

# *Executing a successful listing* London



## ***About this brochure***

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

---

# Content

<i>London, an overview</i>	<b>2</b>
<i>London Stock Exchange markets</i>	<b>5</b>
<i>Listing requirements and continuing obligations</i>	<b>6</b>
<i>Corporate governance</i>	<b>8</b>
<i>Market indices</i>	<b>9</b>
<i>IPO Journey</i>	<b>10</b>
<i>How PwC can help you</i>	<b>12</b>
<i>Capital Markets contacts in London</i>	<b>14</b>

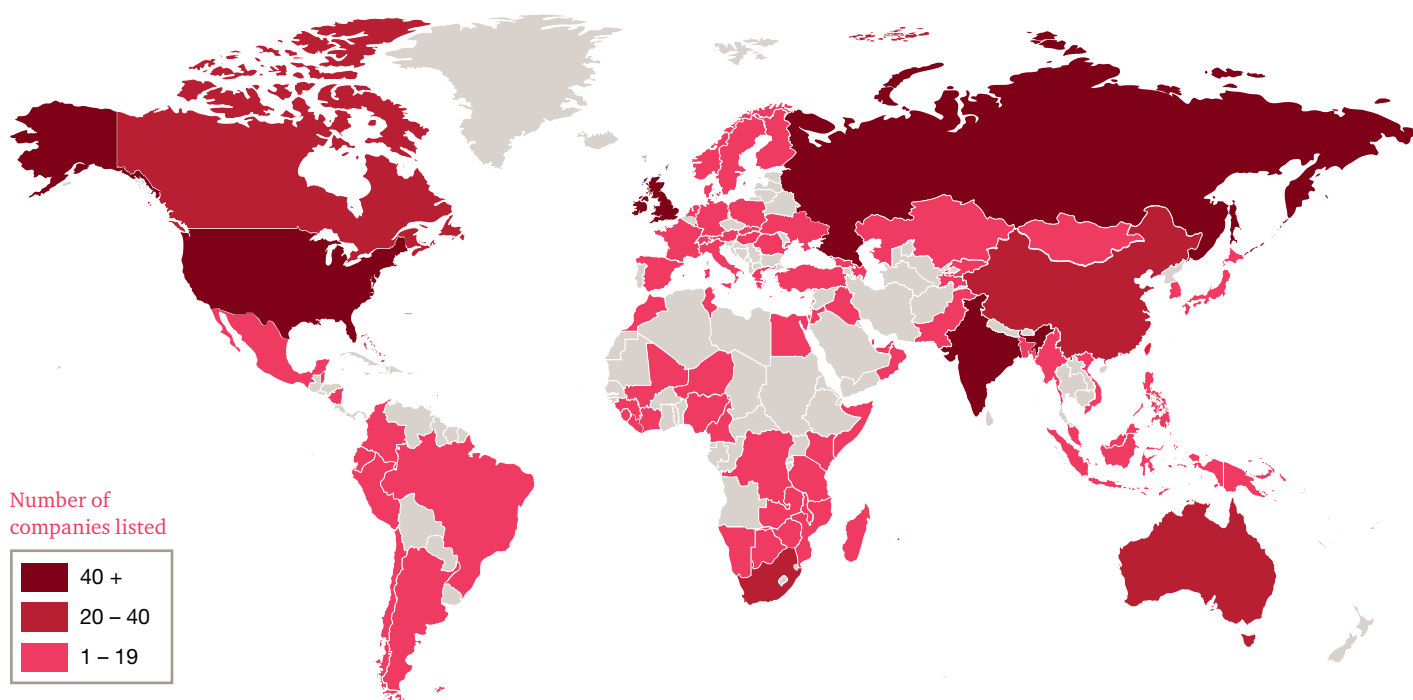
# London, an overview

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 (LSE) is one of the world's oldest exchanges and offers a wide choice of routes to market, for UK and international companies. 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	<b>Main Market</b>   	<b>Main Market</b>  
Exchange Regulated Markets	<b>Professional Securities Market</b> 	<b>AIM</b> 

