

Executing a successful listing

London

An IPO Centre publication

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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>	2
<i>London Stock Exchange markets</i>	5
<i>Listing requirements and ongoing obligations</i>	6
<i>Corporate governance</i>	8
<i>Market indices</i>	9
<i>Indicative IPO timeline and process</i>	10
<i>How PwC can help you</i>	11

London; an overview...

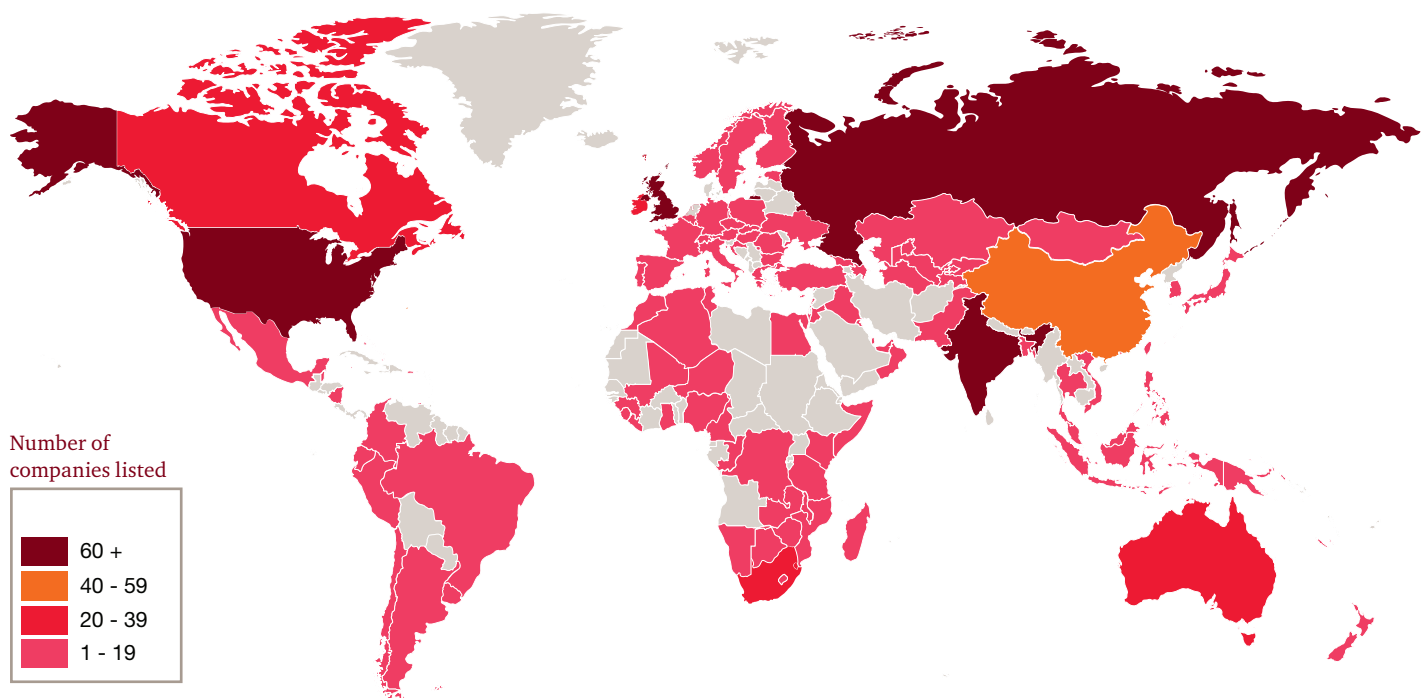
London remains one of the most influential global financial centres. It owes much of its continuing appeal to its cosmopolitan status, the liquidity of the financial markets and the regulatory, business and political framework that supports those markets.

- 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	<p>Main Market</p> 	<p>Main Market</p> <p>High Growth Segment</p> <p>Specialist Fund Market</p> 
Exchange Regulated Markets	<p>Professional Securities Market</p> 	<p>AIM</p> 

- NYSE Euronext opened its London platform, complementing their other European platforms in Paris, Amsterdam and Brussels. Eurotunnel SA was the first company to complete a listing on the London platform in June 2012, followed by Infosys in February 2013.

