



FPI Watch

**A publication for US-listed
companies – *from abroad***

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Thinking of raising capital in the US?

Welcome to our inaugural edition of FPI Watch – a publication for international companies outside of the United States (US) who are US-listed or otherwise contemplating access to the US securities markets, one of the largest sources of capital in the world.

Whether through an IPO, a strategic merger or acquisition, or raising equity or debt financing through a private placement to qualified institutional buyers, a private or public offering in the US not only provides a company with an infusion of long-term capital to fuel growth, but can also enhance shareholder value by benefiting from the establishment of a currency to pursue acquisitions in the US or globally, help to enhance a company's corporate reputation and profile, lower a company's overall cost of capital through access to US debt and provide a foundation for establishing a share option reward program.

There are over 5,500 'domestic' (US-based) and international (non-US) companies listed on the New York Stock Exchange (NYSE) or the National Association of Securities Dealers Automated Quotations (Nasdaq), the world's two largest stock market operators by market capitalization. At least 15% of this population comprises international companies whose country of headquarters is outside of the US, with over 400 of those international companies being headquartered in the UK, Europe, Middle East and Africa (EMEA).

Many of these international companies qualify as foreign private issuers (FPI) - a legal determination of *issuer status* pursuant to rules of the US Securities Exchange Commission (SEC), the main regulator of US listed companies. FPI status comes with significant benefits and options for companies that meet the criteria, with particular appeal to international companies who seek a degree of optionality in multijurisdictional listings with as much flexibility as possible in the regulatory requirements. You can find more information on the requirements to qualify as an FPI alongside some of the associated benefits and considerations in this publication.

A common starting point for discussion is whether a US listing is right for a particular company, and what is involved in the process as well as ongoing implications and obligations. There are also many different ways to get into the US capital markets – and not necessarily a single right answer for any one company and its stakeholders. What we believe to be most important is a robust understanding of the options and implications so you can make informed decisions, and we have decades of experience *and empathy* working with companies outside of the US on that journey. The global capital markets never cease to bear interesting dynamics, certainly true in recent weeks and months as we explore in the next few pages, but it is always a good time to have a conversation about the future, so do not hesitate to contact us if you would like to learn more.

Yours faithfully

Jenny

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There are numerous paths to access the US capital markets

When choosing an avenue to access US capital markets, directors should weigh several critical factors to determine the most appropriate approach for their business.

Key considerations include:

01

The **level of market visibility** and **investor reach** desired

02

The **regulatory requirements** and **compliance burden** associated with each method

03

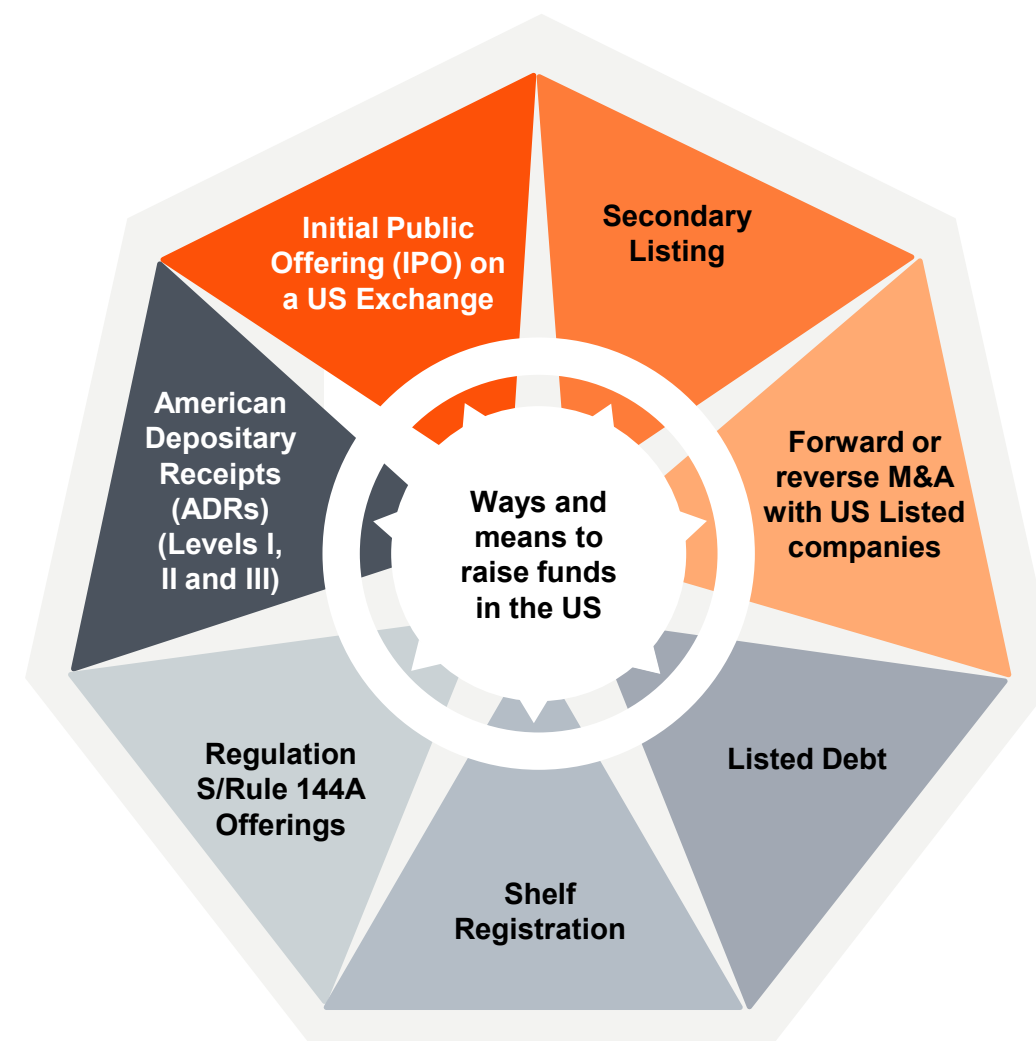
The overall **cost and time involved** in the process

