

Listing in London

A guide to premium and standard listings of equity and flotation on AIM

Capital Markets



About this brochure

This brochure summarises the different London markets, the listing standards for each market for going public in London and an overview of the wider regulatory environment.

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London – an overview...

London remains one of the most influential global financial centres. It owes much of its continuing appeal to its cosmopolitan status, the liquidity of the financial markets and the regulatory, business and political framework that supports those markets.

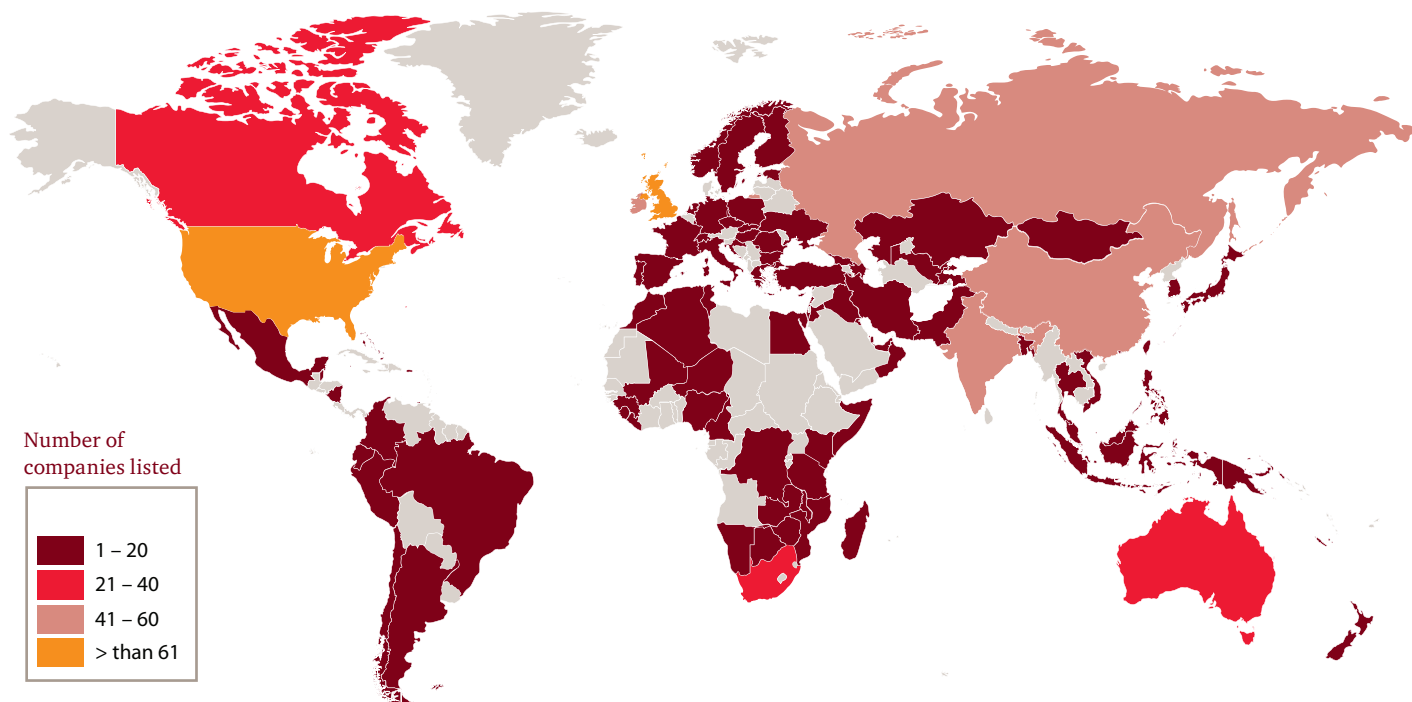
• The London Stock Exchange is one of the world's oldest exchanges and offers a wide choice of routes to market, for UK and international companies. The markets that companies can list on are shown in the table below. Which market a company should consider will depend upon different criteria including the:

- stage of the company's development;
- complexity of the offer and securities issued;
- investors who are being targeted;
- size of the company;
- overall strategy and objectives; and
- eligibility.

