

Suggested approach to record-keeping under COBS 11A.1.4BR(3)(c), COBS 11A.1.4CR and COBS 11.A.1.4ER

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Introduction

Below is a suggested approach to record-keeping under COBS 11A.1.4BR(3)(c), COBS 11A.1.4CR and COBS 11A.1.4ER. It is not intended to be prescriptive and a firm may adopt other approaches to record keeping that would also be sufficient to comply with its obligations.

Firms may wish to memorialise their approach to record-keeping in a standing policy, others may wish to document their policy on record-keeping on a case-by-case basis. A firm should retain records on a transaction-by-transaction basis for each in-scope IPO.

This suggested approach covers the record-keeping requirements in COBS 11A.1.4BR(3)(c), COBS 11A.1.4CR and COBS 11A.1.4ER. Firms may wish to keep records of other aspects of the IPO process, for example of the discussions among the issuer and the banks on the process that will be put in place to ensure that a range of unconnected analysts will have the opportunity to be in communication with the issuer team (as envisaged by COBS 11A.1.4BR(2)(a) and (b)).

A. Handbook reference: COBS 11A.1.4BR(3)(c)

Subject of record: The firm's assessment under COBS 11A.1.4BR(3)(a)

Contents of record:

- (1) The firm's process for conducting the assessment and reaching the opinion under COBS 11A.1.4BR(3)(a);
- (2) The firm's staff that were involved in reaching that opinion; and
- (3) An explanation of the firm's consideration of the number and expertise of the unconnected analysts included in the range.

When the record must be made: Once the firm has formed its opinion under COBS 11A.1.4BR(3)(a)

Retention period: 5 years

Suggested Approach:

[BANK NAME'S] ASSESSMENT UNDER COBS 11A.1.4BR(3)(a)

1. *[BANK NAME'S] process for (i) conducting the assessment of the potential range of Unconnected Analysts, and (ii) using that assessment to ensure that the selected range of Unconnected Analysts is one that, in [BANK NAME'S] reasonable opinion, has a reasonable prospect of enabling potential investors to undertake a better-informed assessment of the present or future value of the relevant securities based on a more diverse set of substantiated opinions, compared to a situation in which the only research available to potential investors is that disseminated by Syndicate Research Analysts.*

[BANK NAME] notes that the industry bodies AFME and the European Association of Independent Research Providers (Euro IRP) have developed an industry-wide suggested approach to the selection process and industry-wide guidance and that, in [BANK NAME'S] reasonable opinion, they are appropriate to select the range of unconnected analysts and have a reasonable prospect of enabling potential investors to undertake a better-informed assessment as outlined above. That industry-wide guidance, entitled "UK Initial Public Offerings – Process In Relation To Providing Issuer Access For Unconnected Analysts" (the "**Process Document**"), is available on the AFME website (<https://www.afme.eu/globalassets/downloads/divisions/equity-capital-markets/afme-ecm-ipo-reform-unconnected-analysts-process-and-guidelines.pdf>).

Consistent with the Process Document, any analyst who meets all of the 3 conditions below will be selected to participate in all UK IPOs in which [BANK NAME] provides underwriting or placing services:

- A. Register interest in participating in the proposed IPO process for [COMPANY NAME];
- B. Meet the definition in the Process Document of an unconnected analyst ("a research analyst not employed by one of the proposed members of the underwriting syndicate, who produces research, which is disseminated to one or more third party/ies that is/are also external clients of the analyst's employer's group"); and
- C. Agree to comply with the requirements set out in the "Market Standard Research Guidelines" (Appendix I of the AFME/Euro IRP guidance).

2. *[BANK NAME'S] staff that were involved in reaching that opinion.*

[BANK NAME'S] Legal & Compliance team, as well as the Head of [E.G., UK ECM / EQUITY EXECUTION], participated in the industry body discussions which agreed the industry-wide guidelines ahead of 1 July 2018 and were therefore involved in reaching that opinion.

