

To: Aberdeen City Council (ACC)

Subject: Overview of continuing obligations: Market Abuse Regulation, the Disclosure and Transparency Rules, the Listing Rules and LSE Admission and Disclosure Standards

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1 Introduction

While ACC's bonds are admitted to trading on the main market of the London Stock Exchange, ACC is required to comply with the Market Abuse Regulation, the Disclosure and Transparency Rules, the Listing Rules and the continuing obligations set out in the LSE Admission and Disclosure Standards.

We have summarised these rules and regulations below. The purpose of this note is to make ACC aware of its obligations (and so it can put appropriate internal procedures in place to assist compliance) and to recognise when to contact us prior to proceeding with any action which may be regulated by these rules. It is important that ACC understands its obligations. Please contact us if you have any queries or would like to discuss any of the obligations in more detail.

2 Market Abuse Regulation (MAR)

Market abuse encompasses unlawful behaviour in the financial markets and, for the purposes of MAR, consists of insider dealing, unlawful disclosure of inside information and market manipulation (and

attempted market manipulation). Such behaviour prevents full and proper market transparency. MAR does not require the person engaging in the behaviour in question to have intended to commit market abuse.

The scope of MAR includes any financial instrument, such as the ACC bonds, traded on a regulated market (such as the London Stock Exchange), a multilateral trading facility or an organised trading facility, and any other conduct or action which can have an effect on such a financial instrument irrespective of whether it takes place on a trading venue.

2.1 Insider dealing

MAR prohibits a person from engaging or attempting to engage in insider dealing and recommending that another person engage in insider dealing or inducing another person to engage in insider dealing.

Insider dealing arises where a person who is in possession of inside information takes unfair advantage of the benefit gained from that information by entering into market transactions in accordance with that information by acquiring or disposing of, by attempting to acquire or dispose of, by cancelling or amending, or by attempting to cancel or amend, an order to acquire or dispose of, for his own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates. The essential characteristic of insider dealing consists in an unfair advantage being obtained from inside information to the detriment of third parties who are unaware of such information.

Inside information comprises information of a precise nature that has not been made public, relating directly or indirectly to one or more issuers or to one or more financial instruments, and which if it were made public would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments and information that a reasonable investor would be likely to use as part of the basis for investment decisions.

Information is of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence or an event which has occurred or which may reasonably be expected to occur where the information is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument.

An intermediate step in a protracted process can be inside information, for example information relating to the state of contract negotiations.

Insider dealing for the purposes of MAR applies to any person who possesses inside information as a result of, for example, being a member of the administrative, management or supervisory bodies of the issuer, having access to the information through the exercise of an employment, profession or duties or being involved in criminal activities. It also applies to any person who possesses inside information under other circumstances where that person knows or ought to know that it is inside information.

ACC should put in place effective procedures for identifying inside information and to deny access to inside information to persons other than those who require it for the exercise of their functions within ACC, including procedures that effectively ensure that neither the natural person who made the decision on ACC's behalf to acquire or dispose of financial instruments to which the information relates, nor another

natural person who may have had an influence on that decision, was in possession of the inside information (legitimate behaviour protection). Appropriate procedures are outlined in this note.

2.2 Unlawful disclosure of inside information

MAR prohibits a person from unlawfully disclosing inside information. Unlawful disclosure of inside information arises where a person possesses inside information and discloses that information to any other person, except where the disclosure is made in the normal exercise of an employment, a profession or duties. However see section 2.4 below on 'public disclosure of inside information.' Disclosure in the normal course of employment, a profession or duties may trigger the requirement for a public announcement unless the person receiving the information owes a duty of confidentiality.

The onward disclosure of recommendations or inducements amounts to unlawful disclosure of inside information where the person disclosing the recommendation or inducement knows or ought to know that it was based on inside information.

Disclosure of inside information made in the course of a market sounding (i.e. the communication of information, prior to the announcement of a transaction, to gauge the interest of potential investors in a possible transaction and the conditions relating to it) is deemed to be made in the normal exercise of a person's employment, profession or duties where the disclosing party complies with certain specified conditions. ACC should contact us if it intends to conduct any further market soundings.

ACC should also contact us if it is unsure whether information comprises inside information.

