

CHAPTER 3

SPONSORS AND RESEARCH PANELLISTS

**CHAPTER 3 - SCOPE OF CHAPTER
SPONSORS AND RESEARCH PANELLISTS**

This **Chapter** sets out the requirements relating to *sponsors and *research panellists. A *sponsor is required to be appointed in certain circumstances by *listees.

*Sponsors and research panellists will normally be corporate brokers or investment banks but may also be other professional advisers.

A *sponsor and a *research panellist undertakes to *APX to accept certain responsibilities. If the *sponsor or *research panellist fails to carry out these responsibilities, *APX may impose any of the sanctions referred to in **Business Rule 9.5.1** for *sponsors and **Business Rule 9.11.2** for *research panellists.

In addition to the specific requirements laid down in this **Chapter**, *APX encourages the appointment of a *sponsor fully experienced in market practice to give advice on a continuing basis regarding the application of the *Listees' Listing Standards (in particular, the continuing obligations).

Details of the application process for *sponsors may be obtained from the *Sponsor Regulation Department of *APX.

Details of the application process for *Research Panellist may be obtained from the *Research Panellist Regulation Department of *APX.

PART A: SPONSORS

APPOINTMENT.

3.1.1 If:

- (a) an entity makes an application to become a *listee the entity must engage a *sponsor to advise the entity in connection with the application;
- (b) a *listee breaches the *Listees' Listing Standards and *APX requires, the *listee must engage a *sponsor to give advice to the *listee about the application of the *Listees' Listing Standards; and
- (c) a *sponsor is required by the *Listees' Listing Standards to report to *APX in relation to any transaction or matter involving a *listee, the *listee must engage a *sponsor to prepare the report.

3.1.2 A *listee must advise *APX in writing (providing a copy to the *sponsor) of the resignation or dismissal of any *sponsor. It must also, where a *sponsor is dismissed, inform *APX in writing immediately of the reason for the dismissal.

RESPONSIBILITIES OF A SPONSOR.

NATURE OF RESPONSIBILITIES.

3.2.1. The responsibilities of the *sponsor referred to in the undertaking contained in **Appendix 9-1** of the *Business Rules are as set out in **Rules 3.2.2 to 3.7.2**. These responsibilities are owed solely to *APX. Failure to carry out these responsibilities may result in *APX taking disciplinary proceedings.

3.2.2. A *sponsor must:

- (a) in the case of any listing application in respect of which the *sponsor has been engaged by the applicant, satisfy itself, to the best of its knowledge and belief, having made all reasonable enquiries of the *listee and its advisers, that the *listee has satisfied all applicable conditions for *quotation and other relevant requirements of the *Listees' Listing Standards;
- (b) for each transaction in respect of which it acts as *sponsor in accordance with the *Listees' Listing Standards, submit to *APX (marked for the attention of the *Listing Applications Department) no later than the date on which any documents in connection with the transaction are first submitted to *APX for approval a confirmation of independence in the form set out in **Appendix 3-3**; and
- (c) provide to *APX any information or explanation known to it in such form and within such time limit as *APX may reasonably require for the purpose of verifying whether the *Listees' Listing Standards are being and have been complied with by it or by a *listee for which it acts.

3.2.3. Where a *listee appoints a *sponsor in the circumstances set out in **Rule 3.1.1**, or otherwise consults a *sponsor to give guidance or advice in relation to the application or interpretation

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of the *Listees' Listing Standards, that *sponsor must, with due care and skill, advise the *listee as to the application or interpretation of the relevant *Listees' Listing Standards.

APPLICATIONS FOR ADMISSION TO THE OFFICIAL LIST.

- 3.3** In relation to each listing application in respect of which the *sponsor has been engaged by the applicant, the *sponsor must:
- (a) complete a declaration in the form set out in **Appendix 3-4** as amended by *APX from time to time;
 - (b) advise the *directors of the *listee about the nature of their responsibilities and obligations under the *Listees' Listing Standards as *directors of a *listee;
 - (c) be satisfied that the *directors of the *listee have established procedures which provide a reasonable basis for them to make proper judgments as to the financial position and prospects of the *listee and its controlled entities;
 - (d) if the *listing particulars contain no accountants' report, provide a written opinion as to why an accountants' report is not required (see **Rule 9.3.3**).

ACCOUNTANTS' REPORT.

- 3.4.** In the case of a Class 1 acquisition (as defined in **Rule 10.2.2**) by a *listee of an overseas company the *sponsor must be satisfied that an accountants' report is not required (see **Rule 9.3.3**).

WORKING CAPITAL.

