

Bird & Bird

Comparison of the Eligibility  
Criteria and Continuing  
Obligations for Listing on the  
Main Market and AIM Market of  
the London Stock Exchange



# Introduction

*There are primarily two markets offered in London for listing securities, such as shares. One is the London Stock Exchange's Main Market, which includes the Premium Segment and Standard Segment, with the Premium Segment representing the highest standard of listing in London. The second is the AIM Market.*

*A summary of the differences between the three categories of listing are set out in the table below*

	<b>Main market – premium listing</b>	<b>Main market – standard listing</b>	<b>AIM</b>
<b>Regulated market</b>	Regulated market (Official List)	Regulated market (Official List)	Multilateral trading facility and SME Growth Market
<b>Prospectus/Admission Document</b>	Prospectus (UK Prospectus Regulation Annexes I, II & III)	Prospectus (UK Prospectus Regulation Annexes I, II & III)	Admission Document (AIM Rules) or Prospectus (if public offer)
<b>Exchange Rules</b>	Admission & Disclosure Standards, Prospectus Regulation Rules, Listing Rules, Disclosure Guidance and Transparency Rules and FCA Handbook	Admission & Disclosure Standards, Prospectus Regulation Rules, Listing Rules, Disclosure Guidance and Transparency Rules and FCA Handbook	AIM Rules and Guidance Notes

	<b>Main market – premium listing</b>	<b>Main market – standard listing</b>	<b>AIM</b>
<b>Domicile</b>	Any	Any	Any
<b>Depository receipts</b>	Yes (subject to conditions)	Yes (subject to conditions)	Yes (subject to conditions)
<b>Minimum free float i.e., the amount of the company's shares to be in public hands</b>	10%	10%	No minimum required. Nomad assessment of suitability.
<b>Minimum market capitalisation</b>	£30million	£30million	No minimum required. <sup>1</sup> Nomad assessment of suitability.

<sup>1</sup> Minimum is £6 million for an investment company

	<b>Main market – premium listing</b>	<b>Main market – standard listing</b>	<b>AIM</b>
<b>Securities</b>	Securities to be freely transferable and eligible for electronic statement	Securities to be freely transferable and eligible for electronic statement	Securities to be freely transferable and eligible for electronic statement except where: <ul style="list-style-type: none"> <li>any jurisdiction, statute, or regulation places restrictions on transferability; or</li> <li>the company wishes to restrict the number of shareholders domiciled in a particular country to avoid being subject to statute or regulation.</li> </ul>
<b>Sponsor or Nomad required</b>	Sponsor required for certain actions <sup>2</sup>	n/a	Nomad required
<b>Working capital for next 12 months</b>	Yes	Yes (where a prospectus is being issued)	Yes
<b>Operating history and management</b>	Historical financial accounts for a 3-year period to be provided with a historic revenue earning record which supports at least 75% of the company's business for the 3-year period covered by the accounts	Where a prospectus is being issued, the company must provide historical financial accounts for a 3-year period, or less if it has existed for less than 3 years	Where a prospectus is being issued, the company must provide historical financial accounts for a 3-year period, or less if it has existed for less than 3 years
<b>Business to be independent of controlling shareholder</b>	Required	n/a	Subject to Nomad assessment of suitability

<sup>2</sup> See LR 8.2.

	<b>Main market – premium listing</b>	<b>Main market – standard listing</b>	<b>AIM</b>
<b>Relationship agreement with controlling shareholder</b>	Required	n/a	Subject to Nomad assessment of suitability
<b>Annual financial report</b>	Yes	Yes	Yes
<b>Half yearly financial report</b>	Yes	Yes	Yes
<b>International Financial Reporting Standards</b>	Yes	Yes	Yes