2.3 Market manipulation

MAR prohibits market manipulation and attempted market manipulation.

The offence is committed where a person:

- Enters into a transaction, places an order to trade or carries out any other behaviour that:
 - gives or is likely to give false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances; or
 - secures or is likely to secure the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level;

unless the person entering into a transaction, placing an order to trade or engaging in any other behaviour establishes that such transaction, order or behaviour has been carried out for legitimate reasons and conforms with an accepted market practice that has been established in accordance with MAR (Manipulating transactions).
- Enters into a transaction, places an order to trade or carries out any other activity or behaviour which affects or is likely to affect the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances, which employs a fictitious device or any other form of deception or contrivance (Manipulating devices).

- Disseminates information through the media, including the internet or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances or secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew or ought to have known that the information was false or misleading (Dissemination and misleading behaviour and distortion).
- Transmits false or misleading information or provides false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading to any other behaviour which manipulates the calculation of a benchmark (Misleading information or inputs in relation to benchmarks).

2.4 Public disclosure of inside information

MAR requires an issuer to inform the public as soon as possible of inside information that directly concerns that issuer. This is essential to avoid insider dealing and ensure investors are not misled.

The issuer must:

- Ensure that the inside information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public.
- Not combine the disclosure of inside information to the public with the marketing of its activities.
- Post and maintain on its website for a period of at least five years all inside information it is required to disclose publicly.

The obligations apply to issuers who have requested or approved admission of their financial instruments to trading on a regulated market in a Member State, such as the London Stock Exchange.

The information must be notified via a Regulatory Information Service (RIS). The communication must contain certain details therefore before ACC discloses inside information to the public please contact us.

Where inside information is posted on a website the website must have technical features so that access is non-discriminatory and free of charge, users can locate the inside information in an easily identifiable section of the website and disclosed inside information clearly indicates the date and time of the disclosure and is organised in chronological order.

Improper disclosure of inside information constitutes market abuse.

Where an issuer or a person acting on their behalf or for their account discloses any inside information to any third party in the normal course of the exercise of an employment, profession or duties, such persons must make complete and effective public disclosure of that information, simultaneously in the case of an intentional disclosure and promptly in the case of a non-intentional disclosure. However, they do not need to make public disclosure if the person receiving the information owes a duty of confidentiality, regardless of whether such duty is based on a law, regulations, articles of association or a contract.

Depending on the circumstances, the issuer may be justified in disclosing inside information to certain categories of recipient in addition to those employees of the issuer who require the information to perform their functions. The categories of recipient may include the issuer's advisers and advisers of any other persons involved in the matter in question, persons with whom the issuer is negotiating or intends to negotiate any commercial, financial or investment transaction (including prospective placees of the issuer's financial instruments), employee representatives or trades union acting on their behalf, any government department, the Bank of England, the Competition Commission or any other statutory or regulatory body or authority, the issuer's lenders and credit rating agencies. However the wider the group of recipients of inside information the greater the likelihood of a leak triggering the need for public disclosure under MAR.

An issuer may delay disclosure to the public of inside information provided that all of the following conditions are met:

- immediate disclosure is likely to prejudice the legitimate interests of the issuer (for example, ongoing negotiations or related elements where the outcome or normal pattern of those negotiations would be likely to be affected by public disclosure);
- delay of disclosure is not likely to mislead the public (for example, inside information is likely to mislead the public where the inside information that the issuer intends to delay disclosing is materially different from the previous public announcement of the issuer on the matter to which the inside information refers to or regards the fact that the issuer's financial objectives are not likely to be met, where such objective were previously publicly announced. In such circumstances immediate and appropriate disclosure is necessary and mandatory); and
- the issuer is able to ensure the confidentiality of that information.

Issuers are expected to have in place a minimum level of organisation and process to conduct a prior assessment of whether the information is inside information, decide whether the disclosure needs to be delayed and for how long and appoint a person or persons within the issuer who is or are responsible for making these decisions (they should be clearly identified and given the necessary decision making power).

There are certain procedures which must be followed if disclosure to the public of inside information is being delayed, therefore ACC should contact us as soon as possible if it intends to delay disclosure.

Where disclosure of inside information has been delayed and the confidentiality of that inside information is no longer ensured the issuer is required to disclose that inside information to the public as soon as possible.

