
FINAL NOTICE

To: Execution Noble & Company Limited

Firm Reference
Number: 124913

Address: 10 Paternoster Square, London, EC4M 7AL

18 December 2014

1. ACTION

- 1.1. For the reasons given in this notice, the Authority hereby imposes on Execution Noble & Company Limited ("ENCL" or "the Firm") a financial penalty of £231,000.
- 1.2. The Firm agreed to settle at an early stage of the Authority's investigation. The Firm therefore qualified for a 30% (stage 1) discount under the Authority's executive settlement procedures. Were it not for this discount, the Authority would have imposed a financial penalty of £330,000 on the Firm.

2. SUMMARY OF REASONS

- 2.1. ENCL is a London based subsidiary of a Portuguese bank. Its core business is to provide corporate advisory and corporate broking services. ENCL is an approved sponsor under the Authority's Sponsor regime, however its approval was suspended at the Firm's request in December 2013.
- 2.2. Sponsors are critical to the integrity of the premium listed equity market in London. They perform a dual role which involves providing expert advice and guidance to current and prospective premium listed companies and providing key regulatory assurances to the Authority. Sponsors have a critical role to play in assisting the Authority to meet its objectives of maintaining the integrity of the market and ensuring an appropriate degree of investor protection.

- 2.3. Sponsors are supervised by the UKLA, a department within the Authority, which maintains a list of approved sponsors on the Authority website. In order to give the market confidence that firms included on the sponsor list are competent to act as sponsors, the Authority has put in place a series of supervisory processes and has placed ongoing requirements under LR 8 on sponsor firms.
- 2.4. Between June and November 2013 there were significant changes to ENCL's Sponsor Team as ten individuals left, including the Key Individuals. ENCL did not notify the UKLA of these changes to its Sponsor Team. Instead, the UKLA only learned about one of these departures on 11 November 2013, through its general monitoring of press coverage, and upon enquiring of ENCL, was notified of the other departures. This was almost five months after the first relevant departure from ENCL.
- 2.5. By failing to notify the UKLA that there had been material changes to its Sponsor Team, ENCL breached its obligations under the Listing Rules ("LR"). Specifically, ENCL was in breach of LR 8.3.5R and LR 8.7.8R (1)(a) between 28 June 2013 and 11 November 2013, i.e., the Relevant Period.
- 2.6. LR 8.3.5R (1) requires (among other things) that a sponsor is open and co-operative with the Authority at all times, and this includes notification to the UKLA of any matters which in a firm's reasonable opinion may impact upon its ongoing obligation to meet the criteria for approval as a sponsor. In view of the number and seniority of the individuals that left the Firm (which included those responsible for leading and executing sponsor services) during the Relevant Period, the Firm should have notified the UKLA of the departures. An open and co-operative relationship is crucial to the UKLA's overall ability to supervise sponsors. Practically, this includes a positive duty to disclose issues to the UKLA which may impact on a sponsor's approval.
- 2.7. Sponsors must meet the criteria for approval at all times, and are expected to notify any matters which may affect this to the UKLA. As a result of the Firm's failure to notify the UKLA of the staff departures, the UKLA was not able to make a timely assessment of whether the Firm continued to satisfy the criteria for approval, including the requirement to remain competent to provide sponsor services at all times. As a result, the Firm remained on the list of approved sponsors, suggesting to issuers that they were available and competent to provide sponsor services to issuers despite the changes to the Sponsor Team notwithstanding the fact that the UKLA had not been able to make such an

assessment. The Firm also continued to market itself as available to perform sponsor services and performed one sponsor service. This posed a risk to consumers and to market integrity.

- 2.8. The circumstances of ENCL's failure were more serious, as due to historic concerns about its level of activity, it had been subject to an enhanced level of supervision by the UKLA between September 2011 and June 2013. As such, the Firm had heightened awareness of the UKLA's concerns about its level of activity. It had also been a sponsor for a significant period of time and should have been well aware of the ongoing nature of its obligations under LR 8.
- 2.9. Following the discovery of the departures, the UKLA requested that the Firm immediately cease acting on sponsor services and provide evidence of whether the Firm continued to satisfy the criteria for approval as a sponsor. The Firm requested a suspension in December 2013.
- 2.10. The Authority acknowledges that the Firm had separately notified the Authority's Authorisations department during the Relevant Period that approved persons had left the Firm, including the Key Individuals. However, that separate notification related to individual approvals under the Approved Persons Regime rather than the Listing Rules, as such this was pursuant to the rules relating to approved persons and served a different purpose to the notification required by sponsors under the Listing Rules. The Authority acknowledges that the Firm did not deliberately conceal the fact that individuals had left the Firm.
- 2.11. The Authority therefore proposes to impose a financial penalty on ENCL in the amount of £231,000 pursuant to section 88A of the Act in respect of breaches of LR 8.3.5R and LR 8.7.8R (1)(a).

