



# **NEX Exchange Corporate Adviser Handbook**

## **September 2019**

Introduction .....	4
Applications to become an NEX Exchange Corporate Adviser .....	6
General.....	7
Application Form .....	7
Application Fees.....	7
Suitability of applicant.....	7
Requirement for Competent Employees .....	8
Requirement for Adequate Systems and Procedures .....	10
Requirement to have Compliance and Money Laundering Reporting Officers .....	10
Requirement to be able to Perform Required Activities and Responsibilities .....	11
Provision of Information.....	11
Determination of Application.....	12
Notice of Decision .....	12
Permissioning of Activities as an NEX Exchange Corporate Adviser .....	12
Membership obligations of NEX Exchange Corporate Advisers .....	14
General Responsibilities.....	15
Determination of Issuer Suitability .....	15
Applications for Admission .....	16
Issuers' Understanding of Responsibilities .....	17
Declaration .....	17
Provision of Advice and Guidance.....	17
Conflict of Interest .....	18
Liaison with NEX Exchange .....	19
Record Keeping.....	19
Provision of Information.....	20

Continuing obligations of membership .....	20
Discipline .....	20
Appendix A: Continuing Obligations of Membership .....	22
Notification requirements .....	23
Intervention Action .....	23
Requirement for Competent Employees .....	24
Requirement to have Compliance and Money Laundering Reporting Officers .....	24
Requirement for Adequate Systems and Controls .....	24
Requirement to be able to perform Required Activities and Responsibilities in accordance with applicable financial services legislation or other regulation .....	24
Change of Controller and Management .....	25
Mergers/Takeovers .....	25
Sums Due to NEX Exchange .....	25
Contravention of Handbook, Regulatory Enquiries and Determination of Continued Suitability for Membership .....	26
Suspension or Withdrawal of Membership .....	26
Resignation of Membership .....	27
Continuing Obligations of Members after Cessation of Membership .....	27
Appendix B: Declaration by NEX Exchange Corporate Adviser .....	28

## Introduction

A **NEX Exchange Corporate Adviser** plays a key role in preparing, and assessing the suitability of, companies for **admission** to the **NEX Exchange Growth Market** and providing ongoing support in relation to their **client companies'** regulatory responsibilities. This Corporate Adviser Handbook ("**Handbook**") sets out the requirements which apply to an **NEX Exchange Corporate Adviser** for this purpose.

**NEX Exchange** is a UK **recognised investment exchange** ("**RIE**") in the City of London. This **Handbook** applies to one of the market segments it operates, known as the **NEX Exchange Growth Market**. The **NEX Exchange Growth Market** is a primary market with a regulatory environment designed to meet the needs of small and mid-cap **issuers** wishing to obtain a quotation on a public market to access growth capital. **NEX Exchange** has adopted a regulatory framework for this market, based on a set of disclosure rules, known as the **NEX Exchange Growth Market - Rules for Issuers** ("**NEX Exchange Rules**"), which balances flexibility for small companies with appropriate investor safeguards. Foremost among these safeguards are the obligations placed on **NEX Exchange Corporate Advisers**.

The first part of this **Handbook** sets out the criteria that an **applicant** firm is required to satisfy in order to be approved as a **NEX Exchange Corporate Adviser**. The second part sets out the ongoing responsibilities of a **NEX Exchange Corporate Adviser** in relation to the companies for which it acts.

This **Handbook** should be read in conjunction with the **NEX Exchange Rules** and the **NEX Exchange** Disciplinary Procedures, a copy of each of which can be found on the **NEX Exchange** website [www.NEXEX.com](http://www.NEXEX.com).

The **NEX Exchange Growth Market** has a dedicated regulatory team which is available to discuss these initial and ongoing requirements and can be contacted by email at [Regulation@nexexchange.com](mailto:Regulation@nexexchange.com) or on +44 (0) 20 7050 7640.

Regulation Department  
NEX Exchange Limited  
2 Broadgate  
London  
EC2M 7UR

[www.nexexchange.com](http://www.nexexchange.com)

The **Handbook** sets out rules that create binding obligations for **NEX Exchange Corporate Advisers**. Accordingly **NEX Exchange** may impose disciplinary sanctions in cases of breach.

Guidance Notes are not binding in their own right but have interpretative and explanatory value in relation to a rule. Guidance Notes may specify practices tending to establish compliance with a rule. Guidance Notes are intended to address particular aspects of a particular rule rather than to be an exhaustive description of an **NEX Exchange Corporate Adviser's** obligations.

# **PART 1**

## **Applications to become an NEX Exchange Corporate Adviser**

## General

1. This **Handbook** sets out rules for **NEX Exchange Corporate Advisers**.
2. The approval of an **application** for **NEX Exchange Corporate Adviser** membership shall be at the sole discretion of **NEX Exchange** and is separate to any legal or regulatory authorisation required by an **applicant** in any jurisdiction in which it operates. **NEX Exchange** may reject an **application** which otherwise appears to meet the membership criteria if, in its opinion, approval of the **applicant** would be likely to impair the integrity of **NEX Exchange** or the interests of investors.

## Application Form

3. An **application** should be made using the application form available on the **NEX Exchange** website at [www.nexexchange.com](http://www.nexexchange.com).
4. The submission of an **application** for membership shall, assuming the **application** is approved, constitute the **applicant's** agreement to adhere to the requirements of the **Handbook** (as amended or extended from time to time) as well as **NEX Exchange market notices** and any other **NEX Exchange** regulatory provisions, explicitly stated as applicable to **NEX Exchange Corporate Advisers**, promulgated from time to time.

