphs 54 to 59 of Part B of the Consultation Paper)

We propose that only individuals who:

(a) are appropriately licensed/registered under the SFO;

(b) work for a sponsor firm or IFA firm (whichever is applicable) and are eligible supervisors or perform work under the supervision of an eligible supervisor; and

(c) are not on the list of unacceptable individuals

may do sponsor work or IFA work.

Q.3 Do you agree with our proposal?

Yes

x *No*

Please state reason(s) for your view.

This can be covered by SFC licensing of the Firm and the HkeX list of acceptable IFA's (i.e. the IFA opinion is given in name of firm).

This is implicit in statement in para 54 of Consultation document

CRITERIA FOR INCLUSION ON THE LIST OF SPONSORS AND IFAs

Competence and experience of the sponsor and IFA firms
(Paragraphs 60 to 66, 73 and 79 of Part B of the Consultation Paper)

We propose that the focus of our requirements will be on the experience of the individual member of staff, rather than the sponsor firm or IFA firm and that sponsor firms have at least four eligible supervisors and IFA firms have at least two eligible supervisors.

Q.4 Do you agree with our proposal?

Yes

x *No*

Please state reason(s) for your view.

It is the Firm's experience which is sanguine. To focus on individuals, is too subjective and very difficult to monitor effectively.

Qualification and experience criteria of eligible supervisors
(Paragraphs 67 to 79 of Part B of the Consultation Paper)

We propose to merge the requirements relating to qualification and experience criteria for Principal Supervisors and Assistant Supervisors into a single new category called "eligible supervisors". We also propose to recognize overseas experience derived from recognized overseas exchanges (such as NYSE, NASDAQ, SGX, ASX, London Stock Exchange and Toronto Stock Exchange) for the purposes of assessment of individuals. Accordingly, the experience requirement of the four eligible supervisors required in each sponsor firm is proposed to be as follows:

must have a minimum of 4 years of relevant corporate finance advisory experience derived in respect of companies listed on recognized stock exchanges or from other channels, such as corporate finance experience gained from employment with an issuer listed on the Exchange;

substantive involvement in at least 3 significant transactions, which have been completed. At least one of those transactions must be in respect of a company listed on the Exchange. At least one transaction must have been an IPO and at least one of the transactions must have been completed within the previous two years. These requirements will be on-going requirements.

A substantive role means a role as a member of the sponsor firm's core transaction team in delivering or managing the delivery of one or more of the major components of due diligence work undertaken in respect of an engagement.

The definition of "significant transactions" is proposed to include: (i) IPOs; (ii) very substantial acquisitions or disposals (or their equivalent under the rules applicable to listing on other recognised stock exchanges); (iii) major transactions (or their equivalent under the rules applicable to listing on other recognised stock exchanges); (iv) connected and major transactions (or their equivalent under the rules applicable to listing on other recognised stock exchanges); (v) a rights issue or open offer by a listed company (or their equivalent under the rules applicable to listing on other recognised stock exchanges); and (vi) takeovers subject to the Takeover Code (or its equivalent in other recognised jurisdictions). Guidance will be provided to clarify that transactions involving the production of an exempt listing documents and the listing of investment companies will not be regarded as significant transactions.

We propose that the qualification and experience criteria for the two IFA eligible supervisors in an IFA firm be the same as for sponsor eligible supervisors save for the one IPO transaction experience requirement.

Q.5 Do you agree with our proposals?

Yes

x *No*

Please state reason(s) for your view.

*This is too rules-based. It is **duplication** of the Licensing work undertaken by SFC in Type 1 – 9 Licences under SFO.*

This is not what the HkeX should be doing. It should be regulating market activity (one way is post- vetting, as per para 25 of Consultation Document) not pre-vetting CF personnel on intermediary firms.
The rolling 2 year IPO requirement will force smaller firms to take on work (and greater risk) just to meet the Licensing requirement. It will cause problems to

senior Management who will need to state that they are on core transaction team to keep up their licence.

There needs to be garndfathering of current Responsible Officers and supervisors.

