

CHAPTER 2 SPONSORS

PART I SCOPE OF CHAPTER

- 201 This Chapter sets out the requirements for sponsors and registered professionals.
- 202 In authorising sponsors and registered professionals, a major consideration is to maintain the Exchange's operation of markets with high integrity and standards.
- 203 The Exchange may authorise a sponsor to act as a full sponsor or a continuing sponsor. The Exchange may register an individual to act as a registered professional.

PART II AUTHORISATION OF SPONSORS

- 204 To be eligible for authorisation as a full sponsor, an applicant must meet the following eligibility criteria, in addition to any legal and regulatory requirements:
- (1) be a corporation with a minimum base capital of \$500,000 and sufficient professional indemnity insurance to cover its proposed sponsor activities;
 - (2) have established and operate out of a physical office in Singapore;
 - (3) have substantial shareholders, directors and key officers who are, in the Exchange's opinion, fit and proper;
 - (4) be experienced as a lead issue manager;
 - (5) have, in the Exchange's opinion, a satisfactory reputation and work record in all places where it has operated;
 - (6) not be in breach of any relevant rule or law in any place where it operates, including being the subject of any disciplinary proceedings, or any investigation which might lead to disciplinary action by any regulatory authority. The Exchange will normally not accept an applicant if complaints, warning letters, fines, private or public censures or reprimands, or other disciplinary action by any regulatory authority has occurred in the last 2 years;
 - (7) have sufficient skills and resources to discharge its obligations as a sponsor, including, upon authorisation, employing at least 3 professionals who meet the criteria in Rule 212 for registered professionals, where:
 - (a) at least 1 has a minimum of 10 years' experience in corporate finance advisory work or related advisory work, and has advised in a managerial or supervisory capacity on at least 5 listings in the 10 years prior to the application; and
 - (b) at least 2 have a minimum of 5 years' experience each in corporate finance advisory work or related advisory work, and 1 of these professionals has advised on at least 3 listings in the 5 years prior to the application; and
 - (8) upon authorisation, be independent of, and have no conflicts of interest with, the

entities it sponsors.

205 To be eligible for authorisation as a continuing sponsor, an applicant must meet the following eligibility criteria in addition to any legal and regulatory requirements:

- (1) be a corporation with a minimum base capital of \$250,000 and sufficient professional indemnity insurance to cover its proposed sponsor activities;
- (2) have established and operate out of a physical office in Singapore;
- (3) have substantial shareholders, directors and key officers who are, in the Exchange's opinion, fit and proper;
- (4) be experienced in corporate finance advisory work or compliance advisory work;
- (5) have, in the Exchange's opinion, a satisfactory reputation and work record in all places where it has operated;
- (6) not be in breach of any relevant rule or law in any place where it operates, including being the subject of any disciplinary proceedings, or any investigation which might lead to disciplinary action by any regulatory authority. The Exchange will take into consideration any previous breaches by the applicant of any relevant rule or law, and past disciplinary action by any regulatory authority. The Exchange will normally not accept an applicant if complaints, warning letters, fines, private or public censures or reprimands, or other disciplinary action by any regulatory authority has occurred in the last 2 years;
- (7) have sufficient skills and resources to discharge its obligations as a sponsor, including upon authorisation, employing at least 2 professionals who meet the criteria in Rule 212 for registered professionals, where:
 - (a) at least 1 has a minimum of 5 years' managerial or supervisory experience in corporate finance advisory work or related advisory work; and
 - (b) at least 1 has a minimum of 5 years' experience in:-
 - (i) corporate finance advisory work; or
 - (ii) accounting, auditing or finance work;
- (8) once authorised, be independent of, and have no conflicts of interest with, the entities it sponsors.

206 The Exchange has absolute discretion concerning the authorisation of an applicant. It may authorise an applicant unconditionally, or subject to conditions, or reject an applicant as it thinks appropriate. The Exchange is not obliged to give reasons. The Exchange reserves the right to vary any condition or impose additional conditions.

207 Without derogating from Rule 206 and regardless of fulfilment of the eligibility criteria, the Exchange will not authorise an applicant if in the Exchange's opinion:

- (1) it is contrary to the interests of the public; or
- (2) the reputation of the Exchange or the integrity of the market may be adversely affected.