## Application Fees

5. At the same time that a completed **application** to become a **NEX Exchange Corporate Adviser** is provided to **NEX Exchange**, the **applicant** must submit the appropriate fee in order for its **application** to be processed. This fee is non-refundable in the event that an **application** is not approved.

### Guidance note on paragraph 5

The current **application** and annual fees applicable to **NEX Exchange Corporate Advisers** are set out in the fees schedule on the **NEX Exchange** website.

## Suitability of applicant

6. **NEX Exchange** will not grant membership to an **applicant** unless it determines that the **applicant** is fit and proper to perform its proposed activities. In this connection **NEX Exchange** will have regard to any matters adversely affecting the **applicant's** reputation (or likely, in the opinion of **NEX Exchange**, to have that effect), including

(but not limited to) any failure by the **applicant** or any company in the group of which it forms part to comply with any legal or regulatory requirement to which it is subject, or any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened).

7. **NEX Exchange** will usually take into account whether the **applicant** is authorised to perform its corporate advisory function under the rules and regulations of its prescribed regulatory supervisory body and, for firms which are **FCA** authorised, the number of individuals registered by **FCA** to perform the relevant customer function (currently CF 30) in relation to corporate finance advice.
8. **NEX Exchange** will assess the financial and business standing (including any independent risk rating) of the **applicant**. In this connection, **NEX Exchange** will have regard to the **applicant's** financial position as shown by its last financial statements and, where appropriate, of the group of companies of which it forms part. For the avoidance of doubt, in cases where an **applicant** does not file public accounts, **NEX Exchange** will treat financial information provided by such **applicant** in strict confidence.
9. **NEX Exchange** will require confirmation that the **applicant** has appropriate professional indemnity insurance cover in relation to its corporate advisory activities.

#### **Requirement for Competent Employees**

10. An **applicant** shall demonstrate to the satisfaction of **NEX Exchange** that it has an appropriate number of full-time employees with authority to make decisions on behalf of the **applicant** and who can demonstrate to the satisfaction of **NEX Exchange** that they have adequate knowledge and experience of relevant regulatory requirements and processes and in particular those pertaining to the **NEX Exchange Growth Market**.
11. In determining whether staffing levels are adequate **NEX Exchange** will have regard to the number and type of **client issuers** of the **NEX Exchange Corporate Adviser**, other corporate finance activities undertaken by the **applicant**, and their imminent plans in terms of corporate finance activity.
12. In addition, there must be adequate arrangements for dealing with the absence or incapacity of such employees.
13. As part of the **application** procedure, an **applicant** will be required:
  - a. to provide details of at least two (2) key corporate finance personnel who have practiced as a corporate adviser for at least two (2) years preceding the date of **application** for **NEX Exchange Corporate Adviser** membership and who will be involved in carrying out the corporate adviser function; and
  - b. demonstrate to the satisfaction of **NEX Exchange** that all key corporate finance personnel have sufficient qualifications and experience of:



- i. transactions relating to publicly traded companies (ideally involving the production of a public document), having regard to any specialist sector in which their **client issuers** are involved; and
- ii. the provision of continuing regulatory advice on the rules of public markets, either with the **applicant** or in a similar role at another firm.

#### **Guidance note on paragraph 13**

With regard to paragraph 13a, **NEX Exchange** will consider whether each of the key corporate finance personnel has the skills, knowledge and expertise necessary to:

- a. provide corporate adviser services in accordance with the **Handbook**;
- b. understand:
  - i. the rules and guidance directly relevant to corporate adviser services;
  - ii. the due diligence process required in order to provide corporate adviser services in accordance with the **Handbook**;
  - iii. the responsibilities and obligations of a **NEX Exchange Corporate Adviser** in accordance with the Handbook; and
  - iv. specialist industry sectors, if relevant to the corporate adviser services it provides or intends to provide.

With regard to paragraph 13a, **NEX Exchange** may consider whether any of the key corporate finance personnel have had material involvement in (i) assisting issuers applying for admission to trading on an EU (or equivalent) public market in the capacity of an exchange or listing authority approved sponsor, (ii) acting as lead corporate finance adviser in a transaction involving the publication of an approved prospectus by an issuer admitted to trading on a Regulated Market, or (iii) acting for the offeror in a transaction for shares admitted to trading on an EU public market involving the production of a takeover offer document.

14. **NEX Exchange** will also take into account the number of individuals registered by the **FCA** to perform any relevant customer functions in relation to corporate finance advice for firms which are **FCA** authorised.

15. An **applicant** must provide details of any corporate finance personnel who have been subject to disciplinary or similar action (including adverse comment) by a regulator or law enforcement agency or has any unspent convictions in relation to indictable offences.

### **Requirement for Adequate Systems and Procedures**

16. An **applicant** shall demonstrate to the satisfaction of **NEX Exchange** that it has adequate internal systems and procedures appropriate for the activities it proposes to conduct on the **NEX Exchange Growth Market**.
17. In assessing the adequacy of an **applicant's** systems and procedures, **NEX Exchange** will have regard, *inter alia*, to the following matters:
  - a. the corporate finance procedures implemented by the **applicant** in relation to the engagement of new **client issuers** and the process for determining their suitability for **admission** to the **NEX Exchange Growth Market** (and more generally, relating to the process of admitting issuers to public markets);
  - b. the procedures in place to ensure proper management of any potential conflicts of interest, such as to ensure the independence of regulatory advice provided by the **applicant** to its **client issuers**;
  - c. the reporting lines of the **applicant** and its arrangements for the supervision of its staff; and
  - d. the record-keeping procedures of the **applicant**.

