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# Capital Partners Group

## An Introduction to PLUS Markets Exchange

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# Executive Summary

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## Capital Partners Group (CPG) has solid foundations

- ✓ Provides Corporate Advisor (as a member of PLUS Markets Exchange) services to mid-cap international companies that are traditionally underserved by major investment banks
- ✓ CPG has a pre-eminent team of investment bankers with a wealth of experience in the telecommunications, media and technology (TMT), business and support services, retail, financial services, real estate, natural resources and energy sectors
- ✓ CPG is also part of the Capital Partners Group which has Investment Banking, Venture Capital and Asset Management operations in Europe, the US and Asia

# Why CPG?

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## CPG offers a broad portfolio of services for medium-sized companies

- ✓ Corporate Advisor (Capital Partners Group Ltd is a member of PLUS Markets exchange) required to do the listing on PLUS Markets
- ✓ Highly competitive and cost-effective services versus competitors in PLUS Markets
- ✓ Integrated Corporate Finance service provided as part of the Corporate Advisor service
- ✓ Pre-Deal, Deal and Post-Deal support services
- ✓ Strong multi-sector knowledge,
- ✓ A professional team with transactional and broking experience from previously worked at bulge bracket investment banks and management consulting firms:
  - Dresdner Kleinwort Wasserstein, JP Morgan, Credit Suisse, Citigroup/Citibank, Lehman Brothers, Lazard, ABN Amro and Goldman Sachs, and additionally management consulting organisations such as Bain, Booz Allen, Accenture and several PE/VC firms

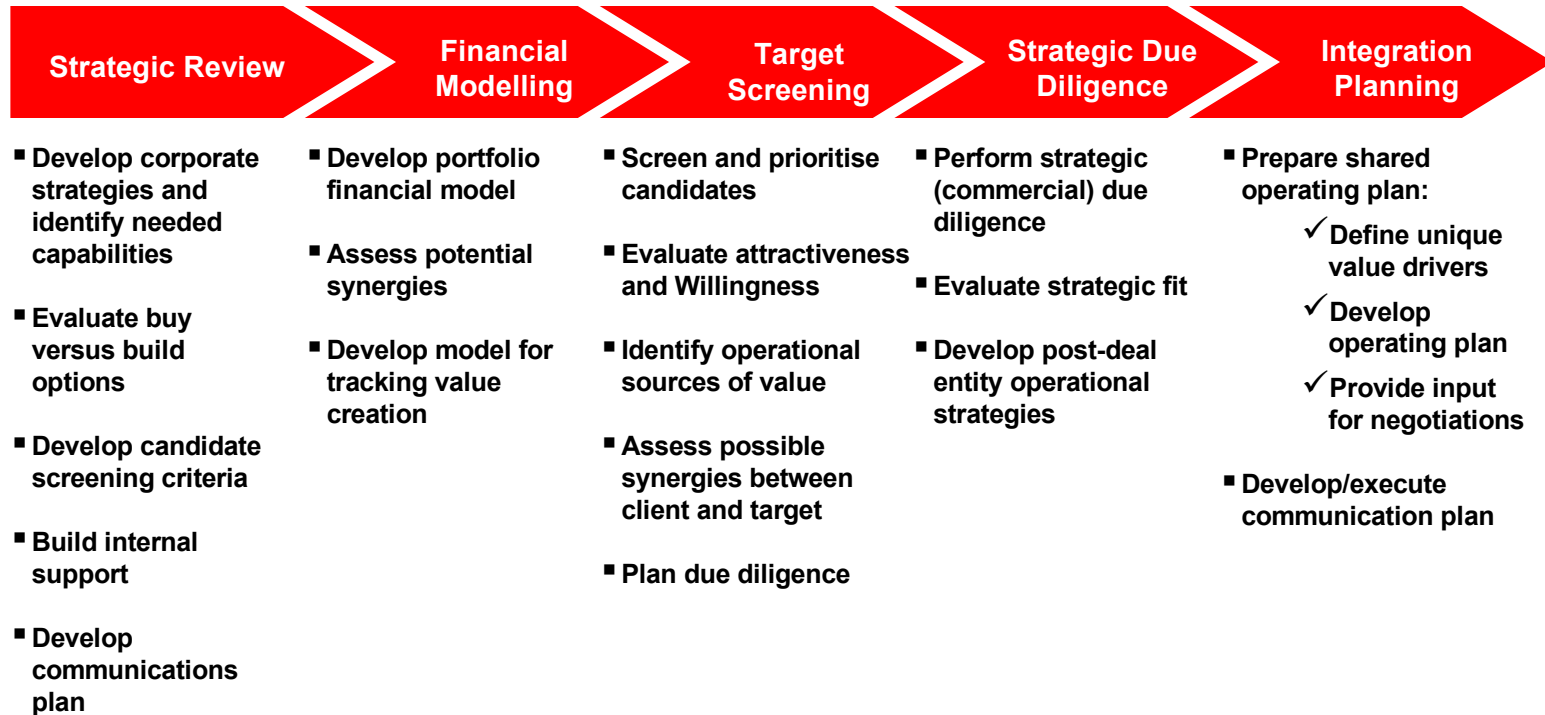
# Supporting Services to an PLUS Listing