	Securities admitted to official list (maintained by UKLA)	Securities not admitted to official list
EU Regulated Markets	Main Market   	Specialist Fund Market 
Exchange Regulated Markets	Professional Securities Market 	Alternative Investment Market (AIM) 

• NYSE Euronext recently opened its London platform, complementing their other European platforms in Paris, Amsterdam, Brussels. Eurotunnel SA was the first company to complete a listing on the London platform in June 2012.

Companies from all over the world are listed in London



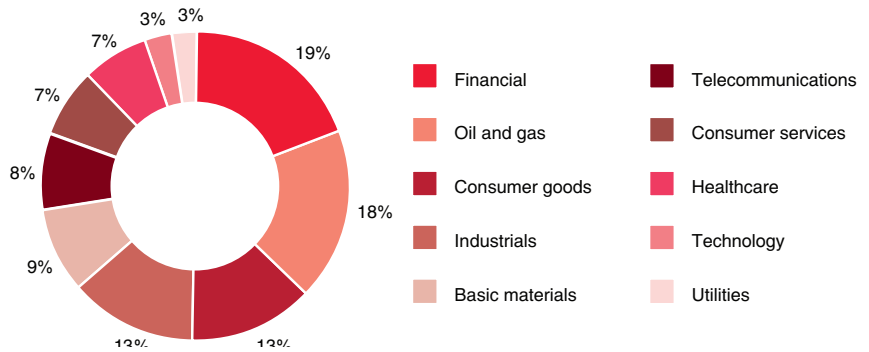
Source: LSE data as at 30 June 2012

London offers a wide choice of markets to companies of all sizes and origins

As of September 2012	Main Market	AIM
Number of listed companies	1,338	1,107
Total market capitalisation (GBP bn)	3,740	64
Number of international companies	316	213
IPO 2007 – 28 Sept 2012 average money raised (GBP mn)	513	34
Number of IPOs 2007 – 28 Sept 2012	133	338
IPOs 2007 – 28 Sept 2012 proceeds (GBP bn)	68	11
Number of further issues 2007 – 28 Sept 2012	754	2,275
Further issues 2007 – 28 Sept 2012 proceeds (GBP bn)	954	295