### **Requirement to have Compliance and Money Laundering Reporting Officers**

18. An **applicant** shall demonstrate to the satisfaction of **NEX Exchange** that it has one or more identified employees who shall be competent to undertake the roles of the compliance officer and the money laundering reporting officer of the **applicant**. They must have sufficient experience and be authorised by the **FCA** or other appropriate regulator to carry out their respective functions. Such individuals should not be part of, nor be involved at any time in, the corporate advisory function of the **applicant** in relation to **client issuers**.

### **Guidance note on paragraph 18**

The compliance officer and the money laundering reporting officer roles are deemed to be key appointments. **NEX Exchange** may consider submissions by an **applicant** that, having regard to the nature, scale and complexity of its business, and the nature and range of services it provides, it is not proportionate to exclude a compliance officer from any involvement in the corporate advisory function in the case of the particular applicant. In this context, the **applicant** will have to demonstrate to the satisfaction of **NEX Exchange** that its compliance function is effective, taking into account the extent of the compliance officer's involvement in the services or activities they monitor.

19. The role of the compliance officer shall include responsibility for advising the **applicant** and its employees on the application of the **Handbook** to that firm, and monitoring its ongoing compliance with the requirements of the **Handbook**. An **applicant's** compliance procedures should allow for appropriate independent oversight of its corporate advisory function.

### **Requirement to be able to Perform Required Activities and Responsibilities**

20. An **applicant** shall demonstrate to the satisfaction of **NEX Exchange** that it is able to perform its required activities and responsibilities in accordance with applicable financial services legislation or regulation in any country in which it operates.
21. In assessing compliance with this requirement, **NEX Exchange** shall verify that the **applicant** is permitted to perform **Corporate Adviser** activities in accordance with a scope of permission granted by the **FCA** or other appropriate regulator. In the case of an overseas **applicant**, **NEX exchange** will require a copy of the permission or license entitling the **applicant** to carry on corporate finance activities in the UK.
22. In the UK, professional firms falling within the regulatory oversight of a Designated Professional Body may be eligible for approval as an **NEX Exchange Corporate Adviser** but this will be assessed on a case by case basis by **NEX Exchange** having regard to the rules of such body from time to time.

### **Provision of Information**

23. An **applicant** shall provide **NEX Exchange** with such information as **NEX Exchange** may reasonably require in order to allow **NEX Exchange** to determine whether the **applicant** satisfies the requirements for membership.

24. **NEX Exchange** will ordinarily request an **applicant** to submit a business profile setting out the nature of its anticipated activities, and invite the **directors** or key employees of an **applicant** to attend an interview to discuss its **application**.
25. By making an **application** for membership, an **applicant** authorises **NEX Exchange** to make appropriate enquiries concerning the **applicant**, its **directors**, employees and **controller** and to obtain information from, and pass information to, any legal, regulatory or supervisory authority responsible for the oversight of the **applicant** or the investigation of financial crime.

### Determination of Application

26. **NEX Exchange** may:
  - a. grant an **application**;
  - b. reject an **application**; or
  - c. grant an **application** subject to such conditions as it considers appropriate.
27. **NEX Exchange** will determine an **application** as soon as reasonably practicable having regard to the review processes described above.

### Notice of Decision

28. **NEX Exchange** shall, as soon as possible after reaching a decision on an **application**, give the **applicant** written notice of that decision.
29. Where an **application** is granted, **NEX Exchange** shall issue a **market notice** of the **applicant's admission** to membership.
30. In the case of the refusal of an **application**, **NEX Exchange** shall not be obliged to give reasons for its decision.

### Permissioning of Activities as an NEX Exchange Corporate Adviser

31. Where an **application** is granted, such membership approval is initially restricted to a **NEX Exchange Corporate Adviser** acting for a maximum of ten **client issuers** at any one time. In the event that a **NEX Exchange Corporate Adviser** intends to act for a greater number of **client issuers**, permission should be sought for **NEX Exchange** to extend approval to a maximum of 20 **client issuers** on the basis that the **NEX Exchange Corporate Adviser** can comply with paragraphs 10 and 11 notwithstanding the greater number of **client issuers**. A **NEX Exchange Corporate Adviser** is then required to seek further permission for **NEX Exchange** to determine

whether or not to extend approval beyond a maximum of 20 **client issuers** in respect of each additional ten **client issuers**.

**Guidance note on paragraph 31**

In respect of existing **NEX Exchange Corporate Advisers**, **NEX Exchange** will continue to permit a **NEX Exchange Corporate Adviser** to act for such number of **client issuers** as may exist at the time of implementing paragraph 31; however existing **NEX Exchange Corporate Advisers** will be required to seek an extension of approval in line with the provisions of this paragraph of the **Handbook** before stepping through a relevant approval threshold (10, 20, 30,

