

Capital Partners Advisers:

Comparison LSE/NYSE's Main Market,
AIM and GXG MTF options in London

London is now ranked as the number 1 global centre (so you are coming to the right place!).

Rank	Change	Centre	Country	Rating	Change
1	—	London	 United Kingdom	794	▼ 13
2	—	New York	 United States	779	▼ 8
3	—	 Hong Kong (SAR)		759	▼ 2
4	—	 Singapore		751	▼ 8
5	▲ 1	Tokyo	 Japan	720	▲ 2
6	▼ 1	Zurich	 Switzerland	718	▼ 5
7	▲ 1	Boston	 United States	714	▲ 3
8	▼ 1	Geneva	 Switzerland	710	▼ 2
9	▲ 1	Frankfurt	 Germany	702	▼ 1
10	▼ 1	Seoul	 South Korea	701	▼ 9

Main Market: LSE & NYSE-London

Standard Segment (the “High-Value” option)

- The main market is divided between the “Standard Segment” and the “Premium Segment”.
- The Main Board is available in the London Stock Exchange (LSE) and the New York Stock Exchange in London (NYSE-London)
- The Standard Segment is an EU regulated market supervised directly by the Financial Conduct Authority (FCA).
- As an EU regulated market, the Standard Segment has EU passporting rights (so that shares can be dual listed in any other EU regulated market with no problems).
- It is the most prestigious, most liquid and the more valuable option in London.
- No Nomad is needed after listing is completed allowing to save annual Nomad costs. Total UK listing costs depends on which advisers (lawyers, accountants, etc) are hired. Capital Partners Advisers believes that a listing in the main market can be achieved at lower costs than going to a junior market like AIM. Total costs also depends if the company is passporting from other EU regulated markets or whether this is a new listing.

AIM: the junior MTF market of LSE (the “Mid-Value” option)

- AIM is a junior market part of the London Stock Exchange. It is considered a Multilateral Trading Facility “MTF”.
- As it is a junior market, it is unregulated market and it is not supervised or regulated by the Financial Conduct Authority (FCA). AIM is managed and supervised by LSE.
- As it is an unregulated market it does not have EU passporting rights (therefore shares in AIM can not be passported automatically to other EU regulated markets).
- Main issue in AIM is the lack of liquidity (particularly for companies with market capitalisation below £100m) and high listing and annual costs.
- AIM is possibly the more costly option (when compared with LSE Standard Segment and GXG MTF). Average UK listing costs are high according to the links below (<http://www.londonlovesbusiness.com/business-news/business/why-dont-entrepreneurs-want-to-list-on-aim/3416.article>, <http://www.smarta.com/advice/business-growth/ipo/three-ideas-why-to-list-on-plus-not-aim>). **AIM costs more than the “High-Value” option (Standard Segment) but performs like the “Low-Cost” option (GXG).**

GXG MTF: GXG's junior MTF option (the “Low-Cost” option)

- GXG MTF is a junior market part of GXG Markets Exchange. GXG MTF is considered a Multilateral Trading Facility “MTF” (like AIM segment which is also a MTF segment).
- As GXG MTF is a junior market, it is an unregulated market and it is not supervised by the regulator but it is supervised and managed directly by GXG Markets (similar to AIM & LSE).
- GXG MTF is divided into two segments: GXG First Quote and GXG Main Quote.
- GXG First Quote is the lowest and easiest entry and it does not require a Nomad after listing. GXG Main Quote requires a Nomad but it is more prestigious than First Quote and provides more protection to investors (hence it is better for fund raising than GXG First Quote). GXG MTF has liquidity issues similarly to AIM.
- As GXG MTF is an unregulated market it does not have EU passporting rights (therefore shares in GXG MTF segments can not be passported automatically to other EU markets).
- Listings costs will depend on the availability of information (admission document in English) and negotiations with GXG whether it is a passporting from other EU exchange or a new listing.