208 A sponsor must continue to meet the criteria for authorisation and any conditions or restrictions imposed by the Exchange, at all times.

209 The Exchange will maintain a register of authorised sponsors.

- 210 (1) The Exchange may revoke the authorisation of a sponsor if:
- (a) the sponsor requests;
 - (b) the sponsor is unable to, evinces an intention or has failed to comply with the Rules; or
 - (c) in the Exchange's opinion, it is in the interests of the Exchange or markets established or operated by the Exchange.
- (2) The Exchange may decide not to act under Rule 210(1) if it has charged, or intends to charge, a sponsor before the Disciplinary Committee.
- (3) If the Exchange acts under Rule 210(1), it may disallow the entity from re-applying as a sponsor for a specified period or indefinitely.
- 211 A former sponsor is bound by the Rules, including remaining subject to disciplinary proceedings, in respect of acts or omissions which occurred while it was authorised.

PART III REGISTRATION OF REGISTERED PROFESSIONALS

- 212 To be eligible for registration as a registered professional, an applicant must meet the following criteria:
- (1) be employed full time by a sponsor, unless otherwise agreed by the Exchange;
 - (2) have a satisfactory reputation and work record in all places where he has worked;
 - (3) not be in breach of any relevant rule or law in any place where he works, including being the subject of any disciplinary proceedings, or any investigation which might lead to disciplinary action by any regulatory authority. The Exchange will take into consideration any previous breaches by the applicant of any relevant rule or law, and past disciplinary action by any regulatory authority. The Exchange will normally not accept an applicant if complaints, warning letters, fines, private or public censures or reprimands, or other disciplinary action by any regulatory authority occurred in the last 2 years;
 - (4) hold a degree or appropriate professional qualifications; and
 - (5) have relevant experience, which should normally fall within one of the categories in Rule 204(7) or Rule 205(7), unless otherwise agreed by the Exchange.
- 213 The Exchange has absolute discretion concerning the registration of an applicant. It may register an applicant unconditionally, or subject to conditions, or reject an applicant as it thinks appropriate. The Exchange is not obliged to give reasons. The Exchange reserves the right to vary any condition or impose additional conditions.
- 214 Without derogating from Rule 213 and regardless of fulfilment of the eligibility criteria, the Exchange will not register an applicant if in the Exchange's opinion:
- (1) it is contrary to the interests of the public; or
 - (2) the reputation of the Exchange or the integrity of the market may be adversely affected.

- 215 A registered professional must continue to meet the criteria for registration and any conditions or restrictions imposed by the Exchange, at all times.
- 216 The Exchange will maintain a register of registered professionals.
- 217 (1) The Exchange may cancel the registration of a registered professional or require a sponsor to remove a registered professional from undertaking sponsor activities if:
- (a) the sponsor or registered professional requests;
 - (b) the registered professional is unable to, evinces an intention or has failed in carrying out the duties and obligations of the sponsor or to comply with the criteria for registration; or
 - (c) in the Exchange's opinion, it is in the interests of the Exchange or markets established or operated by the Exchange.
- (2) The Exchange may decide not to act under Rule 217(1) if it has charged, or intends to charge, a registered professional before the Disciplinary Committee.
- (3) If the Exchange acts under Rule 217(1), it may disallow the individual from re-applying as a registered professional for a specified period or indefinitely.
- 218 A former registered professional is bound by the Rules, including remaining subject to disciplinary proceedings, in respect of acts or omissions which occurred while he was registered.
- 219 If a registered professional leaves the employment of a sponsor, he:
- (1) must notify the Exchange as soon as practicable; and
 - (2) will be de-registered.

PART IV APPLICATION PROCESS

- 220 To apply to be a sponsor or registered professional, an applicant must:
- (1) submit to the Exchange the completed form in Appendix 2A (for sponsors), or Appendix 2B (for registered professionals); and
 - (2) pay the required fees.
- 221 The application will be subject to the following process:
- (1) The eligibility criteria will be checked for fulfilment.
 - (2) An opinion may be obtained from the advisory panel referred to in Rule 237.
 - (3) The Exchange may visit the office of the applicant.
 - (4) With regard to sponsor applicants - key officers, proposed registered professionals and employees undertaking sponsor activities, will be screened and may be interviewed.
 - (5) With regard to registered professional applicants – the applicants will be screened and may be interviewed by the Exchange.