There is a statutory liability for an issuer of securities where it dishonestly delays publication of information relating to securities. Please see the section below on sanctions.

2.5 Insider lists

MAR requires issuers who have requested or approved admission of their financial instruments to trading on a regulated market in a Member State or any person acting on their behalf or on their account to:

- draw up a list of all persons who have access to inside information and who are working for them under a contract of employment, or otherwise performing tasks through which they have access to inside information, such as advisers, accountants or credit rating agencies;
- promptly update the insider list (for example, where there is a change in the reason for including a person already on the insider list, there is a new person who has access to inside information and needs to be added to the insider list and where a person ceases to have access to inside information. Each update should specify the date and time when the change triggering the update occurred); and
- provide the insider list to the competent authority (i.e. the Financial Conduct Authority (the FCA)) as soon as possible upon its request. Insider lists must be retained for at least 5 years from the date on which it is drawn up or updated.

Issuers or any person acting on their behalf or on their account must take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information. Where another person acting on behalf or on the account of the issuer assumes the task of drawing up and updating the insider list the issuer remains fully responsible for complying with MAR.

The lists must follow a prescribed format and must be updated in a particular way. We can provide ACC with the template together with instructions on how to update it.

The list should be used by ACC to control the flow of inside information and help it to manage its confidentiality issues.

Insider lists must be kept in electronic form and the format must ensure:

- The confidentiality of the information included by ensuring that access to the insider list is restricted to clearly identified persons from within the issuer or any person acting on their behalf or on their account that need that access due to the nature of their function or position.
- Accuracy of the information contained in the insider list.
- Access to and retrieval of previous versions of the insider list.

The insider list regime relies on an issuer's ability to identify matters giving rise to inside information and ensure that appropriate procedures are put in place. Access to inside information is not defined but it is likely that it relates to actual access by a person in the performance of their employment duties. As a result ACC should have internal procedures dealing with accessibility of sensitive documents and should manage access to inside information by ensuring that inside information is not disclosed in internal publications to all employees and consider whether it needs to adopt closed access and password requirements in its IT systems to restrict access as well as ensure that systems for circulation and storage of hard copy documents are adequate.

Where any enforcement action demonstrates that an issuer had inadequate systems and controls in place to operate its insider lists effectively this may lead to a breach of obligations under the FCA's Listing Rules and particularly the requirement to take reasonable steps to establish and maintain adequate procedures,

systems and controls to enable it to comply with its obligations. Please also see the section below on sanctions.

2.6 Persons Discharging Managerial Responsibilities (PDMR)

A person discharging managerial responsibilities means a person within an issuer who is a member of the administrative, management or supervisory body of that entity or a senior executive who is not a member of the administrative, management or supervisory body of that entity, who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity.

A PDMR or a person closely associated must notify (once a total amount of EUR 5,000 has been reached in a calendar year, although transactions can be notified to the FCA on a voluntary basis if this threshold has not been met) the issuer and the relevant competent authority (the FCA) in respect of every transaction conducted on their own account relating to the shares or debt instruments of that issuer, or to derivatives or other financial instruments linked to those shares or debt instruments.

A PDMR within an issuer must not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the shares or debt instruments of the issuer or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report that the issuer is obliged to make public according to either the rules of the trading venue where the issuer's shares are admitted to trading or national law.

A person closely associated means a spouse, or a partner considered to be equivalent to a spouse in accordance with national law, a dependent child in accordance with national law, a relative who has shared the same household for at least one year on the date of the transaction concerned or a legal person, trust or partnership the managerial responsibilities of which are discharged by a PDMR or by a person which is directly or indirectly controlled by such a person which is set up for the benefit of such a person or the economic interests of which are substantially equivalent to those of such a person.

We are highlighting these types of transactions because ACC needs to make its PDMRs aware of them and their responsibilities. These types of transactions are probably not going to be that common given the denomination of the bonds. However, ACC should contact us if it has any concerns and we can discuss whether a securities dealing policy should be prepared and implemented.

2.7 Sanctions

The FCA can suspend trading of a financial instrument where it considers it necessary for the purpose of the exercise by it of its functions under MAR. The issuer, any PDMRs and any connected person must continue to comply with all applicable disclosure requirements during the suspension.

