

Listing Decisions Series 11-1 -- Eligibility of Company A to act as a co-sponsor of an applicant for new listing (February 2000) (Withdrawn in September 2009)

[This Listing Decision is no longer applicable after the rule amendments in January 2007 to remove the eligibility criteria of sponsor from the Listing Rules]

| Summary | |
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| Name of Party | Company A - a proposed co-sponsor of an applicant for new listing |
| Subject | Eligibility of Company A to act as a co-sponsor of an applicant for new listing |
| Listing Rules | Chapter 3 |
| Decision | Company A could not demonstrate to the Exchange's satisfaction that it had the necessary experience for acting as a co-sponsor of an applicant for new listing. Hence, Company A could not act as a co-sponsor in that particular case. |

Summary of Facts

Company A wished to act as a co-sponsor of an applicant for new listing.

Company A did not have much corporate finance experience and had not previously been involved in any new listing applications, other than as underwriter or sub-underwriter.

Company A's relevant team had seven members, comprising five executive directors and two full-time members of staff. Four of the executive directors were also executive directors of other listed companies. The two full-time members of staff would be responsible for the day-to-day handling of the listing application. However, they had joined only recently and neither had much experience in corporate finance matters.

Analysis

Under the Listing Rules, particular importance is attached to the sponsor's role and responsibilities in bringing a new applicant to listing. A sponsor is required to demonstrate to the Exchange's satisfaction that it is sufficiently familiar with the Listing Rules and the practice of the Exchange so as to be able to discharge its role and responsibilities as a sponsor in a satisfactory manner. In practice, the Exchange will only accept a financial adviser to act as a co-sponsor of an applicant for new listing, if both the adviser and the members of its staff handling the listing application have substantial corporate finance experience.

In the present case, Company A, the adviser, did not have the necessary corporate finance experience. This by itself constituted sufficient grounds for saying that it could not act as a co-sponsor. Furthermore, the members of its staff handling the listing application also did not have relevant experience. Specifically, the two full-time members of staff who would be responsible for the day-to-day handling of the listing application did not have much experience in corporate finance matters. Even if the executive directors had the necessary corporate finance experience (on which no details had been provided to the Exchange by Company A), it was unlikely due to their other commitments that they would be able to devote the necessary time and energy to the task of supervising the two full-time members of staff on the listing application.

Decision

Company A could not demonstrate to the Exchange's satisfaction that it had the necessary experience for acting as a co-sponsor of an applicant for new listing. Hence, Company A could not act as a co-sponsor in that particular case.