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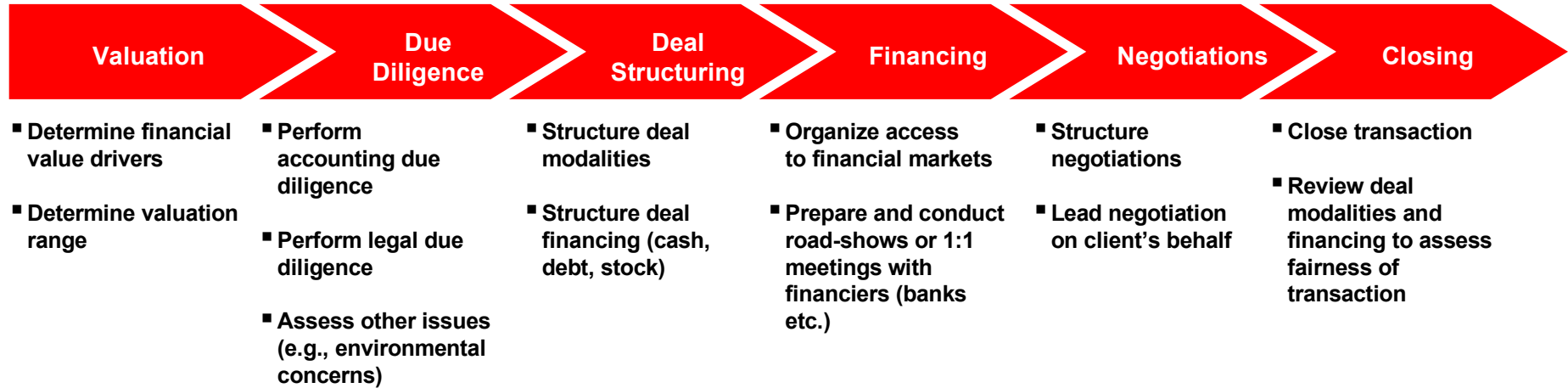
**Our service offerings span the entire spectrum of the Mergers, Acquisitions, IPOs and Divestiture process, beginning with a thorough evaluation of a client company's strategic situation, from a Pre-Deal assistance to a Post-Deal implementation**