For instance, while an IPO may offer substantial visibility and liquidity, they come with stringent SEC registration and reporting obligations. On the other hand, issuing exempt 144a securities or Level 1 ADRs or a limited over-the-counter program may provide greater flexibility and a quicker path to market, but might limit access to a broader investor base.

Companies should also evaluate the implications for corporate governance, the potential impact on their existing shareholder structure, and the long-term strategic goals of entering the US market.

Balancing the mix of operational relief provided by the SEC with the expectations from investors for transparency and governance is key for long-term success. Far from being a mere compliance exercise, navigating this landscape requires a keen understanding of market dynamics and investor behavior. The ultimate challenge for foreign issuers lies in skillfully leveraging the available regulatory flexibility without sacrificing investor trust, thereby turning the intricacies of the US capital markets into a strategic asset for long-term growth.

Engaging with experienced advisors can help navigate these complexities, ensuring that the chosen path aligns with the company's financial objectives and operational capabilities while maximizing the benefits of tapping into US capital markets.



Why EMEA companies look to New York to raise capital



The US market is open for issuers from EMEA looking to access the deeper pool of capital across the Atlantic. We're seeing interest in the traditional IPO market pick back up for EMEA issuers after a period where EMEA companies were predominantly using secondary listings and M&A to enter the US securities market.

