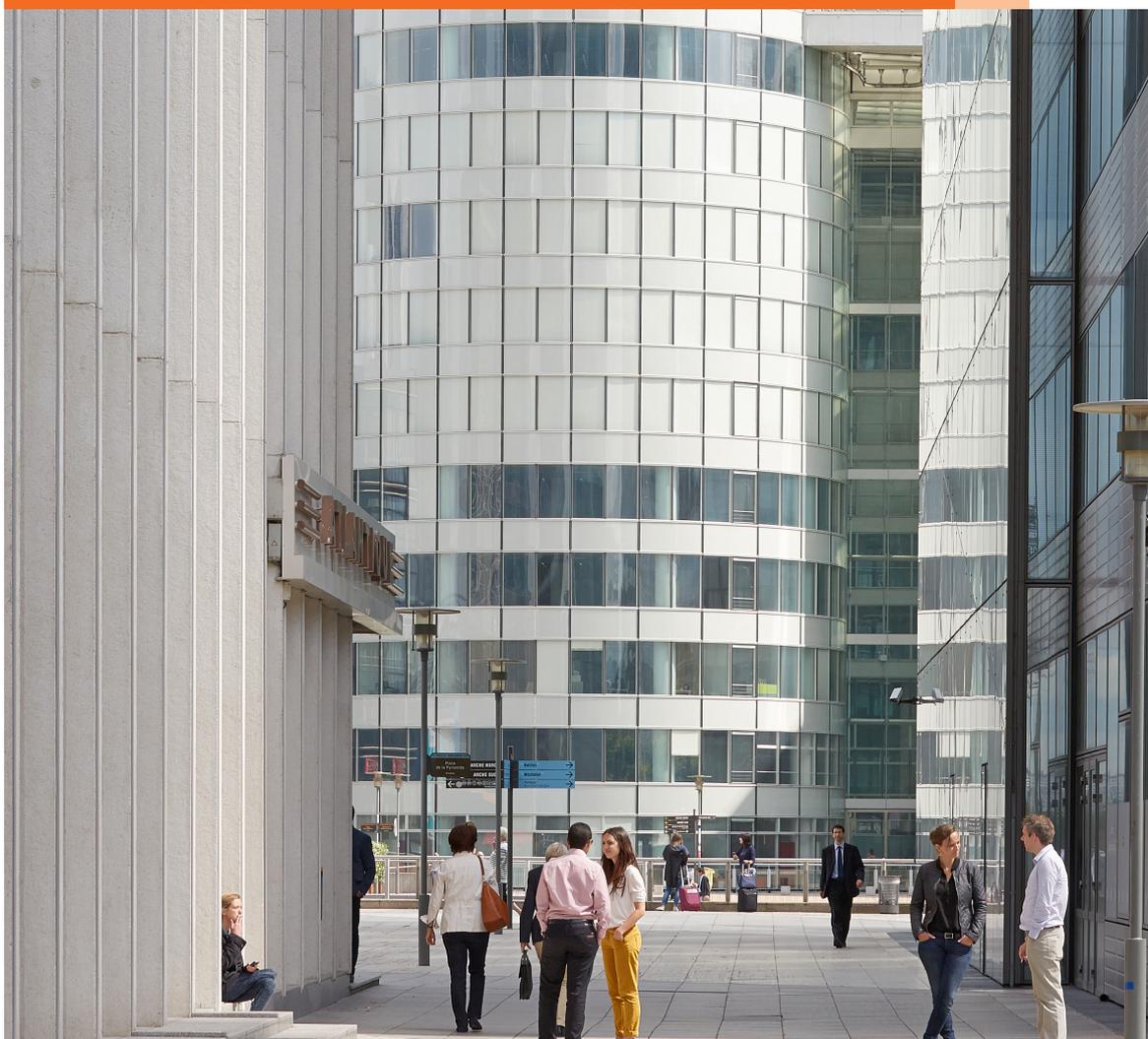


# *Which market?*

## An overview of London, New York, Hong Kong and Singapore stock exchanges

*A PwC IPO Centre publication, assessing the listing choices for global companies*

2016





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# Which stock exchange is right for your company?