## Countries with companies traded on the London Stock Exchange



Source: LSE data as at 30 June 2016

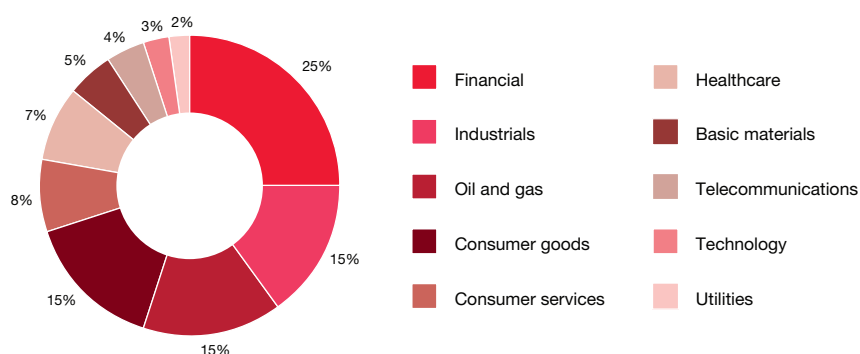


**London offers a wide choice of markets to companies of all sizes and origins**

*As at 30 June 2016	Main Market	AIM
Number of companies	1,236	1,013
Number of international companies	270	184
Total market capitalisation (GBP bn)	3,993	72

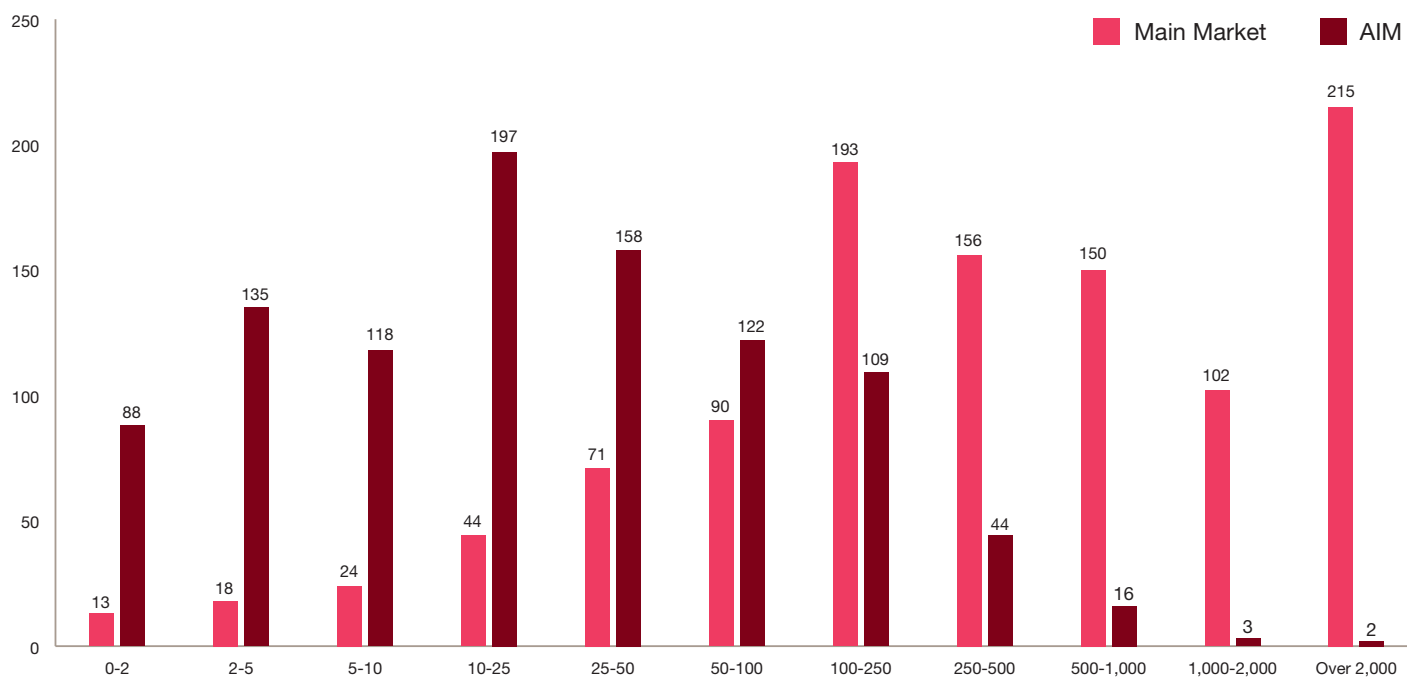
Data source: London Stock Exchange data

#### Market capitalisation of London listed companies by industry as at 30 June 2016



Data source: London Stock Exchange data

#### Spread of companies by market capitalisation as at 30 June 2016 (in GBPm)



Data source: London Stock Exchange data







# London Stock Exchange markets

## Main Market

The Main Market is the LSE's flagship market, regulated by the UK Listing Authority (UKLA), a division of the Financial Conduct Authority (FCA).