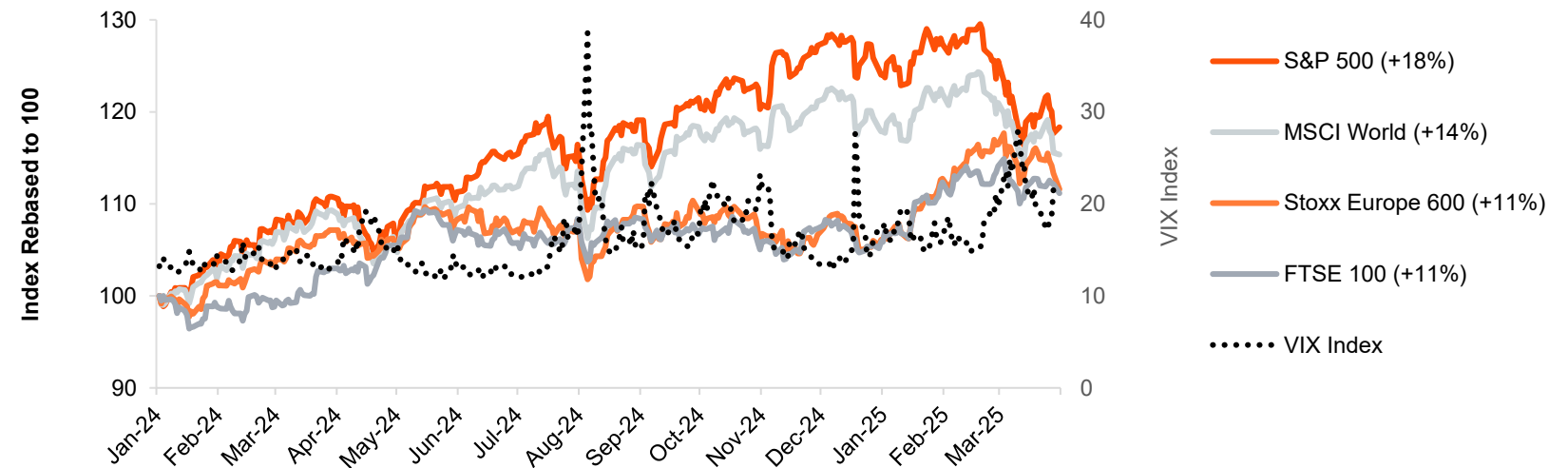
Equity markets update

- Despite recent volatility towards the end of Q1 and the beginning of Q2 2025, equity markets continued the growth of 2023 showing strong performance through 2024, with record highs in late 2024 for the S&P 500 which outpaced the performance of the other leading global indices.
- In 2024 the S&P 500 was up 23%, just off its record high in early December 2024 driven by strong performances of US tech and energy companies showing the continued strength of the US equity market. As of the end of Q1 2025, the S&P 500 is up 18% from the end of 2023.
- The US Federal Reserve made its first rate cut in four years in September 2024, cutting rates by half point, or 0.50%, followed by two 25 basis point or 0.25% cuts in November and December bringing the target range to 4.25% to 4.5%. The central bank kept the fed funds rate steady at each of its 2025 meetings to date.
- US and global markets initially responded positively to the election of Donald Trump to a second term as president. US and global markets are still processing the impact of the tariffs recently announced by the US administration.
- Paul Atkins was sworn in to serve as Chairman of the SEC in April. We expect there to be a renewed focus at the SEC on capital formation and an easing of existing and prospective regulations that companies had viewed as being burdensome.

Macroeconomic overview

- Strong jobs data in the US early in the year, and other economic indicators suggesting that US domestic economic activity was expanding had previously indicated that the Fed's rate-cut cycle from late 2024 may be paused. Following the announcement of the US administration's tariffs, the Fed's dual mandate means that it will need to balance the inflationary pressures of the tariffs, which would normally come with higher interest rates, and the economic headwinds that those tariffs have created for the US economy where the Fed would generally look to lower interest rates. The direction that the Fed goes in the coming months will have an impact on the US domestic economy in light of the tariffs, and on those companies which are more sensitive to interest rates.
- While tariffs have dominated headlines related to the US administration's economic and trade policies, and initial market reactions have increased levels of volatility, we do not expect to see a protracted impact to capital markets and US listings from outside the US once levels of volatility return to a more normalised level. Companies that are more dependent on product exports to the US may face additional headwinds, but this would not be something unique to a listing in the US. Most important will be a stable regulatory environment for companies listing or operating in the US.
- Jerome Powell's current term as Chair of the Board of Governors of the Federal Reserve system ends in 2026, and he has indicated that he intends to serve out his full term. His continued tenure, plus the expected 'pro-market' policies to come from the SEC should form a positive environment for capital raises in the US.

Index performance 2024 to Q1 2025



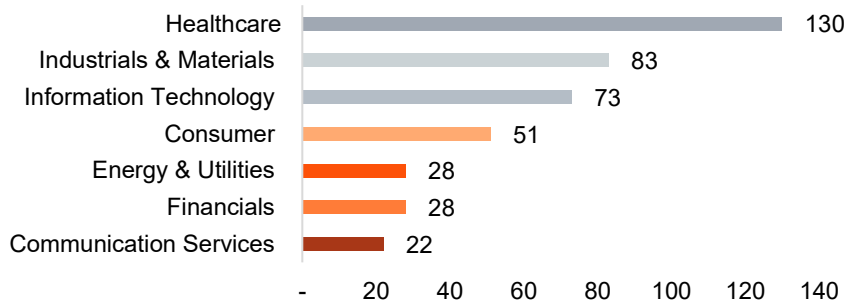
Source: S&P Global Market Intelligence LLC 31 March 2025

Market capitalization of US listed EMEA companies by sector

“ US exchanges have a total market capitalization of around \$55 trillion, and as of this past year end EMEA headquartered companies, including the UK, listed in the US had a total market capitalization of just over \$6 trillion – a notable share