## An overview of regulatory listing requirements in London, New York, Hong Kong and Singapore

Having decided that a public offering is the next step in your company's development, choosing 'where' to list is one of the next most important decisions to consider, whether you plan an initial public offering (IPO) or a secondary listing.

As the financial markets become increasingly global, companies have more options available to them. Most companies, typically have three options:

1. Listing on their domestic exchange
2. Listing on an overseas exchange
3. Dual listing on several exchanges

A variety of factors needs to be weighed up to help you get the best advantage for your company, during the listing process and once your company is trading as a publicly listed company. If key questions are considered early in the process it will help you understand what changes your company will need to go through before you start the process in earnest and also ensure you are aligned with all stakeholders' expectations.

Choosing the most appropriate market may not be straightforward and will depend on a number of questions including:

- Stage in your company's development
- Your overall growth strategy and objectives
- Regulatory requirements on each exchange (initial and ongoing)
- Speed and efficiency of listing
- Cost involved in the initial process and ongoing compliance
- The type of investors that may be interested in your company or sector

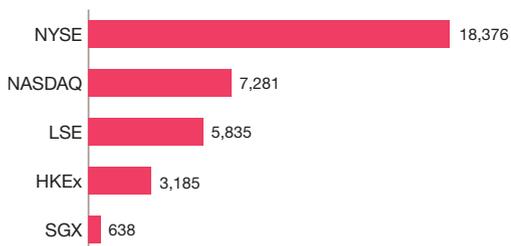
To help you determine which options are best for your company, we have developed this brochure working with our capital markets experts across the PwC global network. This brochure identifies the main regulatory requirements involved in a listing in some of the current leading global stock exchanges: **London, New York, Hong Kong and Singapore.**

We have compared the Main Markets of these exchanges, briefly highlighting the differences between them regarding certain key admission criteria and continuing obligations. We hope that you find our 'Which market?' brochure both informative and valuable.