Other factors relevant to the eligibility criteria
(Paragraphs 80 to 81 and 86 to 94 of Part B of the Consultation Paper)

We propose to retain discretion for the Exchange to refuse or cancel a sponsor's acceptance. The Exchange may ask a sponsor or prospective sponsor to provide further information during the assessment of their application. To provide clarity about the circumstances in which the Exchange may consider exercising this discretion we will publish details of the factors we will take into account in making an evaluation. The proposed factors include the following:

> The eligibility criteria requirements, including minimum capital, number of eligible supervisors, experience of individual eligible supervisors, are not met;
>
> The applicant is unable to satisfy the Exchange that it will be able to discharge the obligations in paragraph 7 of the proposed Code of Conduct for Sponsors and Independent Financial Advisers (these obligations include having effective supervisory, monitoring and reporting controls, an effective compliance function, adequate competence, professional expertise and human and technical resources and maintaining proper books and records);
>
> Current suspension or revocation of regulatory status (including where this is self-imposed as a result of settlement); and
>
> Suspension or revocation of regulatory status (including where this is self-imposed as a result of settlement) that has expired but in relation to which, the applicant is unable to satisfy the Exchange that appropriate and sufficient remedial steps have been taken.

We propose that the same factors be taken into account in determining the acceptability of IFAs as are taken into account for sponsors, save for the minimum capital adequacy requirement.

Q.6 Do you agree with our proposal?

x *Yes*

No

Please state reason(s) for your view.

Minimum Capital Requirement of Sponsor Firms
(Paragraphs 82 to 85 of Part B of the Consultation Paper)

We propose that sponsor firms are required to meet and maintain a minimum capital requirement of "total paid-up share capital and/or non-distributable reserves of not less than HK$10 million represented by unencumbered assets and a net tangible asset value after minority interests of not less than HK$10 million". Should the sponsor firm be unable to meet the capital requirement, we propose to accept as an alternative an unconditional and irrevocable guarantee from a company within the sponsor group or an authorized institution of not less than HK$10 million.

We do not propose that IFA firms should be subject to a similar requirement.

Q.7 (a) Do you agree with our proposal for sponsor firms?

x *Yes*

No

Please state reason(s) for your view.

A minimum capital requirement is important since Sponsors need to be seen as substantial firms (able to take on underwriting and other financial obligations as would be expected of an investment bank and large enough to be able to be sued by disaffected parties . HK$10 million is too low. HK$50 m .is more appropriate.

Q.7 (b) Do you agree with our proposal for IFA firms?

Yes

x *No*

Please state reason(s) for your view.

It is important that shareholders should not be constrained from issuing proceedings for negligent advice merely because the size of the IFA makes it imprudent so to do.

There needs to be a minimum capital requirement (perhaps HK$5 million) or, in the case of accounting group IFA's, a guarantee up to this amount.

Undertakings to the Exchange
(Paragraphs 95 to 97 of Part B of the Consultation Paper)

We propose that each of the sponsors and IFAs seeking to be admitted to the list of Sponsors or list of IFAs be required to declare that the contents of its application to be admitted to the list is true and does not omit any material fact. We also propose that each of the sponsors and IFAs seeking to be admitted to the list must sign an undertaking to the Exchange to comply with the relevant Listing Rules applicable to sponsors or IFAs, including the proposed Code of Conduct for Sponsors and Independent Financial Advisers; and to assist the Exchange with investigations, including by producing documents and answering questions fully and truthfully. Furthermore, we propose that eligible supervisors be required to provide the Exchange with a written undertaking in similar terms to that provided by sponsors firms and IFA firms. This will include an obligation to comply with the Listing Rules and the proposed Code of Conduct for Sponsors and Independent Financial Advisers. The proposed Code of Conduct for Sponsors and Independent Financial Advisers includes an obligation that the eligible supervisors and directors of sponsor firms and IFA firms use their best endeavours to ensure the sponsor firm or IFA firm complies with its obligations under the Listing Rules and the proposed Code of Conduct for Sponsors and Independent Financial Advisers. A breach of the undertaking will be deemed to be a breach of the Listing Rules and will be subject to disciplinary action.

Q.8 Do you agree with our proposals?

Yes

x *No*

Please state reason(s) for your view.

If the Rules are in place, the disciplinary procedures can be invoked without need for formal Undertakings. This is certainly so if the Code of Conduct for Sponsors/IFA's is adopted and included in the Listing Rules.

APPOINTMENT

(Paragraphs 98 to 113 of Part B of the Consultation Paper)

We propose to retain the requirement that new applicants (including deemed new applicants) will be required to appoint a sponsor to assist them through the application process.

After the new applicant is listed, we propose that:

(a) For Main Board: the new applicant must appoint a sponsor firm as a financial adviser for a period ending on publication of the financial results for the first full financial year after the listing.

(b) For GEM: the new applicant must appoint as sponsor firm as a financial adviser for at least the remainder of the financial year during which the listing occurs and the 2 financial years thereafter (i.e. we propose to retain the period stipulated in the existing GEM Listing Rules).