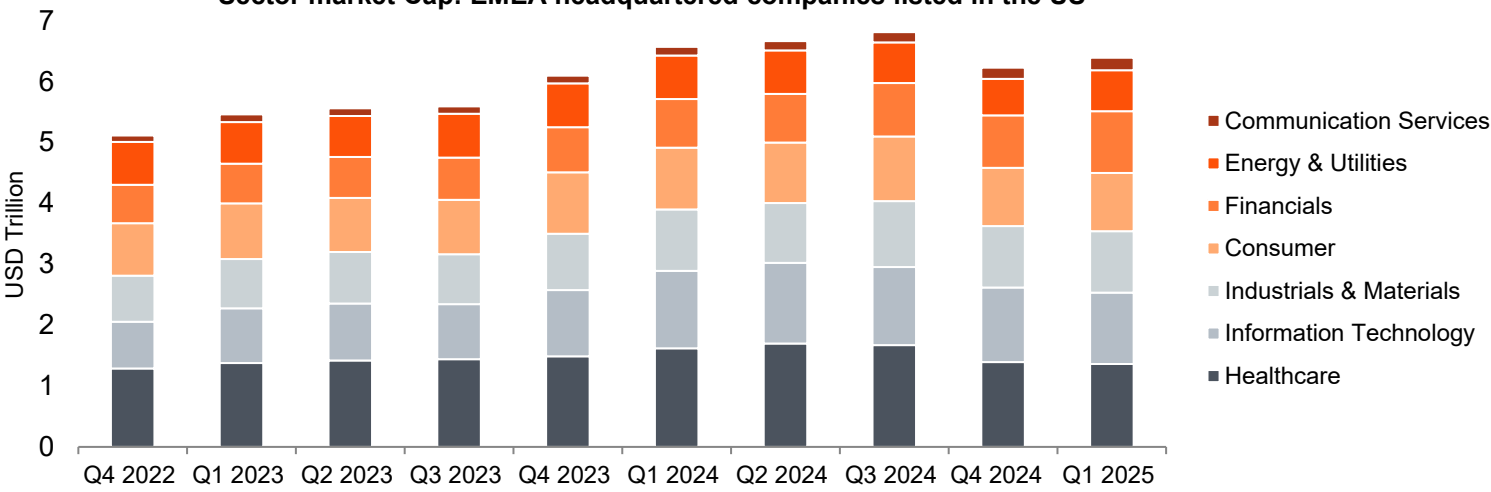
- **Healthcare** continues to hold the largest market capitalization as of the close of the first quarter in 2025. Novo Nordisk A/S is the leading contributor with a market cap of \$302 billion, followed by AstraZeneca PLC at \$225 billion, and Novartis AG at \$210 billion.
- **Information Technology** has experienced the significant growth in market capitalization between Q4 2022 and Q1 2025. This expansion is primarily driven by SAP SE, whose market cap soared from \$120 billion in Q4 2024 to \$308 billion in Q1 2025, along with the initial public offering of Arm Holdings plc, which reached a market cap of \$113 billion in Q1 2025 following its IPO in Q3 2023.
- **Financials** has also performed robustly, registering a 60% increase in market capitalization from Q4 2022 to Q1 2025. This growth was driven by HSBC Holdings plc, with a market cap of \$199 billion in Q1 2025, followed by Banco Santander, S.A., which achieved a market cap of \$101 billion.
- **Energy and utilities** demonstrated steady growth from the fourth quarter of 2022 through the first quarter of 2025, supported by leading industry contributors. Shell plc has continued to lead this sector with significant market capitalization of \$221 billion as of Q1 2025, followed by Total Energies SE at \$145 billion, and BP p.l.c. at \$89 billion.

Sector composition of EMEA headquartered companies listed in the US as of Q1 2025



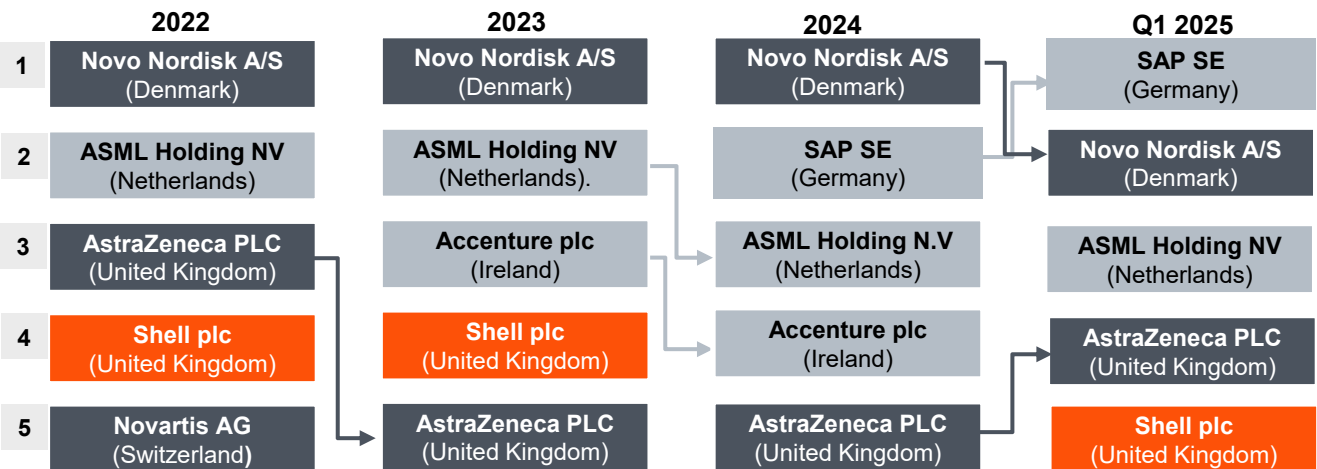
Source: S&P Global Market Intelligence LLC 31 March 2025
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Sector market Cap: EMEA headquartered companies listed in the US