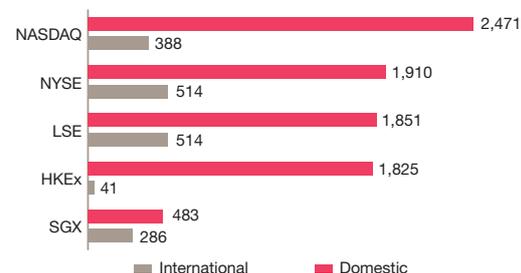
# Stock exchange overview

		Market	Admittable securities	Main indices
<b>London Stock Exchange (LSE)</b>	The LSE's Main Market is the principal market for UK and international listed companies, from all industries and sectors.  The Main Market accommodates the admission of companies to trading on the Premium, High Growth Segment or Standard markets. A Premium Listing requires higher compliance and disclosure requirements than the EU minimum standards required for High Growth Segment and Standard Listings.	Main	<ul style="list-style-type: none"> <li>Equities</li> <li>Depositary Receipts (DRs)</li> </ul>	<ul style="list-style-type: none"> <li>FTSE series – open to international issuers</li> <li>FTSE 100</li> <li>FTSE 250</li> <li>FTSE All share</li> <li>FTSE techMark</li> <li>FTSE Russia IOB – top 15 Russian GDRs</li> </ul>
	AIM is the LSE's market for smaller high growth companies.	AIM	<ul style="list-style-type: none"> <li>Equities</li> </ul>	<ul style="list-style-type: none"> <li>The FTSE AIM Index Series includes the FTSE AIM UK 50 Index, FTSE AIM 100 Index, FTSE AIM All-Share Index and FTSE AIM All-Share Supersector Indices</li> </ul>
<b>Hong Kong Stock Exchange (HKEx)</b>	The HKEx Main Board is suitable for established companies that meet profit or other financial requirements.	Main	<ul style="list-style-type: none"> <li>Equities</li> <li>DRs</li> </ul>	<ul style="list-style-type: none"> <li>Hang Seng Index</li> </ul>
	The Growth Enterprise Market (GEM) is designed for growth companies.	GEM	<ul style="list-style-type: none"> <li>Equities</li> </ul>	
<b>New York Stock Exchange (NYSE)</b>	The NYSE has several markets including NYSE and NYSE MKT. NYSE prescribes higher initial listing requirements, whereas the NYSE MKT is designed for younger, smaller and high-growth companies.	NYSE	<ul style="list-style-type: none"> <li>Equities</li> <li>DRs</li> </ul>	<ul style="list-style-type: none"> <li>Dow Jones Industrial</li> <li>NYSE composite</li> <li>NYSE U.S. 100</li> <li>S&amp;P 500</li> </ul>
<b>NASDAQ</b>	There are three different markets within NASDAQ: NASDAQ Global Select Market, NASDAQ Global Market and NASDAQ Capital Market. NASDAQ Global Select Market prescribes the highest initial listing requirements.	NASDAQ	<ul style="list-style-type: none"> <li>Equities</li> <li>DRs</li> </ul>	<ul style="list-style-type: none"> <li>NASDAQ 100</li> <li>NASDAQ Global Select Market composite</li> <li>S&amp;P 500</li> <li>Dow Jones Industrial</li> </ul>
<b>Singapore Exchange (SGX)</b>	Main Board is suitable for large, established companies that meet financial entry requirements.	Main	<ul style="list-style-type: none"> <li>Equities</li> <li>DRs</li> </ul>	<ul style="list-style-type: none"> <li>FTSE Straits Times Index</li> </ul>
	Catalist is the market for smaller companies without a track record of profitability.	Catalist	<ul style="list-style-type: none"> <li>Equities</li> </ul>	

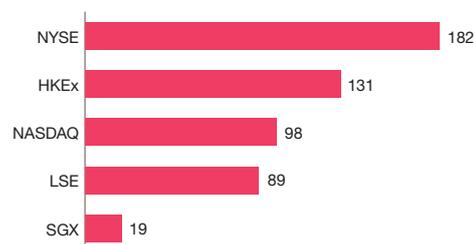
**Total market capitalisation as at 31 December 2015 (US \$bn)**



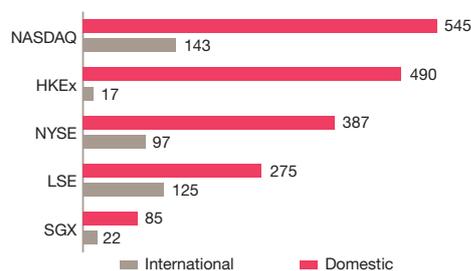
**Number of listed companies as at 31 December 2015**