## **PART 2**

### **Membership obligations of NEX Exchange Corporate Advisers**

## General Responsibilities

32. A **NEX Exchange Corporate Adviser** is responsible to **NEX Exchange** for complying with the requirements of the **Handbook**, and in particular must:
- a. ensure, so far as is reasonably practicable, that a **client issuer** and its **securities** comply with the **NEX Exchange Rules** and are otherwise suitable to be traded on the **NEX Exchange Growth Market** (on **admission** and on a continuing basis);
  - b. be available to advise a **client issuer** for which it acts at all times to ensure compliance with its responsibilities (under the **Rules** or otherwise);
  - c. ensure that due and careful enquiries have been made to ensure that the information provided to **NEX Exchange** on behalf of the **issuer** for the purpose of an application for **admission** is accurate and complete;
  - d. liaise with **NEX Exchange** on behalf of a **client issuer** in relation to any request for the suspension, restoration or withdrawal of its **securities**;
  - e. liaise with a **client issuer** (and **NEX Exchange** where necessary) to ensure that the **issuer** is able to meet its financial reporting timetable;
  - f. act with due care, skill and competence at all times in complying with the requirements of the **Handbook**; and
  - g. in addition to compliance with the requirements of the **Handbook**, a **NEX Exchange Corporate Adviser** must observe its wider responsibilities and is required to conduct its affairs to avoid impairing the reputation and integrity of the **NEX Exchange Growth Market**.

## Determination of Issuer Suitability

33. **Issuers** seeking **admission** to the **NEX Exchange Growth Market** are required to appoint an **NEX Exchange Corporate Adviser** and must retain a **NEX Exchange Corporate Adviser** at all times thereafter. An **NEX Exchange Corporate Adviser** is responsible to **NEX Exchange** for determining the suitability of a **client issuer** for **admission** to the **NEX Exchange Growth Market** and for determining that following **admission** a **client issuer** and its **securities** continue to comply with the **NEX Exchange Rules** and applicable regulatory obligations and are otherwise suitable to be traded on the **NEX Exchange Growth Market**.
34. An **NEX Exchange Corporate Adviser** should perform satisfactory due diligence in accordance with the NEX Exchange Practice Note on Due Diligence and suitability checks for both **issuers** applying for **admission** and **issuers** admitted to trading appointing a new **NEX Exchange Corporate Adviser**.

#### **Guidance note on paragraph 33 and 34**

With respect to **issuers** admitted to trading appointing a new **NEX Exchange Corporate Adviser**, in determining suitability a **NEX Exchange Corporate Adviser** may rely on information contained in the **issuer's** historic prospectus, **admission document**, circulars and regulatory announcements but only to the extent that it is able to establish that the information contained in such documents was appropriately verified at the time of publication and there is no reason to believe that a significant change has occurred.

### **Applications for Admission**

35. With respect to applications for **admission** a **NEX Exchange Corporate Adviser** must oversee the due diligence process with respect to **issuers** to ensure that appropriate legal and financial due diligence is undertaken by appropriate professional advisers having regard to the circumstances of the **issuer**.

A **NEX Exchange Corporate Adviser** should, where applicable:

- a. agree the scope of work and due diligence undertaken by an **issuer's** professional advisers;
  - b. agree the scope of comfort letters and due diligence reports;
  - c. agree the assumptions and sensitivities of the assessment of working capital; and
  - d. review due diligence reports and comfort letters to determine that any identified material issues that may impair an **issuer's** suitability are resolved prior to submitting an application for **admission**. A **NEX Exchange Corporate Adviser** should (where appropriate) challenge work done by an **issuer's** professional advisers.
36. A **NEX Exchange Corporate Adviser** should scrutinise and play a lead role in the drafting of sections of an **issuer's** prospectus or **admission document** relating to the **issuer's** business and the risk factors.



**Guidance note on paragraph 35**

A **NEX Exchange Corporate Adviser** should ensure that (i) due diligence is undertaken in accordance with the **NEX Exchange** Practice Note on Due Diligence and (ii) the working capital assessment is undertaken in accordance with the NEX Exchange practice note on working capital for issuers seeking admission (other than Fast-Track applicants).

**Issuers' Understanding of Responsibilities**

37. A **NEX Exchange Corporate Adviser** should ensure that satisfactory guidance and advice has been provided to the **directors** of the **client issuer** to ensure proper understanding of their responsibilities (under the **NEX Exchange Rules** or otherwise).

**Guidance note on paragraph 37**

A **NEX Exchange Corporate Adviser** must adopt an approach which is appropriate to the circumstances of an **issuer** and its **directors** but ordinarily will be expected to provide a briefing or presentation concerning the **directors'** responsibilities under the **Rules**, applicable company legislation, Prospectus Rules (as defined in the **Rules**), Disclosure and Transparency Rules, Takeover Code (if applicable), applicable financial crime, **market abuse regulations**, anti-money laundering, anti-bribery and corruption legislation. This should be provided in relation to new directors appointed by an **issuer**. In particular, a **NEX Exchange Corporate Adviser** should ensure that a **client issuer** is aware of the timetable for periodic announcements, such as interim and full-year financial results, and the **closed periods** relating to that timetable.

**Declaration**

38. If a **NEX Exchange Corporate Adviser** submits an application for **admission** on behalf of an **issuer** or alternatively is appointed by an **issuer** admitted to trading as the **issuer's** new **NEX Exchange Corporate Adviser**, it is required to submit a **declaration** in the form prescribed at **Appendix B**.

**Provision of Advice and Guidance**

39. An **NEX Exchange Corporate Adviser** is required to be available at all times to advise **client issuers** on the application of the **NEX Exchange Rules**. Arrangements

should therefore be made for regular and effective lines of communication between a **NEX Exchange Corporate Adviser** and its **client issuers**, such that any regulatory queries can be addressed promptly when they arise.