A company has a choice of segments on which to list on the Main Market. The Premium segment and the Standard segment are the FCA listing categories that have been designed to help clarify the regulatory standards that apply to a listing on the Main Market. A company may also apply for admission to the High Growth Segment (HGS) or the Specialist Fund Segment (SFS).

Premium listing	Standard listing (Shares and Depositary Receipts)	High Growth Segment	Specialist Fund Segment
<p>Only available to equity shares and closed-and open-ended investment entities.</p> <p>Issuers with a Premium listing are required to meet the UK's Listing Rules which are more onerous than the EU minimum requirements.</p> <p>A company with a Premium listing is expected to meet the UK's highest standards of regulation and corporate governance.</p>	<p>Standard listings cover the issuance of shares, Global Depositary Receipts (GDRs), debt and securitised derivatives and are required to comply with EU minimum requirements.</p> <p>A Standard listing allows issuers to access the Main Market by meeting EU harmonised standards only, rather than the additional UK listing requirements.</p>	<p>The HGS is designed for entrepreneurial companies with high growth potential that need funds to achieve the expansion they desire and are also ready for a public listing.</p> <p>It is a stepping stone to a Premium Listing in the future.</p> <p>The segment allows companies incorporated in the EEA to raise funds with a minimum 10% free float.</p>	<p>The SFS (formerly the Specialist Fund Market) is a segment of London's EU regulated market and is for specialist investment funds and specialist property funds targeting sophisticated investors. Types of fund can include private equity funds, hedge funds, feeder funds (both single and multi-strategy), specialist geographical funds, funds with sophisticated structures or security types.</p>

- Premium, Standard and HGS 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 LSE AIM Rules for Companies.

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 LSE (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 FCA's Prospectus Rules with certain (optional) exclusions. Admission documents relating to a public offer in the UK will need to follow the FCA's Prospectus Rules and require the approval of the FCA.

Certain tax incentives are available to individual and corporate investors, which 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.