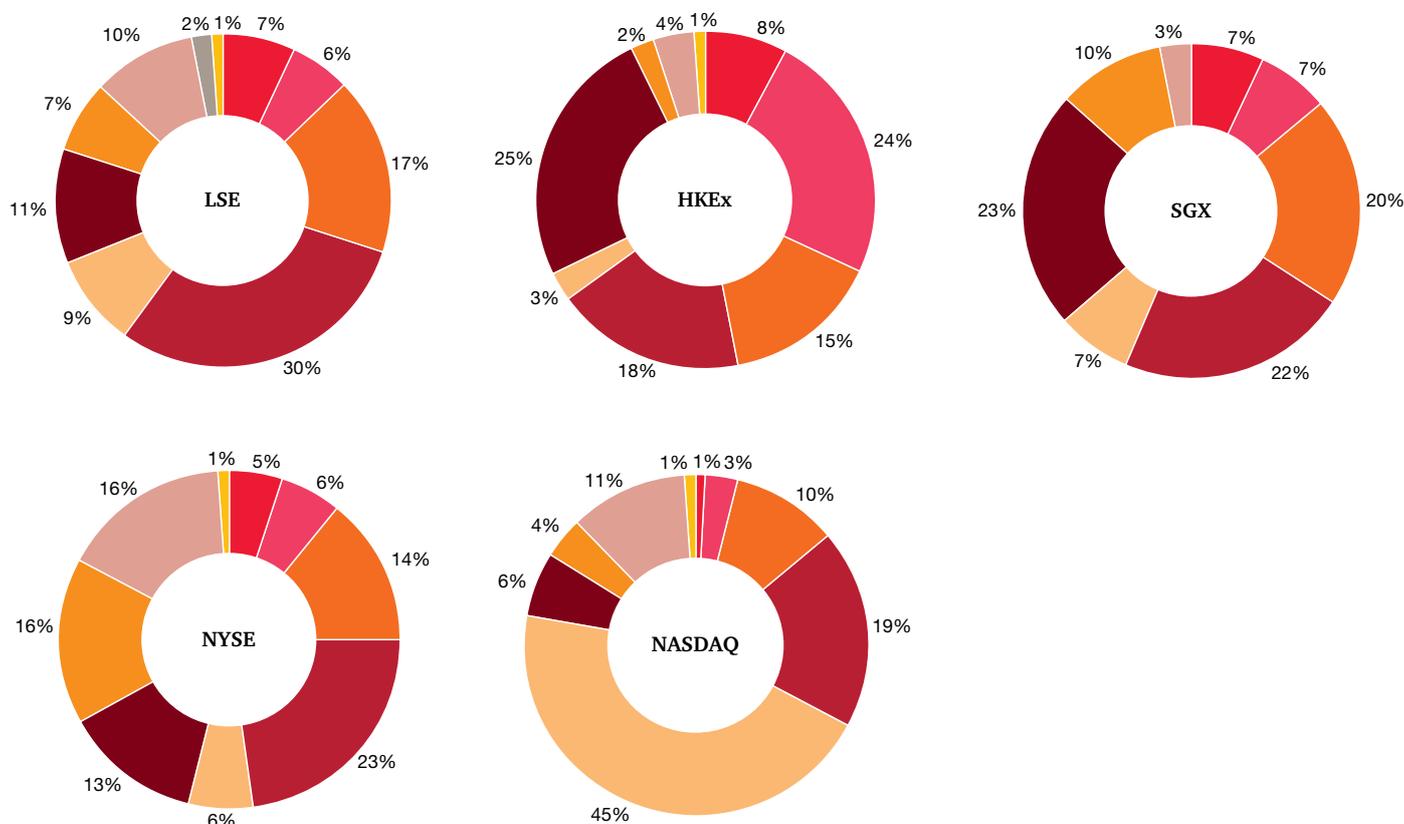
**Total money raised at admission during the five years ended December 2015 (US \$bn)\***



**Number of IPOs during the five years ended December 2015\***



**Sector split by number of IPOs during the five years ended 31 December 2015\***



- Basic materials   ■ Consumer goods   ■ Consumer services   ■ Financials   ■ Health care
- Industrials   ■ Oil and gas   ■ Technology   ■ Telecommunications   ■ Utilities

\* Closed-end funds excluded  
1. Include PRC-based companies (121)

# Overview of key listing regulatory requirements

This table is intended to provide a high level overview of key listing and ongoing regulator criteria for companies looking to IPO on the markets indicated.