	<b>Main market – premium listing</b>	<b>Main market – standard listing</b>	<b>AIM</b>
<b>Corporate Governance</b>	<p><b>Independent Directors:</b> The UK Corporate Governance Code (the Code) recommends that except for smaller companies (below FTSE 350) at least half of the board of directors (excluding the chairperson) should be independent non-executive directors.</p> <p><b>Committees:</b></p> <ul style="list-style-type: none"> <li>The Code states that the board should establish both a remuneration and audit committee consisting of at least 3 members (2 members for smaller companies) who should all be independent non-executive directors.</li> <li>The Code also states that all listed companies should have a nomination committee which consists of a majority of independent non-executive directors.</li> </ul>	<p><b>Independent Directors:</b> See comments for Premium Listing.</p> <p><b>Committees:</b> See comments for Premium Listing.</p>	<p><b>Independent Directors:</b> See comments for the Main Market. The QCA Corporate Governance Code (the QCA Code) recommends that smaller/growth companies have at least two independent non-executive directors.</p> <p><b>Committees:</b> See comments for the Main Market. The QCA Code recommends that smaller/growth companies have remuneration, audit, and nomination committees. The remuneration committee members should be independent.</p>
<b>Publication of inside information as soon as possible (i.e., information which is likely to have a significant effect on the company's securities)</b>	Yes	Yes	Yes
<b>Major shareholder notification regime applies</b>	Yes	Yes	Yes

	<b>Main market – premium listing</b>	<b>Main market – standard listing</b>	<b>AIM</b>
<b>Significant transactions</b>	Shareholder approval required if certain "class tests" met.	No shareholder approval required.	Shareholder approval required if reverse takeover or for disposals resulting in a fundamental change in business.
<b>Reverse takeovers</b>	Shares usually suspended from trading pending publication of prospectus relating to enlarged group and approval of application for re-admission.  Shareholder approval required.	Shares usually suspended from trading pending publication of prospectus relating to enlarged group and approval of application for re-admission.  No shareholder approval required.	Share trading cancelled pending publication of admission document relating to enlarged group and approval of application for re-admission.  Shareholder approval required.
<b>Related party transactions</b>	<u>Listing Rules (LR)</u> Shareholder approval required. "Class tests" applied. Independent adviser must confirm terms of transaction are fair and reasonable in certain circumstances. <sup>2</sup>  <u>Disclosure Guidance and Transparency Rules (DTR)</u> If any 'class test' exceeds 5% then  1. UK incorporated issuers must obtain board approval and announce 2. Rest of the world (but non-EEA issuers) must simply announce	No shareholder approval required. <u>Disclosure Guidance and Transparency Rules (DTR)</u>  If any 'class test' exceeds 5% then  1. UK incorporated issuers must obtain board approval and announce 2. Rest of the world (but non-EEA issuers) must simply announce	Details of relevant related party transactions require notification to the market but do not require shareholder approval.  Directors (having consulted with Nomad) must confirm terms of transaction are fair and reasonable.

<sup>2</sup> LR 11

	<b>Main market – premium listing</b>	<b>Main market – standard listing</b>	<b>AIM</b>
<b>Pre-emption rights on issue of new shares for cash</b>	Yes	Not required by Listing/Prospectus Regulation Rules but may be required by issuer's domestic company law	Not required by AIM Rules but may be required by issuer's domestic company law
<b>Further issues of shares</b>	A prospectus is required if more than 20% of shares of the same class are admitted to trading over a 12-month period.	A prospectus is required unless shares are not offered to the public and they represent less than 20% of shares of the same class over a 12-month period.	A prospectus is only required if shares are offered to the public.
<b>Issue of convertible securities</b>	Permitted provided the company (i) is not subject to any restrictions in its constitution or under domestic law and (ii) has waived any pre-emption rights to issue sufficient shares on conversion.	Permitted provided the company (i) is not subject to any restrictions in its constitution or under domestic law and (ii) has waived any pre-emption rights to issue sufficient shares on conversion.	Permitted provided the company (i) is not subject to any restrictions in its constitution or under domestic law and (ii) has waived any pre-emption rights to issue sufficient shares on conversion.
<b>Transfer between listing categories</b>	<p>May move to Standard segment without cancelling listing.</p> <p>75% shareholder approval required to transfer out of premium listing.</p> <p>AIM Designated Market (fast track) procedure for transfer to AIM Market provided shares listed for at least 18 months.</p>	<p>May move to Premium segment without cancelling listing.</p> <p>No shareholder approval required.</p> <p>AIM Designated Market (fast track) procedure for transfer to AIM Market provided shares listed for at least 18 months</p>	No "fast-track" procedure for moving from AIM to the Main Market so company will need to cancel its listing (see below) and comply with same requirements for a new Main Market listing.
<b>Cancellation of listing</b>	75% shareholder approval required.	No shareholder approval required.	75% shareholder approval required.



# Thank you

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