Source: S&P Global Market Intelligence LLC

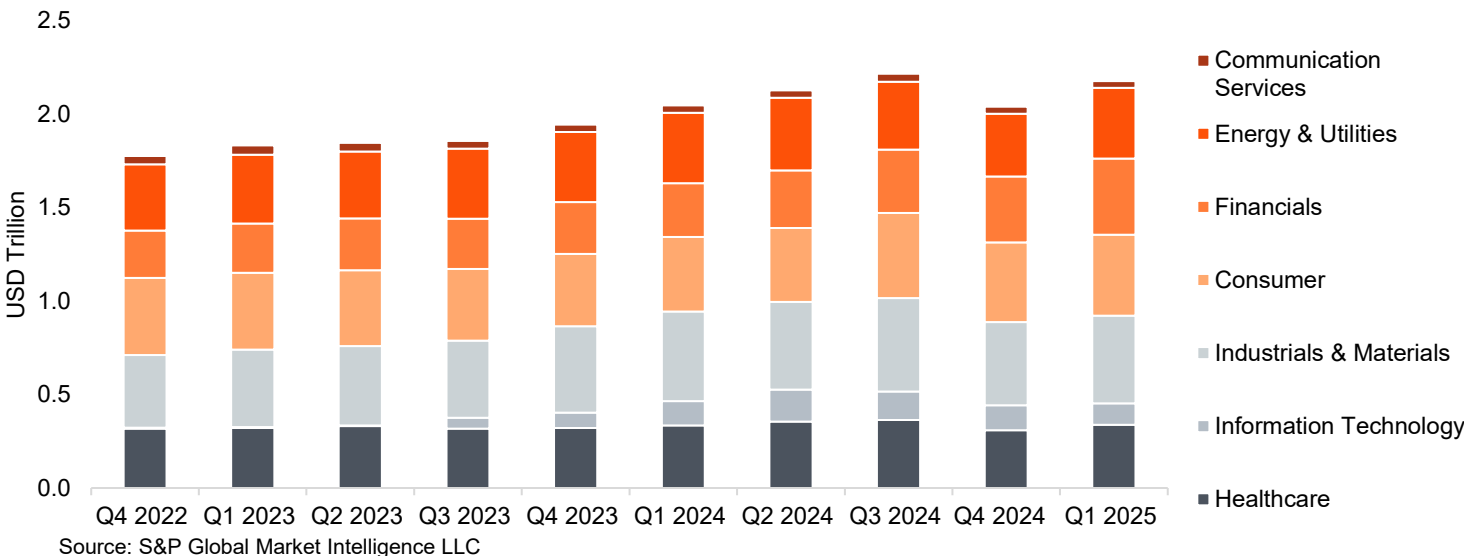
Top 5 EMEA headquartered companies listed in the US by Market Capitalization



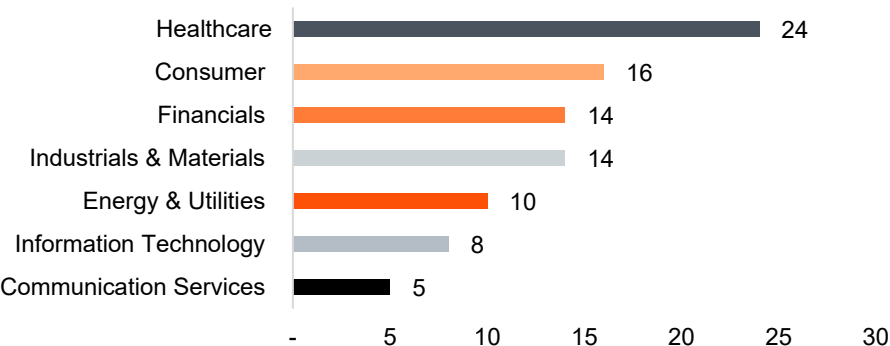
Market capitalization of US listed UK companies by sector

- **Industrials and Materials** holds the largest market capitalization among sectors in the UK as of the end of the first quarter in 2025. Leading this sector is Linde plc, with a market cap of \$220 billion, followed by Rio Tinto Group at \$101 billion and RELX PLC at \$92 billion.
- **Information Technology** sector has experienced remarkable growth in market capitalization from the fourth quarter of 2022 to the first quarter of 2025, primarily fueled by the IPO of Arm Holdings plc in the third quarter of 2023, which reached a market cap of \$113 billion by Q1 2025.
- **Financials** continued to see robust growth over the past two years, with HSBC Holdings Plc at the forefront. HSBC's market cap increased by 63% between Q4 2022 and Q1 2025, reaching \$199 billion by the end of Q1 2025.
- **Healthcare** boasts the highest number of issuers among UK-headquartered companies listed in the United States, owing to a significant number of biotechnology firms. As of Q1 2025, AstraZeneca PLC leads the healthcare sector with a market capitalization of \$225 billion, followed by GSK plc at \$77 billion and Smith & Nephew plc.
- **Consumer** sector has consistently represented approximately 20% of the total market capitalization of UK-headquartered companies listed in the US between 2022 and Q1 2025. A notable addition during this period was Birkenstock Holding plc, with a market cap of \$9 billion as of Q1 2025 following its IPO on the New York Stock Exchange in the third quarter of 2024.

