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Guide to European Equity Markets

Spring 2007



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Introduction

Deciding which European market to list on can be a complex process. Market liquidity, investor appetite, precedent set by competitors, tax, language, and familiarity are important. The criteria for admission to a market, and the continuing obligations that apply to the company and its directors while the shares continue to be traded on the market, must also be taken into account.

EU securities markets are either “regulated” or “non-regulated” markets. In most cases, a country’s main equity market is regulated, and its second or alternative markets are non-regulated. High standards of transparency and corporate governance are expected of issuers whose shares are listed on a regulated market. Because of this, their shares tend to be regarded as a safer investment and suitable for a wide range of investors. Some investment funds are permitted to invest only in securities that are listed on a regulated market. From an issuer’s point of view, the main advantage of listing on a regulated market is access to a much deeper pool of capital; the main disadvantages are the higher cost of compliance and greater exposure to public scrutiny.

As the European Commission seeks to create a single, integrated market for financial services across the EU, the eligibility criteria and continuing obligations of regulated markets are increasingly harmonised. The Market Abuse and Prospectus Directives have made significant progress towards harmonising the rules on market abuse and insider dealing, disclosure by board members and senior managers of dealings in their own company’s shares, when issuers must disclose price-sensitive information to the market, when a prospectus is required and what must go into it. By 20 January this year, EU Member States were also required to impose rules governing the publication of financial results, and the disclosure of significant shareholdings, that are at least as stringent as those set out in the Transparency Directive.

Despite the increasing harmonisation of rules on regulated markets, significant differences remain between EU markets. In particular, non-regulated markets are generally left to set their own eligibility criteria and continuing obligations, and are not required to comply with the high standards set by EU Directives. This can make them attractive to many smaller companies that may not have an established track record and that have a riskier investment profile. On the downside, though, non-regulated markets tend to be less liquid and access to equity capital is more limited.

Although Zürich is a European market, Switzerland is not, of course, a member of the EU. Not being bound by any of the Commission's Directives, it is free to set its own rules on matters such as eligibility, continuing obligations, market abuse and disclosure of price-sensitive information, and publication of prospectuses. To meet the expectations of international companies and investors, however, one of Zürich's markets – the "EU-compatible" segment operated by the SWX Group (Swiss Exchange) – imposes the same standards as an EU regulated market. Issuers whose shares are allocated to the EU-compatible segment are admitted to trading on the EU Regulated Market Segment of virt-x, which is a regulated market based in London, and the SWX rules require compliance with the Market Abuse, Prospectus, Transparency and other Directives described in section 1 below. By complying with these high standards, such issuers make themselves attractive to a wider range of investors, and can take advantage of the passporting mechanism in the Prospectus Directive to offer their shares to the public, or get them admitted to trading on a regulated market, in any Member State using a single prospectus that has been approved in London.

The first section of this Guide looks at progress made to date in harmonising EU rules for issuers of listed equities. In order to highlight where differences remain, the second and third sections summarise the eligibility criteria and continuing obligations applicable to issuers whose shares have, or will have, a primary listing on each of the main markets in Europe, both regulated and non-regulated.

This Guide deals with the listing of equity securities, but does not describe rules that apply only to collective investment schemes.

Different rules applicable to foreign issuers

This Guide focuses primarily on the rules of each country's markets that apply to issuers which are subject to the company law of that country. References in Sections 2 and 3 to company law requirements are therefore to the company law of the country in which the relevant market is situated: generally such requirements only apply to local issuers.

Where a foreign company applies for its securities to be admitted to a market, different eligibility criteria and continuing obligations may apply which take account of different requirements under

the issuer's local company law and – where the issuer's securities are already listed on another market – of the issuer's obligations under the rules of that market. For example, in London a non-UK issuer whose shares are already listed elsewhere can apply for a "secondary" listing on the Official List: broadly this requires the company to meet the minimum standards of eligibility and continuing obligations imposed by CARD (see the first paragraph of Section 1 below) but not the additional "super-equivalent" standards required of UK companies that are described in Sections 2 and 3.

Specific rules that a market may apply to foreign issuers are not described in this Guide.

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1 Harmonisation across the EU: Areas of Similarity

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Eligibility, prospectuses and continuing obligations

Consolidated Admissions and Reporting Directive (CARD)

In 2001 the European Commission made the Consolidated Admissions and Reporting Directive. Amongst other things, this created or restated a number of continuing obligations and eligibility criteria applicable to companies whose shares were admitted, or seeking admission, to official listing in a Member State. In particular, Member States must ensure that to be eligible for official listing companies must normally:

- ✓ have a market capitalisation of at least € 1 million, or otherwise ensure that an adequate market will exist for the company's shares;
- ✓ have published annual accounts in accordance with national law for at least three years prior to admission;
- ✓ ensure that their shares are freely transferable; and
- ✓ distribute at least 25% of their issued share capital to the public on or shortly after admission.

