

London Stock Exchange Relaxes Rules for Non-UK Companies Listing on the Alternative Investment Market

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Non-UK companies are now offered a fast track route to listing on the London Stock Exchange's junior market, the Alternative Investment Market (AIM).

The London Stock Exchange (LSE) has revised its rules to allow companies that are listed on one of ten 'designated markets' (NASDAQ, the NYSE, the Deutsche Börse, Australian Stock Exchange, Euronext, Johannesburg Stock Exchange, Stockholmsbörsen, Swiss Exchange, Toronto Stock Exchange and UKLA Official List) to list on AIM by making a detailed pre-admission announcement, without the need to publish a prospectus. AIM is the secondary market of the LSE, is less heavily regulated than the main market and has no minimum share price requirement.

This offers not only a quick route for non-UK companies to take advantage of the UK public markets, but also offers U.S. companies that are currently listed on NASDAQ or the NYSE but whose share price has fallen (or is in danger of falling) below the minimum share price requirement, a way to maintain a stock market listing that they would otherwise lose.

Similarly, German companies that were listed on the now deceased Neuer Markt (and whose shares are now traded on the Deutsche Börse) could also find this an attractive proposition, as the regulatory requirements for AIM are more similar to the old Neuer Markt than the more stringent requirements of the Deutsche Börse that they are now subject to.

To take advantage of the proposed change, the company that is listed on one of the ten designated markets must:

- have been listed on the designated market for not less than 18 months;
- provide a notice including information required under the AIM disclosure rules, which has not been disclosed in the home market;
- provide an address (or website address) where the company's announcements over the previous two years (being announcements made as a consequence of having its securities traded) are available;
- provide a website address of a page containing its annual report and accounts;
- have produced such report and accounts for a period ended within nine months of the date

of its admission to AIM; and

- must produce its accounts under either UK or U.S. Generally Accepted Accounting Principles or International Accounting Standards (or have a reconciliation to UK or U.S. GAAP or International Accounting Standards where the accounts are not prepared under such standards)

The pre-admission announcement will need to include, *inter alia*, a brief description of the company's business and strategy, details of any changes in its financial and/or trading position since its last set of annual accounts and a confirmation from the directors that they have no reason to believe that the company's working capital will be insufficient for at least twelve months from the date of admission.

It must be noted that this route is only open to companies that are not proposing to raise new money through a public offering in the UK. If money is being raised through a public offering in the UK, then a prospectus will need to be produced.