- 222 (1) The Exchange may require an applicant to provide any additional information or documents it requires for consideration of the application.
- (2) The Exchange may make inquiries of other regulatory authorities or third parties in connection with the application.

PART V RIGHTS AND OBLIGATIONS OF SPONSORS AND REGISTERED PROFESSIONALS

223 A sponsor is authorised to undertake the following activities:

- (1) full sponsor: introducing activities and continuing activities;
- (2) continuing sponsor: continuing activities.

224 A sponsor must comply with the following general obligations:

- (1) Maintain eligibility, including the following:
- (a) ensure that it continues to fulfil the eligibility criteria in Rules 204 or 205, and such conditions imposed by the Exchange;
- (b) notify the Exchange immediately if it ceases to fulfil any of the eligibility criteria or conditions imposed by the Exchange, or has reason to believe that it will cease to do so; and
- (c) keep up to date with the requirements of the Rules and the law, and professional standards relevant to the fulfilment of its responsibilities, including a sound understanding of the legal and regulatory framework for the Singapore corporate finance market and Catalist in particular.
- (2) Liaise with the Exchange on matters which should be brought to its attention, including the following:
- (a) appoint a sufficiently senior registered professional (and an alternate) to liaise with the Exchange on matters concerning the sponsor's responsibilities. The sponsor must provide the Exchange with the contact details of such liaison persons and inform the Exchange immediately of any change to the details;
- (b) notify the Exchange when it accepts sponsorship of an issuer, in the form contained in Appendix 2C;
- (c) notify the Exchange when an issuer refuses to heed its advice on matters which may involve or lead to a breach of the Rules;
- (d) notify the Exchange when it forms the opinion that the trading of the issuer's securities should be halted or suspended, or that the issuer should be delisted;
- (e) provide any information required by the Exchange as soon as practicable, ensuring reasonably, that such information is correct, complete and not misleading. If subsequently it reasonably believes that the information provided does not meet this standard, notify the Exchange as soon as practicable, and correct the information;

- (f) seek the Exchange's advice if it is unsure about the application or interpretation of the Rules or if a situation may adversely affect the reputation of the Exchange or integrity of the market. The Exchange will generally not accept enquiries from a sponsor on an anonymous basis;
 - (g) notify the Exchange promptly on employing a new registered professional;
 - (h) notify the Exchange if a registered professional leaves its employment. If possible, the Sponsor must give at least one month's notice; and
 - (i) notify the Exchange if any change in its board of directors or auditors occurs or is proposed.
- (3) Have adequate systems and resources to discharge its obligations under the Rules, including the following:
- (a) sufficient number of registered professionals, including ensuring that any employee:
 - (i) whose experience falls within any of the categories in Rule 204(7) or Rule 205(7); and
 - (ii) who undertakes sponsor activities, applies for registration as a registered professional;
 - (b) adequate systems and processes to ensure that registered professionals continue to meet the criteria for registration and any conditions or restrictions imposed by the Exchange, at all times;
 - (c) sufficient and appropriately qualified and experienced corporate finance, compliance and other employees, having regard to Practice Note 2A paragraph 6;
 - (d) appropriate internal processes and operating procedures, including those required for the supervision of employees and the quality of their work;
 - (e) adequate and up-to-date documentation, including its compliance, policy and procedural manuals, to support its work processes and supervision of employees;
 - (f) record-keeping that ensures records pertaining to its business are kept for at least 6 years, including a complete audit trail of key discussions, advice and decision-making processes in relation to listing applicants and issuers and the basis for the advice and decisions; and
 - (g) controls, procedures and other safeguards to maintain its independence and avoid conflicts of interest, including complying with the requirements set out in Appendix 2D.
- (4) Act properly at all times in dealings with listing applicants or issuers, including the following:
- (a) use due care and skill;
 - (b) maintain regular contact with listing applicants and issuers;
 - (c) seek assistance of other appropriately qualified and suitable professionals as needed, while retaining overall management and responsibility for the activity;