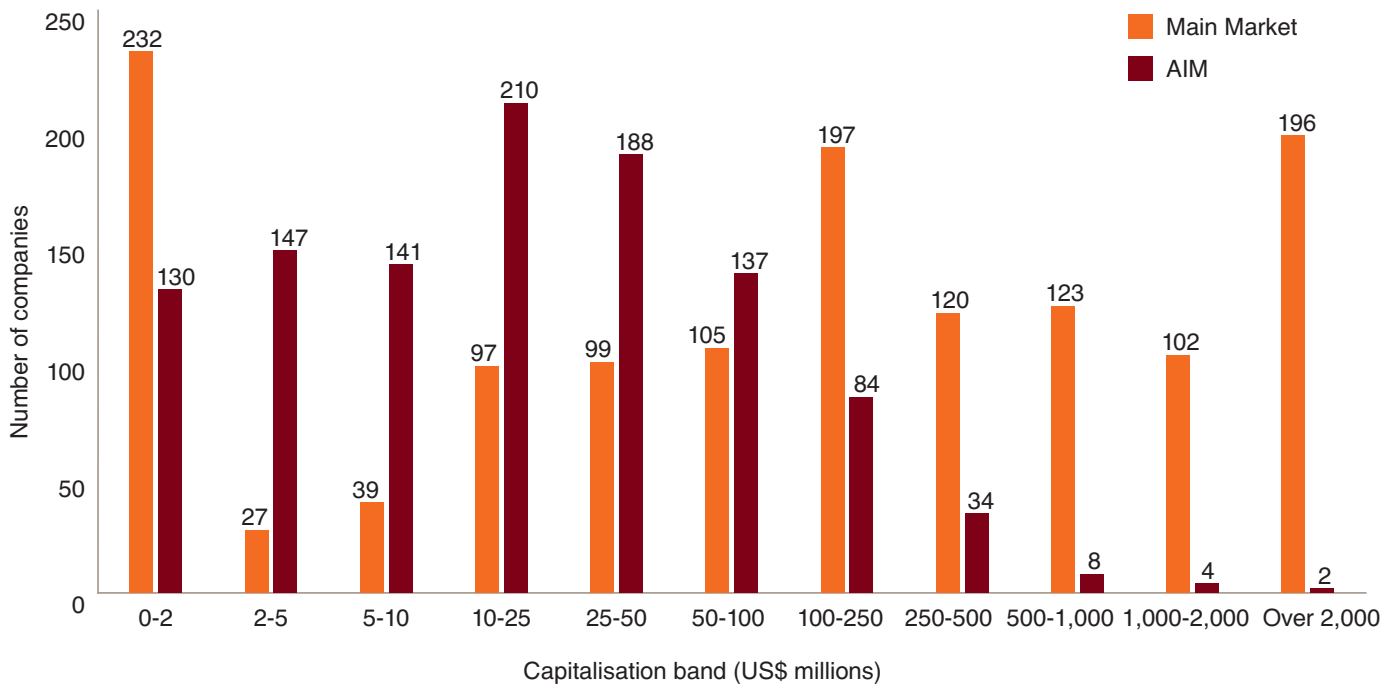
Data source: London Stock Exchange data

Market capitalisation of London listed companies by industry as at 30 June 2012



Data source: London Stock Exchange data

Spread of companies by market capitalisation as at September 2012



Data source: London Stock Exchange data, Dealogic data



London Stock Exchange markets

Main Market

The Main Market is the LSE's flagship market, regulated by the UK Listing Authority (UKLA).

A company can list on the Main Market in either the Premium segment or the Standard segment. These are the Financial Services Authority (FSA) listing categories that have been designed to help clarify the regulatory standards that apply to a listing on the Main Market.

For a premium listing, the company must appoint a sponsor to provide declarations to the FSA as part of the IPO process. Diligence reports will also be required from a reporting accountant.

Premium listing

Only available to equity shares and closed- and open-ended investment entities.

Issuers with a premium listing are required to meet the UK's Listing Rules, which are more onerous than the EU minimum requirements.

A company with a premium listing is expected to meet the UK's highest standards of regulation and corporate governance.

Standard listing (Shares and Depositary Receipts)

Standard listings cover issuance of shares, Global Depositary Receipts (GDRs), debt and securitised derivatives that are required to comply with EU minimum requirements.

A standard listing allows issuers to access the Main Market by meeting EU harmonised standards only, rather than the additional UK requirements.

- **Premium listed and standard equities are traded on the LSE's SETS trading platform.**
- **Standard listed depositary receipts are traded on the LSE International Order Book (IOB) platform.**

AIM

AIM is the LSE's market for smaller, growing companies. The market has a simplified regulatory environment which has been specifically designed for the needs of small and emerging companies.

AIM is an exchange regulated market. Companies wishing to join AIM must comply with the Exchange's AIM Rules.

Companies applying to AIM must appoint and retain a Nominated Adviser (NOMAD) to guide them through the admission process and to advise them subsequently as a public company. The NOMAD must be registered with the Exchange. (See the LSE website for a list of approved NOMADS).

The AIM Rules for Companies set out the requirements and guidance for companies quoted or wishing to be quoted on AIM. The admission document requirements are based on the FSA's Prospectus Rules with certain (optional) exclusions. Admission documents relating to a public offer in the UK will need to follow the FSA's Prospectus Rules and require the approval of the FSA.

Certain tax incentives are available to individual and corporate investors and enhance the attractiveness of investing in AIM companies.

Professional Securities Market (PSM)

The PSM is a specialist exchange regulated market designed to suit the specific needs of companies looking to raise capital through the issue of specialist debt securities or depositary receipts (DRs) to professional investors. Listing on this market may avoid the need for financial information to be converted to IFRS or an equivalent GAAP.

