



Equity Markets in Europe and Dubai

There are now many equity markets in Europe through which companies can raise equity capital. In addition, Dubai's significance as a financial centre is growing fast. Taylor Wessing is ideally placed in each key jurisdiction.

For emerging growth companies, Europe is an "issuer's market" where access to capital is efficient and transparent.

Indeed, perhaps with no domestic alternative, some of these companies might 10 years earlier have considered raising capital in the US, particularly on Nasdaq, but now the shine has come off the "Big Apple".

With all of these main and secondary markets in Europe actively seeking to attract issuers not only from within their home jurisdictions but also from outside, there are numerous choices now available to issuers looking to raise equity capital on the public markets in Europe, whether those issuers are based in Europe or not.

Dubai's position as a key financial hub for the Middle East and Africa is growing fast, as is its key market DiFX.

Whichever market is chosen, Taylor Wessing is ideally placed to assist through its highly skilled securities lawyers in each key jurisdiction. Based in the UK, France, Germany, Belgium and Dubai, we have securities lawyers with in-depth experience in working with companies to choose between the alternative equity capital markets and to work with them on whichever of these markets is best suited to their particular needs.

Equity Markets in Europe and Dubai

The table below summarises some of the key features of the main equity markets where Taylor Wessing has significant experience and expertise. It focuses on the requirements of the markets themselves, rather than on the laws that apply to companies which are incorporated in the relevant jurisdictions. The table is only a summary and is not a substitute for taking proper advice on the specific facts that may arise in any case.