**Guidance note on paragraph 39**

A firm should consider whether specific regulatory “checkpoints” would be likely to be beneficial, such as the routine review of regulatory announcements and circulars to shareholders prior to their release (without affecting the **issuer’s** principal responsibility for the content of such announcements) and attendance at **client issuers’** board meetings where regulatory matters are under consideration.

**Conflict of Interest**

40. A **NEX Exchange Corporate Adviser** should operate appropriate procedures to manage effectively any potential conflict of interest, such as to ensure the independence of the regulatory advice it provides. In particular, a **NEX Exchange Corporate Adviser** and any member of a group of which it forms part must not:
- a. act for any other party to a transaction or take-over in which a **client issuer** of the **NEX Exchange Corporate Adviser** is involved;
  - b. act as either solicitor or auditor for a **client issuer** unless the **NEX Exchange Corporate Adviser** has satisfied **NEX Exchange** that appropriate safeguards against conflicts of interest are in place; and
  - c. permit any partner, **director**, employee or consultant to hold the position of a **director** of a **client issuer**.
41. Due regard should also be had to the effects of any shareholdings a **NEX Exchange Corporate Adviser** has in its **client issuers**. By way of guidance, **NEX Exchange** would normally regard it as unacceptable for:
- a. a **NEX Exchange Corporate Adviser**;
  - b. any member of a group of companies of which the **NEX Exchange Corporate Adviser** forms part; and
  - c. any employees, **directors**, **family** or **connected persons** of such entities to hold, directly or indirectly (including share options), in aggregate more than ten per cent of **client issuer’s securities**.

**NEX Exchange** shall also have regard to the shareholding in **client issuers** of any **controller** of the **NEX Exchange Corporate Adviser** or its parent company. In case of doubt, an **NEX Exchange Corporate Adviser** should consult **NEX Exchange**.

42. Furthermore, an **NEX Exchange Corporate Adviser** must not deal in its **client issuer's securities** except in accordance with the code of dealing adopted by the **issuer** as required by the **NEX Exchange Rules**. In addition, all **directors** and members of staff involved in carrying out the corporate adviser function are deemed to have special knowledge of their **client issuers** who have been admitted to the **NEX Exchange Growth Market**. Consequently, neither they nor any **family** or **connected persons** should, whether as principal or agent, acquire an **issuer's securities** once it has become a **client issuer** of their firm and may not deal in the **securities** of such **issuer** acquired before that time except in accordance with the code of dealing adopted by the **issuer** as required by the **NEX Exchange Rules**.

### Liaison with NEX Exchange

43. A **NEX Exchange Corporate Adviser** is required to liaise with **NEX Exchange** as soon as practicable in relation to:
- any proposed request for, or other circumstances which might require, the suspension of trading of an **NEX Exchange Growth Market client issuer**; or
  - any proposed request for restoration or cancellation of the **securities** of a **client issuer** on the **NEX Exchange Growth Market**. In addition, from time to time, it may be necessary for **NEX Exchange** to request that a **NEX Exchange Corporate Adviser** assists its enquiries in relation to any unusual movements in the share price of a **client issuer**; or
  - any information previously provided to **NEX Exchange** which has come to its attention as being incorrect or incomplete or otherwise misleading; or
  - if it believes that its **client issuer** has breached the **NEX Exchange Rules**; or
  - if it believes that its **client issuer** is no longer suitable to retain its **NEX Exchange** trading facility.
44. All communications between **NEX Exchange** and a **NEX Exchange Corporate Adviser** are confidential to **NEX Exchange** and should not be disclosed, except as required by any other regulatory or statutory body. Such communications can be disclosed to appropriate advisers to the **NEX Exchange Corporate Adviser** or to the relevant **NEX Exchange issuer**, unless **NEX Exchange** states otherwise.

### Record Keeping

45. **NEX Exchange Corporate Advisers** are required to operate effective record-keeping procedures, such as to provide an audit trail of advice provided to **client issuers**. A firm's procedures should ensure that records are retained for a minimum period of three years, or such longer period as may be required under wider law or regulation applicable to the firm.

### Provision of Information

46. If necessary for the performance of its responsibilities as the market operator, **NEX Exchange** may require a **NEX Exchange Corporate Adviser** to provide it with information within its possession or control in relation to **NEX Exchange** regulatory activities pertaining to the **NEX Exchange Growth Market**. A **NEX Exchange Corporate Adviser** should ensure that its procedures allow for full co-operation with any regulatory enquiries conducted by **NEX Exchange**.
47. **NEX Exchange** may decide to conduct a compliance visit to the offices of an **NEX Exchange Corporate Adviser**. The purpose of the visit is to review the practical application of the firm's procedures and to assess whether the firm has discharged its obligations as a **NEX Exchange Corporate Adviser** pursuant to the **Handbook**, through an assessment of a selection of recent transactions and ongoing correspondence files. The visit also provides a forum for discussion on any key regulatory issues currently affecting the **NEX Exchange Growth Market**. A **NEX Exchange Corporate Adviser** should therefore co-operate with **NEX Exchange** in arranging such visits, including making key corporate finance and compliance personnel available to participate.

### Continuing obligations of membership

48. Every **NEX Exchange Corporate Adviser** is subject to the general continuing obligations of membership set out in Appendix A of this **Handbook**.

### Discipline

49. Where an **NEX Exchange Corporate Adviser** has breached its responsibilities under the **Handbook**, **NEX Exchange** may impose one or more of the following disciplinary sanctions:
- a private reprimand;
  - a public censure;
  - a fine of up to £100,000;

- d. restrictions on the **NEX Exchange Corporate Adviser's** business activities on the **NEX Exchange Growth Market**; and
- e. the suspension, variation or withdrawal of the **NEX Exchange Corporate Adviser's** membership; and
- f. publication of such sanction and the reasons for it.