Specialist Fund Market (SFM)

The SFM is an EU regulated market for specialist investment funds and specialist property funds (including private equity funds, hedge funds, feeder funds (both single and multi-strategy), specialist geographical funds, funds with sophisticated structures or security types), targeting sophisticated investors.

Overview of key regulatory requirements

Initial listing

	Main Market Premium	Main Market Standard	AIM
	Equity shares	Equity shares	Equity shares
Sponsor	Required	No requirements	Nominated advisor (NOMAD) required at all times
Admission document	Prospectus vetted and approved by the UKLA		Not vetted by the Exchange. The FSA will vet an AIM admission document where it is also a prospectus under the Prospectus Directive
FTSE index inclusion	Subject to eligibility if not a UK plc	Not permitted	
Minimum % free float	25% of shares in public hands		No requirements
		25% of GDRs (not underlying shares) in public hands	
Minimum market capitalisation	£700,000		No requirements
Control of assets	Control over the majority of assets for 3 year period	No requirements	
Revenue track record	At least 75% of the business must be supported by a revenue earning track record for 3 year period Some exemptions apply to mineral and scientific research based companies	No requirements	
Financial track record	3 years of audited accounts with unqualified audit opinions No more than 6 months old audited financial information (including interim information if appropriate)	3 years of audited accounts (or shorter period since incorporation) No more than 9 months old audited accounts, otherwise interim financial information (which may be unaudited) required	
Accounting standards	EU IFRS or other approved GAAPs for non-EEA issuers At a minimum, the last 2 years financial information must be restated on the basis to be applied in the issuer's next annual accounts	EU IFRS or other approved GAAPs for non-EEA and Channel Island issuers or national GAAP with reconciliation to one of the approved standards	
Other eligibility requirements	Confirmation that adequate financial reporting procedures are in place	No requirements	
	Statement that the issuer has sufficient working capital for at least the next 12 months from the date of prospectus	No requirements	
	Pro forma information, reported by an accountant, required if there has been a significant change	Pro forma financial information is not required, but generally is presented if there has been a significant change. If presented voluntarily, must be reported on by an accountant	
		Statement that the issuer has sufficient working capital for at least the next 12 months from the date of admission	
		Pro forma information not required, but generally presented if there has been a significant change	
Financial due diligence work streams	Normally required by the sponsor: <ul style="list-style-type: none"> • Long form report • Financial reporting procedures report • Working capital report 	Depends on the requirements of underwriters	
		Normally required by the NOMAD: <ul style="list-style-type: none"> • Long form report • Financial reporting procedures report • Working capital report 	

Ongoing obligations

	Main Market Premium	Main Market Standard		AIM
	Equity shares	Equity shares	GDRs	Equity shares
Corporate governance	Compliance with the UK Corporate Governance Code or explanation of non-compliance	Corporate governance statement required in annual report in accordance with Disclosure and Transparency Rules Statement regarding the degree of compliance with the UK Corporate Governance Code		No specific requirements, however appropriate level of corporate governance is expected
Significant transactions	Inside information must be disclosed to the market without delay			
	Announcement required for significant transactions such as acquisitions and disposals, exceeding 5% of any class tests Shareholder approval, a circular and appointment of a sponsor required for significant transactions exceeding 25% of any class tests Shareholder approval, a circular and appointment of a sponsor required for related party transactions exceeding 5% of any class tests Reverse takeovers, where any class test exceeds 100%, require re-admission including publication of a prospectus and shareholder approval	No specific requirements for significant transactions Reverse takeovers require re-admission including publication of a prospectus and shareholder approval	No specific requirements for significant transactions	Announcement required for significant transactions exceeding 10% of any class tests Announcement required for related party transactions exceeding 5% of any class tests Disposals in a 12 month period exceeding 75% in any class tests require publication of a circular and shareholder approval Reverse takeovers where any class test exceeds 100% require re-admission to AIM including publication of an admission document and shareholder approval
Further equity issues	Prospectus required to be issued when offering exceeds 10% of existing shares over 12 month period		Normally prospectus required for issues up to the total limit of the block listing	Admission document required where a prospectus is required under the Prospectus Rules, a new class of securities is to be admitted, or the transaction qualifies as a reverse takeover
Financial reporting obligations	Annual financial reports published within 4 months of the year end			Annual financial reports are published within 6 months of the year end
	Half-year financial reports published within 2 months of the reporting period end		Half-year financial reports not required, but generally issued	Half-year financial reports published within 3 months of the reporting period end
	Interim management statements published twice a year		Interim management statements not required	