The issuer will not be obliged to appoint the same sponsor firm who handled their IPO. During this period, the issuer will be obliged to seek, on a timely basis, advice from the sponsor in relation to a number of prescribed events. The prescribed circumstances and services are proposed to include the publication of any regulatory announcement; publication of any circular or financial report; where a notifiable transaction (connected or otherwise) is contemplated including share issues and share repurchases; and monitoring the use of the proceeds and adherence to the business plans as detailed in the prospectus.

We also propose to retain the discretion to direct an issuer to appoint a sponsor firm to provide it with advice for any period it specifies. This discretion may be used in the event of a breach of the Listing Rules or investigation of a possible breach of the Listing Rules.

We also propose to retain the requirement that listed issuers are required to appoint an IFA in relation to connected party transactions that require any shareholders to abstain from voting and transactions or arrangements that require controlling shareholders to abstain form voting. We will clarify that an IFA must be a firm either on the list of acceptable Sponsors or list of acceptable IFAs.

Q.9 Do you agree with our proposals?

x *Yes*

No

Please state reason(s) for your view.

INDEPENDENCE

(Paragraphs 114 to 123 of Part B of the Consultation Paper)

We propose that a sponsor must not act for any new applicant or listed issuer, whether as a sponsor or joint sponsor, from which it is not independent. The Exchange will expect a sponsor to consider a broad range of factors that might impact on its ability to act independently of an issuer. Some of these factors are considered below, but sponsors should note that this list of factors of when a sponsor will not be regarded as independent is not exhaustive and the existence of other relationships or interests which might give rise to a material interest in the success of a transaction will be considered. The specified circumstances are:

a sponsor or any member of the sponsor's group is holding more that 5% of the issued share capital of a new applicant;

the fair value of shareholding referred to above exceeding 15% of the consolidated net tangible assets of the sponsor group;

a sponsor or any member of the sponsor's group is controlling the majority of the board of directors of the new applicant;

a sponsor is controlled by or is under the same control as the new applicant;

15% or more of the proceeds raised from an IPO is applied to settle debts due to a member of the sponsor's group;

a significant portion of the listing applicant's operation is funded by the banking facilities provided by a member of the sponsor's group;

where a director or employee of the sponsor or a close family member of either a director or employee of the sponsor has an interest in or business relationship with the new applicant; and

where the sponsor or a member of the sponsor's group is the new applicant's auditor or reporting accountant.

In addition to fulfilling the independence requirement as mentioned above, we also propose that the Exchange will generally preclude from concluding that an IFA is independent if it has served as a financial adviser to the relevant listed issuer, its subsidiaries or any of its connected persons any significant assignment within two years of appointment.

We also propose to require sponsors and IFAs to submit a declaration in respect of their independence, addressing each category of potential conflict, at the beginning of any assignment, which requires the appointment of a sponsor or an IFA.

Q.10 Do you agree with our proposals?

Yes

x *No*

Please state reason(s) for your view.

If HkeX requires these tests, the large integrated investment banks will be excluded from some IPO's whereas the aim of HkeX should be to put in place a regime where Ipo's are primarily undertaken by the big banks (as in early

1990's with StanChart, Peregrine and HSBC).

The issue here should be DUE DISCLOSURE of a sponsor's interest in the IPO.

Specific points on the listed items:

a sponsor or any member of the sponsor's group is holding more that 5% of the issued share capital of a new applicant; (NO- this prevents banks taking on development capital, Private Equity firms may have links to a Sponsor)

the fair value of shareholding referred to above exceeding 15% of the consolidated net tangible assets of the sponsor group; (NO – this is rules-based and not appropriate)

15% or more of the proceeds raised from an IPO is applied to settle debts due to a member of the sponsor's group; (This is a matter for DISCLOSURE only)

a significant portion of the listing applicant's operation is funded by the banking facilities provided by a member of the sponsor's group (DITTO)

where the sponsor or a member of the sponsor's group is the new applicant's auditor or reporting accountant.

This should continue to be handled by the requirement for a Joint Sponsor who is independent (i.e. accounting firm sponsor can only act as co-sponsor)

RESPONSIBILITIES

Reasonable investigations

(Paragraphs 124 to 152 of Part B of the Consultation Paper)

We propose that the Main Board and GEM Listing Rules be amended to require sponsors to conduct reasonable investigations to satisfy themselves that:

the new applicant is suitable for listing, the new applicant's directors appreciate the nature of their responsibilities and the new applicant and its directors can be expected to honour their obligations under the Exchange Listing Rules and the Listing Agreement;

"non-expert sections" contained in the new applicant's listing application and listing documents are true and that they do not omit to state a material fact required to be stated or necessary to avoid the statements being misleading; and

there are no reasonable grounds to believe that the "expert sections" contained in

the new applicant's listing application and listing documents are not true or omit to state a material fact required to be stated or necessary to avoid the statements being misleading.