	London Main Market (Premium Listing)	Hong Kong Main Board	New York Stock Exchange	NASDAQ (Global Select)	Singapore Main Board
<b>Initial listing criteria</b>					
<b>Sponsor<sup>1</sup></b>	Required	Required	Not required	Not required	Required
<b>Audited track record</b>	Three years audited accounts, no more than six months old	Three years audited accounts, no more than six months old	Three years audited accounts. For emerging growth companies (EGCs) under the JOBS Act, two years of audited financial statements are permitted	Three years audited accounts. For emerging growth companies (EGCs) under the JOBS Act, two years of audited financial statements are permitted	Three years audited accounts, no more than six months old
<b>Accounting standard</b>	EU IFRS or IFRS equivalent for non-EU issuers	HK FRs, IFRS, CASBE (for PRC issuers only) US GAAP or other accounting standards may be accepted in certain circumstances.	US GAAP or IFRS	US GAAP or IFRS	Singapore FRs, IFRS or US GAAP
<b>Financial criteria</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	<ul style="list-style-type: none"> <li>i) • Profit of at least HK \$20m for the most recent financial year,</li> <li>• Profit in aggregate of at least HK \$30m for the two preceding financial years, and</li> <li>• Market cap of at least HK \$200m at time of listing.</li> <li>ii) • Market cap of at least HK \$2bn at time of listing,</li> <li>• Revenue of at least HK \$500m for the most recent financial year, and</li> <li>• Positive operating cash flows of at least HK \$100m in aggregate for the three preceding financial years.</li> <li>iii) • Market cap of at least HK \$4bn at time of listing, and</li> <li>• Revenue of at least HK \$500m for the most recent financial year.</li> </ul>	<ul style="list-style-type: none"> <li>i) <b>Earnings Test</b> Income before tax from continuing operations and after minority interest, amortisation and equity in the earnings or losses of investees (subject to certain adjustments) must total at least three fiscal years, together with a minimum of US \$2m in each of the two most recent fiscal years, and positive amounts in all three years OR • US \$12m in the aggregate for the last three fiscal years, together with a minimum of US \$5m in the most recent fiscal year and US \$2m in the next most recent fiscal year.</li> <li>ii) <b>Earnings Test for EGCs</b> Income before tax from continuing operations and after minority interest, amortisation and equity in the earnings or losses of investees (subject to certain adjustments) must total at least: • US \$10m in the aggregate for the last two fiscal years, together with a minimum of US \$2m in both years.</li> <li>iii) <b>Global Market Capitalisation Test</b> • US \$200m in global market cap.</li> </ul>	<ul style="list-style-type: none"> <li>i) • Minimum income from continuing operations before income taxes of: – US \$11m over the prior three fiscal years in aggregate, and – US \$2.2m in each of the two most recent fiscal years, and</li> <li>• Positive income from continuing operations before income taxes in each of the prior three fiscal years.</li> <li>ii) • Minimum total revenue in the previous fiscal year – US \$110m,</li> <li>• Minimum average market cap over the prior 12 months – US \$550m,</li> <li>• Minimum cash flows of US \$27.5m over the prior three fiscal years in aggregate, and</li> <li>• Positive cash flows in each of the prior three fiscal years.</li> <li>iii) • Operating revenue in the latest completed financial year, and • Market cap of not less than \$300m based on the issue price and post-issuance share capital. Real Estate Investment Trusts and Business Trusts who have met the \$300m market cap test but do not have historical financial information may apply under this rule if they are able to demonstrate that they will generate operating revenue immediately upon listing. Operating track record required is at least one year.</li> <li>iv) • Minimum average market cap at the time of listing – US \$160m, and • US \$80m of total assets and US \$55m of stockholders' equity in the most recent publicly reported financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>i) • Minimum consolidated pre-tax profit of at least \$30m for the latest financial year,</li> <li>• Operating track record of at least three years.</li> <li>ii) • Profitable in the latest financial year,</li> <li>• Market cap of not less than S\$150m based on the issue price and post-issuance share capital, and</li> <li>• Operating track record of at least three years.</li> <li>iii) • Operating revenue in the latest completed financial year, and • Market cap of not less than S\$300m based on the issue price and post-issuance share capital. Real Estate Investment Trusts and Business Trusts who have met the S\$300m market cap test but do not have historical financial information may apply under this rule if they are able to demonstrate that they will generate operating revenue immediately upon listing. Operating track record required is at least one year.</li> </ul>
<b>Profit forecast</b>	Optional <sup>4</sup> Private profit forecast memorandum for the remainder of the financial year required to be submitted to HKEX for review.	Optional <sup>4</sup> Private profit forecast memorandum for the remainder of the financial year required to be submitted to HKEX for review.	No requirements	No requirements	<ul style="list-style-type: none"> <li>• For companies, profit and cash flow forecast memorandum for the current year and ensuing year must be submitted upon request by the Exchange.</li> <li>• For business trusts and REITs, profit and cash flow forecast and projections are required to be included in the prospectus.</li> </ul>
<b>Working capital statements</b>	Covering 12 months	Covering 12 months	Not required	Not required	Covering 12 months
<b>Company history<sup>2</sup></b>	Three years, subject to exemptions	Three years, subject to exemptions	Three years for companies listing under Earnings Test and Global Market Capitalisation Test, two years for companies listing under Earnings Test for EGCs	Three years, subject to exemptions required in certain instances	Three years