Countries with companies traded on the London Stock Exchange



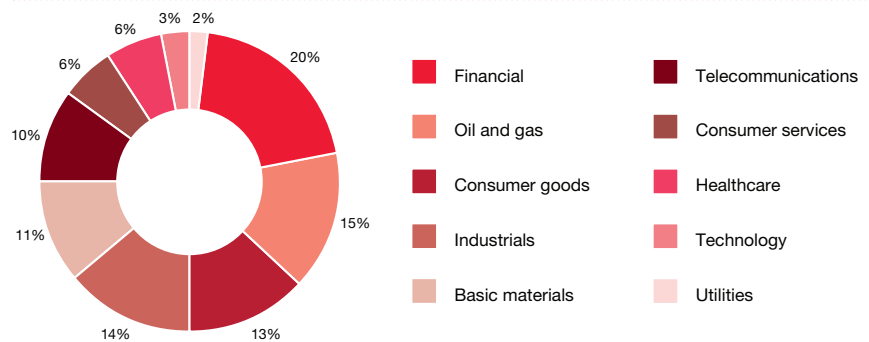
Source: LSE data as at 30 September 2012

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

*As of December 2012	Main Market	AIM
Number of listed companies	1,364	1,096
Total market capitalisation (GBP bn)	3,475	61
Number of international companies	305	225
IPO 2008 – 2012 average money raised (GBP m)	406	21
Number of IPOs 2008 – 2012	67	158
IPOs 2008 – 2012 proceeds (GBP bn)	27	3
Further issues 2008 – 2012	621	1,805
Further issues 2008 – 2012 proceeds (GBP bn)	210	19

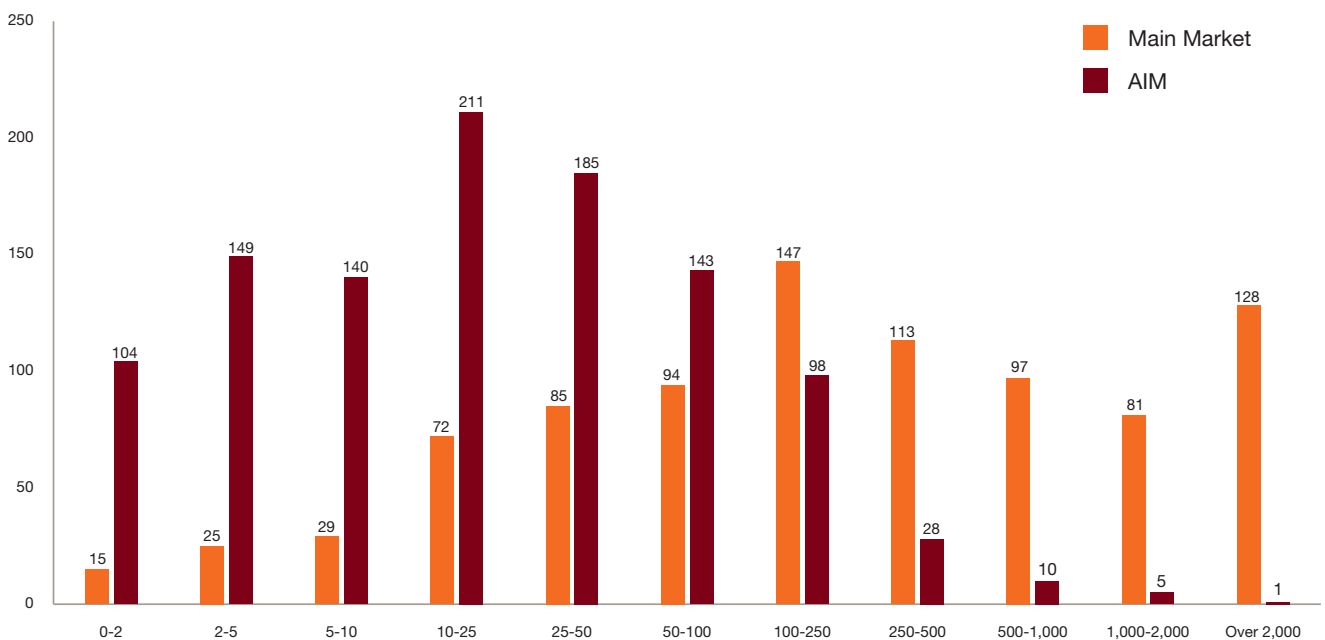
Data source: London Stock Exchange data

Market capitalisation of London listed companies by industry as at 31 December 2012



Data source: London Stock Exchange data

Spread of companies by market capitalisation as at 31 December 2012 (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 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. A company may also apply for admission to the High Growth Segment (HGS).