We propose that sponsors be required to comply with a Code of Conduct that will set out, among other things, the minimum due diligence a sponsor would be expected to undertake to satisfy the obligations to conduct reasonable investigations we propose including in the Listing Rules.

We propose that the Main Board and GEM Listing Rules be amended to require IFAs:

to take all reasonable steps to satisfy themselves that the terms and conditions of the transaction or arrangement are fair and reasonable and in the interest of the issuer and its shareholders as a whole and that there are no grounds to believe that any expert advice or opinion relied on in relation to the transaction are not true or omit a material fact; and

to make a declaration in their report of the due diligence they have performed in order to reach a conclusion that the terms of the relevant transaction or arrangement are fair and reasonable and in the interest of the issuer and its shareholders as a whole.

Q.11 Do you agree with our proposals?

x *Yes*

No

Please state reason(s) for your view.

This is implicit in taking on such assignments.

CODE OF CONDUCT FOR SPONSORS AND INDEPENDENT FINANCIAL ADVISERS

(Annex 2)

At Annex 2 we set out the proposed Code of Conduct for Sponsors and Independent Financial Advisers.

Q.12 Do you agree with the approach adopted in the proposed Code of Conduct for Sponsors and Independent Financial Advisers?

X *Yes (partly, but it is too onerous)*

No

Please state reason(s) for your view.

12 (a) what is a conflict here?- see above for independence tests. It may just be a matter for disclosure by sponsor.
paras 20-24 place too much responsibility on the sponsor
Expert Opinions: para 25 (Sponsor) and para 30 (d) (IFA's) put the Sponsor/IFA in a difficult position regarding expert reports. Are they not also be asked to give an opinion on whether the expert has acted reasonably? Cannot this be conducted better by HkeX or SFC by calling on expert to make a presentation (eg on a valuation of an e-business model) ahead of publication of circular or post-vetting (with disciplinary issues thereafter)?

Independence Issues re IFA's: 33(a) is far too widely drafted. In effect, this would almost certainly rule out multi-disciplinary firms (such as accounting firms) from acting as an IFA since each of the Big 4 such firms almost certainly will have some form of relationship with most Listcos (or any of its connected persons).

Indeed how to monitor this when the intending IFA cannot access a list of all "connected persons"?

It is clear that a CF firm which is part of an auditing firm should not act if it is the auditor of Listco. For other types of perceived conflict, the restriction needs to be carefully drafted so that an IFA is only disenfranchised if it (or its eligible supervisors) have a material financial interest in Listco or the transaction itself. ,

Declaration by sponsors and lead underwriters in listing documents to be registered
(Paragraphs 153 to 165 of Part B of the Consultation Paper)

We propose that both sponsors and lead underwriters (where the latter are different from the former) should make a statement in listing documents regarding the extent of their due diligence which would track the form of statement currently given to the Exchange on a private basis by sponsors subject to the modification noted below. A sponsor is also expected to ensure that the document presents a fair impression of the issuer and that it has been written in plain language. The sponsor's due diligence obligation is modified in respect of reports and information published in a listing document with the consent of an expert. The form of declaration proposed recognises this distinction. In respect of "non-expert sections" of a listing document we propose that the following statement should be made "[Sponsor firm and underwriter] confirm(s), at the date of this document, that after reasonable investigation it believes/they believe and have reasonable grounds to believe that the information set out in this listing document at [make specific references] is not materially false or misleading" and, in respect of "expert sections", an alternative test of due diligence that "it/they have no grounds to believe and do not believe that the information set out in those sections of the listing document at [make specific references], which have been prepared and authorised by [name], is materially false or misleading".

Q.13 Do you agree with our proposals?

x *Yes*

No

Please state reason(s) for your view.

_____

_____

IFA Due Diligence Declaration
(Paragraph 147 of Part B of the Consultation Paper)

We propose that IFAs are required to take all reasonable steps to satisfy themselves that the terms and conditions of the transaction or arrangement are fair and reasonable and in the interest of the issuer and its shareholders as a whole, and that there are no grounds to believe that any information, expert advice or opinion relied on in relation to the transaction or arrangement are not true or omit a material fact. IFAs should include in their reports a signed declaration setting out the due diligence they have performed in order to reach a conclusion that the terms of the transaction or arrangement are fair and reasonable and in the interest of the issuer and its shareholders as a whole.