3. *[BANK NAME'S] consideration of the number and expertise of the Unconnected Analysts included in the selected range of Unconnected Analysts.*

Consistent with the Process Document, any analyst who meets all of the 3 conditions listed above will be selected to participate.

In the interest of selecting the widest range of unconnected analysts that, in [BANK NAME'S] reasonable opinion, has a reasonable prospect of enabling potential investors to undertake a better-informed assessment, [BANK NAME] has decided not to impose any numerical limitation upon the registrations of interest received, nor to impose any expertise-based restrictions upon the registrations of interest received.

[BANK] to consider on each transaction whether the process outlined above remains appropriate,

B. Handbook reference: COBS 11A.1.4CR

Subject of record: Restrictions on unconnected analysts

Contents of record: Any restrictions that would be imposed on each unconnected analyst that accepts the opportunity under COBS 11A.1.4BR(2)

When the record must be made: When the opportunity is communicated to the range of unconnected analysts

Retention period: 5 years

Suggested Approach:

To comply with the record keeping requirements in COBS 11A.1.4CR, which requires a written record (to be kept for 5 years) of any restrictions that would be imposed on each Unconnected Analyst that accepts the opportunity to participate, [BANK NAME] to retain a copy of the final Unconnected Analysts Research Guidelines (based on the Market Standard Research Guidelines) from the relevant transaction in the deal file.

C. Handbook reference: COBS 11A.1.4ER

Rule:

COBS 11A.1.4BR(2) provides that:

“Prior to the firm’s analysts being in communication with [the issuer and/or its representatives outside of the firm (the “**Issuer Team**”)], the firm must ensure that a range of unconnected analysts... will have the opportunity... either:

- (a) to join the firm’s analysts in any communication with the Issuer Team that is made or received before the firm disseminates any [Syndicate Pre-Deal Investor Education research]; or
- (b) to be in communication with the Issuer Team in a way that satisfies the following conditions:
 - (i) the communication results in those unconnected analysts receiving or being given access to all information that is:
 - A. given by the Issuer Team to the firm’s analysts during the relevant period; and
 - B. relevant for the purposes of the firm producing any [Pre-Deal Investor Education research];
 - (ii) the information that each of those unconnected analysts receives or can access is identical;
 - (iii) the communication is completed before the end of the relevant period; and
 - (iv) the relevant period for the purposes of sub-paragraphs (2)(b)(i) and (2)(b)(iii) starts from the time at which this rule applies and ends at the time at which the firm disseminates any [Syndicate Pre-Deal Investor Education research].”

***Issuer Team** includes the issuer, issuer counsel, any financial adviser, and shareholders (if relevant).*

This record-keeping suggested approach should be used in circumstances where COBS 11A.1.4BR(2)(b) applies (i.e. where unconnected research analysts are to be given separate access to the Issuer Team subsequent to syndicate analysts).

It assumes that the information in paragraphs 1, 2 and 3 below will be compiled by [the Global Co-ordinators [or] the issuer] and provided to syndicate members in good time to enable firms to comply with their record keeping requirements.

Subject of record: Information given by the Issuer Team during the relevant period specified in COBS 11A.1.4BR(2)(b)(iv).

Contents of record: A written record to be made and retained of:

(a) the information on the issuer or the relevant securities that is given by the issuer team to a firm's analysts during the relevant period under COBS 11A.1.4BR(2)(b)(iv); and

(b) the information on the issuer or the relevant securities that is given by the issuer team to each of the relevant unconnected analysts during the same period.
(See COBS 11A.1.4ER).

When the record is to be made: At the end of the relevant period specified in COBS 11A.1.4BR(2)(b)(iv) (see COBS 11A.1.4ER(2)).

Retention period: 5 years after the date the record is made (see COBS 11A.1.4ER(3)).

Documents/information that may be provided to syndicate and/or unconnected analysts

Note: the following should be adapted on each transaction to reflect the information provided to analysts.