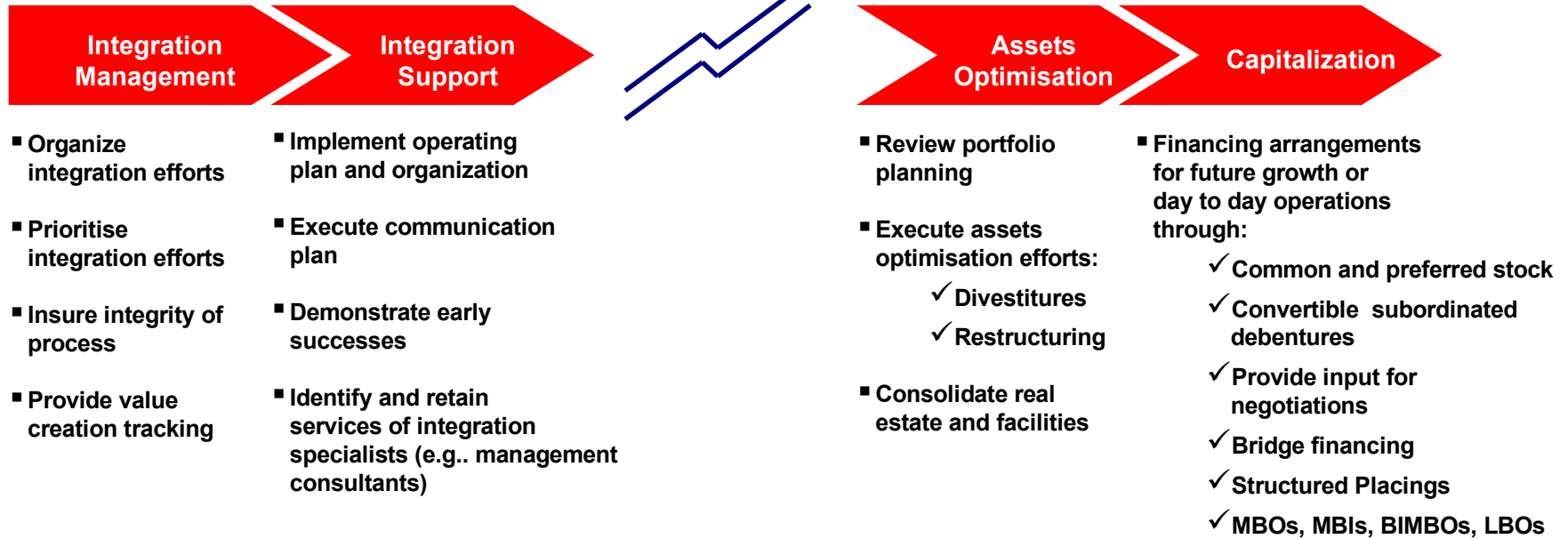
# Pre-Deal Services



# Deal Services



# Post-Deal Services



# We are developing a Global Network



# What is PLUS Markets?

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- ✓ The PLUS market is a prescribed market under Section 118 of the Financial Services and Markets Act 2000 and provides a secondary market for the trading of unlisted and unquoted securities in the UK, off exchange
- ✓ PLUS Markets Group plc is the operator of the PLUS Markets Exchange and is authorised and regulated by the Financial Services Authority (“FSA”)
- ✓ A membership structure which allows for three categories of member: the Specialist Market-Markers, Stockbrokers, and Corporate Advisor, together these members provide the components of the PLUS Markets model

# Policy Objectives

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- ✓ Enlarge exemption for offers below 2.5 million Euros
- ✓ Seek to preserve existing disclosure standards which are understood by advisers and investors alike
- ✓ According to European Prospectus Directive (July 2005), prospectus required only where mandated by FSMA
- ✓ For fundraising below 2.5m euros, introduction of “admission document” operationally similar to POS (Public Offer of Securities) Regulations
- ✓ Disclosure framework compatible with the EU regime to streamline document preparation
- ✓ April 05 – comprehensive rule reforms completed and approved with new Rules book
- ✓ Discretion to set and administer disclosure standards appropriate for smaller companies
- ✓ Seek to retain simplicity, clarity and balance
- ✓ Avoid additional regulatory burdens applicable to larger companies

# The PLUS Markets Offering

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- ✓ Independent UK market
  - Regulation to meet needs of investors and growing companies
  - Cost-effective for companies
  
- ✓ Dedicated & experienced PLUS Markets team
  
- ✓ Specialising in smaller companies
  - Listing destinations in its own right
  - “Rung on the ladder” to senior markets
  
- ✓ Flexibility to meet market needs

# What Companies are Suitable?

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- ✓ Entrepreneurial companies usually raising up to £5 million (although companies could raise bigger amounts if there are significant numbers of institutional investors)
  
- ✓ Companies with likely market cap up to £20 million, seeking profile
  
- ✓ Independent valuation or trading facility:
  - Employee share scheme
  - Incentivise new employees
  - Tax benefits of unquoted securities
  - Paper based acquisitions
  - Trade sale
  
- ✓ Not ready for burdens of more senior markets
  
- ✓ European companies which are not expected to be ready for IFRS accounting standards from January 2007.

# Strategic Positioning

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- ✓ Choice of markets for smaller companies
  - Other markets becoming increasingly dominated by larger players
  
- ✓ Unique regulatory framework and outside of the scope of actions and directives from the European Union (which allows it to provide a lighter regulatory touch)
  
- ✓ Enhanced profile opportunities

# Who Can Apply for Admission to PLUS?

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- ✓ PLUS Markets imposes no formal restrictions on the type of business or on the industry sector in which the company operates
- ✓ Applicants may be established trading companies or start-up enterprises and most companies will be eligible provided they meet the entry requirements
- ✓ It should be noted that the responsibility for deciding whether a company is suitable for admission to PLUS rests with the company's Corporate Advisor who must be a member of PLUS
- ✓ All applications must be made via the appropriate Corporate Advisor