The FCA can if it is satisfied that a person has contravened MAR:

- Impose a penalty of such amount as it considers appropriate on the person (maximum fine of at least EUR 15,000,000 or 15% of the gross annual turnover for insider dealing and unlawful

disclosure of inside information and market manipulation) or instead of imposing a penalty publish a statement censuring the person.

- Impose a temporary or permanent prohibition on the individual holding an office or a position involving responsibility for taking decisions about the management of an investment firm and/or a temporary prohibition on the individual acquiring or disposing of financial instruments whether on his or her own account or the account of a third party and whether directly or indirectly.
- To suspend, for such period as it considers appropriate, any permission which the person has to carry on a regulated activity and/or to impose, for such period as it considers appropriate, such limitations or other restrictions in relation to the carrying on of a regulated activity by the person as it considers appropriate.

The FCA may issue a private warning in less serious cases.

The FCA can also require information from issuers, PDMRs and persons closely associated with PDMRs for the purpose of protecting the users of financial markets and exchanges in the UK or the orderly operation of financial markets and exchanges in the UK or any information or explanation the FCA reasonably requires to verify whether Article 17 (public disclosure of inside information) or Article 19 (manger's transactions) of MAR is being or has been complied with.

The FCA may by notice in writing require a person to provide specified information or information of a specified description or to produce specified documents or documents of a specified description that the FCA reasonably requires for the purpose of the exercise by it of its functions under MAR. It is a criminal offence to provide information which the person knows to be false or misleading in a material particular or to recklessly provide information which is false or misleading in a material particular.

The FCA can also require the publication of information and corrective statements by issuers.

The FCA may apply to the court for an injunction restraining (or an interdict prohibiting in Scotland) the contravention of the prohibition of insider dealing and of unlawful disclosure of inside information or market manipulation offences in MAR and a restitution order against a person who has contravened those prohibitions. It also has an administrative power, without the need for an application to the court, to require restitution.

It is a criminal offence under section 89 of Financial Services Act 2012 to make a statement known to be or being reckless as to whether it is false or misleading in a material respect or dishonestly conceal material facts with an intention of inducing or is reckless as to whether making it or concealing them may induce another person (whether or not to whom the statement is made) to enter into or offer to enter into or to refrain from entering or offering to enter into a relevant agreement or to exercise or refrain from exercising any rights conferred by a relevant instrument. There are defences, for example the statement was made in conformity with price stabilising rules. The failure to comply with the obligations in MAR may be evidence of dishonest concealment of material facts for the purpose of section 89.

There is statutory liability for an issuer of securities (trading on any securities market located or operating in the UK) under which it is liable to pay compensation to persons who have suffered loss as a result of a

misleading statement or dishonest omission in certain published information relating to the securities or a dishonest delay in publishing such information.

3 Criminal Justice Act 1993

Any individual who receives information and deals with ACC's bonds should have regard to the insider dealing offences under Part V of the Criminal Justice Act 1993 (CJA) (which is completely separate to the insider dealing offence under MAR. The CJA extends to England and Wales only but it is still relevant).

Under the CJA a criminal offence is committed if:

- an insider deals in price-affected securities when in possession of inside information (the dealing offence);
- an insider encourages another to deal in price-affected securities when in possession of inside information (the encouraging offence); or
- an insider discloses inside information otherwise than in the proper performance of his employment, office or profession (the disclosing offence).

These three offences can only be committed by an individual.

The offences may only be committed where an individual holds "inside information" as an "insider".

An individual holds information as an insider if it is, and he knows that it is, inside information and he has it, and knows that he has it, from an inside source.

A person has information from an inside source if:

- he has it through being a director, employee or shareholder of an issuer of securities (not necessarily the company whose securities are the subject of the insider dealing);
- he has access to the information by virtue of his employment, office or profession (for example, because he works for an adviser to the company); and
- the direct or indirect source of his information is a person within the previous two categories (for example, a spouse of a director who acquires inside information from that director).

Under the CJA "inside information" means information which:

- relates to particular securities or to a particular issuer or issuers and not to securities or issuers of securities generally;
- is specific or precise (not defined);
- has not been made public; and
- if it were made public, would be likely to have a significant effect on the price of any securities.