# Listing requirements and continuing obligations

## Listing requirements

	Main Market Premium		Main Market Standard		Main Market High Growth segment		Main Market Specialist Fund Segment		AIM
	Equity shares	Equity shares	Equity shares	GDRs	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
<b>Appointment of a sponsor</b>	Required	Not required	Not required	Not required	Required – Key Adviser	Not required	Not required	Not required	Required – Nominated Adviser (Nomad)
<b>Admission document</b>	Prospectus, pre-vetted and approved by UKLA	Prospectus, pre-vetted and approved by UKLA	Prospectus, pre-vetted and approved by UKLA	Prospectus, pre-vetted and approved by UKLA	Prospectus, pre-vetted and approved by UKLA	Prospectus, pre-vetted and approved by UKLA	Prospectus, pre-vetted and approved by UKLA	Prospectus, pre-vetted and approved by UKLA	Admission documents not pre-vetted by the Exchange. The FCA will vet an AIM admission document where it is also a prospectus under the Prospectus Directive
<b>Financial eligibility test</b>	At least 75% of the entity's business must be supported by a revenue earning track record for the three year period (some dispensation for specific industries e.g. mining) Minimum market cap at admission – £700,000	Minimum market cap at admission – £700,000	Minimum market cap at admission – £700,000	Minimum market cap at admission – £700,000	Revenue generating business with historic revenue growth of 20% (CAGR) over a three year period Value of securities in public hands > £30m		No requirement	No requirement	No requirement
<b>Audited history</b>	Three years audited Interim audited if document dated > six months after the end of the last audited year	Three years audited, if available, ending no later than 18 months (if audited interims included) or 15 months (if unaudited interims included) before the date of the prospectus	Three years audited, if available, ending no later than 18 months (if audited interims included) or 15 months (if unaudited interims included) before the date of the prospectus	Three years audited, if available, ending no later than 18 months (if audited interims included) or 15 months (if unaudited interims included) before the date of the prospectus	Three years audited, if available, ending no later than 18 months (if audited interims included) or 15 months (if unaudited interims included) before the date of the prospectus	Three years audited, if available, ending no later than 18 months (if audited interims included) or 15 months (if unaudited interims included) before the date of the prospectus	Three years audited, if available, ending no later than 18 months (if audited interims included) or 15 months (if unaudited interims included) before the date of the prospectus	Three years audited, if available, ending no later than 18 months (if audited interims included) or 15 months (if unaudited interims included) before the date of the prospectus	Three years audited, if available, ending no later than 18 months (if audited interims included) or 15 months (if unaudited interims included) before the date of the prospectus
<b>Applicable GAAP</b>	EU IFRS or IFRS equivalent for non-EU issuers	EU IFRS or IFRS equivalent for non-EU issuers	EU IFRS or IFRS equivalent for non-EU issuers	EU IFRS or IFRS equivalent for non-EU issuers	EU IFRS or IFRS equivalent for non-EU issuers	EU IFRS or IFRS equivalent for non-EU issuers	EU IFRS or IFRS equivalent for non-EU issuers	EU IFRS or IFRS equivalent for non-EU issuers	EU IFRS or IFRS equivalent for non-EU issuers
<b>Min free float</b>	25% of class of shares listed	25% of class of shares listed	25% of class of shares listed	25% of GDRs listed, no minimum on underlying class of shares	10% of class of shares listed with a value of at least £30m	10% of class of shares listed with a value of at least £30m	10% of class of shares listed with a value of at least £30m	10% of class of shares listed with a value of at least £30m	No requirement
<b>Working capital statement</b>	Sufficient Working capital for at least 12 months from the date of prospectus	Sufficient Working capital for at least 12 months from the date of prospectus	Sufficient Working capital for at least 12 months from the date of prospectus	Not required	Sufficient Working capital for at least 12 months from the date of prospectus	Sufficient Working capital for at least 12 months from the date of prospectus	Sufficient Working capital for at least 12 months from the date of prospectus	Sufficient Working capital for at least 12 months from the date of prospectus	Sufficient Working capital for at least 12 months from the date of the admission document
<b>Special criteria for foreign issuers</b>	Non-UK incorporated companies must have more than 50% free float for FTSE UK series index inclusion	No requirement	No requirement	No requirement	EEA incorporated only	EEA incorporated only	No requirement	No requirement	Fast Track may be available depending on the home exchange
<b>Accountant diligence</b>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Long form report</li> <li>FPPPI<sup>1</sup> report</li> <li>Review of pro forma and profit forecasts, if included</li> <li>Working capital report</li> </ul>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Review of pro forma and profit forecasts, if included</li> <li>Other financial due diligence requirements of the underwriters and lawyers would typically include a long form report and working capital report</li> </ul>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Other financial due diligence requirements of the underwriters and lawyers would typically include a long form report and FPPPI<sup>1</sup> report</li> </ul>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Long form report</li> <li>FPPPI<sup>1</sup> report</li> <li>Review of pro forma and profit forecasts, if included</li> <li>Working capital report</li> </ul>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Long form report</li> <li>FPPPI<sup>1</sup> report</li> <li>Review of pro forma and profit forecasts, if included</li> <li>Working capital report</li> </ul>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Other financial due diligence requirements of the underwriters and lawyers would typically include a FPPPI<sup>1</sup> report and a working capital report</li> </ul>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Long form report</li> <li>FPPPI<sup>1</sup> report</li> <li>Review of pro forma and profit forecasts, if included</li> <li>Working capital report</li> </ul>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Long form report</li> <li>FPPPI<sup>1</sup> report</li> <li>Review of pro forma and profit forecasts, if included</li> <li>Working capital report</li> </ul>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Long form report</li> <li>FPPPI<sup>1</sup> report</li> <li>Review of pro forma and profit forecasts, if included</li> <li>Working capital report</li> </ul>

<sup>1</sup> Financial Position and Prospects Procedures.