LSE/NYSE Standard Segment vs AIM

Description - new		Main Market - Standard Listing	AIM
Domicile		Any (previously not open to UK)	Any
Regulation	EU Regulated market / MTF	Regulated market (Official List)	MTF
	Admission document	Prospectus (PR Annexes I, II & III)	Admission document (AIM rules)
	Exchange Rules	Admission & Disclosure Standards	AIM rules
Eligibility Criteria	Minimum free float	LR 14 (25%)	Nomad assessment of suitability
	Minimum market cap	LR 2 (£700k)	Nomad assessment of suitability
	Audited historical financial information	PR Annex I (3 years or such shorter period)	AIM rules (3 years or shorter period, if applicable)
	75% of business supported by revenue earning record for the 3 year period	n/a	n/a
	Control over majority of assets for the 3 year period	n/a	n/a
	Working capital statement	PR Annex III (3.1)	AIM rules (Directors' statement)
	Eligible for electronic settlement	Admission & Disclosure Standards (1.7)	AIM rules
	Sponsor or Nomad required	n/a	AIM rules - Nomad required
	Continuing obligations	Sponsor (certain transactions) or NOMAD (always) required	n/a
Annual financial report		DTR4	AIM rules
Half-yearly financial report		DTR4	AIM rules
Interim Management Statements		DTR4	n/a
EU-IFRS or equivalent		DTR4	AIM rules
Publication of Inside Information as soon as possible		DTR2	AIM rules
Insider List		DTR2	n/a
Major shareholder notification regime applies		DTR5	AIM rules
Annual Information Update		PR5	n/a
PDMR deal disclosures		DTR3	AIM rules
Corporate governance		DTR 7.2 - Corporate governance statements	Expected market practice
Model Code		n/a	AIM rules
Pre-emption rights		LR5 ^A	Company law

LSE/NYSE Standard Segment vs AIM

Description - new	Main Market - Standard Listing	AIM
Significant transaction (Class Tests)	n/a	AIM rules - reverse takeovers & fundamental disposals
Related party transactions	n/a	Disclosure only (AIM rule 13)
Eligible for passporting	PR5	n/a
Prospectus/document for further issues	PR1.2.3 (<10% shares of same class admitted to trading)	Only if public offer under PD
Transfer between listing categories ^B	LR5 (No shareholder approval required)	n/a
Cancellation	LR5 (No shareholder approval required) ^C	AIM rules (75% shareholder approval)
Trading service	Depending on liquidity SETS/ SETSqx ITBB - overseas companies only	SETS/ SETSqx/ SEAQ
Indices	FTSE Indices	FTSE AIM Series, where eligible
Tax	EIS tax benefits	n/a
	VCT tax relief	n/a
	IHT/BPR relief	n/a
	ISA tax benefits	Eligible
	UK-REIT tax benefits	n/a

FOOTNOTES

A - Application to overseas companies to be confirmed

B - Rules relating to transfers between listing categories come into effect from April 2010

C - Shareholder approval required if the issuer has transferring from a Premium Listing within 2 years of the proposed cancellation date

AIM vs GXG MTF

	AIM	GXG MTF
Unregulated Market	Yes	Yes
MTF Status	Yes	Yes
Liquidity	Low	Low
Admission Documentation required	Yes	Yes
Complexity of Admission document	High	Medium
Clearing and settlement through Crest	Yes	Yes
Nomad Required	Yes	Only in GXG Main Quote (Not required in GXG First Quote)
Brand Recognition	Medium	Low

GXG First Quote vs GXG Main Quote

	GXG Main Quote	GXG First Quote
Matched bargain trading	Yes	Yes
Real-time live trading	Yes	Yes
Auction based trading	Yes	Yes
Admission Documentation required	Yes	Yes
Complexity of Admission document	High	Medium
Nomad Required after listing	Yes	No
Access to IPO Centre for fund raising	Yes	Yes
Email news alert service to investors	Yes	Yes
Minimum market capitalisation	£1m	No
Requirement to be a plc at admission	Yes	No
Additional takeover rules	No	No
Fund raising power	Medium	Low (lowest investor protection)

Appendices

LSE's main market has stronger fund raising power than AIM.

	MAIN MARKET, PSM & AND SFM UK & INTERNATIONAL				AIM UK & INTERNATIONAL			
	IPOs	IPO Money raised £m	Further Money Raised £m	Total money Raised £m*	IPOs	IPO money raised £m	Further issues money raised £m	Total money raised £m*
2010**	46	9,112	14,712	23,823	43	961	5,077	6,263
2009	9	921	76,311	77,440	13	610	4,861	5,602
2008	35	6,299	60,438	66,737	38	917	3,214	4,322
2007	87	20,450	9,525	29,995	182	6,262	9,602	16,183
2006	89	20,124	16,161	36,307	278	9,315	5,734	15,678
2005	88	10,674	9,151	19,851	335	5,632	2,481	8,942

*includes non-IPO new issues

** Figures for 2010 are approximate, based on confirmed totals for all new and further issues up to the end of November, and estimates for IPOs during the period 1 - 20 December and further issues during the period 1 - 17 December.

New fresh IPO money (10x bigger in the main market than in AIM).

There are now more IPOs in the main market than in AIM (a change in the trend).