- (d) be independent of the listing applicant or issuer and avoid conflicts of interest, including complying with the requirements set out in Appendix 2D; and
 - (e) only accept sponsorship of listing applicants and issuers that allow the sponsor to discharge its obligations under the Rules.
- (5) Be responsible for the acts and omissions of its directors, officers, registered professionals, employees and agents.
 - (6) Comply with the Rules and notify the Exchange when it fails to do so, or when it becomes aware that it is likely to fail to do so.
 - (7) Ensure that communications with the Exchange are kept confidential, except as required to be disclosed:
 - (a) to the listing applicant or issuer;
 - (b) to the sponsor's employees, advisers, consultants or agents on a need-to-know basis;
 - (c) by the Authority; or
 - (d) by any law.

225

- (1) A full sponsor, in preparing a listing applicant for admission or advising an issuer in a very substantial acquisition or reverse takeover, must be satisfied that, having made reasonable due diligence enquiries and having considered all relevant matters, the listing applicant, or in the case of a very substantial acquisition or reverse takeover, the enlarged group, is suitable to be listed. This includes doing each of the following, having regard to the guidance in Practice Notes 2B and 4A:
 - (a) achieve a thorough understanding of the listing applicant or enlarged group and its business, including recent major developments relating to it, and gain an understanding of the industry it operates in;
 - (b) investigate and consider the suitability of each executive officer, director and the board as a whole in relation to the listing applicant's or enlarged group's needs;
 - (c) conduct the due diligence process for the offer document or shareholders' circular, including at a minimum, complying with the SIBA Due Diligence Guidelines where applicable or such other satisfactory and no less strict due diligence guidelines or processes;
 - (d) oversee, and be actively involved in, the preparation of the offer document or shareholders' circular and ensure compliance with any rule requirements or legal requirements;
 - (e) satisfy itself that the listing applicant or enlarged group has sufficient systems, procedures, controls and resources to comply with the Rules and that its directors understand and intend to fulfil their obligations at all times for as long as the securities of the issuer remain listed on Catalist;
 - (f) consider and advise on the suitability and competence of other professionals and consultants involved in the admission, very substantial acquisition or reverse takeover process;

- (g) undertake independent verification directly or by a reputable agent, of the listing applicant or enlarged group, its management and controlling shareholders, including:
- (i) key persons' personal and business backgrounds and integrity, role in the listing applicant's or enlarged group's business, interests in other companies, and any criminal or other records or links to money laundering or organized crime; and
 - (ii) the listing applicant's or enlarged group's history, structure, accounts, business reputation and development, its related companies, its other businesses, and the influence of key persons;
- (h) ensure that its declaration regarding the listing applicant or the enlarged group (Appendix 4B) is submitted to the Exchange.
- (i) where the listing applicant or enlarged group is a mineral, oil and gas company, the full sponsor must ensure that it has access to appropriate technical expertise relevant to the business and products of the listing applicant or enlarged group to enable it to properly discharge its obligations as a sponsor. Such expertise can be from a third-party expert or an internal resource of equivalent standards within the full sponsor; and
- (j) where the listing applicant or enlarged group is a mineral, oil and gas company, the full sponsor must:
- (i) ~~submit a confirmation to the Exchange that after conducting due diligence, the Sponsor is not aware of any matter that has caused it to believe that the listing applicant obtain a legal opinion, to be disclosed in the Offer Document of the listing applicant, on the following matters:~~
 - ~~(a) has not obtained all material licences, permits or certificates necessary to conduct its operations from the relevant government bodies in the jurisdictions where the Group operates;~~
 - ~~(a)(b) is not in compliance by the listing applicant or enlarged group with all the relevant laws, rules and regulations in all jurisdictions in which the Group operates, including but not limited to, the proper incorporation and good standing of any incorporated subsidiary or interest, except where such non-compliance is not material to the Group's business operations;~~ and
 - ~~(b)(c) does not possess the title to or validity and enforceability of the rights to any assets (including licences and agreements) as is appropriate to the listing applicant or the Group, except where such lack of, or defect in, such title or rights is not material to the Group's business operations.~~