Market cap: UK headquartered companies listed in the US

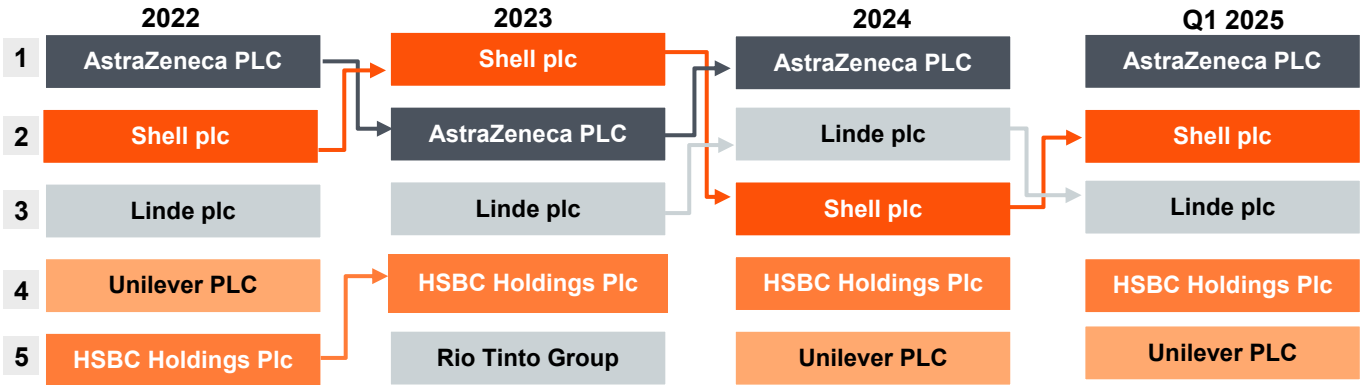


Sector composition of UK headquartered companies listed in the US as of Q1 2025

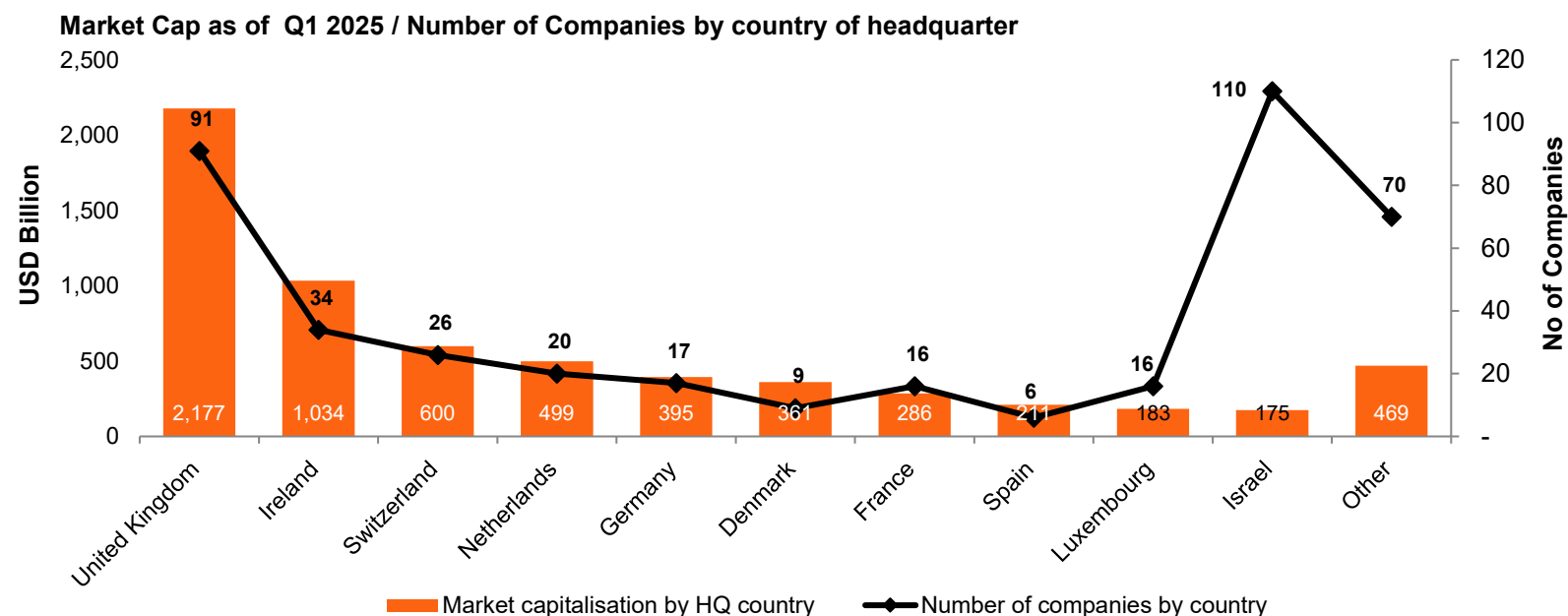


Source: S&P Global Market Intelligence LLC 31 March 2025
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Top 5 UK Headquartered companies listed in the US by Market Capitalization



