



7 March 2013

Our ref: ICAEW Rep 43/13

Primary Market Regulation  
UK Regulation  
London Stock Exchange  
20 Paternoster Square  
London EC4M 7LS

Dear sirs

### **High Growth Segment Draft Rulebook**

ICAEW welcomes the opportunity to comment on the *High Growth Market Segment Draft Rulebook* published by London Stock Exchange (the Exchange) on 13 February 2013, a copy of which is available from this [link](#).

ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter, working in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 140,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.

ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.

The Corporate Finance Faculty is the voice of corporate finance within ICAEW. The faculty is responsible for submissions to regulators on behalf of ICAEW. It provides a range of services to its members including a monthly magazine, *Corporate Financier*.

We support the Exchange's proposals for a new segment of its Main Market. We welcome the additional option the High Growth Segment will provide to innovative businesses that are considering an initial public offering.

As the Exchange raises awareness of the new segment it might use the opportunity to refresh understanding of the differences between the markets it operates and, in the case of the Main Market, its segments, including the levels of regulation and market practice for due diligence.

Our comments on the draft Rulebook are set out in the Appendix.

Yours sincerely

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## APPENDIX

### Comments on the draft Rulebook (dated 13 February 2013) for the High Growth Segment of the Main Market

1. We question why the role of Key Adviser should be restricted to advisers already included on the list of sponsors maintained by the Financial Services Authority. It is unclear, for example, why an adviser approved by the Exchange as a nominated adviser could not act in the capacity of Key Adviser.
2. Issuers seeking admission to the High Growth Segment will not be subject to the UKLA's Listing Rules yet the draft Rulebook references principles in the Listing Rules or refers to them as a source of guidance. It would be better to make the Rulebook entirely independent of the Listing Rules.
3. As a small point, the Rulebook's Glossary indicates that the term 'EU' is defined in the Listing Rules. This is not strictly the case although there is a definition more generally in the FSA Handbook.
4. With reference to Section A, A2, paragraph 7 'An Issuer and/or Key Adviser must inform the Exchange...', there could be scope for error through poor coordination by allowing either party to inform the Exchange in this instance. In comparison, under Rule 2 in the AIM Rules for Companies, the onus is clearly on the applicant to do this.