**Companies incorporated outside the United Kingdom may apply, although an overseas company will need to appoint the Corporate Adviser as its UK agent to facilitate the application, and arrangements for setting trades will be closely monitored**

# Suitability for PLUS

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- ✓ The company should have a strong management team, with the key roles occupied by suitably qualified and experienced people
- ✓ Good prospects for growth, which are likely to be influenced by the market for the products or services, the competition within the sector or the or the company's efficiency
- ✓ Strong financial controls
- ✓ Established systems of management reporting, including timely production of accurate management accounts

# Requirement for Admission Document

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- ✓ If an applicant is making an “offer of securities to the public” which does not require the publication of a prospectus, it must publish an Admission document unless:
  - A the public offer has a restricted distribution or
  - The aggregate consideration is below £250k or
  - Securities issued in connection with a takeover or employee share scheme
  
- ✓ In cases where the company does not require an Admission document or a Prospectus, the company can use a business plan for the listing process (including those cases where it is an introduction to the market and there is no fund raising)
  
- ✓ Preserve existing flexibility for introductions
  - Expert panel review

# Information Requirements

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- ✓ Short form accountant's report acceptable
- ✓ Supplementary document if significant change to information or significant new matter arises
- ✓ Power to authorise the omission of information

# Documentation Required for PLUS

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- ✓ “Company Information Questionnaire” comprising a series of detailed questions on the company
- ✓ “Declaration of a director’s business activities in respect of an admission to PLUS” and an “Admission Agreement
- ✓ Application fee, which is non-refundable and the Memorandum and Articles of Association of the company
- ✓ Signed annual report and accounts for each of the last three financial years or since incorporation
- ✓ Any agreements or securities documentation central to the business of the company and details of transactions with directors, connected persons of directors, or substantial shareholders
- ✓ Copies of any prospectuses or private placing memoranda issued previously in the period from the start of the earliest accounts required above until intended trading date
- ✓ A letter from the directors of the company stating their intentions regarding disposal of their shareholdings in the next 12 months and that they will comply with the Model code; and various confirmation letters from the issuer and/or its Corporate Advisors

# Other Issues

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- ✓ Certain companies may require the submission of additional information
- ✓ The board of PLUS will expect to meet with the Directors and representatives of the Company
- ✓ All companies must make an opening announcement on the first day of dealings and will be expected to provide a summary of recent trading to Newstrack
- ✓ Reverse takeovers will require a suspension in dealings with an explanatory circular to shareholders and shareholder approval; a fresh application will then be required

# Continuing Obligations

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- ✓ Issuers must inform investors and the board of PLUS immediately via an announcement of any new developments in their sphere of activity which are not public knowledge and which might have a material effect upon the value of their securities
- ✓ A company and its directors are also expected to comply with the requirements laid down by statute and best practice as regards corporate governance

# Trading and Settlement

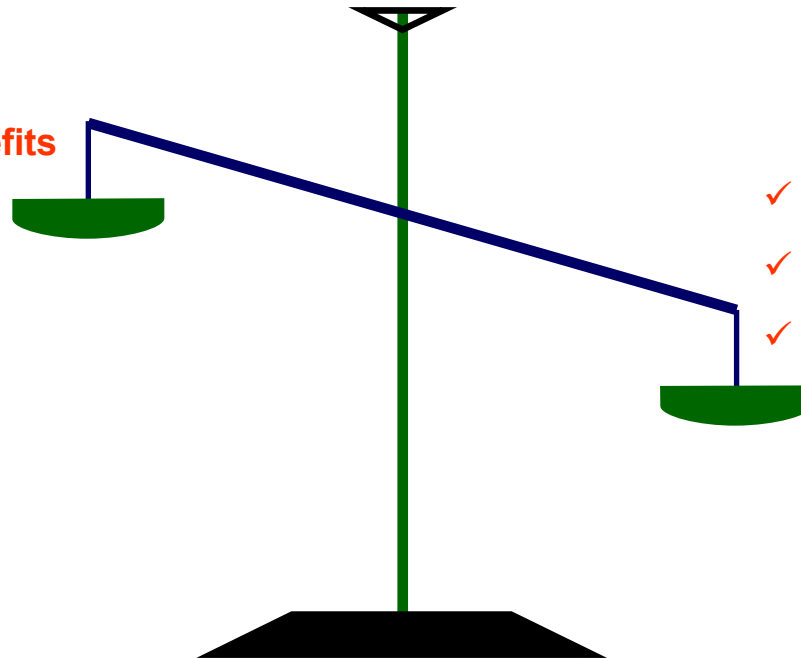
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- ✓ Trading is generally carried out by a number of firms who are broker-dealers, some of whom will be specialists in relation to one or more PLUS Markets securities as agreed with the board of PLUS Markets.
- ✓ The trading rules are set out in the PLUS Markets Rules, as such specialists will give a firm two-way in a given quantity of stock for most PLUS Markets securities.
- ✓ Capital Partners Securities Ltd can take the role of stockbroker in PLUS Markets Exchange (as an authorised appointed representative of First Equity Ltd in addition to the role as authorised Corporate Advisor in PLUS Markets).