## Continuing obligations

Main Market Premium			Main Market Standard		Main Market High Growth Segment	Main Market Specialist Fund Segment	AIM
Equity shares			Equity shares	GDRs	Equity shares	Equity shares	Equity shares
<b>Corporate governance</b>	Compliance with the UK Corporate Governance Code or explanation of non-compliance.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Normally compliance with the Association of Investment Company (AIC) Code is sought.	No specific regulatory requirements, however appropriate level of corporate governance is expected.
	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.	Corporate governance statement is required in annual report in accordance with Disclosure and Transparency Rules.
<b>Significant transactions</b>	Inside information must be disclosed to the market without delay.	Inside information must be disclosed to the market without delay.	Inside information must be disclosed to the market without delay.	Inside information must be disclosed to the market without delay.	Inside information must be disclosed to the market without delay.	Inside information must be disclosed to the market without delay.	Inside information must be disclosed to the market without delay.
	Announcement is required for significant transactions such as acquisitions and disposals, exceeding 5% of any class tests.	Announcement is required for significant transactions such as acquisitions and disposals, exceeding 5% of any class tests.	Announcement is required for significant transactions such as acquisitions and disposals, exceeding 5% of any class tests.	Announcement is required for significant transactions such as acquisitions and disposals, exceeding 5% of any class tests.	Announcement is required for significant transactions such as acquisitions and disposals, exceeding 5% of any class tests.	Announcement is required for significant transactions such as acquisitions and disposals, exceeding 5% of any class tests.	Announcement is required for significant transactions such as acquisitions and disposals, exceeding 5% of any class tests.
<b>Further equity issues</b>	Shareholder approval, a circular and appointment of a sponsor are required for significant transactions exceeding 25% of any class tests.	Shareholder approval, a circular and appointment of a sponsor are required for significant transactions exceeding 25% of any class tests.	Shareholder approval, a circular and appointment of a sponsor are required for significant transactions exceeding 25% of any class tests.	Shareholder approval, a circular and appointment of a sponsor are required for significant transactions exceeding 25% of any class tests.	Shareholder approval, a circular and appointment of a sponsor are required for significant transactions exceeding 25% of any class tests.	Shareholder approval, a circular and appointment of a sponsor are required for significant transactions exceeding 25% of any class tests.	Shareholder approval, a circular and appointment of a sponsor are required for significant transactions exceeding 25% of any class tests.
	Reverse takeovers, where any class test exceeds 100%, require re-admission including publication of a prospectus and shareholder approval.	Reverse takeovers, where any class test exceeds 100%, require re-admission including publication of a prospectus and shareholder approval.	Reverse takeovers, where any class test exceeds 100%, require re-admission including publication of a prospectus and shareholder approval.	Reverse takeovers, where any class test exceeds 100%, require re-admission including publication of a prospectus and shareholder approval.	Reverse takeovers, where any class test exceeds 100%, require re-admission including publication of a prospectus and shareholder approval.	Reverse takeovers, where any class test exceeds 100%, require re-admission including publication of a prospectus and shareholder approval.	Reverse takeovers, where any class test exceeds 100%, require re-admission including publication of a prospectus and shareholder approval.
<b>Financial reporting obligations</b>	Prospectus is required to be issued when offering exceeds 10% of existing shares over twelve month period.	Prospectus is required to be issued when offering exceeds 10% of existing shares over twelve month period.	Prospectus is required to be issued when offering exceeds 10% of existing shares over twelve month period.	Prospectus is required to be issued when offering exceeds 10% of existing shares over twelve month period.	Prospectus is required to be issued when offering exceeds 10% of existing shares over twelve month period.	Prospectus is required to be issued when offering exceeds 10% of existing shares over twelve month period.	Prospectus is required to be issued when offering exceeds 10% of existing shares over twelve month period.
	Annual financial report is to be published within four months of the year end.	Annual financial report is to be published within four months of the year end.	Annual financial report is to be published within four months of the year end.	Annual financial report is to be published within four months of the year end.	Annual financial report is to be published within four months of the year end.	Annual financial report is to be published within four months of the year end.	Annual financial report is to be published within four months of the year end.
<b>Financial reporting obligations</b>	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.
	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.	Half-year financial reports are to be published within three months of the reporting period end.