**Guidance note on paragraph 49**

**NEX Exchange** *will adhere to the process set out in the NEX Exchange Disciplinary Procedures.*

## **Appendix A: Continuing Obligations of Membership**

## Notification requirements

- A.1 A **NEX Exchange Corporate Adviser** shall notify **NEX Exchange** in writing as soon as possible of any proposed change in:
- a. its name;
  - b. any business name under which it carries on business as an **NEX Exchange Corporate Adviser**;
  - c. the address of its head office or registered office;
  - d. the regulatory authorisation of an **NEX Exchange Corporate Adviser**;
  - e. the number of branch offices from which the **NEX Exchange Corporate Adviser** carries on business as a member;
  - f. the number of Competent Employees which may adversely affect the ability of an **NEX Exchange Corporate Adviser** to perform its obligations under the Handbook and the Rules; and
  - g. the countries outside the United Kingdom in which the **NEX Exchange Corporate Adviser** carries on business as a **NEX Exchange Corporate Adviser**.

## Intervention Action

- A.2 A **NEX Exchange Corporate Adviser** must notify **NEX Exchange** in writing immediately of the occurrence of any of the following in relation to itself or any company in the same group:
- a. the presentation of a winding-up petition;
  - b. the appointment of a receiver, administrator or trustee;
  - c. the making of a composition or arrangement with creditors;
  - d. where the **NEX Exchange Corporate Adviser** is a partnership, an application, or the giving of notice, to dissolve the partnership;
  - e. the imposition of disciplinary measures or sanctions on the **NEX Exchange Corporate Adviser** or an employee by any regulatory, professional or other body which has jurisdiction over the **NEX Exchange Corporate Adviser** or any of its employees (whether in the UK or overseas);

- f. any governmental, legal or arbitration proceedings or court judgements (including any such proceedings which are pending or threatened); and
- g. an event equivalent to those identified above in this rule under the law of another country.

### **Requirement for Competent Employees**

- A.3 Paragraphs 10 to 15 (requirement for competent employees) in Part 1 of this **Handbook** shall be observed at all times. If at any time there are insufficient staff to satisfy these requirements, or there is a departure of a key member of staff or the **NEX Exchange Corporate Adviser** becomes aware of any information which might have a bearing on its continuing membership, the **NEX Exchange Corporate Adviser** must inform **NEX Exchange** forthwith, at which time **NEX Exchange** may determine in its sole discretion whether the firm's activities be suspended or its membership be withdrawn.

### **Requirement to have Compliance and Money Laundering Reporting Officers**

- A.4 Provisions of paragraph 18 (requirement to have Compliance and Money Laundering Reporting Officers) in Part 1 of this **Handbook** shall be observed at all times.

### **Requirement for Adequate Systems and Controls**

- A.5 Paragraph 16 (requirement for adequate systems and controls) in Part 1 of this **Handbook** shall be observed at all times.

### **Requirement to be able to perform Required Activities and Responsibilities in accordance with applicable financial services legislation or other regulation**

- A.6 Paragraph 20 (requirement to be able to perform required activities and responsibilities in accordance with applicable financial services legislation or other regulation) in Part 1 of this **Handbook** shall be observed at all times.
- A.7 It is the obligation of every **NEX Exchange Corporate Adviser** falling within the regulatory oversight of a UK Designated Professional Body and which has been approved pursuant to paragraph 22 of Part 1 of this **Handbook** to bring to the



attention of **NEX Exchange** any change in the rules of its Designated Professional Body which might have a bearing on its ability to perform its duties under **Handbook** or its continued suitability for membership as a **NEX Exchange Corporate Adviser**.

### **Change of Controller and Management**

- A.8 A **NEX Exchange Corporate Adviser** shall, insofar as possible, notify **NEX Exchange** as soon as possible in writing that a person is to become, or cease to be:
- a. a **controller** of the **NEX Exchange Corporate Adviser**, specifying the name of the **controller** (and where relevant the names of any **directors** or partners) and the percentage of the voting power controlled; and
  - b. a partner, **director** or compliance officer of the **NEX Exchange Corporate Adviser**, specifying the proposed effective date of the change.

Changes in the **controller**, partners or **directors** may lead to **NEX Exchange** requiring the **NEX Exchange Corporate Adviser** to re-apply for membership.

### **Mergers/Takeovers**

- A.9 Where a **NEX Exchange Corporate Adviser** merges or is taken over by a non-member firm, **NEX Exchange** reserves the right to request the **NEX Exchange Corporate Adviser** to submit a new membership **application** if there is a material change to the **controller**, partners or **directors** of the firm concerned or its business activities.

### **Sums Due to NEX Exchange**

- A.10 A **NEX Exchange Corporate Adviser** must pay such fees as **NEX Exchange** may from time to time specify in relation to its membership capacity when such fees fall due.
- A.11 All fees due to **NEX Exchange** must be paid in a timely manner and any failure to do so may lead to membership being suspended or terminated. This may result in the **NEX Exchange Corporate Adviser's client issuers** who have been admitted to the **NEX Exchange Growth Market** being suspended if they are not able to find a replacement **NEX Exchange Corporate Adviser** within the time span prescribed by the **NEX Exchange Rules**.

