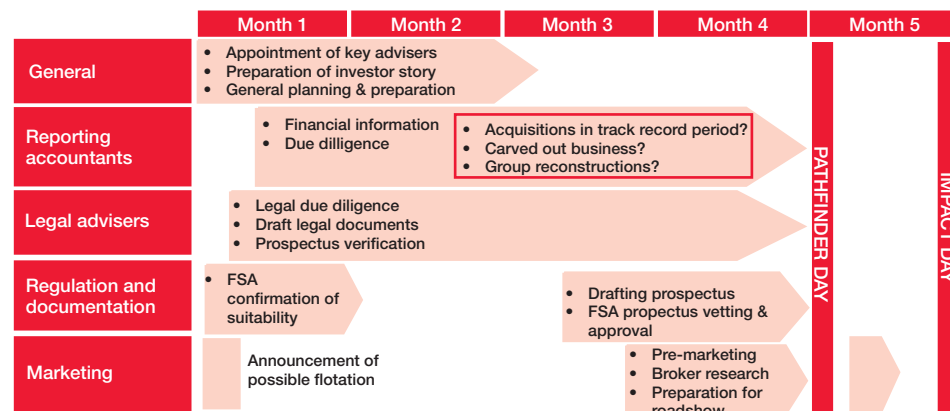


## Flotation timeline



## Continuing obligations and financial reporting

Continuing obligations and financial reporting	
<b>Inside information</b>	<ul style="list-style-type: none"> <li>Must be disclosed to the market as soon as possible</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>Corporate governance statement must be included in annual report</li> <li>Disclosure of whether or not the company complies with the corporate governance regime of its country of incorporation</li> <li>Non compliance requires a statement to that effect and an explanation</li> </ul>
<b>Annual report and accounts</b>	<ul style="list-style-type: none"> <li>Must be approved and published within four months of the year end for Main Market companies and within six months for PSM issuers</li> </ul>
<b>Half-yearly reports</b>	<ul style="list-style-type: none"> <li>Only required for standard listed issuers and must be approved and published within two months of the period to which it relates</li> </ul>
<b>Interim management statements</b>	<ul style="list-style-type: none"> <li>Only required for standard listed issuers and must be made during the first half and second half of each financial year</li> </ul>

## Trading services and liquidity

The London Stock Exchange provides a secondary market for a wide range of securities including UK and international equities, AIM securities, depositary receipts and bonds. The trading services available to international companies are as follows:

Trading services	Trading structure	Securities	Liquidity
International Order Book (IOB)	Order book system	International depositary receipts	↑
International Bulletin Board (IBB)	Order book system	International equities	

There is also an opportunity for standard listed issuers to be traded on SETS, the London Stock Exchange's premier electronic trading service. Issuers should contact the London Stock Exchange to discuss their options.



# The PwC Capital Markets Group

The PwC Capital Markets Group comprises specialists who provide a broad range of services to companies and investment banks in connection with London capital market transactions, including:

- Preparations for becoming a public company
- Acting as reporting accountant on capital markets transactions
- Undertaking financial and business due diligence investigations
- Advising on regulatory issues
- Assisting with GAAP conversion projects
- Selecting the right market and advisory team

The PwC Capital Markets Group is part of the PricewaterhouseCoopers global network of capital markets specialists. For more information visit [www.pwc.co.uk/capitalmarkets](http://www.pwc.co.uk/capitalmarkets)

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Companies can gain a London listing through a variety of securities and routes to market. Each of these are quite different in terms of their characteristics and regulatory requirements.

This series of guides provide a brief overview of the key issues and regulatory requirements that a company should consider in contemplating a listing in London.



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# Listing in London

## A guide to a standard listing of equity and depositary receipts

*PwC Capital Markets Group comprises specialists who provide a broad range of services to companies and investment banks in connection with London capital market transactions.*

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# Standard listings of equity and depositary receipts – a guide for UK and international companies

The London Stock Exchange is home to one of the world's most international equity markets. London's position as Europe's leading financial centre and the strength of its investment community make it one of the principal investment centres worldwide and is part of the reason why so many international companies have chosen to list here.

## Which market?

Choosing the most appropriate market may not be straightforward. Companies should consider the pros and cons of each market and how they meet their overall needs. Some factors for consideration include:

Corporate development	<ul style="list-style-type: none"> <li>• Corporate image</li> <li>• Acquisition and funding strategies</li> <li>• Employee recruitment and retention strategies</li> </ul>
Valuation	<ul style="list-style-type: none"> <li>• Shareholder base</li> <li>• Peer group/valuation ratings</li> <li>• Eligibility for entry to key indices</li> </ul>
Initial listing requirements	<ul style="list-style-type: none"> <li>• Admission/eligibility criteria</li> <li>• Minimum public float requirement</li> <li>• Public disclosures</li> </ul>
Continuing obligations	<ul style="list-style-type: none"> <li>• Financial information</li> <li>• Transaction disclosures</li> <li>• Corporate governance</li> </ul>
Stock exchange fundamentals	<ul style="list-style-type: none"> <li>• Liquidity and depth</li> <li>• Regulation</li> <li>• Strategic focus</li> <li>• Investor relations</li> </ul>

A company has a choice of a premium or standard listing of its equity securities or depositary receipts on the Main Market, an FSA regulated market. Depositary receipts may also be listed on the exchange-regulated Professional Securities Market.