The CJA contains several general defences and a list of special defences. An individual has a defence to the dealing and/or encouraging offences if he is able to prove any of the following: no advantage was gained; adequate disclosure was made; or he would have traded anyway. An individual has a defence in

relation to the disclosing offence, if he is able to prove he did not expect dealing to occur or he did not expect a profit to result or a loss to be avoided. The CJA includes three further special "market" defences to the dealing and encouraging offences. These relate to activities carried on by market makers, the dissemination of market information and permitted price stabilisation activities.

The maximum sentence for insider dealing under the CJA is 7 years imprisonment or a fine or both.

The Fraud Act 2006 creates a general offence of fraud which may be committed in three ways, by false representation, by failing to disclose information and by abuse of position. The penalty for this general offence is up to 10 years imprisonment and/or a fine.

4 Disclosure and Transparency Rules (DTR)

The purpose of the transparency rules is to implement the Transparency Directive and to make other rules to ensure there is adequate transparency of and access to information in the UK financial markets.

The DTR is to be read in conjunction with MAR. Most of the disclosure requirements applicable for a local authority and the sanctions have been covered in the section above on MAR. Below are some additional rules which ACC should be aware of.

An issuer or a person that discloses regulated information must, at the same time, file that information with the FCA.

An issuer or person must entrust a RIS with the disclosure of regulated information to the public and must ensure that the RIS complies with the minimum standards contained in DTR 6.3.4R to DTR 6.3.8R, for example:

- Regulated information must be communicated to the media in a manner which ensures the security of the communication, minimises the risk of data corruption and unauthorised access and provides certainty as to the source of the regulated information. Security of receipt must be ensured by remedying as soon as possible any failure or disruption in the communication of regulated information. An issuer or person is not responsible for systemic errors or shortcomings at the media to which the regulated information has been communicated.
- Regulated information must be communicated to a RIS in a way which:
 - makes clear that the information is regulated information;
 - identifies clearly the issuer concerned, the subject matter of the regulated information and the time and date of the communication of the regulated information by the issuer or the person.
- Upon request an issuer or other person must be able to communicate to the FCA in relation to any disclosure of regulated information:
 - the name of the person who communicated the regulated information to the RIS;
 - the security validation details;
 - the time and date on which the regulated information was communicated to the RIS;
 - the medium in which the regulated information was communicated; and
 - details of any embargo placed by the issuer on the regulated information, if applicable.

An issuer or person must not charge investors any specific cost for providing regulated information.

The FCA may, at any time, require an issuer to publish such information in such form and within such time limits as it considers appropriate to protect investors or to ensure the smooth operation of the market. If an issuer fails to comply with such a requirement the FCA may itself publish the information (after giving the issuer an opportunity to make representations as to why it should not be published).

The DTR also provides that an issuer of debt securities must ensure that all holders of debt securities ranking *pari passu* are given equal treatment in respect of all the rights attaching to those debt securities.

5 Listing Rules

The Listing Rules are published by the FCA and relate to admission of securities to the Official List.

The FCA may suspend the listing of the securities where it appears to it, for example, that the issuer has failed to meet its continuing obligations for listing. It may also cancel the listing of securities in certain situations.

The Listing Rules require a listed company (or body corporate) to take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, including the timely and accurate disclosure of information to the market.

A local authority issuer must comply with the following rules in the Listing Rules:

- Its securities must be admitted to trading on a recognised investment exchange's market for listed securities at all times.
- It must inform the FCA in writing without delay if it has:
 - requested a recognised investment exchange to admit or re-admit any of its listed securities to trading; or
 - requested a recognised investment exchange to cancel or suspend trading of any of its listed securities; or
 - been informed by a recognised investment exchange that the trading of any of its listed securities will be cancelled or suspended.

6 London Stock Exchange (LSE) Admission and Disclosure Standards

The Standards set out the rules and responsibilities in relation to, amongst other things, an issuer's, who is admitted to trading on the LSE, ongoing disclosure obligations.

It requires issuers to comply with the disclosure obligations of the issuer's securities regulator to give investors dealing in those securities proper information for determining the current value of the securities and confidence that the market is well-regulated.