Q.14 Do you agree with our proposals?

Yes

X *No*

Please state reason(s) for your view.

This is covered in a normal IFA letter. There is no need for an additional declaration.
To state all matters of due diligence is unduly onerous. In a sensitive case (pre-vetting) or in post-vetting, HkeX could ask IFA how it came to its opinion, in which event this information will be relevant.

REPORTING OBLIGATIONS AND MONITORING

(Paragraphs 166 to 170 of Part B of the Consultation Paper)

We propose to replace the requirement for an annual review with a certification process and a targeted programme of monitoring.

We propose to require sponsor firms and IFA firms and their eligible supervisors to submit annual confirmations that they remain eligible to act in such capacity. In addition, they are required to report to the Exchange as soon as they became aware if they no longer satisfy the eligibility criteria set out in the Listing Rules or any information provided by them in connection with their application or continued inclusion on the list of Sponsors or the list of IFAs has changed. The Exchange may also conduct a specific review in relation to the continued inclusion of the sponsor firm or IFA firm (or any of it's employees) if it becomes aware or has reason to believe that the suitability of the firm/individual may be in

question.

The monitoring tools we propose to use will vary according to circumstances and may include one or more of the following:

Complaints;

Desk based reviews of transactions;

Reviews of referrals;

Liaison with other agencies, professional or regulatory bodies;

Meetings with management and other representatives from a sponsor firm or IFA firm;

On-site visits after prior notification;

Reviews of notifications and confirmations from sponsors or IFAs; and

Reviews of past services provided, and documentation produced, pursuant to the Listing Rules by a sponsor or an IFA.

Q.15 Do you agree with our proposals?

x *Yes*

No

Please state reason(s) for your view.

Note: this needs to be coordinated with SFC.

COMPLIANCE AND SANCTIONS

(Paragraphs 171 to 181 of Part B of the Consultation Paper)

We propose that sponsors and IFAs and their eligible supervisors and staff all be subject to disciplinary sanction. As noted in paragraph 54 we do not propose having a list of acceptable directors and individual staff members who are not eligible supervisors. Thus, all persons licensed as representatives to advise on corporate finance will be entitled to do sponsorship or IFA work under the supervision of an eligible supervisor, unless they have been declared to be an unacceptable person.

We propose disciplinary sanctions for sponsors and IFAs similar to those under the current GEM Listing Rules, but with some variations for individuals. As with our sanctions for issuers and directors, we propose a graduated hierarchy of shaming and disabling sanctions that provide the flexibility to ensure the sanction is appropriate to the circumstances. Our proposed sanctions are:

Private reprimand;

Public statement with criticism;

Public censure;

Declaration that an individual is an unacceptable person or cannot be an eligible supervisor for a specified period of time;

Suspension of a firm from the list of acceptable sponsors or list of acceptable IFAs for a specified period of time;

Declaration that an individual is an unacceptable person or cannot be an eligible supervisor; and

Removal of a firm from the list of acceptable sponsors or list of acceptable IFAs.

Q.16 Do you agree with our proposals?

x *Yes*

No

Please state reason(s) for your view.

ABILITY OF EXISTING GEM AND MAIN BOARD SPONSORS AND IFAS TO MEET ELIGIBILITY CRITERIA FOR ACCEPTABLE LISTS

(Paragraphs 186 to 189 of Part B of the Consultation Paper)

For those respondents to this Consultation Paper who are currently on the list of GEM Sponsors or who currently perform or who have in the past 2 years performed work as Sponsor to Main Board applicants for listing or have in the past 2 years acted as an IFA, we would appreciate your response to the following questions:

Q.17 Would you meet the proposed eligibility requirements for sponsor firms or IFA firms (whichever is applicable), including the requirement that sponsor firms have four eligible supervisors and HK$10 million capital or that IFAs have two eligible supervisors if those requirements:

(a) *were in effect today?*

x *Yes (IFA only)*

No

(b) *were in effect in 6 months time?*

Yes

No

(c) *were in effect in 18 months time?*

Yes

No

(d) *were in effect in 30 months years time?*

Yes

No

Q.18 If your answer to any of questions 17 (a)-(d) was negative, please state which criteria would cause your firm not to meet the requirements and comment on whether the proposed transitional arrangements would give you a sufficient opportunity to meet all the requirements? Would this change if the second transition period (in which existing GEM sponsors would only be required to have 3 eligible supervisors to be on the list of acceptable sponsors) was 2 years instead of 1 year? Do you have any other suggestions or comments on how to address the issues arising out of the impact analysis at paragraphs 186 to 188 of Part B of this Consultation Paper?