| | Official List | AIM | NYSE Euronext | NYSE Alternext | Frankfurt Stock Exchange (FSE) Regulated Markets | | FSE Entry Standard | NASDAQ Dubai |
|--|--|--|---|---|---|---------------------|--|--|
| | | | | | Prime Standard | General Standard | | |
| Minimum shares in public hands | 25% | None | 25% or 5% if it represents at least €5m | Free float of €2.5m (public offer) or €5m (private placement) | 25% (in principle) | | None | 25% |
| Trading record required | 3 years, save that a lesser period can be accepted (subject to conditions) for mineral or scientific research based companies | None | 3 years | 2 years | 3 years mandatory, but exceptions can be allowed by FSE | 3 years recommended | | 3 years |
| Pre-vetting of admission documents | Yes | Only if prospectus | Yes | Only if prospectus | Yes | | Only if prospectus | Yes |
| "Regulated market" for Prospectus, Transparency and Takeovers Directives? | Yes | No | Yes | No | Yes | | No; however prospectus required if public offer | Yes |
| Minimum market capitalisation | £700,000 | None (save for cash shells) | None | None | € 1.25m (or equivalent equity capital if market capitalisation cannot be estimated) | | None | US\$50,000,000 |
| Ongoing financial adviser requirement? | Require sponsor for certain securities issues and shareholder circulars, or where apparent breach of rules | Require nominated adviser ("Nomad") at all times, who is responsible for confirming suitability for admission and guiding issuer on responsibilities. Nominated broker can be same as Nomad | Requires an Investment Services Provider (ISP) and a listing sponsor | Requires a listing sponsor and ISP (public offer) or just listing sponsor (private placement) | For electronic trading (Xetra) Designated Sponsor is required if trading volume falls under a certain limit | | Registered FSE Trading Participant required for filing admission application to act as contact between issuer and FSE. In addition, FSE Listing Partner required during entire listing period (can be same as Trading Participant) to advise on disclosure obligations | Requires sponsor for listing of any new class of securities |
| Initial listing fees | £5,450 to £272,400, depending on size, plus £225 UKLA fee | £4,340 | €10,000 to €3 million, depending on size | €7,500 to €3 million, depending on size | Admission: € 3,000 Introduction: € 2,500 | | Admission: € 750 Introduction: € 750 | US\$30,000 – US\$250,000 depending on market capitalisation |
| Annual listing fees | £3,585 to £35,348, depending on size, plus £3,075 UKLA fee (increased if market cap is over £100 million) | £4,340 | €3,300 to €22,000 depending on size | €3,000 to €20,000 depending on size | €10,000 | €7,500 | €5,000 | Annual listing fees US\$10,000 - US\$30,000 depending on market capitalisation |
| Corporate governance issues | Detailed corporate governance rules set out in Combined Code covering inter alia board composition, directors' remuneration, internal control and relations with shareholders. Rules are non-mandatory but issuer must report on level of compliance and explain any non-compliance | No formal requirements, but best practice is to comply either with Combined Code (to extent appropriate) or with the less onerous guidelines in the QCA Corporate Governance Guidelines for AiM Companies. No requirement to report on level of compliance | Detailed corporate governance rules set out in AMF Rules covering inter alia board composition, directors' remuneration, internal control and relations with shareholders | No formal requirements, but best practice is to comply with AMF Rules | No formal requirements, but best practice is compliance with German Corporate Governance Code | | No formal requirements | Corporate governance requirements set out in Offered Securities Rules. Deals with corporate governance systems, controls and directors' dealings |
| Trading platform | SETS continuous trading order book (for the most liquid securities, including the FTSE 100) SETSmm continuous trading order book (for other liquid securities) SEAO (competing quote-driven platform for less liquid securities outside FTSE All-Share, where at least 2 market makers) SEATS Plus (hybrid platform for least liquid securities, with less than 2 market makers) – to be replaced in mid-2007 with SETSqx | SETSmm (for 50 largest AiM securities) SEAO (for most other AiM securities) SEATS Plus (for less liquid AiM securities) | Continuous trading order book | Continuous trading order book | The floor and Xetra Stocks listed in the Prime Standard can be included to the indices DAX, SDAX, MDAX or TecDAX | | The floor and Xetra | OMX X-Stream |
| Accounting requirements | IFRS, save for non-EEA issuers, who can elect for IFRS or "equivalent" standards, namely US, Canadian or Japanese GAAP | IFRS (for accounting periods starting on or after 1 January 2007), save for non-EEA issuers, who can elect for IFRS or "equivalent" standards, namely US, Canadian or Japanese GAAP (or, if no prospectus is required, Australian GAAP) | IFRS | IFRS or domestic | IFRS; if non-EU-company, IFRS, US-GAAP, Canadian GAAP or Japanese GAAP | | IFRS or local GAAP of issuer; if non-EU-company and prospectus, IFRS, US-GAAP, Canadian GAAP or Japanese GAAP | IFRS or other acceptable standards to DIFX |
| Publication of results | Annual accounts must be published within 4 months of year end Half yearly results must be published within 2 months of end of period No general requirement for quarterly reports, but companies who do not report quarterly must publish interim management results in period between 10 weeks after start and 6 weeks before end of each 6-month period | Annual accounts must be published within 6 months of year end Half yearly results must be published within 3 months of end of period | Annual accounts must be published within 4 months of year end Half yearly results must be published within 2 months of end of period Quarterly sales figures must be published within 45 days of end of quarter | Annual accounts must be published within 4 months of year end Half yearly results must be published within 2 months of end of period | Annual accounts must be published within 4 months of year end Half yearly results must be published within 2 months of end of period Quarterly reports must be published within 2 months of end of 1st and 3rd quarters No general requirement for quarterly reports, but companies who do not report quarterly must publish interim management results in period between 10 weeks after start and 6 weeks before end of each 6-month period | | Annual accounts must be published within 6 months of year end Half yearly results must be published within 3 months of end of period | Annual accounts must be published within 120 days of year end |
| Shareholder approval for transactions? | Yes, if represents 25% on gross assets, profits, consideration or gross capital "class tests" | None, unless acquisition(s) exceeding 100% on class tests or resulting in fundamental change of business, board or voting control, or disposal(s) exceeding 75% on class tests | None | None | None | | None | None |
| Announcement of transactions? | Yes, if represents 5% on class tests, if shares issued, if with related party or if price sensitive | Yes, if represents 10% on class tests, if shares issued, if with related party or if price sensitive | Yes, if transaction by director or officer, where exceeds combined total of €5,000 per director or officer per calendar year, or if price sensitive | Yes, if transaction by director or officer, where exceeds combined total of €5,000 per director or officer per calendar year, or if price sensitive | Yes, if directors' dealing or transaction affects certain reporting thresholds | | None | Yes, where transaction is a material development and considered price sensitive information as well as transactions with connected persons or associates |
| De-listing requirements | UK Listing Authority approval of circular, shareholder approval by 75% majority and 20 business days notice | Shareholder approval by 75% majority and 20 business days notice | Euronext Paris "Avis" (approval), shareholder approval by 95% | Euronext Paris "Avis" (approval), shareholder approval by 95% | Resolution by general meeting with simple majority; mandatory acquisition offer by the company or major shareholder; offer price must correspond at least with the current market price; application with the FSE for revocation of the listing admission by company's management; revocation effective sixth months after its publication (quotation and trading ends at this time) | | Resolution by the general meeting with simple majority; mandatory acquisition offer by the company or the major shareholder; offer price must correspond at least with the current market price; application with the FSE for termination of listing by company's management; quotation and trading ends after 4 weeks upon filing the application for delisting | Shareholder approval by 75% majority on 90 calendar days notice |

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A legal force for Europe

Taylor Wessing is considered one of the leading advisors for companies involved in IPOs and other corporate transactions. The firm advises some of the leading European and multinational companies on the full range of their legal needs.

Our combination of in-depth sector knowledge, experience and our ability to offer the full range of the relevant legal services in the UK, France, Germany, Belgium and Dubai, as well as our ability to coordinate the work of lawyers in other jurisdictions, distinguishes us from others.

International

We have offices in Berlin, Brussels, Cambridge, Dubai, Düsseldorf, Frankfurt, Hamburg, London, Munich and Paris, representative offices in Alicante (location of the European Community Trade Mark Office), Beijing and Shanghai.

We have developed close relationships with other leading firms to ensure that we are able to provide our clients with a full service European offering, most recently through our new alliance with BSJP in Poland providing coordination throughout Eastern Europe and with Russian law firms.

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- **Regulatory** - public law
- **Private client** - international asset protection, tax and succession planning

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