

Bird & Bird

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



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 alongside the requirements of Euronext Amsterdam.

	Main market – premium listing	Main market – standard listing	AIM	Euronext Amsterdam
Regulated market	Regulated market (Official List)	Regulated market (Official List)	Multilateral trading facility and SME Growth Market	EU regulated market
Prospectus/Admission Document	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)	Prospectus (PR Annexes I, II & III)
Exchange Rules	Admission & Disclosure Standards, Prospectus Regulations Rules, Listing Rules, Disclosure Guidance and Transparency Rules and FCA Handbook	Admission & Disclosure Standards, Prospectus Regulations Rules, Listing Rules, Disclosure Guidance and Transparency Rules and FCA Handbook	AIM Rules and Guidance Notes	Euronext Harmonised Rules (Rulebook I), General Rules for the Euronext Amsterdam Securities Market

	Main market – premium listing	Main market – standard listing	AIM	Euronext Amsterdam
Domicile	Any	Any	Any	Any
Depository receipts	Yes (subject to conditions)	Yes (subject to conditions)	Yes (subject to conditions)	Yes (subject to conditions)
Minimum free float i.e., the amount of the company's shares to be in public hands	10%	10%	No minimum required. Nomad assessment of suitability.	Normally 25% of the relevant class of shares must be distributed to the public or 5% only if it represents at least €5million.
Minimum market capitalisation	£30million	£30million	No minimum required ¹ . Nomad assessment of suitability.	No minimum required.
Securities	Securities to be freely transferable and eligible for electronic settlement.	Securities to be freely transferable and eligible for electronic settlement.	Securities to be freely transferable and eligible for electronic settlement except where: <ul style="list-style-type: none"> • any jurisdiction, statute, or regulation places restrictions on transferability; or • the company wishes to restrict the number of shareholders domiciled in a particular country to avoid being subject to statute or regulation. 	Securities must be freely transferable and negotiable

¹ Minimum is £6 million for an investment company

	Main market – premium listing	Main market – standard listing	AIM	Euronext Amsterdam
Sponsor or Nomad required	Sponsor required for certain actions ²	n/a	Nomad required	Listing Agent required
Working capital for next 12 months	Yes	Yes (where a prospectus is being issued)	Yes	Yes
Operating history and management	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	Historical financial accounts for a 3-year period to be provided
Business to be independent of controlling shareholder	Required	n/a	Subject to Nomad assessment of Sustainability	No specific requirements or market practice
Relationship agreement with controlling shareholder	Required	n/a	Subject to Nomad assessment of Suitability	No specific requirements but increasingly common
Annual financial report	Yes	Yes	Yes	Yes
Half yearly financial report	Yes	Yes	Yes	Yes
International Financial Reporting Standards	Yes	Yes	Yes	Yes

² See LR 8.2.

	Main market – premium listing	Main market – standard listing	AIM	Euronext Amsterdam
Corporate Governance	<p>Independent Directors: 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>Committees:</p> <ul style="list-style-type: none"> • 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. • The Code also states that all listed companies should have a nomination committee which consists of a majority of independent non-executive directors. 	<p>Independent Directors: See comments for Premium Listing.</p> <p>Committees: See comments for Premium Listing.</p>	<p>Independent Directors: 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>Committees: 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>	<p>Dutch companies are subject to the Dutch Corporate Governance Code.</p>

	Main market – premium listing	Main market – standard listing	AIM	Euronext Amsterdam
Publication of inside information as soon as possible (i.e., information which is likely to have a significant effect on the company's securities)	Yes	Yes	Yes	Yes
Major shareholder notification regime applies	Yes	Yes	Yes	Yes
Significant transactions	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.	Shareholder approval required for certain major transactions if issuer is a Dutch company
Reverse takeovers	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.	Shareholder approval likely required if listed entity is Dutch NV. Prospectus may be required if new shares are offered and/or listed. A prospectus like disclosure document is required if the listed entity does not have sufficient substance (reverse listing)

	Main market – premium listing	Main market – standard listing	AIM	Euronext Amsterdam
Related party transactions	<p><u>Listing Rules (LR)</u></p> <p>Shareholder approval required. "Class tests" applied.</p> <p>Independent adviser must confirm terms of transaction are fair and reasonable in certain circumstances.²</p> <p><u>Disclosure Guidance and Transparency Rules (DTR)</u></p> <p>If any 'class test' exceeds 5% then</p> <ol style="list-style-type: none"> 1. UK incorporation issuers must obtain board approval and announce 2. Rest of the world (but non-EEA issuers) must simply announce 	<p>No shareholder approval required.</p> <p><u>Disclosure Guidance and Transparency Rules (DTR)</u></p> <p>If any 'class test' exceeds 5% then</p> <ol style="list-style-type: none"> 1. UK incorporation issuers must obtain board approval and announce 2. Rest of the world (but non-EEA issuers) must simply announce 	<p>Details of relevant related party transactions require notification to the market but do not require shareholder approval.</p> <p>Directors (having consulted with Nomad) must confirm terms of transaction are fair and reasonable.</p>	<p>Material related party transactions by Dutch listed companies will have to be publicly announced but will not require shareholder approval.</p>
Pre-emption rights on issue of new shares for cash	Yes	Not required by Listing/Prospectus Rules but maybe required by issuer's domestic company law	Not required by AIM Rules but may be required by issuer's domestic company law	No specific requirements

2 LR 11

	Main market – premium listing	Main market – standard listing	AIM	Euronext Amsterdam
Further issues of shares	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.	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.
Issue of convertible securities	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.	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.
Transfer between listing categories	<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.	NA

	Main market – premium listing	Main market – standard listing	AIM	Euronext Amsterdam
Cancellation of listing	75% shareholder approval required.	No shareholder approval required.	75% shareholder approval required.	Delisting possible (1) following a public offer in which bidder has acquired 95% of the shares (2) if a shareholder, or shareholders group 95% and the minority shareholders are offered an exit arrangement or (3) the shares have been listed for at least 12 months on another regulated and sufficiently liquid market.



Thank you

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