1. Information provided to Syndicate Analysts

- A. A final copy of the Syndicate Analyst Research Presentation(s).
- B. Verbal answers to Q&A provided by the Issuer Team to Syndicate Analysts at the Syndicate Analyst Research Presentation(s).
- C. [Verbal or written] answers provided by the Issuer Team to additional Q&A from Syndicate Analysts.
- D. A written summary of any additional information (not otherwise provided to Syndicate Analysts) provided by the Issuer Team to Unconnected Analysts.¹
- E. [A written summary of any additional information provided to Syndicate Analysts required for the purposes of the confirmation in G below. Firms may find it efficient to request the issuer to maintain a log of any such additional information and to prepare the written summary].²
- F. A list of any further meetings between the Issuer Team and Syndicate Analysts, such as site visits or other contact between the Syndicate Analysts and the Issuer Team during the relevant period. This list should include details of the Issuer Team members and Syndicate Analyst personnel who attended the relevant meeting(s)/call(s). Firms may find it efficient to request the issuer to maintain a log of all such meeting(s)/call(s).
- G. Confirmation from the issuer that, having made enquiries internally and of its representatives outside of the firm such as issuer counsel, any financial adviser and

¹ Including at the Unconnected Analyst Research Presentation (if relevant) and as part of the Unconnected Analyst Q&A process.

² Including information provided as part of the factual accuracy review process.

shareholders (if relevant), [and taking into account the Issuer Team's awareness of any matters covered at the interactions listed under F above], during the relevant period, no information as contemplated by COBS 11A.1.4BR(2)(b)(i) was provided by the Issuer Team to the firm's research analysts other than the information set out in A, B, C, D and E above.

2. Information provided to Unconnected Analysts

- A. A final copy of the [Syndicate] Analyst Research Presentation(s).³
- B. Written answers to Q&A provided by the Issuer Team to Syndicate Analysts at the Syndicate Analyst Research Presentation(s).
- C. Written answers provided by the Issuer Team to additional Q&A from Syndicate Analysts.
- D. [Verbal or written answers] to Q&A provided by the Issuer Team to Unconnected Analysts.⁴
- E. If relevant, a written summary of additional information provided to Unconnected Analysts required for the purposes of the confirmation in G below. Firms may find it efficient to request the issuer to maintain a log of any such additional information and to prepare the written summary.
- F. [A list of any further meetings between the Issuer Team and Unconnected Analysts, such as site visits or other contact between the Unconnected Analysts and the Issuer Team during the relevant period. This list should include details of the Issuer Team members and Unconnected Analyst personnel who attended the relevant meeting(s)/call(s). Firms may find it efficient to request the issuer to maintain a log of all such meeting(s)/call(s).]
- G. Confirmation from the issuer that, having made enquiries internally and of its representatives outside of the firm, such as issuer counsel, any financial adviser, and shareholders (if relevant), [and taking into account the Issuer Team's awareness of any matters covered at the interactions listed under F above], during the relevant period:

³ If written materials are to be uploaded to a portal, the AFME / Euro IRP industry-wide guidance entitled "UK Initial Public Offerings – Process in Relation To Providing Issuer Access for Unconnected Analysts" envisages that Unconnected Analysts will be provided with the Syndicate Analyst Research Presentation(s). If an in-person presentation is given to Unconnected Analysts, it is expected to be the same as, or a subset of, the Syndicate Analyst Research Presentation. Unconnected Analysts may receive both a copy of the Syndicate Analyst Research Presentation and an "in person" presentation. Any additional information provided at the "in person" presentation should be noted.

⁴ Including Q&A at the Unconnected Analyst Research Presentation, if any and as part of the Unconnected Analyst Q&A process.

- (i) no information as contemplated by COBS 11A.1.4BR(2)(b)(i) was provided by the Issuer Team to Unconnected Analysts other than the information set out in A, B C, D and E above;
- (ii) all information as contemplated by COBS 11A.1.4BR(2)(b)(i) provided by the Issuer Team to Syndicate Analysts is included in the information provided to Unconnected Analysts set out in A, B, C, D and E above; and
- (iii) the Issuer team provided identical information to each Unconnected Analyst.