3. DEFINITIONS

- 3.1. The definitions below are used in this Final Notice.

"the Act" means the Financial Services and Markets Act 2000;

"Approved Persons Regime" is the regime under which the Authority approves an individual to perform one or more controlled functions on behalf of an authorised firm;

"the Authority" or "the FCA" means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority;

“DEPP” means the FCA’s Decisions Procedures and Penalties Manual;

“ENCL” or “the Firm” means Execution Noble & Company Limited, formerly Noble & Co.;

“Key Individuals” means three individuals within the Sponsor Team who comprised the core sponsor team: two individuals who had responsibility for leading and executing ENCL’s sponsor services and one individual who had responsibility for compliance arrangements;

“LR” means the United Kingdom Listing Authority’s Listing Rules;

“the Relevant Period” means the period commencing on 28 June 2013 and ending on 11 November 2013, i.e., from the date of the first departure of the Key Individuals to the date that the UKLA learned of the departures;

“Sponsor regime” means the regime as set out under Section 88 of the Act;

“sponsor service” means a service relating to a matter referred to in LR 8.2 that a sponsor provides or is requested or appointed to provide, including preparatory work. A document-driven sponsor service requires the production of a circular or prospectus. A full definition is contained in the Authority’s glossary;

“the Sponsor Team” means fifteen individuals within the Corporate Advisory and Corporate Broking team who were deemed by ENCL as available to work on sponsor services;

“the Tribunal” means the Upper Tribunal (Tax and Chancery Chamber); and

“the UKLA” means the United Kingdom’s Listing Authority, a department within the FCA.

4. FACTS AND MATTERS

Company Background

- 4.1. ENCL’s principal activities are the provision of corporate finance advisory and corporate broking services. ENCL has been a sponsor for a significant number of years, with its approval pre-dating the introduction of the current regime in 2005. At the beginning of 2013, fifteen individuals were available to work on sponsor services, although they did not work exclusively on sponsor services. The Firm only performed two document-driven sponsor services between February 2010

and June 2013, but worked across ENCL's wider corporate broking and corporate advisory services, including acting as an AIM Nominated Advisor.

- 4.2. Since 9 December 2013, ENCL has (at its request) been suspended from providing sponsor services following discussions during which the UKLA raised concerns regarding the Firm's continued ability to meet the approval criteria. The Firm remains on the list of approved sponsors on the Authority's website, with its status noted as being suspended.

The Sponsor Regime

- 4.3. Sponsors are critical to the integrity of the premium listed equity market in London. They perform a dual role; first, providing expert advice and guidance to premium listed companies undertaking transactions and applicants seeking a Premium Listing, to ensure that they understand the regulatory framework imposed on them under Part VI of the Act. Secondly, the Authority receives key regulatory assurances and confirmations from sponsors that premium listed companies undertaking transactions, and new applicants, are complying with this regulatory framework. Sponsors have a critical role to play in assisting the Authority to meet its objectives of maintaining the integrity of the market and ensuring an appropriate degree of investor protection.
- 4.4. The FCA, acting as the competent authority, maintains the list of approved sponsors for the purposes of section 88 of the Act. The Authority is responsible for approving firms as sponsors as well as maintaining a published list of sponsors and removing sponsors no longer meeting the approval criteria.
- 4.5. Approval criteria for a sponsor, as set out in LR 8.6.5R, are three-fold: (1) a person must be an authorised person or a member of a designated professional body; (2) a person must demonstrate they are competent to carry out sponsor services; (3) a person must have appropriate systems and controls. These criteria provide a threshold for firms applying for approval as a sponsor and must be complied with on an ongoing basis.
- 4.6. Given the important role played by sponsors in the premium listing regime, the Authority maintains a dedicated supervisory team within the UKLA responsible for monitoring the performance of sponsors and their compliance with LR 8. Each sponsor has an allocated supervisor within the UKLA. Sponsors are required to meet the criteria for approval as a sponsor at all times, which includes a continuing obligation to remain competent to provide sponsor services. On an