	MAIN MARKET, PSM & AND SFM UK & INTERNATIONAL				AIM UK & INTERNATIONAL			
	IPOs	IPO Money raised £m	Further Money Raised £m	Total money Raised £m*	IPOs	IPO money raised £m	Further issues money raised £m	Total money raised £m*
2010**	46	9,112	14,712	23,823	43	961	5,077	6,263
2009	9	921	76,311	77,440	13	610	4,861	5,602
2008	35	6,299	60,438	66,737	38	917	3,214	4,322
2007	87	20,450	9,525	29,995	182	6,262	9,602	16,183
2006	89	20,124	16,161	36,307	278	9,315	5,734	15,678
2005	88	10,674	9,151	19,851	335	5,632	2,481	8,942

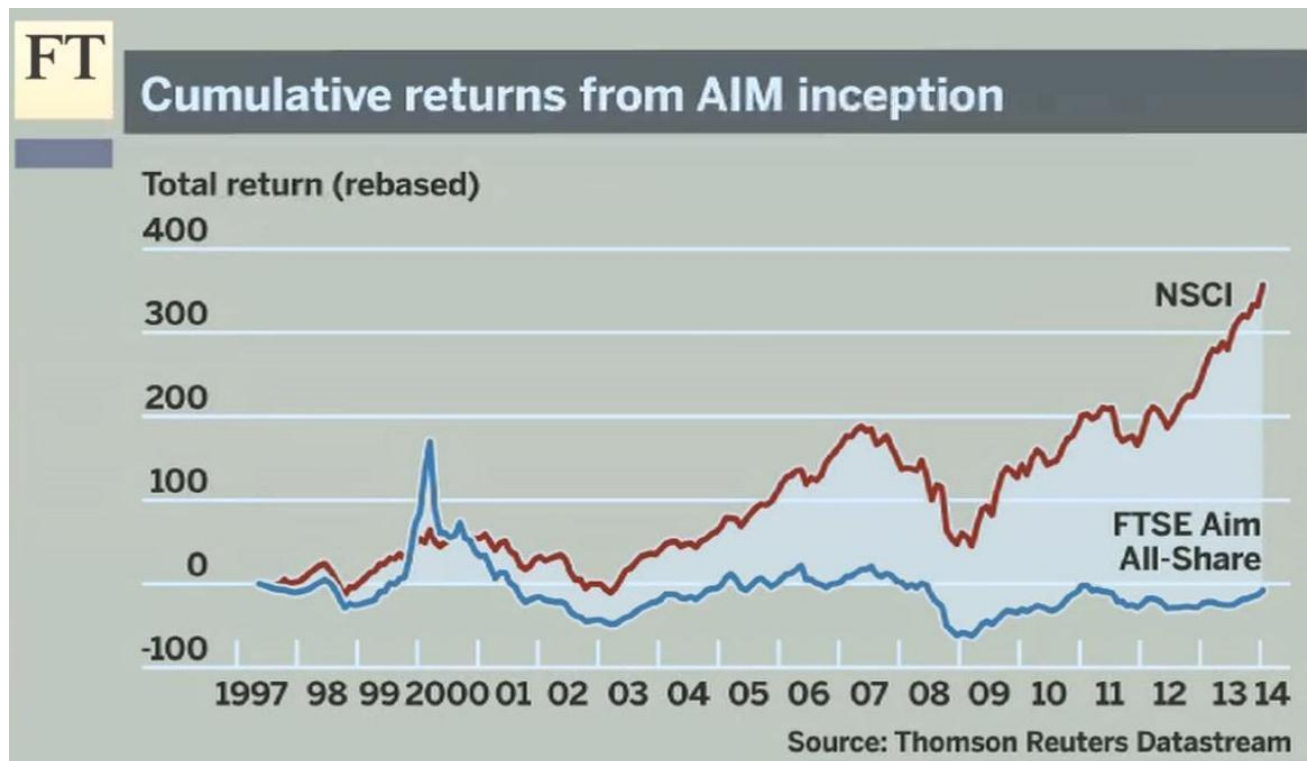
*includes non-IPO new issues

** Figures for 2010 are approximate, based on confirmed totals for all new and further issues up to the end of November, and estimates for IPOs during the period 1 - 20 December and further issues during the period 1 - 17 December.

Traditional AIM had more IPOs than the main market. However, in 2010 (when the Standard Segment was formally opened) the main market had, for the first time in years, more IPOs than AIM.

Source: <http://www.mondovisione.com/index.cfm?section=news&action=detail&id=95268>

AIM's returns since inception have been zero, which may explain investors risk-aversion and lack of liquidity.



NSCI is an index of small cap stocks in LSE main market.