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

Premium listing	High Growth Segment	Standard listing (Shares and Depository Receipts)
<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>The market 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 to raise funds with a minimum 10% free float.</p>	<p>Standard listings cover issuance of shares, Global Depository Receipts (GDRs), debt and securitised derivatives that 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 requirements.</p>

- Premium listed, Standard and HGS equities are traded on the LSE's SETS trading platform.
- Standard listed depository 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, 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 depository 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.

Listing requirements and ongoing obligations

Eligibility for admission: Main Market Premium, Main Market High Growth Segment and Main Market Standard listings and AIM quotations

	Main Market Premium		Main Market High Growth Segment		Main Market Standard		AIM
	Equity shares	Equity shares	Equity shares	Equity shares	GDRs	Equity shares	Equity shares
Sponsor requirement	Sponsor is required.	Key Adviser is required.	No sponsor is required.	No sponsor is required.	No sponsor is required.	No sponsor is required.	Nominated advisor (NOMAD) is required and retained at all times.
Admission document	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 FSA will vet an AIM admission document where it is also a prospectus under the Prospectus Directive. FTSE AIM series.
FTSE index inclusion	FTSE UK series permitted, subject to eligibility if not a UK plc.	Not permitted.	Not permitted.	Not permitted.	Not permitted.	Not permitted.	
Minimum % free float	Minimum 25% of shares in public hands.	Minimum 10% of shares in public hands.	Minimum 25% of shares in public hands.	Minimum 25% of shares in public hands.	Minimum 25% of GDRs (not underlying shares) in public hands.	Minimum 25% of GDRs (not underlying shares) in public hands.	No requirements.
Minimum market capitalisation	Minimum £700,000.	The value of the securities in public hands must be at least £30 million.	Minimum £700,000.	Minimum £700,000.	Minimum £700,000.	Minimum £700,000.	No requirements.
Control of assets	Control over the majority of the issuer's assets for the three year period.	Control over the majority of the issuer's assets.	Control over the majority of the issuer's assets.	Control over the majority of the issuer's assets.	No requirements.	No requirements.	No requirements.
Revenue track record	At least 75% of the entity's business must be supported by a revenue earning track record for the three year period. Certain exemptions apply to mineral and scientific research based companies.	Growth in consolidated revenue for at least 20% on a CAGR basis over the prior three years. The issuer together with its subsidiary undertakings must be a trading business.	At least 20% on a CAGR basis over the prior three years. The issuer together with its subsidiary undertakings must be a trading business.	At least 20% on a CAGR basis over the prior three years. The issuer together with its subsidiary undertakings must be a trading business.	No requirements.	No requirements.	No requirements.
Financial track record	Three years of audited accounts with unqualified audit opinions. Audited financial information must not be more than six months old, including interim information if appropriate.	Three years of audited accounts (or shorter period since incorporation). Interim financial information (which may be unaudited) is required if the last audited annual accounts are more than nine months old.	Three years of audited accounts (or shorter period since incorporation). Interim financial information (which may be unaudited) is required if the last audited annual accounts are more than nine months old.	Three years of audited accounts (or shorter period since incorporation). Interim financial information (which may be unaudited) is required if the last audited annual accounts are more than nine months old.	Same as for the Main Market High Growth Segment equity listing requirements.	Same as for the Main Market High Growth Segment equity listing requirements.	Three years of audited accounts (or shorter period since incorporation). Interim financial information (which may be unaudited) is required if the last audited annual accounts are more than nine months old. Financial information must be presented in accordance with EU IFRS (or other approved GAAPs for non-EEA and Channel Island issuers or national GAAP with reconciliation to one of the approved standards).
Accounting GAAP	Accounts must be prepared under IFRS as adopted by the EU (other approved GAAPs for non-EEA issuers). At a minimum, the last two years financial information must be restated onto the basis to be applied in the issuer's next annual accounts.	Same as for the Main Market Premium equity listing requirements.	Same as for the Main Market Premium equity listing requirements.	Same as for the Main Market Premium equity listing requirements.	Same as for the Main Market Premium equity listing requirements.	Same as for the Main Market Premium equity listing requirements.	Financial information must be presented in accordance with 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 position and prospectus procedures are in place. Statement is required that the issuer has sufficient working capital for at least the next twelve months from the date of prospectus. Proforma information, reported on by an accountant, is required if there has been a significant change.	Same as for the Main Market Premium equity listing requirements.	Statement is required that the issuer has sufficient working capital for at least the next twelve months from the date of prospectus. Proforma information, reported on by an accountant, is required if there has been a significant change.	Statement is required that the issuer has sufficient working capital for at least the next twelve months from the date of prospectus. Proforma information, reported on by an accountant, is required if there has been a significant change.	Proforma information is not required, but generally is presented if there has been a significant change.	Proforma information is not required, but generally is presented if there has been a significant change.	Same as for the Main Market Premium equity listing requirements.
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. 	Normally required by the Key Adviser: <ul style="list-style-type: none"> Long form report. Financial reporting procedures report. Working capital report. 	Normally required by the Sponsor: <ul style="list-style-type: none"> Long form report. Financial reporting procedures report. Working capital report. 	Normally required by the Key Adviser: <ul style="list-style-type: none"> Long form report. Financial reporting procedures report. Working capital report. 	Financial due diligence work streams depend on the requirements of underwriters.	Financial due diligence work streams depend 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 High Growth Segment and Main Market Standard listings and AIM quotations