**Note:** For recent updates on the Listing Rules please refer to the FCA website.

**Additional specific rules and exemptions apply to:**

*Mineral companies*  
*Scientific research-based companies*  
*Investment companies and funds*

# Corporate governance

Companies with a Premium listing in the UK are required under the Listing Rules 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 High Growth Segment or Standard listing can choose to comply with their domestic corporate governance code. Companies will also be subject to the Disclosure and Transparency Rules (DTRs) in relation to disclosure of inside information and major shareholder notifications.

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

## Summary of the key areas of the UK Corporate Governance Code

UK Corporate Governance Code	
Board of Directors	<ul style="list-style-type: none"><li>The company should be headed by an effective board, whose responsibilities are separate from the day to day running of the business.</li><li>At least half the board (excluding the Chairman) should comprise independent non-executive directors (INEDs).</li><li>For smaller companies (below FTSE 350) only two INEDs are required to be on the board.</li></ul>
Senior independent director	<ul style="list-style-type: none"><li>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.</li></ul>
Chairman	<ul style="list-style-type: none"><li>The role of the Chairman and chief executive should not be exercised by the same individual. The chairman should be independent on appointment.</li></ul>
Audit committee	<ul style="list-style-type: none"><li>An audit committee of at least three, or in the case of smaller companies two, independent non-executive directors should be set up.</li><li>At least one member must have competence in accounting and/or auditing.</li></ul>
Nomination and Remuneration committee	<ul style="list-style-type: none"><li>Nomination and remuneration committees should be set up – with a majority of members being independent non-executive directors.</li><li>In FTSE 350 companies, an externally facilitated board evaluation should be carried out every three years.</li></ul>
Remuneration	<ul style="list-style-type: none"><li>A significant portion of executive directors' remuneration should be structured so as to link rewards to corporate-performance. Performance-related elements should be transparent, stretching and rigorously applied.</li><li>No director should be involved in deciding his or her own remuneration.</li></ul>
Accountability	<ul style="list-style-type: none"><li>The board should present a fair, balanced and understandable assessment of the company's position and prospects.</li><li>The board should ensure the company maintains a sound system of risk management and internal control.</li></ul>
Relations with shareholders	<ul style="list-style-type: none"><li>The Board is responsible for ensuring that a satisfactory dialogue with shareholders takes place.</li><li>The board should use general meetings to communicate with investors and to encourage their participation.</li></ul>

---

# 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. Non-UK incorporated Premium Listings need to have more than 50% free float to be eligible for FTSE UK series index inclusion. 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 LSE 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 segments 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 Depositary 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:

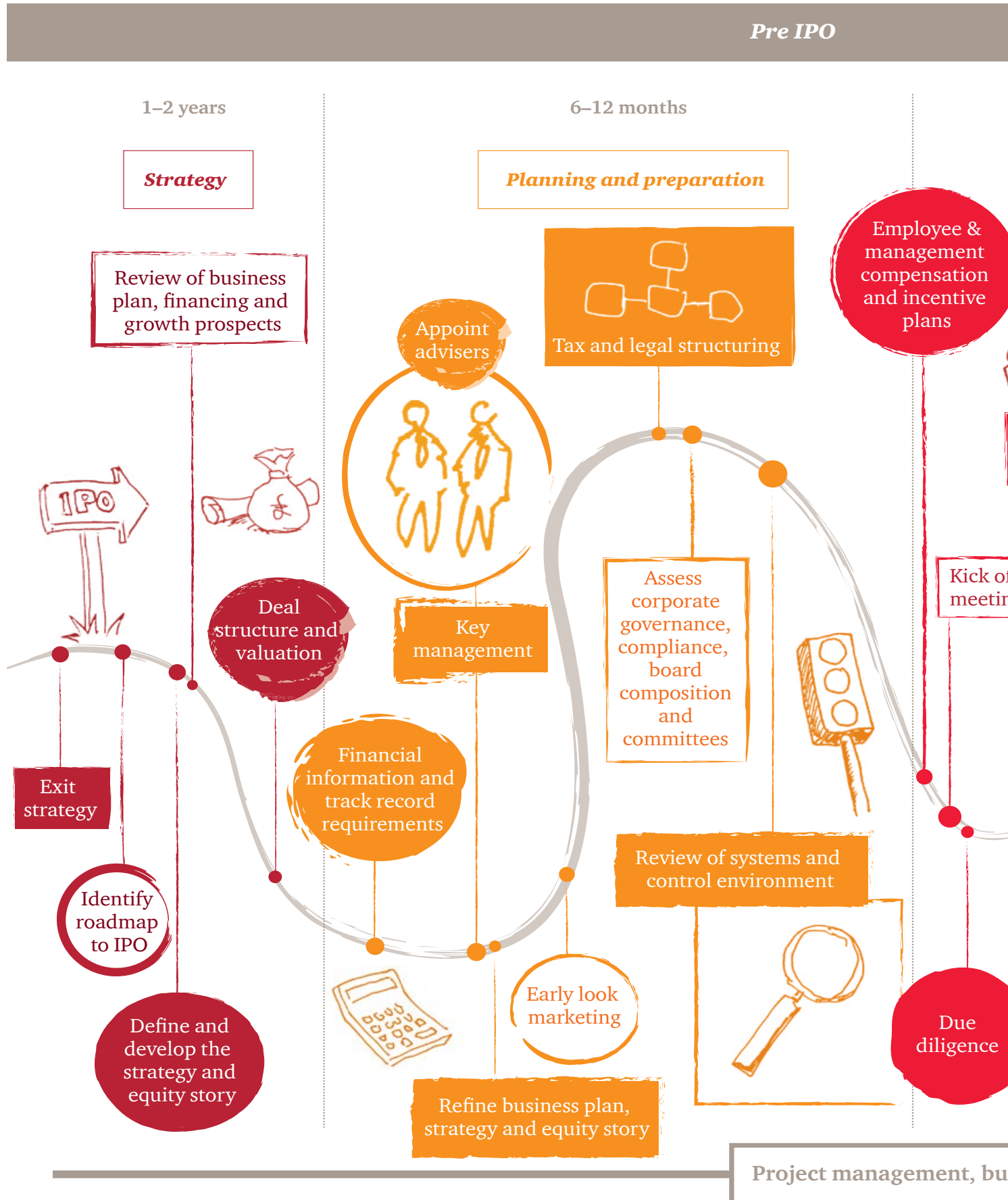
- FTSE AIM 50 UK Index;
- FTSE AIM 100 Index;
- FTSE AIM All-Share Index; and,
- FTSE AIM All-Share Supersector Index.