## Routes to market

The routes to market most commonly adopted by companies choosing not to seek a premium listing are:

- **A standard listing of equity securities** – An EU directive minimum standard for issues of equity securities
- **A standard listing of depositary receipts** – Depositary receipts are negotiable certificates which represent ownership of the company's shares which can be listed and traded in London independently of the underlying shares

Each route provides access to a wide investment base and a deep pool of capital. A company should seek advice as to which route to market and type of security is appropriate for them.

Standard listed securities and depositary receipts are traded on international trading systems – the International Bulletin Board and International Order Book, respectively.

## Regulation

In general terms the listing regimes for standard listed companies and standard listed depositary receipts are similar and based closely on EU directive minimum regulation. The rules provide for regulatory standards appropriate for both retail and professional investors and a fast and streamlined listing process.

The UK sponsor regime does not apply to standard listings of equity or depositary receipts and issuers can gain exposure to the London market without all the obligations that a premium listing entails.

## General suitability and initial considerations

Planning and good preparation are crucial to a successful listing, or 'flotation'. The following are the key suitability issues that you will need to consider or re-appraise prior to a new or further issue of securities:

- Preparation of a well constructed, attractive investor 'story'
- An experienced board of directors and management team
- High quality corporate governance standards
- Suitability of existing capital and organisation structure
- Appropriateness of financial track record
- Quality of management information and financial reporting systems
- Tax planning
- Legal housekeeping
- Management and employee incentives

## The Main Market

On the Main Market, IFRS or equivalent GAAP (e.g. US, Japanese, Chinese) is required for all companies with the exception of high denomination depositary receipts (>€50,000). The list of equivalent GAAPs is planned to be revisited in 2012.

For standard listings of equity or depositary receipts where IFRS or equivalent information is available, London's Main Market is normally used. Where IFRS or equivalent information is not available issuers may choose to use the Professional Securities Market (PSM).



## The Professional Securities Market (PSM)

The PSM provides a more flexible alternative for listing depositary receipts in the UK, as it is targeted at professional investors only. The PSM does not require issuers to present financial information under IFRS. Instead issuers may use their national GAAP.



## Eligibility for listing

Eligibility requirements for standard listings of equity and depositary receipts are generally similar. The main requirements are set out below:

Eligibility for listing	
Sponsor	• Not required
Registration document	• A Prospectus for the Main Market or Listing Particulars for the PSM
Financial information	• Latest three years of audited accounts (or shorter period since incorporation)
Age of latest accounts	<ul style="list-style-type: none"> <li>• 18 months if document includes audited interim statements</li> <li>• 15 months if document includes unaudited interim statements</li> </ul>
Interim financial information	<ul style="list-style-type: none"> <li>• Required when the document is dated more than nine months after the end of the latest audited financial year</li> <li>• May be unaudited</li> </ul>
Public flotation	• At least 25% of the securities must be in public hands (although may be lower at FSA's discretion)
Financial reporting procedures	• Declaration is not required but adequate financial reporting procedures are necessary and diligence is sometimes requested

## Financial information disclosure

The presentation of financial information can be complex and is an issue that requires consideration at an early stage. The table below summarises the requirements of the Prospectus Rules and the Listing Rules.

Financial information disclosure	Standard listing of equity	Standard listing of depositary receipts
Historical financial information	<ul style="list-style-type: none"> <li>• Three years of audited accounts (or shorter period since incorporation) and interim financial information if latest accounts are more than nine months old</li> <li>• At a minimum, the last two years must be restated to the basis to be applied in the issuer's next annual financial statements</li> </ul>	• Same as for a standard listing of equity
Operating and financial review	• Covering the financial condition and operating results of the issuer	• Same as for a standard listing of equity
Pro forma financial information	• Required when there has been a significant change in the issuer's business prior to listing. Must be reported on by an accountant	• Not required but generally presented if significant change
Capitalisation and indebtedness	• A statement is required for standard listings of equity dated no earlier than 90 days from the date of the prospectus	• Not required
Working capital statement	• Statement that the issuer has sufficient cash for at least the next twelve months	• Not required
Profit forecast information	• Must be reported on by an accountant if the issuer chooses to include in the prospectus	• Not required