annual basis, in the Annual Notification Form, sponsors are required to confirm to the UKLA that they continue to satisfy the criteria for approval as a sponsor as set out in LR 8.6.5R and to provide evidence that they meet this criteria. In addition, any material changes which may impact on a sponsor's competency must be notified to the UKLA as soon as possible in accordance with LR 8.7.8R (1)(a).

ENCL's recent history as a sponsor

- 4.7. Following the UKLA's review of ENCL's Annual Notification Form in September 2011, the supervisor expressed concern to ENCL in relation to the quantity of sponsor transactions it had completed in recent years. The supervisor wrote to the firm explaining; *"sponsor experience becomes less relevant over time ... the UKLA looks to sponsors to undertake sponsor transactions so as to refresh their sponsor experience and meet the requirement of LR8.6.5(2) to be competent to carry out sponsor services."*
- 4.8. The UKLA considered the Firm to be have low levels of sponsor activity, such that it raised concerns as to whether the Firm had sufficient relevant experience and appropriate staffing arrangements to meet the criteria for approval. As a result, the UKLA applied a greater level of scrutiny to the Firm's activities, including enhanced levels of engagement between September 2011 and June 2013.
- 4.9. During a telephone conversation on 21 June 2013 between the UKLA and the Firm, the UKLA confirmed it would revert to a normal supervisory relationship with the Firm. This was due to two reasons: the Firm was working on a sponsor transaction in June 2013 (and so refreshed its sponsor experience) and the UKLA was reassured regarding the Firm's competency as the Firm confirmed that its Sponsor Team was led by the Key Individuals.

Departure of members of the Sponsor Team

- 4.10. As at the start of June 2013, ENCL's Sponsor Team included fifteen individuals including three Key Individuals. The Key Individuals had responsibility for sponsor compliance arrangements and overall responsibility for leading and executing sponsor services at ENCL. The Sponsor Team worked across all services ENCL provided to its clients; corporate advisory, corporate broking and sponsor services.
- 4.11. During the 21 June 2013 telephone conversation between the UKLA and the Firm, the staffing and structure of the sponsor team was discussed and the Firm confirmed who would lead future sponsor work. The two individuals who were

confirmed as the sponsor team leads (one of whom was a participant in the telephone conversation) both resigned from the Firm in July and August.

- 4.12. Between June and August 2013, the Key Individuals resigned. Of these, two of the Key Individuals were placed on gardening leave and the other left immediately. The first of the Key Individuals left the Firm only one week after the 21 June 2013 telephone conversation.
- 4.13. During July to September 2013, a further seven individuals who were part of the Sponsor Team at the Firm resigned.
- 4.14. ENCL did not inform the UKLA of the resignation or subsequent departure of any of these individuals, notwithstanding the fact that these were significant departures from the team, both in terms of role and number.
- 4.15. The UKLA discovered the departures from the Sponsor Team of the Key Individuals and other staff on 11 November 2013. Through routine regular monitoring of press coverage, the UKLA identified that one of the Key Individuals had been appointed at a competitor firm. The UKLA then contacted the Firm and then learned of the departures in the Sponsor Team, including that one of the Key Individuals had left the Firm almost five months earlier.
- 4.16. On 11 November 2013, the UKLA requested that ENCL should not perform any sponsor services (including marketing to new or existing clients) whilst the UKLA performed an assessment of ENCL's ability to meet the criteria for approval as a sponsor. ENCL requested a suspension on 9 December 2013 in accordance with LR 8.7.25R. The UKLA's list of sponsors was updated to reflect ENCL's suspended status.
- 4.17. Whilst the Firm did not inform the UKLA of the departures, it did separately notify the FCA as required by the Authority's Handbook, that approved persons had left the Firm, these people included the Key Individuals. Amendments were made as a result to the Authority's Financial Services Register prior to the UKLA's discovery of the departures. However, the Sponsor Regime operates independently of the Financial Services Register. As a sponsor who had been on the list of approved sponsors and subject to obligations under the Sponsor Regime for a significant period of time, the Firm should have been aware of the requirement to inform the UKLA of the departures. Guidance published by the UKLA in July 2013, amongst other things, reminded sponsors of the need to notify the UKLA of significant personnel changes and specifically notes that notification to other FCA personnel

is not adequate to discharge a sponsor's duties in respect of LR 8.7 (as explained in the Failings section below).