# Benefits & Drawbacks

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- ✓ Market for shares
- ✓ Public status and costs
- ✓ Acquisitions
- ✓ Raising finance
- ✓ Potential tax benefits



- ✓ Lack of marketability
- ✓ Accountability
- ✓ Constraints on directors

# Taxation Matters

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- ✓ There are various tax planning issues and reliefs available to the individual investor, for which professional advice should be sought
- ✓ Individual investors may benefit from tax reliefs available in respect of PLUS Markets traded shares, which include:
  - CGT Taper relief
  - CGT Gift Relief
  - Venture Capital Trusts
  - The Enterprise Investment Scheme
  - Inheritance Tax - Business Property Relief
- ✓ Corporate investors may benefit from:
  - The Corporate Venturing Scheme (CVS)
  - The Substantial Shareholding Exemption (SSE)

# Further Issues of Securities

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- ✓ Same rules and exemptions as apply on admission to trading
- ✓ Additional exemptions:
  - Either a prospectus or an admission document
  - Was published at time of admission to trading
  - 18 month track record of compliance with PLUS Markets
  - Continuing obligations, or
  - Shares increase issued capital by less than 10%

# PLUS Markets Statistics

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## November 2009:

### Key Statistics

ValueNo of companies traded on PLUS

8,541

No of companies quoted on PLUS

183

Total market capitalisation of the PLUS-quoted market

£2.3 bln

### Latest Trading Figures - 2009 Year to date

ValueNumber of Bargains

7,203,846

Value Traded (m)

£44,560 m

Shares Traded (m)

59,348 m

# What is PLUS Markets?

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- ✓ PLUS is an independent London equity trading service, based on a quote-driven system, for publicly traded securities.
- ✓ The PLUS service has been developed in direct response to demand from leading financial institutions and brokers and provides market participants with a choice of execution venues and introduces true competition into the equity trading marketplace
- ✓ The PLUS service is open for trading listed and unlisted securities with existing quotations elsewhere in London
- ✓ Initially, its stock coverage includes a selection of smaller companies admitted to the Official List, which do not benefit from an exclusively quote-driven market; coverage will be extended during 2006 according to demand from its market participants

# Trading on PLUS

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- ✓ The PLUS service offers an independent price discovery mechanism, supported by competing market makers combining free trade reporting with cost-effective data, it provides choice and flexibility for the broking community
- ✓ Key elements of the PLUS service include:
  - Continuous firm two-way prices maintained by market makers;
  - Full pre and post trade transparency through leading data vendors;
  - Operated in accordance with UK's accepted standards of regulation;
  - Support for the existing Retails Service Provider model; and
  - Immediacy of trading and flexible settlement
- ✓ Trading on the PLUS service is subject to real-time supervision and is within the protection of the Market Abuse regime
- ✓ Investors in securities that are tradeable on PLUS will continue to benefit from any existing taxation benefit eligibility such as ISA/PEP and SIPP status; PLUS will also offer stamp duty relief for intermediaries

# Plus Markets Players

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- ✓ PLUS operates a membership structure based on two categories: broker dealers, and market makers:
  - **Broker Dealer** - investors seeking to deal in securities traded on PLUS need to retain the services of an FSA regulated stockbroker (such as Capital Partners Securities Ltd which is an appointed representative of First Equity Ltd) which is also a broker dealer member of the PLUS service Market
  - **Market-Maker** - the market makers provide the liquidity to the market by displaying firm bid and offer prices to broker dealers in a size

# PLUS Advertisers

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- ✓ Plus-trading.co.uk offers advertisers the opportunity to reach a high net worth audience of active traders through to institutional investors
- ✓ Plus-trading.co.uk content includes information about PLUS traded companies ranging from latest news and prices, to historical data
- ✓ PLUS also provides essential guidance to both domestic and international companies seeking to join PLUS, broadening its appeal to the highest levels of company management including; managing directors, finance directors and the entire business decision making sector