Additional specific rules and exemptions apply to:

Mineral companies

Scientific research-based companies

Investment companies and funds

Corporate governance

Under the Listing Rules premium listed companies are required to apply the principles of the UK Corporate Governance Code and comply with its provisions or explain how they achieved good governance by other means. Companies with a standard listing can choose to comply with their domestic corporate governance code.

The UK Corporate Governance Code is best practice for AIM companies but there are no specific requirements. The UK Quoted Companies Alliance has issued guidelines regarding corporate governance for smaller quoted companies.

Summary of the key areas of the UK Corporate Governance Code

UK Corporate Governance Code principle	
Board of directors	The company should be headed by an effective board, whose responsibilities are separate from the day to day running of the business At least half the board (excluding the chairman) should comprise independent non-executive directors (INEDs) For smaller companies (below FTSE 350) only two INEDs are required to be on the board
Senior independent director	One independent non-executive director should be appointed as senior independent director to provide a sounding board for the chairman and intermediary for the other directors
Chairman	The role of the chairman and chief executive should not be exercised by the same individual The chairman should on appointment be independent
Audit committee	An audit committee of at least three, or in the case of smaller companies two, independent non-executive directors should be set up
Nomination and Remuneration committee	Nomination and remuneration committees should be set up – with a majority of members being independent non-executive directors
Risk management and internal control	A significant portion of executive directors' remuneration should be structured so as to link rewards to corporate performance
Internal controls effectiveness assessment	The board should ensure the company maintains a sound system of internal control
Relationship with shareholders	The board is responsible for ensuring that a satisfactory dialogue with shareholders takes place In FTSE 350 companies, an externally facilitated board evaluation should be carried out every three years
AGM	The board should use the annual general meeting to communicate with investors



Market indices

FTSE series

Inclusion in the FTSE UK Index Series is determined by the FTSE committee. The FTSE UK Index Series is open to eligible premium listed Main Market companies. Companies with a standard listing are not eligible for inclusion in the FTSE UK Index Series.

FTSE 100

The FTSE 100 Index is one of the world's most recognised indices. It represents the performance of the 100 largest UK-domiciled blue chip companies which meet FTSE's size and liquidity screening. The index is currently used as the basis for a wealth of financial products available on the Exchange and globally.

FTSE 250

The FTSE 250 Index is comprised of mid-sized companies. This index is designed to measure the performance of the mid-cap segment in the UK market which fall just below the FTSE 100 Index in size and liquidity.

FTSE Small Cap

The FTSE Small Cap consists of companies outside the FTSE 100 and FTSE 250 indices.

FTSE Russia IOB (FTSE RIOB)

The FTSE Russia IOB is comprised of the fifteen largest Russian Depository Receipts (DRs) listed on the LSE's International Order Book (IOB).

FTSE All-Share

The FTSE All-Share Index represents the performance of all eligible companies listed on the Main Market. It is considered to be the best performance measure of the overall London equity market, with the vast majority of money invested in funds benchmarked against it. The FTSE All-Share Index is the aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap Indices.

AIM indices

Trading in AIM is supported through the AIM index series, which includes the:

- FTSE AIM 50 UK Index;
- FTSE AIM 100 Index;
- FTSE AIM All-Share Index; and
- FTSE AIM All-Share Supersector Index.

Each index has specific eligibility criteria relating to general liquidity and free float requirements.

www.pwc.com/mn/capital-markets

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