Market capitalization of US listed EMEA companies by country



Source: S&P Global Market Intelligence LLC 31 March 2025

Headquarter country	Average market cap by company (USD millions)
Denmark	40,141
Norway	36,598
Spain	35,194
Ireland	30,414
Netherlands	24,941
United Kingdom	23,927
Germany	23,225
Switzerland	23,066
Finland	21,517
Italy	21,430

Source: S&P Global Market Intelligence LLC 31 March 2025

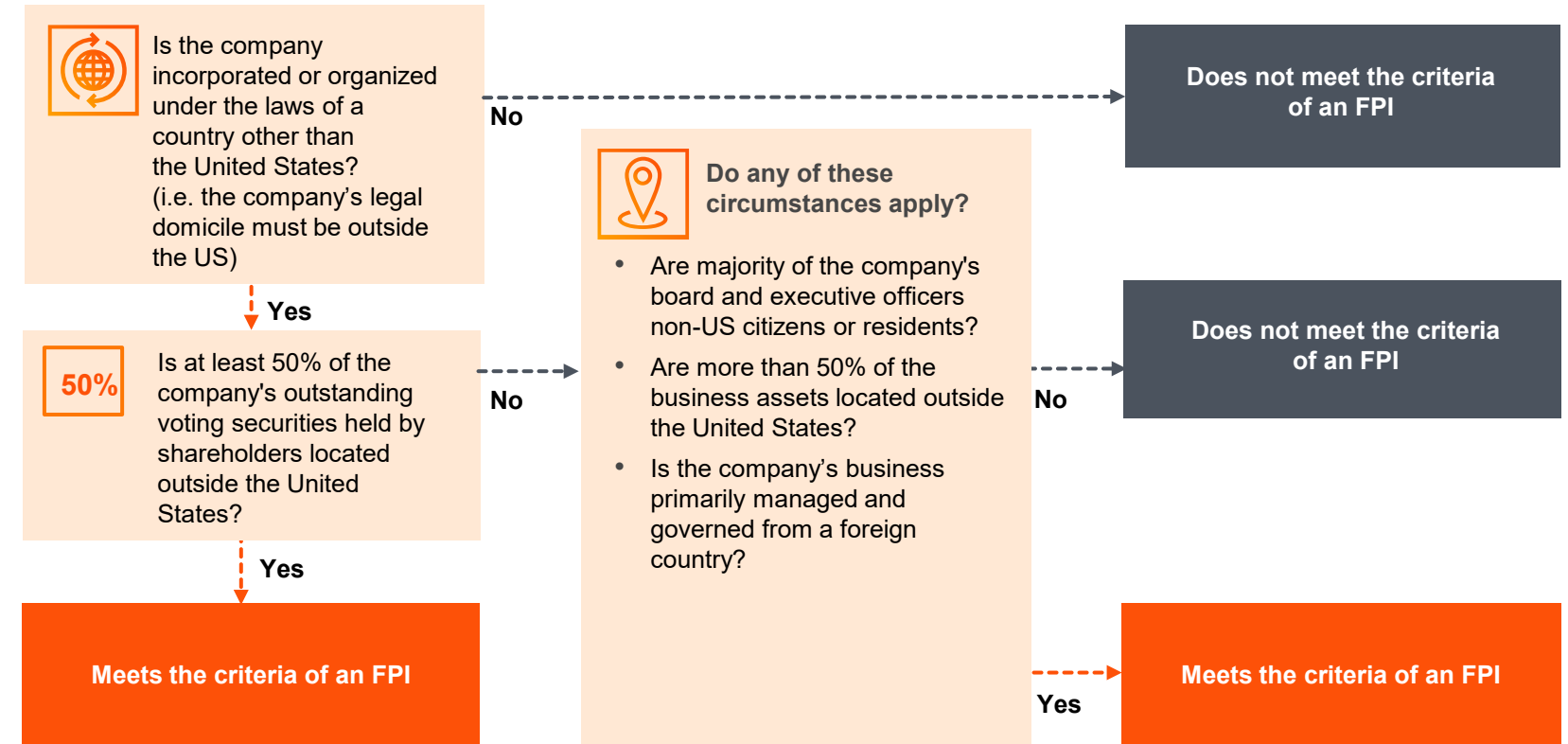
Largest issuer in each country presented above

AstraZeneca PLC United Kingdom Healthcare	Accenture Plc Ireland Information Technology	Novartis AG Switzerland Healthcare	ASML Holding NV Netherlands Information Technology	SAP SE Germany Information Technology	Novo Nordisk A/S Denmark Healthcare	TotalEnergies SE France Energy & Utilities	Banco Santander S.A. Spain Financials	Spotify Technology S.A. Luxembourg Communication Services	Check Point Software Technologies Israel Information Technology
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Insights regarding foreign private issuer IPOs in the United States

Non-US companies eyeing US public offerings can benefit from unique accommodations available to **Foreign Private Issuers** in addition to listing as a US **Domestic Issuer**. As part of your IPO strategy and planning, it is crucial to understand these special rules to see if you qualify. These benefits can save you time, money and effort, but maintaining **FPI status** is essential to retain these advantages. **Make sure you know how the rules work to secure your status and maximize the benefits.**

Requirements for Qualifying as an FPI



- Companies collaborate with legal counsel to conduct a comprehensive self-assessment, to determine their eligibility for a Foreign Private Issuer status.
- Once a company qualifies as an FPI, it is not a permanent designation. The SEC mandates that issuers reassess their FPI status annually on the last business day of their second fiscal quarter. This reassessment involves reviewing the criteria that initially qualified the issuer as an FPI.