	Main Market Premium	Main Market High Growth Segment	Main Market Standard	AIM
	Equity shares	Equity shares	Equity shares	Equity shares
Corporate governance	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.	Same as for the Main Market High Growth Segment equity listing requirements.	No specific regulatory requirements, however appropriate level of corporate governance is expected.
Significant transactions	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. 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 is 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. Prospectus is required to be issued when offering exceeds 10% of existing shares over twelve month period.	Inside information must be disclosed to the market without delay. Announcement is required for notifiable transactions exceeding 25% of any of the class tests. Announcement is required for related party transactions exceeding 5% of any of the class tests. Reverse takeovers where any class tests exceeds 100% require re-admission to HGS including publication of an admission document and shareholder approval. Reverse takeovers, where any class test exceeds 100%, require re-admission including publication of a prospectus and shareholder approval.	Inside information must be disclosed to the market without delay. No specific requirements for significant transactions. Reverse takeovers require re-admission including publication of a prospectus and shareholder approval.	Inside information must be disclosed to the market without delay. Announcement is required for notifiable transactions exceeding 10% of class tests. Announcement is required for related party transactions exceeding 5% of any of the class tests. Disposals in a twelve month period exceeding 75% in any of the 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 is required to be issued when offering exceeds 10% of existing shares over twelve month period.	Same as for the Main Market Premium equity listing requirements.	Same as for the Main Market Premium equity listing requirements.	Admission document is 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 report is to be published within four months of the year end. Half-year financial reports are to be published within two months of the reporting period end. Interim management statements are to be published twice a year.	Same as for the Main Market Premium equity listing requirements.	Annual financial report is to be published within four months of the year end. Half-year financial reports are not required, but are generally issued. Interim management statements are not required.	Annual financial reports are to be published within six months of the year end. Half-year financial reports are to be published within three months of the reporting period end. Interim management statements are 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 High Growth Segment or 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Nomination and remuneration committees should be set up – with a majority of members being independent non-executive directors.
Risk management and internal control	<ul style="list-style-type: none"> A significant portion of executive directors' remuneration should be structured so as to link rewards to corporate performance.
Internal controls effectiveness assessment	<ul style="list-style-type: none"> The board should ensure the company maintains a sound system of internal control.
Relationship with shareholders	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 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 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

