

Interests of the Sponsor

- 6.34 No Sponsor may act for any new applicant or continue to act for any listed issuer in circumstances where any actual or potential conflict of interest impedes or is likely to impede its ability to provide competent advice to the new applicant or listed issuer in a professional and impartial manner.

Notes: 1 For the purposes of this rule:

The Sponsor may not (nor may any member of the group of which the Sponsor forms part) be involved in accounting matters relevant to the issuer or be the legal advisers to the issuer. The Exchange may, however, in certain circumstances permit the corporate finance and audit operations of an accounting firm to be involved as a co-sponsor (but not sole sponsor) and the reporting accountant respectively in the same listing application. The normal responsibilities of sponsors and co-sponsors in relation to new listing applications are not affected by the granting of such permission. Any permission granted by the Exchange would be subject to the following conditions and any other conditions which the Exchange may impose as appropriate:-

- (i) the corporate finance operation of the accounting firm does not act as an under-writer;*
- (ii) the corporate finance operation of the accounting firm does not take part in marketing or promotion of the listing applicant or its securities; and*
- (iii) the Exchange is satisfied that there is adequate segregation of roles between the corporate finance and audit operations of the accounting firm.*

Such permission is to be granted by the Exchange on a case-by-case basis.

- (a) *The Sponsor shall not be prohibited from acting for an issuer on account of any lending, in the ordinary course of business, by the Sponsor (or any member of the group of which the Sponsor forms part) to the issuer or its group.*
 - (b) *The Sponsor may own securities in the issuer, hold options or other rights to subscribe such securities and enter into any success fee or other arrangements with the issuer provided that details of the same are disclosed in accordance with rules 6.35 and 6.36.*
- 2 *The Exchange reserves a right to decide that any Sponsor is not eligible to act in any particular case (see rule 3.07). One circumstance in which this right might be exercised would be where the Exchange believes that an actual or potential conflict for the Sponsor impedes or is likely to impede its ability to provide advice in accordance with this rule.*