Firms may find it efficient to request the issuer to provide its confirmations in paragraphs 1G and 2G above in consolidated form, i.e. in one written document or email from the issuer addressed to each firm within the underwriting syndicate to be provided immediately prior to publication of the Connected Pre-Deal Investor Education Research (sequencing to be agreed on a transactional basis). A suggested form of confirmation can be found in the Appendix to this document.

3. Other Information

- A. A final copy of the Syndicate Analyst Research Guidelines.
- B. A final copy of the Unconnected Analyst Research Guidelines (or click-through menu) (based on the Market Standard Research Guidelines).
- C. [Where practicable, a List of Unconnected Analysts [who attended a live presentation with the issuer or “clicked through” to access the presentation (as appropriate).]]

Appendix

Form of Issuer confirmation letter

This Appendix sets out a proposed draft of the issuer confirmation letter provided for in paragraphs 1F and 2F above to assist banks with their record keeping requirements under COBS 11A.1.4ER. It is not intended to be prescriptive and should be adapted on each transaction to reflect the approach taken on information provision to syndicate analysts and unconnected analysts. This draft assumes that unconnected analysts and syndicate analysts will be given separate access to management.

[Issuer letterhead]

[Issuer details]

(the “Company”)

[Insert addresses for Banks]

[Date]⁵

Proposed offering of shares (the “Shares”) in [Company] plc and admission to the premium listing segment of the Official List and to trading on the London Stock Exchange (the “IPO”)

Background

[●], [●] and [●] have been mandated to act as [joint global coordinators] and [joint bookrunners] and [●] has been mandated to act as a [joint bookrunner] (each, a “Bank” and together, the “Syndicate”) on the IPO.

The Research Department at each Bank has indicated that it intends to publish pre-IPO investment research on the Company and research analysts from each Bank (each a “Syndicate Analyst” and together, the “Syndicate Analysts”) have been in communication with: (a) the Company’s directors, officers, employees and agents; and (b) the Company’s legal counsel, *[Company counsel]*; (c) *[Insert name of any financial adviser if relevant]*; and (d) *[Insert names of shareholders if relevant]* (together, the “Issuer Team”).

In accordance with paragraph COBS 11A.1.4BR(2)(b) of the FCA Handbook, research analysts not employed by one of the Banks (each, an “Unconnected Analyst” and together, the “Unconnected Analysts”) have also been given the opportunity to communicate with the Issuer Team, separately to Syndicate Analysts.

Purpose of the Letter

⁵ [Letter to be delivered immediately prior to distribution of syndicate analyst pre-deal research. Sequencing to be agreed on a transactional basis.]

The purpose of this letter (the “**Letter**”) is to assist each Bank with its record-keeping obligations in COBS 11A.1.4ER, which require a Bank, when it acts in accordance with COBS 11A.1.4BR(2)(b), to keep a record of all information on the Company or the Shares given by the Issuer Team during the period specified in COBS 11A.1.4BR(2)(b)(iv) (the “**Relevant Period**”) to: (i) its Syndicate Analysts; and (ii) the Unconnected Analysts.

A Information provided to Syndicate Analysts

The Company confirms:

1. Having made due and careful enquiry of the Issuer Team, during the Relevant Period, the following information, as set out in Appendix 1 to this Letter (the “**Syndicate Analyst Information**”), was provided by a member of the Issuer Team to the Syndicate Analysts:
 - (i) A final copy of the Syndicate Analyst Research Presentation(s) as set out in [Part A] of Appendix 1;
 - (ii) Verbal answers to Q&A provided by the Issuer Team to Syndicate Analysts at the Syndicate Analyst Research Presentation(s) as set out in Part [B] of Appendix 1;
 - (iii) [[Verbal or written] answers provided by the Issuer Team to additional Q&A from Syndicate Analysts as set out in Part [C] of Appendix 1]
 - (iv) [A written summary of any additional information (not otherwise provided to Syndicate Analysts) provided by the Issuer Team to Unconnected Analysts⁶ as set out in Part [D] of Appendix 1]; and
 - (v) [The additional information provided to any Syndicate Analyst during any additional meetings/other communications among members of the Issuer Team and a Syndicate Analyst as set out in Part [E] of Appendix 1.]⁷
2. Having made due and careful enquiry of the Issuer Team [and taking into account the Issuer Team’s awareness of any matters covered in the interactions listed in sub-paragraph (v) above], during the Relevant Period, other than the Syndicate Analyst Information, no information contemplated by COBS 11A.1.4BR(2)(b)(i) has been provided to a Syndicate Analyst.

B Information provided to Unconnected Analysts

The Company further confirms:

1. Having made due and careful enquiry of the Issuer Team, during the Relevant Period, the following information, as set out in Appendix 2 to this Letter (the “**Unconnected Analyst Information**”) has been provided by a member of the Issuer Team to each of the Unconnected Analysts:

⁶ Including at the Unconnected Analyst Presentation (if relevant) and as part of the Unconnected Analyst Q&A process.

⁷ Company to append a list of any additional meetings/communications with Syndicate Analysts, including details of any Issuer Team Members and Syndicate Analyst representatives present/participating, and a summary of any information provided. This would also include any additional information provided as part of the factual accuracy review process.

- (i) A final copy of the [Syndicate] Analyst Research Presentation(s) as set out in Part [A] of Appendix 2⁸;
 - (ii) Written answers to Q&A provided by the Issuer Team to Syndicate Analysts at the Syndicate Analyst Research Presentation(s) as set out in Part [B] of Appendix 2;
 - (iii) [Written answers provided by the Issuer Team to additional Q&A from Syndicate Analysts as set out in Part [C] of Appendix 1]
 - (iv) [[Verbal or written answers] to Q&A provided by the Issuer Team to Unconnected Analysts as set out in Part [D] of Appendix 2]⁹; and
 - (v) [The additional information provided to Unconnected Analysts during any additional meetings/other communications among members of the Issuer Team and an Unconnected Analyst as set out in Part [E] to Appendix 2.]¹⁰
2. Having made due and careful enquiry of the Issuer Team [and taking into account the Issuer Team's awareness of any matters covered in the interactions listed in sub-paragraph (v) above], during the Relevant Period: (i) other than the Unconnected Analyst Information, no information has been provided to an Unconnected Analyst; (ii) all information as contemplated by COBS 11A.1.4BR(2)(b)(i) provided by the Issuer Team to a Syndicate Analyst is included in the Unconnected Analyst Information; and (iii) the information provided by the Issuer Team to each Unconnected Analyst was identical.

For and on behalf of:

.....
[Company] plc

⁸ If written materials are to be uploaded to a portal, the AFME / Euro IRP industry-wide guidance entitled "UK Initial Public Offerings – Process in Relation To Providing Issuer Access for Unconnected Analysts" envisages that unconnected analysts will be provided with the Syndicate Analyst Research Presentation(s). If an in-person presentation is given to Unconnected Analysts, it is expected to be the same as, or a subset of, the Syndicate Analyst Research Presentation. Unconnected analysts may receive both a copy of the Syndicate Analyst Research Presentation and an "in-person" presentation. Any additional information provided at the "in person" presentation should be noted.

⁹ Including Q&A at the Unconnected Analyst Research Presentation, if any and as part of the Unconnected Analyst Q&A process.

¹⁰ Company to append a list of any additional meetings/communications with Unconnected Analysts, including details of any Issuer Team Members and Unconnected Analyst representatives present/participating, and a summary of any information provided.

Appendix 1
Syndicate Analyst Information

[Syndicate Analyst Information to be Appended]

Appendix 2
Unconnected Analyst Information

[Unconnected Analyst Information to be Appended]