- 4.18. ENCL's own internal compliance procedures made no reference to a sponsor's ongoing notification obligations to the UKLA other than in respect of transaction dependent notifications.

5. FAILINGS

- 5.1. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
- 5.2. As a result of its failure to notify the UKLA of the departure of a significant number of the Sponsor Team, including the Key Individuals, ENCL was in breach of the following Listing Rules:

LR 8.3.5R (1); and

LR 8.7.8R (1)(a).

Listing Rule 8.3.5R (1)

- 5.3. Listing Rule 8.3.5R provides:

A sponsor must at all times (whether in relation to a sponsor service or otherwise):

(1) deal with the FCA in an open and co-operative way.

- 5.4. ENCL has been a sponsor for several years, its status as a sponsor pre-dates the current sponsor regime in 2005. Since 2004, when a dedicated sponsor supervision team was established, ENCL has had a supervisor assigned to it and has also been in regular contact with its supervisor on a number of matters, including its activity levels as a sponsor and the adequacy of its resourcing, as well as more general interactions arising from its notification obligations under LR 8.
- 5.5. As a result of concerns around the Firm's low levels of sponsor activity, there was an enhanced level of interaction between the Firm and the UKLA between September 2011 and June 2013. The focus of such interaction was on the Firm's staffing and experience levels and whether it continued to meet the criteria of approval as a sponsor. As such, ENCL should have been aware of its duty to act in an open and co-operative manner with the Authority and should have understood how this duty needed to be discharged in practice.

- 5.6. Further, the staff departures during the Relevant Period were material to ENCL's Sponsor Team. The Firm lost the majority of the Sponsor Team, including the Key Individuals responsible for leading and executing sponsor services and responsible for Compliance oversight during the Relevant Period.
- 5.7. As a result of the facts and matters above, ENCL's lack of notification to the Sponsor Supervision Team concerning the significant staff departures meant that it did not act in an open and co-operative manner with the Authority in this respect.

Listing Rule 8.7.8R (1)(a)

- 5.8. Listing Rule 8.7.8R (1)(a) provides:

A sponsor must notify the FCA in writing as soon as possible if:

(1) (a) the sponsor ceases to satisfy the criteria for approval as a sponsor set out in LR 8.6.5R¹ or becomes aware of any matter which, in its reasonable opinion, would be relevant to the FCA in considering whether the sponsor continues to comply with LR 8.6.6R²...

- 5.9. LR 8.7.1G provides Guidance on the expectations of the Authority:

The FCA expects to have an open, co-operative and constructive relationship with a sponsor to enable it to have a broad picture of the sponsor's activities and its ability to satisfy the criteria for approval as a sponsor as set out in LR 8.6.5R.

- 5.10. LR 8.7.10G provides Guidance on how a sponsor should satisfy the notification requirements:

Written notifications should be sent to the Sponsor Supervision Team at the FCA's address.

- 5.11. The UKLA has provided Guidance on Listing Rule 8.7.8R (1)(a) in UKLA Technical Note 711.1 published on 16 July 2013, during the Relevant Period. This is intended to act as reminder to sponsors of their notification obligations:

¹ Listing Rule 8.6.5 R provides: *The FCA will approve a person as a sponsor only if it is satisfied that the person:*

(1) is an authorised person or a member of a designated professional body;

(2) is competent to perform sponsor services; and

(3) has appropriate systems and controls in place to ensure that it can carry out its role as a sponsor in accordance with this chapter.