# PLUS Advertisers (continued)

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- ✓ All media on Plus-trading.co.uk is represented by the Digital Look Financial Network, the largest and most established advertising network of its kind in the UK
- ✓ Spanning 15 business and financial sites it offers marketers the greatest choice available with one central buying and management point, therefore enabling greater scope for optimisation and network purchases
- ✓ Advertisers on Plus-trading.co.uk have come from different backgrounds including brokers (such as TD Waterhouse and City Equities), retail banking (such as HSBC and Barclays), through to business branding campaigns from Microsoft, British Airways and B.T.

# PLUS Data providers

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- ✓ PLUS Markets Group is committed to total market transparency and its proprietary trading data is widely available
- ✓ Investors, intermediaries, liquidity providers and issuers may wish to refer to PLUS data in order to build a complete picture of trading activity in the London Equity Markets
- ✓ In addition to the regular statistical publications, information on real-time daily trading can be accessed through a wide range of market data providers including:

Terminal Provider
Thomson
Reuters
Fidessa
Telekurs
Proquote
Comstock

Exchange Code
PM
PZ
PL
OPM
OX
08N

# PLUS Advisory Group

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- ✓ PLUS Markets Group has developed the PLUS service in response to demand from the broking community, who has long sought a trading service tailored to the needs of their clients
- ✓ PMG introduced a new consultative process to enhance its decision-making to develop the PLUS service
- ✓ The PLUS Advisory Group's role is to advise on any secondary market issues and reforms, and its constituents represent market participants such as retail brokers, market makers and investment banks
- ✓ The Group provides a dialogue on any proposed changes to the PLUS service, ensuring the needs of customers served
- ✓ The group is currently made up of 18 market participants and the chair rotates amongst members of the group

# Market Regulation

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- ✓ Trades effected on the PLUS service are subject to the dealing and transparency requirements of a dedicated rulebook ("the PLUS Trading Rules") and are exempt from the trade and transaction reporting requirements of any other market or exchange
- ✓ A firm wishing to conduct business on the PLUS service must be approved as either a broker dealer or a market maker member depending on its proposed activities, in accordance with the membership eligibility criteria set out in the PLUS Trading Rules
- ✓ The PLUS services covered by the full protection of the market abuse regime but is not classified as a Recognised Investment Exchange or EU Regulated Market under financial services law
- ✓ Qualifying intermediaries may claim relief from UK Stamp Duty Reserve Tax in respect of business conducted on the PLUS service

# Issuers

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- ✓ Issuers already trading on other markets are eligible for admittance to the PLUS service
- ✓ For issuers that are eligible for trading on the PLUS service, there is minimal associated impact
- ✓ At no cost, companies can maximise the benefit of their listing by maintaining full investor access for the UK retail investor market
- ✓ Trading activity on PLUS is wholly transparent through this website and through leading information vendors
- ✓ PLUS is being wholly driven by customer demand from UK brokers and market makers, who will be using the service to trade on behalf of their clients

# Intermediaries

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- ✓ Firms wanting to trade on PLUS, either as broker dealer or market maker, need to satisfy robust membership criteria and agree to adhere to the trading rules of the PLUS service
- ✓ PLUS member firms are able to choose where they execute their equity trading business

# Broker/Dealers

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- ✓ To participate in the market, brokers will need to become a member by complying with our admission criteria, which include:
  - Satisfaction of eligibility criteria including appropriate FSA authorisation, and adequate systems, resources and experience; and
  - A commitment to adhere to the PLUS rules

# Market Makers

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- ✓ Market participants who wish to operate as market makers, need to become members of PLUS
- ✓ To become a member, firms need to comply with PLUS admission criteria, which include:
  - Satisfaction of eligibility criteria including appropriate FSA authorisation, and adequate systems, resources and experience;
  - A commitment to adhere to the PLUS rules;
  - Establishing a network connection to PLUS; and
  - Conformance testing with the PLUS trading system, including the submission of trade reports and two-way prices

# Investors

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- ✓ UK brokers and market makers will use the PLUS service to trade those securities eligible for PLUS on your behalf
- ✓ A quote-driven trading system enables them to offer you immediacy of trading and flexible settlement

# Destination for Fundraising

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Money available from leading institutional investors:



# Contact Us

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## Please find below our main contact details:

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