ACC will have identified a contact (who will be responsible for communication between the LSE and the issuer) and a designated representative at the time of admission. Any changes require to be notified in writing to the LSE. ACC's contact needs to be able to respond to requests and day-to-day market enquiries from the LSE and in particular, be available before its markets are open each morning to resolve any

issues which could impact on the market's orderly operation. The contact should be fully conversant with the issuer's responsibilities under the Standards.

The LSE has a responsibility to ensure that it operates proper and orderly markets. In order to achieve this it is essential that issuers on its markets publish price sensitive information on a timely basis and in accordance with the rules of their securities regulator which impose a general obligation on issuers whose securities are admitted to trading on a regulated market or prescribed market to release information of this type (please see the sections above). Where such information is published on an internet site the issuer must provide details of the internet address via a RIS.

An issuer must be open, honest and co-operative in all dealings with the LSE.

In order for the securities to be admitted to trading and to remain on the LSE's markets, issuers must be in compliance with:

- the requirements of any securities regulator by which it is regulated (i.e. the FCA for ACC); and/or
- the requirements of any stock exchange on which it has securities admitted to trading; and
- the provisions set out in the Standards, including any modification to the application of the Standards which has been notified via the LSE website.

Issuers must notify the LSE without delay of any change of status of the information provided in respect of the listing or admission to trading (or cancellation from trading) of the issuer's securities on any other exchange or trading platform, where such admission or cancellation is at the application or agreement of the issuer.

Where relevant a statement of the number of securities which were in fact issued and, where different from the number which was the subject of the application, the aggregate number of securities of that class in issue must be lodged with the LSE as soon as it becomes available.

Issuers and their designated representatives must provide to the LSE without delay any information or explanation that the LSE may reasonably require for the purpose of verifying whether the Standards are being or have been complied with or which relates to the integrity or orderly operation of the LSE's markets.

An issuer should reasonably satisfy itself that all information provided by it to the LSE is correct, complete and not misleading. If it comes to the subsequent attention of the issuer that the information provided does not meet this requirement the issuer should advise the LSE as soon as practicable.

Issuers must inform the LSE in advance of any notification of the timetable for any proposed action affecting the rights of its existing holders or its securities traded on its markets. Any proposed amendments to a timetable, including amendment to the publication details of any announcement must be immediately notified to the LSE.

The LSE requires that the securities continue to be eligible for electronic settlement.

The LSE will ordinarily suspend or cancel the admission to and trading of any securities on its markets if a listing of such securities is suspended or cancelled. The LSE may suspend trading of such securities with effect from such time as it may determine and in such circumstances as it thinks fit where the ability of the

LSE to ensure the orderly operation of its markets is or may be jeopardised even if only temporarily. Where trading has been suspended the LSE may impose such conditions as it considers appropriate prior to resumption of trading. An issuer must continue to comply with the Standards even when admission of its securities to trading is suspended unless the LSE agrees otherwise. The LSE will not exercise its powers of suspension or cancellation if an issuer's securities would, in the LSE's determination, be likely to cause significant damage to the interests of investors or the orderly functioning of the financial markets.

If an issuer has contravened the Standards one or more of the following actions may result in addition to the suspension or cancellation of the admission and trading of the securities as mentioned above:

- Censure of the issuer and, in addition, publication of such censure
- A fine
- The LSE may commence disciplinary action against an issuer. The LSE may issue a warning notice and/or refer disciplinary matters to either the Executive Panel or the Disciplinary Committee. Other than as set out in the Standards and other than as between a party and its advisers, each party shall keep confidential any matters relating to any proceedings save where disclosure is permitted or required by law. The LSE reserves the right to publish, without disclosing the identity of any party concerned, in part, in summary or in full, the findings of the Executive Panel, Disciplinary Committee or Appeals Committee where the LSE believes that to do so would be of assistance to the market.

There are a number of factors which the LSE takes into account when considering what disciplinary action to take in relation to a rule breach. These are:

- The seriousness, size and nature of the rule breach.
- How the rule breach came to light.
- The actual or potential market impact of the rule breach and any likely repercussions.
- The general compliance history of the issuer and specific history regarding the rule breach in question.
- Consistent and fair application of the rules (and precedents of previous similar rule breaches).
- The responsiveness and conduct of the issuer in relation to the matter under investigation.