² Listing Rule 8.6.6 R provides: *A sponsor must comply, at all times, with the criteria set out in LR 8.6.5 R*

*“Notifications (or other communications) in relation to matters set out in LR 8.7.7R to LR 8.7.22R must be sent to the Sponsor Supervision Team in the UK Listing Authority Department (LR 8.7.10G). **It is not enough for a sponsor to contact other FCA personnel about these matters** [Emphasis added]. Notifications made under LR 8.7 relate particularly to the approval the firm holds in order to act as sponsor.”*

*“LR 8.7.8R requires a high degree of self-monitoring by a sponsor. For instance, LR 8.7.8R (1)(a) requires a sponsor to be aware of any matter that could have an effect on its ability to comply with the criteria for approval set out in LR 8.6.5R. Sponsors are required to confirm compliance with LR 8.6.5R on an annual basis although the obligation is ongoing. **Therefore it should be borne in mind that events, such as personnel changes or ad hoc changes to departmental procedures, may trigger a notification requirement.**” [Emphasis added].*

- 5.12. As a sponsor, ENCL should have notified the UKLA in writing of the personnel changes between June and November 2013. In June 2013, during the enhanced supervisory monitoring, ENCL stated that two of the Key Individuals would lead its future sponsor services. ENCL also specified other staff in the Sponsor Team who would work on sponsor services. All of these individuals left between June and November 2013. Due to the number of individuals who left the Firm, and the seniority of the Key Individuals, ENCL should have considered the departures as a material change to its Sponsor Team. ENCL therefore should have, in accordance with LR 8.7.8R (1)(a), realised that the departures of the Key Individuals and other Sponsor Team members would be relevant to the Authority in considering whether it continued to comply with the criteria for approval as a sponsor in LR 8.6.5R, which includes remaining competent to provide sponsor services.

Significance of the breaches

- 5.13. The UKLA considers the failure to notify changes that might impact on a sponsor’s ability to meet the criteria for approval as a sponsor to be serious. The premium listing regime places great reliance on sponsors. They play a critical role in assisting the Authority to meet its objectives of protecting and enhancing the integrity of the market and securing an appropriate degree of protection for consumers. When discharging their obligations under Part VI of the Act, sponsors provide the Authority with vital assurances and confirmations designed to protect investors. It is important too, that Issuers, who are also consumers of sponsor services, should have confidence in the integrity of the UKLA’s list of sponsors. An important aspect of the premium listing regime is that the UKLA’s list of approved

sponsors includes only those firms that are competent to perform sponsor services.

- 5.14. As a result of the Firm's failure to notify the UKLA, the UKLA was not able to make a timely assessment of whether the Firm continued to satisfy the criteria for approval, including the requirement to remain competent to provide sponsor services at all times. As a result, the Firm remained on the list of approved sponsors, suggesting that they were available and competent to provide sponsor services to issuers. This posed a risk to consumers and to market integrity. During the Relevant Period, the Firm both continued to market itself as available to perform sponsor services and performed one sponsor service.

6. SANCTION

- 6.1. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of the DEPP, which is part of the Authority's Handbook.
- 6.2. In respect of conduct occurring on or after 6 March 2010, the Authority is required to apply a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5A sets out the details of the five-step framework that applies in respect of financial penalties imposed on firms and these are applied to this case below.

Penalty for breaches of LR 8.3.5R and LR 8.7.8R (1)(a)

- 6.3. The Authority considers that a single penalty calculation is appropriate in the circumstances as the LR breaches result from the same underlying behaviour of the Firm, and the two LRs are closely interlinked.

Step 1: Disgorgement

- 6.4. Pursuant to DEPP 6.5A.1G, at Step 1 the Authority seeks to deprive a firm of the financial benefit derived directly from the breach where it is practicable to quantify this.
- 6.5. The Authority has not identified any financial benefit that ENCL derived directly from its breaches. ENCL did not make any revenue from the Sponsor Service performed during the Relevant Period.
- 6.6. The figure after Step 1 is therefore £0.