~~as is appropriate to the listing applicant or enlarged group.~~

~~Such legal opinion must be from a legal adviser who has the relevant experience and is authorised to practice and advise in the relevant jurisdiction.~~

The Sponsor should consider and advise on the suitability of the legal adviser involved in providing the legal opinion. In relying on the opinion from a legal adviser in providing the confirmation to the

Exchange, the Sponsor should make due enquiries including:

(a) assessing the suitability of the legal adviser having regard to whether the legal adviser has the relevant experience and is authorized to practice and advise in the relevant jurisdiction; and

(b) reviewing the terms and scope of engagement.

- (ii) be satisfied that the qualified person producing the qualified person's report required under Rule 441 has the relevant and appropriate qualifications, experience and technical knowledge to professionally and independently appraise the assets and liabilities being reported upon;
 - (iii) be satisfied that the scope of the qualified person's report required under Rule 441 is appropriate with regards to the listing applicant's or enlarged group's assets and liabilities; and
 - (iv) be satisfied that the work performed by the qualified person is in accordance with the relevant Standard
- (2) When asked by the Exchange, demonstrate that it has complied with Practice Note 2B or how it has met the objectives in that Practice Note in another way.
- (3) A full sponsor conducting introducing activities for an issuer must act as the continuing sponsor for the issuer for at least 3 years after admission of the issuer or the enlarged group. If the sponsor intends to end the sponsorship within 3 years of the issuer's listing, it must obtain the Exchange's approval. The Exchange may, in exceptional circumstances, give such approval.

226

- (1) A sponsor taking on sponsorship of an existing issuer must comply with the following obligations:
- (a) achieve a thorough understanding of the issuer and its business, including recent major developments relating to it, and gain an understanding of the industry it operates in, having regard to the guidance in paragraph 2 of Practice Note 2B where applicable;
 - (b) investigate and consider the suitability of each director and proposed director of the issuer and consider the efficacy of the board as a whole for the company's needs, having regard to the guidance in paragraph 3 of Practice Note 2B where applicable; and
 - (c) satisfy itself that the issuer has sufficient systems, procedures, controls and resources to comply with the Rules and that its directors understand and intend to fulfil their obligations at all times for as long as the issuer is listed on the Exchange, having regard to the guidance in paragraph 6 of Practice Note 2B.
- (2) A sponsor, in undertaking continuing activities for an issuer, must comply with the following obligations, having regard to the guidance in Practice Note 2C, where applicable:
- (a) maintain regular contact with its issuer, including being available to advise on:
 - (i) all Rule matters; and
 - (ii) corporate governance matters (including board governance matters)

or arrange for an appropriate adviser to do so;

- (b) review all documents to be released by the issuer to shareholders or to the market (including announcements, resolutions contained in notices of meetings, circulars and corporate actions) before release, to ensure that the issuer is in compliance with the Rules and makes proper disclosure. The document must display prominently the following on the front cover:
This document has been reviewed by the Company's sponsor, [full name of sponsor]. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the sponsor is [full name], [contact details].
 - (c) monitor the trading of the listed securities of its issuer and seek and review reasons for any unusual fluctuations in the price and volume of the listed securities;
 - (d) advise its issuer on the suitability of directors arising from proposed changes in the issuer's board of directors;
 - (e) advise its issuer on the appointment of a suitable accounting firm to meet the issuer's audit obligations; and
 - (f) advise its issuer if the trading of the issuer's securities should be halted or suspended.
- (3) When asked by the Exchange, demonstrate that it has complied with Practice Note 2C or how it has met the objectives in the Practice Note in another way.
- (4) A sponsor undertaking continuing activities for an issuer that is executing a corporate action must be satisfied, having made reasonable due diligence enquiries (including, at a minimum, complying with the SIBA Due Diligence Guidelines where applicable or such other satisfactory and no less strict due diligence guidelines or processes) and having considered all relevant matters, of the following:
- (a) the suitability and competence of other professionals and consultants involved in the corporate action;
 - (b) compliance with any rule requirements or legal requirements; and
 - (c) that any difference in effect of the corporate action on minority shareholders compared to other shareholders, is clearly disclosed.
- (5) A sponsor taking on sponsorship of, or undertaking continuing activities for, an existing issuer which is a mineral, oil and gas company must comply with the following obligations:
- (a) ensure that it has access to appropriate technical expertise relevant to the business and products of the issuer to enable it to properly discharge its obligations as a sponsor. Such expertise can be from a third-party expert or an internal resource of equivalent standards within the sponsor;
 - (b) maintain access to such technical expertise for as long as it remains as the sponsor for such issuer; and
 - (c) disclose in the relevant announcement, document or circular, whether it had