- If a company loses its FPI status, it will need to comply with domestic US regulations starting from the beginning of the next fiscal year. This provides an approximate six-month window from the reassessment date to meet the more stringent reporting and regulatory standards required of domestic issuers.
- An issuer loses its FPI status immediately upon choosing to reincorporate in the United States.

Advantages of qualifying as an FPI



Choice of financial reporting standard

FPIs have the option to prepare their financial statements using IFRS instead of US GAAP. This flexibility can be beneficial for companies that already utilize IFRS in their home countries, as it eliminates the need for dual reporting. When deciding between IFRS and US GAAP, companies should take into account their investors' expectations and the reporting practices of their industry peers.



Reduced reporting requirements

A major benefit for FPIs is the exemption from continuous Form 8-K current reporting and no mandated quarterly reporting requirement. However, they must adhere to semi-annual reporting requirements set by Nasdaq and NYSE, which are to be filed on Form 6-K. FPIs have the option to voluntarily file quarterly financials using Form 6-K, and many opt to do this to meet investor expectations.



Flexibility in executive compensation disclosures

FPIs are allowed to follow the compensation disclosure requirements as required by their local home country. In some countries, that could allow FPIs to avoid disclosing detailed executive compensation information for the highest paid individuals. Exemptions also are provided to FPIs for certain executive compensation disclosures such as say-on-pay and CEO pay ratio.



Exemption from US proxy rules

FPIs are exempt from the proxy rules under the Securities Exchange Act of 1934, which govern the solicitation of shareholder votes. This exemption can reduce the complexity and cost of conducting shareholder meetings and obtaining shareholder approvals.



Ability to comply with home country governance regulations

FPIs also may elect to follow home country governance rules and utilize certain board and committee exemptions. Many companies are domiciled in countries with more relaxed corporate governance rules than the more stringent NYSE/Nasdaq requirements that domestic filers are required to follow. Still, companies should be aware of the expectations of their investor base, which may have a preference that the company follow the rules required for US public companies.

How we can support clients

Navigating a US listing can be a complex and challenging process, with an overwhelming amount of information available on what to consider. However, no amount of artificial intelligence can substitute for the invaluable insights and lessons we've accumulated from decades of hands-on experience. We offer tailored strategies and solutions, right here in your local market, to help you expertly navigate both the intricate regulation applicable to US registrants and the unique accommodations available to foreign issuers.

Our expertise ensures you have the greatest flexibility throughout your listing journey. From understanding the nuances of US regulation to leveraging the benefits afforded to Foreign Private Issuers, we provide comprehensive support every step of the way.

Our dedicated team of US Capital Markets specialists, based in the UK and across the EMEA region, live and breathe the intricacies of US listings, cross-border transactions and navigating SEC rules and regulation. They work side by side with companies like yours, guiding you through the entire process to achieve a successful US listing.

Contact us to learn how we can assist you in making your US listing a smooth and successful endeavour.

Find out more at www.pwc.co.uk/uscapitalmarkets

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About FPI Watch



- The FPI Watch publication analyses US listed companies, both Domestic Issuers and Foreign Private Issuers, headquartered in Europe (including the United Kingdom), the Middle East, and Africa (the 'EMEA Issuers') on a quarterly basis.
- This document includes data derived from the data provided under Licence Capital IQ (S&P Global Market Intelligence, LLC).
- Unless otherwise stated, all data in this report is based on data extracted from Capital IQ on 1 January 2025 supplemented with PwC analysis. Historical data presented does not include EMEA Issuers which were not listed as of 1 January 2025.
- Q1 2025 data in this report is based on data extracted from Capital IQ on 1 April 2025 supplemented with PwC analysis. Q1 2025 data does not include EMEA Issuers which were not listed as of 1 April 2025.
- Only EMEA Issuers listed on a NASDAQ or NYSE exchange are included.
- The data excludes Closed-End Funds and Business Development companies and transactions on Over-The-Counter exchanges.
- Market capitalisation includes an EMEA Issuers global market capitalisation, including the value of shares on other non-US exchanges.
- The location of a company's headquarters is the address of the principal executive offices reported by the company in their filings with the US Securities and Exchange Commission.
- Industry classification is based on Capital IQ Primary sectors.
- Index performance is based on pricing data extracted from Capital IQ (S&P Global Market Intelligence, LLC).
- This content is for general information purposes only and should not be used as a substitute for consultation with professional advisors.

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