Step 2: the seriousness of the breach

- 6.7. Pursuant to DEPP 6.5A.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. Where the amount of revenue generated by a firm from a particular product line or business area is indicative of the harm or potential harm that its breach may cause, that figure will be based on a percentage of the firm's revenue from the relevant products or business area.
- 6.8. However, the Authority considers that the revenue generated by ENCL is not an appropriate indicator of the harm or potential harm caused by its breaches of LR 8.3.5R and LR 8.7.8R (1)(a). The breaches relate to a failure to notify the Authority of information it would reasonably expect to receive. The Authority has not identified an alternative indicator of the harm or potential harm caused by ENCL's breaches and so, pursuant to DEPP 6.5A.2G (13), has determined the appropriate Step 2 amount by taking into account those factors which are relevant to an assessment of the level of seriousness of the breaches.
- 6.9. In assessing the seriousness level, the Authority takes into account various factors which reflect the impact and nature of the breach, and whether it was committed deliberately or recklessly. The Authority considers the following factors to be relevant to the seriousness of ENCL's breach:
- (i) As a result of the Firm's failure to notify the UKLA, the UKLA was not able to make a timely assessment of whether the Firm continued to satisfy the criteria for approval, including the requirement to remain competent to provide sponsor services at all times.
 - (ii) The Firm remained on the UKLA's list as an approved sponsor during the Relevant Period. The Firm therefore continued to market itself as available to perform sponsor services and performed one sponsor service during the Relevant Period. This posed a risk to consumers and to market confidence in the sponsor regime.
 - (iii) The Firm had experienced an enhanced level of engagement from the UKLA from September 2011 until June 2013, due to concerns over the Firm's ongoing competency to provide sponsor services. It had also been a sponsor for a significant period of time and should have been well aware of its obligations. Due to its previous interactions, ENCL ought to have appreciated the importance of keeping the UKLA informed of significant staff changes.

6.10. DEPP 6.5A.2G(12) lists factors likely to be considered 'level 1, 2 or 3 factors'. Of these, the Authority considers the following factors to be relevant:

- (i) There was no actual loss to consumers or investors.
- (ii) There is no evidence that the breaches were committed deliberately or recklessly. Rather, the breaches were committed negligently or inadvertently. ENCL had separately notified the FCA as required by the Authority's Handbook, albeit for a different purpose, that certain approved persons had left the Firm, including the Key Individuals. Amendments were made as a result to the Authority's Financial Services Register.

6.11. Taking all of these factors into account, the Authority considers the seriousness of the breach to be level 3. The Step 2 figure is £300,000.

Step 3: mitigating and aggravating factors

6.12. Pursuant to DEPP 6.5A.3G, at Step 3 the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2, but not including any amount to be disgorged as set out in Step 1, to take into account factors which aggravate or mitigate the breach.

6.13. The Authority considers that the following factor aggravates the breach:

- (i) In July 2013, the FCA issued guidance in relation to a sponsor's notification obligations under LR 8.7 (DEPP 6.5A.3G (2)(k)). This should have reminded ENCL of its obligation to notify the UKLA, given that personnel changes are specifically noted in the July 2013 UKLA Technical Note.

6.14. Having taken into account the aggravating factor, the Authority considers that the Step 2 figure should be increased by 10%.

6.15. Step 3 is therefore £330,000.

Step 4: Adjustment for deterrence

6.16. Pursuant to DEPP 6.5A.4G, if the Authority considers the figure arrived at after Step 3 is insufficient to deter the firm who committed the breach, or others, from committing further or similar breaches, then the Authority may increase the penalty.

6.17. The Authority considers that the Step 3 figure of £330,000 represents a sufficient deterrent to ENCL and other sponsors, and so has not increased the penalty at Step 4.

6.18. The figure after Step 4 is therefore £330,000.

Step 5: settlement discount

6.19. Pursuant to DEPP 6.5A.5G, if the Authority and the firm on whom a penalty is to be imposed agree the amount of the financial penalty and other terms, DEPP 6.7 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which the Authority and the firm reached agreement.

6.20. The Authority and ENCL reached agreement at Stage 1 and so a 30% discount applies to the Step 4 figure. The figure after Step 5 is therefore £231,000. The Authority therefore proposes to impose a financial penalty of £231,000.

7. PROCEDURAL MATTERS

Decision maker

7.1. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

7.2. This Final Notice is given under, and in accordance with, section 390 of the Act.

Manner of and time for Payment

7.3. The financial penalty must be paid in full by ENCL to the Authority by no later than 4 January 2015, 14 days (excluding bank holidays) from the date of the Final Notice.

If the financial penalty is not paid

7.4. If all or any of the financial penalty is outstanding on 5 January 2015, the Authority may recover the outstanding amount as a debt owed by ENCL and due to the Authority.