- 3.5.** Where a *listee:
- (a) prepares *listing particulars for the purpose of admission to the *official list;
 - (b) prepares a Class 1 *circular;
 - (c) prepares any *circular containing proposals to be put to security holders in general meeting concerning a refinancing or reconstruction of the *listee or its group; or
 - (d) is otherwise required by these Rules to provide *APX with a working capital statement (see **Rule 6.15(g)**);
- the *listee must engage a *sponsor to prepare a written report to *APX stating that:
- (e) the *sponsor has obtained written confirmation from the *listee that the working capital available to the *listee is sufficient for the twelve months from the date of the report; and
 - (f) the *sponsor is satisfied, after making all reasonable enquiries, that the above confirmation is based on reasonable grounds.

PROFIT FORECAST.

3.6.1. Where a profit forecast or estimate appears in:

- (a) *listing particulars for the purpose of admission to the *official list;
- (b) a Class 1 acquisition *circular; or
- (c) any *circular containing proposals to be put to security holders in a general meeting concerning a refinancing or reconstruction of the *listee or its group;

the *listee must engage a *sponsor to prepare a written report to *APX stating that the *sponsor is satisfied that the *listee has made all reasonable enquiries in connection with the preparation of the forecast or estimate. Such report must be included in the prospectus, product disclosure statement or *circular as appropriate.

3.6.2. Where a profit forecast or estimate appears in an exempt listing document (see **Rule 6.7.2**), the *listee must confirm to *APX in writing that the forecast or estimate has been properly compiled on a basis consistent with the accounting policies normally adopted by the *listee and has been made after due and careful enquiry.

OTHER RESPONSIBILITIES.

3.7.1. The *sponsor is responsible for providing the primary point of contact between each *listee for which it acts and *APX in relation to a listing application.

3.7.2. The *sponsor must also, where applicable, discharge the responsibilities of a *sponsor referred to in **Appendix 3-1** to this **Chapter**.

MORE THAN ONE SPONSOR.

3.8. Where a *listee engages more than one *sponsor, the *listee must nominate one *sponsor who has overall responsibility for discharging the obligations of a *sponsor in relation to that *listee under these Rules.

DIRECT ACCESS.

3.9. Notwithstanding the provisions of this **Chapter**, *APX may, in appropriate circumstances, communicate directly with the *listee or with another adviser of the *listee.

PART B: RESEARCH PANEL

APPOINTMENT.

3.10.1. If an entity makes an application to become a *property listee, the entity must engage a *research panellist to prepare a research report in relation to the entity.

3.10.2. A *property listee must engage a *research panellist to prepare research reports in relation to the *property listee on an ongoing basis, with the obligation of producing at least one research report on an annual basis. This research report must not be disseminated to any party prior to it being lodged with *APX Announcement Office.

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3.10.3. The *property listee must advise *APX in writing (providing a copy to the *research panellist) of the resignation or dismissal of any *research panellist. It must also, where a *research panellist is dismissed, inform *APX in writing immediately of the reason for the dismissal.

RESPONSIBILITIES OF A RESEARCH PANELLIST.

NATURE OF RESPONSIBILITIES.

3.11.1. The responsibilities of the *research panellist referred to in the undertaking contained in **Appendix 9-2** of the *Business Rules are as set out in **Rules 3.11.2** to **3.12**. These responsibilities are owed solely to *APX. Failure to carry out these responsibilities may result in *APX taking disciplinary proceedings.

3.11.2. A *research panellist must:

- (a) in the case of each listing application in respect of which the *research panellist has been engaged by the applicant, give its written opinion as to the rating of the applicant using the rating system adopted by *APX from time to time;
- (b) for each transaction in respect of which it acts as *research panellist in accordance with the *Listees' Listing Standards, submit to *APX (marked for the attention of the *Listing Applications Department) no later than the date on which any documents in connection with the transaction are first submitted to *APX for approval a confirmation of independence in the form set out in **Appendix 3-6**; and
- (c) for each research report produced by the *research panellist concerning a *property listee of *APX, other than one produced to meet the requirements of **Rule 3.10.2**, lodge a copy of the research report with *APX Announcement Office no later than 14 days following the first distribution of the report.

3.11.3. Where a *property listee engages a *research panellist in the circumstances set out in **Rule 3.10.1**, or otherwise consults a *research panellist to give guidance or advice in relation to the rating of any given *property, that *research panellist must, with due care and skill, advise the *property listee as to the application or interpretation of the relevant *Listees' Listing Standards.

APPLICATIONS FOR ADMISSION TO THE OFFICIAL LIST.

3.12. In the case of each listing application in respect of which the *research panellist has been engaged by the applicant, the *research panellist must complete the declaration by a *research panellist in the form set out in **Appendix 3-7** as amended by *APX from time to time.

MORE THAN ONE RESEARCH PANELLIST.

3.13. Where a *property listee engages more than one *research panellist, the *listee must nominate one *research panellist who has overall responsibility for discharging the obligations of a *research panellist in relation to that *listee under these Rules.