## **Contravention of Handbook, Regulatory Enquiries and Determination of Continued Suitability for Membership**

- A.12 A **NEX Exchange Corporate Adviser** shall immediately notify **NEX Exchange** in writing in the event of:
- a. its failure to comply with any requirement of membership;
  - b. any contravention of the **Handbook**; or
  - c. any other fact or matter material to the **NEX Exchange Corporate Adviser's** suitability for membership.

Events notified pursuant to this rule may result in **NEX Exchange** withdrawing the **NEX Exchange Corporate Adviser's** membership of **NEX Exchange** in accordance with A.15 below.

- A.13 A **NEX Exchange Corporate Adviser** shall provide **NEX Exchange** with such information as **NEX Exchange** may reasonably require in order to allow **NEX Exchange** to determine whether the **NEX Exchange Corporate Adviser** remains eligible to retain its membership. In this connection **NEX Exchange** may require the **directors** or key employees of the **NEX Exchange Corporate Adviser** to attend an interview to discuss the matter.
- A.14 By virtue of its membership, a **NEX Exchange Corporate Adviser** authorises **NEX Exchange** to make appropriate enquiries concerning it, its employees and **controller** and to obtain information from, and pass information on to, any legal, regulatory or supervisory authority responsible for the oversight of the firm or the investigation of financial crime.

## **Suspension or Withdrawal of Membership**

- A.15 In the event that a **NEX Exchange Corporate Adviser** no longer complies with any requirement of membership, or is no longer fit and proper to retain its membership, **NEX Exchange** may impose on it such requirements or restrictions on its activities as **NEX Exchange** may in its discretion consider appropriate. In addition, **NEX Exchange** may suspend or withdraw its membership.
- A.16 The **NEX Exchange Corporate Adviser** will be notified of any action proposed to be taken by **NEX Exchange** in accordance with this **Rule** in writing and the **NEX Exchange Corporate Adviser** concerned may, within ten business days of being notified of the decision of **NEX Exchange**, refer the decision to the **NEX Exchange**

disciplinary committee. **NEX Exchange** may publish details of such action taken by **market notice**.

### **Resignation of Membership**

- A.17 A **NEX Exchange Corporate Adviser** may, with the agreement of **NEX Exchange**, resign its membership by giving not less than three months' prior written notice. **NEX Exchange** may waive all or part of the notice period, may postpone the effective date of resignation or may impose such other measures that it considers necessary for the protection of investors or the integrity of the **NEX Exchange Growth Market**. A **NEX Exchange Corporate Adviser** shall supply **NEX Exchange** with such information concerning the circumstances of the resignation as shall, in the opinion of **NEX Exchange**, be necessary for it to determine whether to exercise its powers under this rule.

### **Continuing Obligations of Members after Cessation of Membership**

- A.18 Any **NEX Exchange Corporate Adviser** ceasing to be an **NEX Exchange Corporate Adviser** (a "former member") shall remain responsible for its conduct whilst an **NEX Exchange Corporate Adviser** and subject to the **NEX Exchange Rules** for a period of twelve months following the date on which its membership ceased or, in the event of **NEX Exchange** commencing an investigation into any fact or matter relating to the former member or commencing disciplinary proceedings against the former member during this period, the former member will remain subject to the **NEX Exchange Rules** until such investigation or disciplinary proceedings have been concluded.

## Appendix B: Declaration by NEX Exchange Corporate Adviser

### Issuer (“Issuer”)

Full name of Issuer		
Type of entity (corporate, trust, etc)		
Location of business (full operating address)		
Registered office in country of incorporation		
Registered number, if any (or appropriate)		
Relevant company registry or regulated market listing authority		
Directors (or equivalent)	Name	Date of birth
Principal beneficial owners (over 25%)	Name	Date of birth

## NEX Exchange Corporate Adviser (“NEX Exchange Corporate Adviser”)

Full name of NEX Exchange Corporate Adviser:	
FCA reference number:	

We, the Issuer’s NEX Exchange Corporate Adviser declare to NEX Exchange Limited (“NEX Exchange”) that:

- a. we are acting within the extent of our authorisation as a NEX Exchange Corporate Adviser, are not precluded by material conflict of interest (for which a derogation has not been obtained), and comply with paragraphs 40 and 41 of the Corporate Adviser Handbook;
- b. we have sufficient knowledge of the Issuer’s region, sector and sphere of activity, taking into account external experts to perform our responsibilities under the Corporate Adviser Handbook and in particular, review the Issuer’s business plan;
- c. to the best of our knowledge, having made due and careful enquiry, the Issuer complies with the NEX Exchange Rules for Issuers and is otherwise suitable for admission to the NEX Exchange Growth Market;
- d. the Issuer’s directors have been advised concerning their responsibilities and in our opinion, having made due and careful enquiry, the directors collectively are sufficient and have established procedures, systems and controls to comply with the Rules for Issuers having particular regard to the requirements of Rules 34 (Price Sensitive Information) and 65 (Administration and Management) of the NEX Exchange Rules for Issuers;
- e. we are a person falling within regulation 39(3) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the “Money Laundering Regulations”);
- f. the evidence we have obtained to verify the identity of the Issuer meets the requirements of the Money Laundering Regulations and any relevant authoritative guidance provided as best practice in relation to the type of business and transaction to which this confirmation relates; and
- g. copies of the underlying evidence taken in relation to the verification of the Issuer’s identity will, in the event of any enquiry from NEX Exchange (or from UK law enforcement agencies or regulators under court order or relevant mutual assistance procedure) by made available and, in any case, we will retain copies of such data and

documents for the period referred to in regulation 40 of the Money Laundering Regulations.