relied on such technical expertise in the discharge of its obligations as a sponsor and if so, whether such expertise is from a third-party expert or an internal resource within the sponsor.

227 When making an assessment of whether a sponsor has complied with its obligations in Rules 224, 225 and 226, the Exchange will take into account any Rules, procedures or guidelines set out in supplementary documentation issued by the Exchange.

228 If a sponsor or an issuer intends to end the sponsorship, the out-going sponsor must do the following:

(1) Notify the Exchange as follows:

- (a) if the sponsor is ending the sponsorship, it must give no less than 3 months' notice; or
- (b) if the issuer is ending the sponsorship, the sponsor must inform the Exchange as soon as the issuer has indicated its intention to end the sponsorship.

The notification must include the reasons for ending the sponsorship.

- (2) Continue its sponsorship of the issuer during the notice period, unless a new sponsor agrees to take over before the expiry of the period.
- (3) Be available to discuss in a constructive and forthcoming manner with a new sponsor, its experiences with the issuer and the reasons for ending the sponsorship.
- (4) Provide any documents or information that the Exchange requires.
- (5) Provide to the issuer, in a form suitable for release to the market, confirmation that it is not aware of any non-compliance with the Rules by the issuer that has not been brought to the attention of the new sponsor, or if there is no new sponsor, the Exchange. The issuer must release the confirmation via SGXNET.

229 A registered professional must comply with the following obligations:

(1) Maintain eligibility, including the following:

- (a) ensure that he continues to fulfil the eligibility criteria in Rule 212, and such conditions imposed by the Exchange;
- (b) notify the Exchange immediately if he ceases to fulfil any of the eligibility criteria or conditions imposed by the Exchange, or has reason to believe that he will cease to do so; and

(2) Exercise skill, care and diligence and comply with the applicable Rules when carrying out the duties and obligations of the sponsor.

PART VI REVIEW BY THE EXCHANGE

230 (1) The Exchange will review the performance and procedures of sponsors to ascertain:

- (a) the quality of the due diligence and standards applied in assessing the suitability of companies for listing on Catalist;
 - (b) the quality of continuing activities; and
 - (c) whether the sponsor's activities are being conducted in accordance with the Rules.
- (2) In carrying out the review, the Exchange may:
- (a) appoint any person(s) to assist in the review and delegate any of its powers to such person(s); or
 - (b) require a sponsor to appoint, at its cost, a special auditor to review or investigate the sponsor's affairs, and report its findings to the Exchange, the sponsor or such other party as the Exchange may direct. The Exchange must agree with the special auditor appointed and the scope of the audit.
- (3) The review may take one or more of the following forms:
- (a) review of documents submitted by the sponsor;
 - (b) interviews with the sponsor's directors, officers, registered professionals, employees, agents or other relevant third parties;
 - (c) audit of the sponsor's documents, records and procedures;
 - (d) inspection; and
 - (e) investigation.

231

The following applies to a review by the Exchange, its appointed persons and the special auditor.

- (1) The sponsor must provide reasonable assistance, including:
- (a) allowing access to all information, books and records which, in the Exchange's opinion, may be relevant to the review;
 - (b) allowing access to its premises;
 - (c) requiring its directors, officers, registered professionals, employees and agents to provide reasonable assistance;
 - (d) attendance at the Exchange or at such other venue the Exchange requires;
 - (e) ensuring that neither the sponsor nor any director, officer, registered professional, employee or agent wilfully makes or furnishes, or permits the making or furnishing, of any false or misleading information, statement or report to the Exchange; and
 - (f) immediately correcting any information, statement or report to the Exchange when it becomes aware that such information, statement or report is false or misleading.
- (2) The Exchange may give a copy of its review report to the sponsor, but is not obliged to do so.
- (3) The Exchange may charge a fee for the review, which must be paid immediately by

the sponsor.

