

10 December 2009

Our ref: ICAEW Rep 125/09

Toby Wallis  
Primary Markets  
Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

Dear Mr Wallis

**FSA CP 09/24 Listing regime review**

The Institute of Chartered Accountants in England and Wales is pleased to respond to your request for comments on *Consultation Paper 09/24 Listing regime review*.

Please contact me should you wish to discuss any of the points raised in the attached response.

Yours sincerely

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## ICAEW REPRESENTATION

### ICAEW REP 125/09

### CONSULTATION ON LISTING REGIME REVIEW

**Memorandum of comment submitted in December 2009 by The Institute of Chartered Accountants in England and Wales, in response to the Financial Services Authority Consultation Paper Listing regime review published in October 2009**

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## INTRODUCTION

1. The Institute of Chartered Accountants in England and Wales (the ICAEW) welcomes the opportunity to comment on the consultation paper *Listing regime review* published by the Financial Services Authority.

## WHO WE ARE

2. The ICAEW operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, the Institute provides leadership and practical support to over 132,000 members in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. The ICAEW is a founding member of the Global Accounting Alliance with over 775,000 members worldwide.
3. Our members provide financial knowledge and guidance based on the highest technical and ethical standards. They are trained to challenge people and organisations to think and act differently, to provide clarity and rigour, and so help create and sustain prosperity. The ICAEW ensures these skills are constantly developed, recognised and valued.
4. The ICAEW's Corporate Finance Faculty (the Faculty) is a network of over 5,000 corporate finance professionals. This response draws on the expertise of Faculty members, which include reporting accountants, sponsors and lawyers.

## RESPONSES TO SPECIFIC QUESTIONS

**Q1: Do you have any comments on how the drafting of this rule which requires overseas Premium Listed companies to offer pre-emption rights to their shareholders may be improved?**

5. We agree with the rule as drafted.

**Q2: Do you agree with the new rule which clarifies that to be admitted to the Official List, equity securities must be admitted to trading on a Regulated Market in the UK?**

6. We agree with the new rule and that it reflects market practice.

**Q3: Do you agree with this cost-benefit analysis?**

7. In our view the cost-benefit analysis (CBA) for the corporate governance-related proposals significantly underestimates the likely time and cost required to embed these for first time implementation.
8. As stated in our response to CP 08/21, we believe that the CBA for requiring overseas Premium Listed issuers to 'comply or explain' against the UK Combined Code is based on unrealistic estimates for time and cost. According to the CBA, over half the Premium Listed issuers are overseas companies or firms with different codes to the Combined Code. The time estimates in each case assume that the preparer has knowledge of both the overseas regime and the UK regime and that information on the company's current practices is available. In our view even if such knowledge and material do exist, the time required to prepare the disclosures will be significantly more than that estimated. Moreover a sophisticated regime will have specific nuances to compare with the Combined Code and the current time estimate does not appear to allow for this. Finally first-time drafting, in the experience of our members, can take much time to get right.

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