## **ISSUERS APPLYING FOR ADMISSION**

We further declare to NEX Exchange that with respect to the Issuer applying for admission (excepting a fast-track applicant):

- a. in our opinion, appropriate legal and financial due diligence has been performed by the Issuer's professional advisers;
- b. in our opinion, an appropriate degree of legal verification has been performed on the information contained in the Issuer's prospectus or admission document and in our opinion the Issuer has taken reasonable care to ensure that the information contained in the admission document is accurate, complete, relevant and fairly presented;
- c. having made due and careful enquiry, the directors have established sufficient procedures to comply with Rule 64 (Administration and Management) of the NEX Exchange Rules for Issuers; and
- d. having agreed the assumptions and sensitivities and having made due and careful enquiry concerning the assessment of the Issuer's working capital, we confirm in our opinion that the directors have a proper basis for making the working capital statement in the admission document required by item 3 of Table A or B (as applicable) of Appendix 1 of the NEX Exchange Rules for Issuers.

## **ISSUERS APPLYING FOR ADMISSION AS A FAST TRACK APPLICANT**

We further declare to NEX Exchange that with respect to the Issuer applying for admission as a fast-track applicant that:

- a. in our opinion, appropriate legal and financial due diligence has been performed by the Issuer's professional advisers, recognising that the Issuer is already trading on a Qualifying Market assessed as having standards and disclosures at least analogous to that of the NEX Exchange Growth Market;
- b. we confirm that the applicant complies with the requirements of Rules 20 and 21 (Fast-track Admission) of the NEX Exchange Rules for Issuers;
- c. we confirm that the lock-in requirements required by Rule 9 (Lock-in for New Enterprises) of the NEX Exchange Rules for Issuers have been complied with (if applicable); and

- d. we confirm that we have provided advice and guidance to the directors in relation to the continuing obligations in Part 2 (Continuing Obligations of Issuers) of the NEX Exchange Rules for Issuers.

Signed by a duly authorised officer (e.g. Director) for and behalf of (full legal name of the NEX Exchange Corporate Adviser):

Signed:		Print name	
Job title:		Date:	

## Glossary

Term	Definition
<b>admission</b>	As defined in the <b>Rules</b> .
<b>applicant</b>	A firm which has submitted an <b>application</b> in accordance with Part 1 of this <b>Handbook</b> .
<b>application</b>	An <b>application</b> to become a <b>NEX Exchange Corporate Adviser</b> .
<b>business days</b>	As defined in the <b>Rules</b> .
<b>client issuer</b>	An <b>issuer</b> client of a <b>NEX Exchange Corporate Adviser</b> .
<b>Competent Employees</b>	As defined in the paragraphs 10-15 of the <b>Handbook</b> .
<b>connected person</b>	As defined in the <b>Rules</b> .
<b>controller</b>	A person, whether an individual or a body corporate, either alone or with any <b>family</b> , who has, or has a right or obligation to acquire, a direct or indirect interest in the partnership or, as the case may be, the share capital of a <b>NEX Exchange Corporate Adviser</b> (or its parent undertaking) conferring ten per cent or more of voting rights, or is otherwise entitled to appoint or remove the partners or <b>directors</b> holding a majority of voting rights at partnership or board meetings of the <b>NEX Exchange Corporate Adviser</b> .
<b>director</b>	A person who carries out the functions of a <b>director</b> whether or not officially appointed and by whatever name called.
<b>declaration</b>	The declaration required to be submitted by an <b>NEX Exchange Corporate Adviser</b> in accordance with paragraph 38 of the <b>Handbook</b> .
<b>Designated Professional Body</b>	A professional body designated by the Treasury under section 326 of the <i>Act</i> (Designation of professional bodies) for the purposes of Part XX of the <i>Act</i> (Provision of Financial Services by Members of the Professions), which shall include the professional bodies set out in the glossary definition of the FCA/PRA handbook.
<b>family</b>	As defined in the <b>Rules</b> .



Term	Definition
<b>fast-track applicant</b>	As defined in the <b>Rules</b> .
<b>Handbook</b>	The Corporate Adviser Handbook.
<b>FCA</b>	The Financial Conduct Authority.
<b>issuer</b>	As defined in the <b>Rules</b> including <b>issuers</b> prior to the submission of an application for <b>admission</b> to the <b>NEX Exchange Growth Market</b> where the context provides.
<b>market notice</b>	As defined in the <b>Rules</b> .
<b>NEX Exchange</b>	NEX Exchange Limited, a company incorporated in England with registered company number 4309969 whose registered office is located at 2 Broadgate, London, EC2M 7UR and the <b>RIE</b> , as appropriate.
<b>NEX Exchange Corporate Adviser</b>	As defined in the <b>Rules</b> .
<b>NEX Exchange Growth Market</b>	As defined in the <b>Rules</b> .
<b>NEX Exchange Rule or Rules</b>	The <b>NEX Exchange Growth Market - Rules for Issuers</b> , as amended or supplemented from time to time by <b>market notice</b> .
<b>recognised investment exchange</b>	An entity the subject of a recognition order made by the <b>FCA</b> under the Financial Services and Markets Act 2000 declaring an entity to be a <b>recognised investment exchange</b> .
<b>related party</b>	As defined in the <b>Rules</b> .
<b>securities</b>	As defined in the <b>Rules</b> .
<b>shares</b>	As defined in the <b>Rules</b> .