- 232 The Exchange may require a sponsor to submit any records, documents or communication to establish whether the sponsor continues to be eligible.
- 233 A sponsor must lodge an annual return with the Exchange in the form of Appendix 2E. It must do so within 90 calendar days after its financial year-end.
- 234 (1) The Exchange may take one or more of the actions in Rule 234(2) if:
- (a) in the Exchange's opinion, a sponsor or registered professional is unable to or evinces an intention or has failed to comply with the Rules;
 - (b) a sponsor or registered professional is in, or may get into, financial difficulty or a sponsor has insufficient capital;
 - (c) a sponsor or registered professional is in breach of any relevant rule or law in any place where it or he operates, including being the subject of any disciplinary proceedings, or any investigation which might lead to disciplinary action by any regulatory authority; or
 - (d) it is otherwise in the interests of the Exchange or markets established or operated by the Exchange.
- (2) Subject to Rule 234(1), the Exchange may take one or more of the following actions against a sponsor or registered professional:
- (a) reprimand the sponsor or registered professional privately or publicly;
 - (b) require an education program to be undertaken;
 - (c) require rectification measures to be taken by the sponsor or registered professional;
 - (d) require the sponsor to operate its business, or a registered professional to undertake sponsor activities, subject to such restrictions or conditions as the Exchange decides; or
 - (e) suspend the sponsor or registered professional from specified or all activities as a sponsor or registered professional, for a period that the Exchange decides. The suspension may be announced to the market.
- (3) A suspension or restriction imposed pursuant to Rule 234(1)(c) ends if the sponsor or registered professional is acquitted or if the regulatory authority decides not to proceed with charges against the sponsor or registered professional.
- (4) Nothing in this Rule prevents the Exchange from commencing disciplinary proceedings as it deems appropriate.
- 235 Without limiting Rule 234, the Exchange may restrict a sponsor from taking on additional listing applicants or issuers if, in its opinion, the sponsor is insufficiently resourced to discharge its obligations under the Rules.
- 236 Without limiting Rules 210, 217, 234 and 235, if the Exchange is of the opinion that a sponsor or registered professional has, or may have, breached a Rule, it may commence disciplinary proceedings under Chapter 3.

PART VII ADVISORY PANEL

- 237
- (1) The Exchange may consult an advisory panel regarding sponsor and registered professional applications and other admission matters.
 - (2) The panel will comprise industry practitioners as appointed by the Exchange.
 - (3) The panel will review applications referred to it, and provide its opinion on the following matters as requested:
 - (a) the suitability of an applicant to be a sponsor or registered professional;
 - (b) the effect that the granting or refusing of an application may have on the reputation of the Exchange or the integrity of its markets; and
 - (c) any other matter the Exchange or the panel considers relevant.
 - (4) The panel has the following powers:
 - (a) to review the application documents; and
 - (b) where appropriate, to interview the applicant, directors, officers, registered professionals and employees of the applicant.
 - (5) The Exchange is not obliged to disclose the opinion of the panel to the relevant applicant.
 - (6) The Exchange is not bound by the opinion of the panel and the panel will not hear appeals from a decision of the Exchange.
- 238
- Any prospective sponsor or registered professional applying for authorization or registration respectively, agrees that the Exchange may refer to the panel for an opinion under the Rules.

PART VIII LIABILITY

- 239
- (1) A sponsor, and any servant or agent of the sponsor is not liable to:
 - (a) any listing applicant or issuer it sponsors, or
 - (b) any director or officer of such listing applicant or sponsor,for disclosing any information to the Exchange or a potential new sponsor, that is required in the performance of its functions as a sponsor or former sponsor.
 - (2) This limitation of liability extends to any actions whether in contract or tort or otherwise.