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

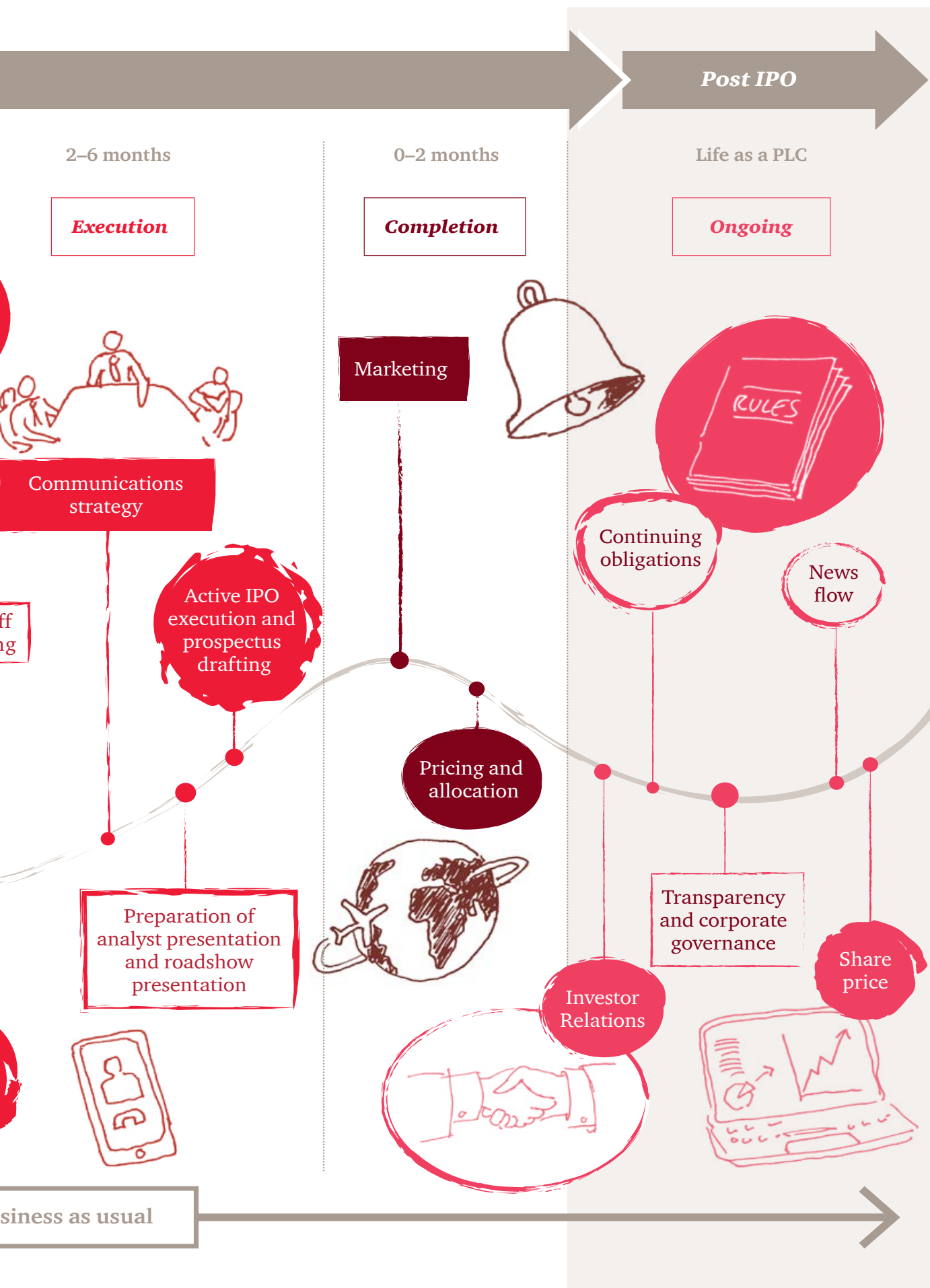
---

# IPO Journey

By defining the different preparation stages, the IPO journey tool will help you anticipate the IPO process. It is available at [www.pwc.co.uk/capitalmarkets](http://www.pwc.co.uk/capitalmarkets)







---

# *How PwC can help you*

Executing a successful IPO is typically the culmination of a complex process, whatever market you list on. From strategy, accounting, reporting, financial systems, governance, media and investor relations, to treasury and financial risk management, legal, tax, HR, technology – every piece of the puzzle must be in place, and connected before you proceed.

Planning and good preparation are crucial to a successful IPO, regardless of the market or stock exchange. PwC's dedicated team of capital markets professionals are here to help and make the task at hand an easier experience for you.

We have deep experience and knowledge of the rules and regulations governing all major capital markets—and a successful history of working on both international and domestic IPOs.









# Capital Markets contacts in London

**Mark Hughes**

T: +44 (0)20 7804 3824  
E: mark.c.hughes@pwc.com

**Ross Hunter**

T: +44 (0)20 7804 4326  
E: ross.hunter@pwc.com

**Ursula Newton**

T: +44 (0)20 7212 6308  
E: ursula.newton@pwc.com

**Philip Tew**

T: +44 (0)20 7804 2463  
E: philip.tew@pwc.com

**Clifford Tompsett**

T: +44 (0)20 7804 4703  
E: clifford.tompsett@pwc.com

**Richard Weaver**

T: +44 (0)20 7804 3791  
E: richard.weaver@pwc.com

**Peter Whelan**

T: +44 (0)20 7804 0252  
E: peter.whelan@pwc.com

**James Anderson**

T: +44 (0)20 7804 0392  
E: james.s.anderson@pwc.com

**Kevin Desmond**

T: +44 (0)20 7804 2792  
E: kevin.desmond@pwc.com

**Lucy Tarleton**

T: +44 (0)20 7212 3856  
E: lucy.c.tarleton@pwc.com

[www.pwc.co.uk/capitalmarkets](http://www.pwc.co.uk/capitalmarkets)

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2016 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

161107-150254-CB-OS