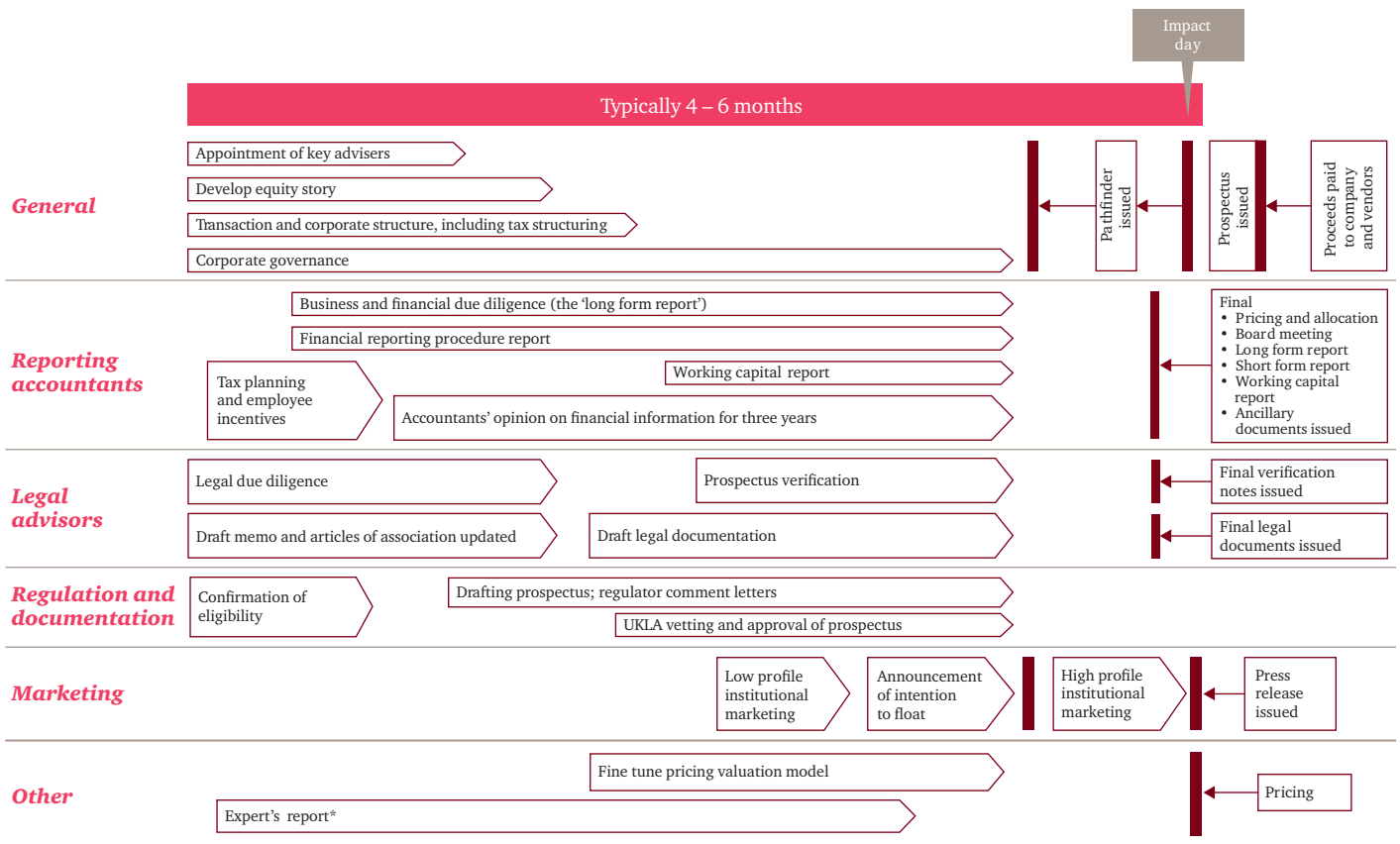
Trading in AIM is supported through the AIM index series, which includes the:

- 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.

Indicative IPO timeline and process

The flotation timeline for each market differs due to the varying level of regulatory requirements. The following chart gives an indication of the IPO process:



* Some companies such as real estate and mineral companies are required to include valuation or technical expert reports in the prospectus.

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 flotation, 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.

We can assist with all aspects of your public offering, including:

- Conducting an IPO readiness assessment.
- Tax structuring and planning advice, including choice of holding company location.
- Selecting the right market and advisory team.
- Assistance with the drafting of your prospectus or offering memorandum.
- Public reporting on your historical financial record.
- Advising on regulatory and other compliance issues.
- Managing complex transaction projects.
- Assisting with complex accounting issues.
- Private due diligence reports (e.g. on financial reporting procedures) and comfort letters.
- Reporting on profit forecasts and other prospective financial information.
- Preparation of, or assurance over, your working capital forecast model.
- Designing executive and employee compensation schemes.
- Advice on continuing obligations as a public company.
- Advice on the UK Bribery Act.





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About the IPO Centre

Our IPO Centre was created to make it easier for you to understand what you need to know and do to complete an IPO. We bring together our sector expertise and our knowledge of local and international capital markets to help you evaluate the pros and cons of IPO, take you through the flotation process and prepare your business for life as a public company, regardless of the market you choose to list on.

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