

London Stock Exchange

Highlights of listing requirements[†]

Track record requirements

- At least 75% of the entity's business must be supported by a revenue earning record for the three years period. The UK Listing Authority ("UKLA") has the discretion to allow a shorter period in certain circumstances
- Must report significant acquisitions in the three years running up to the flotation
- Most companies, including those with diversified businesses, can list in London if they meet the suitability requirements

Market capitalisation & share in public hands

- At least £700,000 for shares at the time of listing
- At least 25% of shares should be in public hands

Future prospects

- To show the company has enough working capital for its current needs and for at least the next 12 months
- The company must be able to carry on its business independently and at arm's length from any shareholders with a controlling interest
- A general description of the future plans and prospects must be given
- If the company gives an optional profit forecast in the document or has already given one publicly, a report will be required from the Sponsor and the Reporting Accountant

Audited historical financial information

- Cover latest three full years and any published later interim period
- If latest audited financial data is more than 6 months old, interim audited financial information is required

[†] Most overseas companies listing on the main market are already listed elsewhere and are admitted to listing in the UK under special rules for a "secondary" listing as described above. These rules also apply to overseas companies seeking a primary listing in London but there are additional requirements in that case.

Corporate governance

Although UK corporate governance rules do not apply to the non-UK companies, investors would expect similar standard, and an explanation for any differences. UK companies are expected to:

- Splitting the roles of Chairman and CEO
- Except for smaller companies (below FTSE 350), at least half of the board, excluding the chairman, should comprise independent non-executive directors. Smaller companies should have at least two independent non-executive directors
- Have an independent audit committee, a remuneration committee and a nomination committee
- Provide evidence of a high standard of financial controls and accounting systems

Acceptable jurisdictions and accounting standards

- The Company must be properly incorporated
- IFRS and equivalent accounting standards are acceptable

Other considerations

- Sponsors/Underwriters usually recommend that existing shareholders should be barred from selling their shares for a period after initial listing offering of their shares
- The Sponsor will need to make sure, through due and careful enquiry, that the applicant has established procedures that enable it to comply with the listing rules and disclosure rules, as well having established procedures which provide a reasonable basis for the applicant to make proper judgements on an ongoing basis as to its financial position and prospects

AIM

- The Alternative Investment Market ("AIM") is a specially tailored market for young and growing companies from all over the world. There is no minimum trading record required and there is no minimum public shares requirement. The key to getting listed on AIM is to appoint a nominated adviser. The nominated adviser will assist your company through the application to help you make full disclosure in your listing document and help you meet regulatory requirements on a continuing basis. In practice, the process is similar to (albeit more flexible than) a secondary listing on the main market
- The London Stock Exchange has introduced a new fast track admission process for companies seeking a listing on AIM which are already listed on an overseas designated market