Publicity

7.5. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates. Under those provisions, the Authority must publish such information about the matter to which this notice

relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

Authority contacts

- 7.6. For more information concerning this matter generally, contact Rebecca Green (direct line: 020 7066 9496) or Udani Eriyagolla (direct line: 020 7066 9468) of the Enforcement and Financial Crime Division of the Authority.

Mario Theodosiou
Project Sponsor
Financial Conduct Authority, Enforcement and Financial Crime Division

ANNEX A

1. RELEVANT REGULATORY PROVISIONS

1.1. LR 8.2.1R states:

A company with, or applying for, a premium listing of its equity shares must appoint a sponsor on each occasion that it:

(1) is required to submit any of the following documents to the FCA in connection with an application for admission of equity shares to premium listing:

(a) a prospectus, supplementary prospectus or equivalent document; or

(b) a certificate of approval from another competent authority; or

(c) a summary document as required by PR 1.2.3 R (8); or

(d) listing particulars referred to in LR 15.3.3 R or LR 16.3.4 R or supplementary listing particulars; or

(2) is required to submit to the FCA a class 1 circular for approval; or

(3) is required to submit to the FCA a circular that proposes a reconstruction or a refinancing which is required by LR 9.5.12 R to include a working capital statement; or

(4) is required to submit to the FCA a circular for the proposed purchase of own shares: which is required by LR 13.7.1R (2) to include a working capital statement; or

[Note: This does not include a circular issued by a closed-ended investment company.]

(5) is required to do so by the FCA because it appears to the FCA that there is, or there may be, a breach of the listing rules, the disclosure rules or the transparency rules, by the listed company; or

(6) is required by LR 11.1.10R (2)(b) to provide a listed company with a confirmation that the terms of the proposed related party transaction are fair and reasonable; or

(7) is required to submit to the FCA a related party circular which is required by LR 13.6.1R (5) to include a statement by the board that the transaction or arrangement is fair and reasonable; or

(8) is required by LR 8.4.3R (4) to submit to the FCA a letter from a sponsor in relation to the applicant's eligibility; or

- (9) is required to make an announcement or request a suspension in connection with a reverse takeover under LR 5.6.6 R; or*
- (10) provides to the FCA a disclosure regime confirmation in connection with a reverse takeover under LR 5.6.12G (1); or*
- (11) makes a disclosure announcement in connection with a reverse takeover under LR 5.6.15 G that contains a declaration described in LR 5.6.15G (3) or LR 5.6.15G (4); or*
- (12) submits to the FCA a letter in relation to the issuer's eligibility in connection with a reverse takeover under LR 5.6.23G (2); or*
- (13) provides confirmation to the FCA of its severe financial difficulty for the purposes of LR 10.8.3 G (2); or*
- (14) is required to provide an assessment of the appropriateness of an investment exchange or multilateral trading facility under LR 13.5.27B R*

1.2. LR 8.2.1AR states:

A company must appoint a sponsor where it applies to transfer its category of equity shares' listing from:

- (1) a standard listing (shares) to a premium listing (commercial company); or*
- (2) a standard listing (shares) to a premium listing (investment company); or*
- (3) a premium listing (investment company) to a premium listing (commercial company); or*
- (4) a premium listing (commercial company) to a premium listing (investment company).*

1.3. LR 8.2.2R states:

If a company with a premium listing is proposing to enter into a transaction which due to its size or nature could amount to a class 1 transaction or a reverse takeover it must obtain the guidance of a sponsor to assess the application of the listing rules, the disclosure rules and the transparency rules.

1.4. LR 8.2.3R states:

If a company with a premium listing is proposing to enter into a transaction which is, or may be, a related party transaction it must obtain the guidance of a sponsor in order to assess the application of the listing rules, the disclosure rules and the transparency rules.

1.5. LR 8.7.25R states:

A request by a sponsor for its approval as a sponsor to be suspended must be in writing and must include:

- (1) the sponsor's name;*
- (2) a clear explanation of the background and reasons for the request;*
- (3) the date on which the sponsor requests the suspension to take effect;*
- (4) a signed confirmation that the sponsor will not provide any sponsor services as of the date the request is submitted to the FCA; and*
- (5) the name and contact details of the person at the sponsor with whom the FCA should liaise with in relation to the request.*