<b>Ownership of assets</b>	Control over the majority of assets for the three year period	Ownership continuity and control for at least the most recent audited financial year	No requirements	No requirements
<b>Minimum number of shareholders</b>	No requirements	400 round lot <sup>5</sup> shareholders	450 round lot <sup>5</sup> shareholders or 2,200 total shareholders or 550 total shareholders and average monthly trading volume over the past 12 months of at least 1.1m shares per month.	500
<b>Minimum free float (or public float)<sup>3</sup></b>	25% of class of shares listed	US \$40m for IPOs; US \$100m for all other listings	US \$40m for IPOs; US \$100m for all other listings	25% or if market cap > HK\$ 10 bn, can be reduced to 15%
<b>Internal controls/ financial reporting procedures</b>	Sponsor's declaration on adequacy of financial reporting procedures, with the private reporting accountant's report.	Sponsor's declaration on adequacy of financial reporting procedures, supported by private internal controls consultant's report.	CEO/CFO certification of effectiveness of internal controls over financial reporting, with the external auditor's attestation report in the second annual filing. Emerging growth companies may elect to follow an extended phase – in period of up to five years on the requirement of an auditor's attestation report on internal controls.	Directors' opinion on adequacy of internal controls in the prospectus. Auditor's report to management on internal controls and accounting systems required as part of listing application.
<b>Regulatory and ongoing obligation requirements</b>				
<b>Special criteria for international issuers</b>	<ul style="list-style-type: none"> <li>Non-UK incorporated companies must have more than 50% free float for FTSE UK series index inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Must be incorporated in an 'acceptable jurisdiction' assessed on a case-by-case basis.</li> <li>Must appoint a process agent in HK to accept service and notices.</li> <li>Must appoint at least one authorised representative as the principal channel of communication between foreign issuer and HKEX.</li> <li>Must keep a register of holders in HK for transfers to be registered locally (not required for listing of depository receipts).</li> <li>Must be registered as a non-HK company under the HK Companies Ordinance.</li> </ul>	<ul style="list-style-type: none"> <li>A Foreign Private Issuer must be: <ul style="list-style-type: none"> <li>a foreign (non-US), non-governmental issuer</li> <li>50% of outstanding voting securities or less held by US residents – if more than 50%, must not <ul style="list-style-type: none"> <li>Have a majority of its directors or executive officers who are US residents located in the US</li> <li>Administer its business principally in the US</li> </ul> </li> <li>Different minimum distribution requirements, market value requirement and financial standards are applied (5,000 round lot shareholders, at least 2.5m publicly held shares worldwide with market value at least US \$100m. (only applicable if company lists under special international listing standards: domestic distribution requirements apply to FPIs that list under the domestic listing standards)).</li> <li>Must register the class of securities it intends to list with SEC by filing a registration statement (Form 20-F)<sup>6</sup>.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A foreign company must have at least two independent directors who reside in Singapore.</li> <li>Confirmation that an announcement will be made as soon as there is any change in the law of its place of incorporation which may affect or change shareholders' rights or obligations over its securities.</li> <li>Waiver from having to comply with continuing listing obligations, if listed on another recognised foreign stock exchange.</li> </ul>
<b>Financial reporting requirements</b>	Half yearly Annual	Half yearly Annual	Quarterly <sup>6</sup> Annual	Quarterly Annual
<b>Regulatory authority</b>	FCA/UKLA	HKEX, Securities and Futures Commission (SFC)	SEC	SGX, Monetary Authority of Singapore (MAS)
<b>Major transaction pre-approval by the shareholders</b>	Approval is required for significant (>25%) acquisitions and disposals and material (>5%) related party transactions.	Approval is required for major and very substantial (>25%) acquisitions and disposals and large (>5%) connected party transactions, subject to certain exemptions.	<ul style="list-style-type: none"> <li>Issuances resulting in a change of control.</li> <li>Equity compensation plans.</li> <li>Prior to the issuance of securities in any transaction to a director of the company, subsidiary, affiliate or other closely related person of a Related Party; or any company or entity in which Related Party has substantial interest.</li> <li>Prior to the issuance of securities in any transaction if the voting power equals to or in excess of 20% of the voting power outstanding before the issuance (there are certain conditions when approval is not required for some above-mentioned issuances).</li> <li>Not applicable to FPIs</li> </ul>	<ul style="list-style-type: none"> <li>Acquisitions where the issuance equals 20% or more of the pre-transaction outstanding shares, or 5% or more of the pre-transaction outstanding shares when a related party has a 5% or greater interest in the acquisition target.</li> <li>Issuances resulting in a change of control</li> <li>Equity compensation.</li> <li>Private placements where the issuance (together with sales by officers, directors, or substantial shareholders, if any), equals 20% or more of the pre-transaction outstanding shares at a price less than the greater of book or market value.</li> </ul>

Note: The listing requirements in the table above are subject to exemptions and different standards apply to issuers in specialist sectors | For recent updates on the listing rules please refer to the stock exchange website.

- Sponsor (or equivalent) is an investment bank appointed to manage the IPO process, with responsibilities to both the regulator and the issuer.
- Company history refers to the length of time the company has been in existence.
- Free float is the number of outstanding shares in the hands of public investors.
- If the company chooses to include a profit forecast, the listing registration document must contain principal assumptions upon which the company has based its forecast and be publicly reported upon by the independent accountant.
- Round lot is the term used for a normal unit of trading, which is 100 shares.
- Foreign private issuers are not required to file quarterly reports.

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## About PwC

We have experience of a wide range of IPOs, international and domestic – we can help you evaluate the pros and cons upfront. Our philosophy is simply – we demystify the process, take you through it and prepare you for life as a public company.

Whether a company is an emerging business seeking venture capital, or an established company seeking to expand through an IPO, PwC can provide a full range of audit, reporting accountant, advisory and support services. PwC brings experience in a broad range of functional areas to help management anticipate business risks and develop programs for managing such risks early in the IPO planning process. Our experienced teams work with clients to provide guidance through the complex life cycle of a capital market transaction, from helping to determine the right entry strategy and assessing IPO-readiness, to assisting with the public registration process, to preparing for the ongoing obligations as a public company.

PwC's global presence, extensive knowledge of capital markets, and network of financing relationships provide the expertise and insight needed at every stage.

- We provide experienced and integrated insight into multiple elements of the transaction process
- We advise on the technical accounting and financial reporting complexities associated with the Going Public process

- We undertake due diligence on behalf of sponsors, investment banks and boards of directors
- We evaluate and advise on company controls and processes
- We advise on the breadth of the change organisations experience as they prepare to migrate into a public company across multiple functional areas
- We provide services that enhance management's ability to focus more time on the marketing phase of the deal and the ongoing management of the business

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## Contact us

For more information about listing on any global exchange contact our IPO Centre:

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