The Directive also specifies certain circumstances in which these requirements can be modified or disapplied by the issuer's regulator. For example, it may be possible for a mineral or scientific research based company to be admitted to a regulated market without having to show three years' audited accounts if it can satisfy the regulator that, taking into account the other information contained in its prospectus, investors will have sufficient information to enable them to make an informed judgement about the company and its listed shares. The ability for regulators in different Member States to derogate from certain provisions of CARD – a discretion which has not always been exercised consistently across the EU – can sometimes blur the distinction between regulated markets (which generally impose much higher standards for eligibility and disclosure) and non-regulated markets (which tend to have more relaxed rules). It also means that some regulated markets are accessible to certain types of companies notwithstanding that they cannot satisfy the basic requirements of CARD.

In terms of continuing obligations, an officially listed company must:

- ✓ ensure that all shareholders in the same position are treated equally;

- ✓ inform shareholders located in at least the Member State of listing of meetings and enable them to exercise their right to vote;
- ✓ publish notices or distribute circulars relating to the payment of dividends and the issue of new shares;
- ✓ publish its annual results "as soon as possible";
- ✓ publish half-yearly results containing certain specified information within four months of the half-year end;
- ✓ inform the public as soon as possible of all price-sensitive developments and changes in the rights attaching to the various classes of shares and in the major holdings in the company; and
- ✓ inform the market within nine calendar days whenever the percentage of the company's voting rights held by a person and his associates reaches, exceeds or falls below certain thresholds (e.g. 10%, 50% and 75%). Similar rules require shareholders themselves to notify the company of dealings that reach such thresholds.

CARD is effectively a "minimum standards" Directive. In terms of both eligibility requirements and continuing obligations, Member States are allowed to impose more stringent conditions than the minimum ones laid down in the Directive, provided that any such "super-equivalent" conditions apply generally to all issuers of the same type. As a result, except where regulators have allowed derogations from the Directive's minimum standards, the same basic eligibility criteria and continuing obligations will apply to all regulated markets, but some markets may require issuers to meet higher, super-equivalent, standards.

Transparency Directive (TD)

Member States had to introduce rules reflecting the minimum requirements of the Transparency Directive by 20 January 2007, although for some the implementation process may be delayed. The Directive applies to issuers whose shares are traded on a regulated market, and effectively updates and supplements those provisions of CARD that relate to the publication of annual, half-yearly and quarterly financial information and to the disclosure of major interests in shares. Under the Directive, such issuers will have to:

- ✓ publish their annual results, drawn up in accordance with EU accounting directives or national law (as applicable), within four months of the end of the financial year;
- ✓ publish within two months of the end of the relevant period their half-yearly results, containing condensed financial statements and an interim management report covering important events and their impact in the past six months, the principal risks and uncertainties over the next six months, and major related party transactions;
- ✓ publish during the first and second six-month periods of the financial year an “interim management statement” (IMS), containing a narrative-based summary of the main events and transactions that have taken place and their impact on the financial position of the issuer, and a general description of the issuer’s financial position and performance. The amount of detail that will be required in an IMS will depend on the size and complexity of the issuer and the events and transactions that have taken place during the quarter;
- ✓ tell the market within three trading days whenever the issuer is notified that the percentage of the company’s voting rights held by a person and his associates has reached, exceeded or fallen below 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% or 95%. This is very similar to the existing requirements under CARD, but the obligation extends to a wider range of securities and interests in securities.

As the Transparency Directive is a “minimum standards” Directive, Member States are free to impose so-called “super-equivalent” rules which go beyond (but do not conflict with) the Directive – for example, to extend the major shareholdings regime to issuers on their non-regulated markets, and to require shareholders to disclose their holdings at additional thresholds.

This Guide describes the current rules in each Member State. Where a Member State’s rules do not reflect the requirements of the Transparency Directive, it should be assumed that they will be brought into line with the Directive during 2007.

Market Abuse Directive (MAD)

Member States are supposed to have implemented the Market Abuse Directive (MAD) by October 2004. Not all have yet done

so, however. MAD requires Member States to prohibit certain specified types of behaviour which amount to market abuse, and to introduce rules designed to prevent such behaviour. If and when the Directive is implemented properly in each Member State, an issuer whose shares are admitted to trading on a regulated market will have to:

- ✓ inform the public as soon as possible of “inside” (unpublished price-sensitive) information which directly concerns it, subject to certain limited exceptions, and ensure that inside information is not disclosed selectively;
- ✓ keep lists of persons working for the issuer who have access to inside information; and
- ✓ notify the market of all dealings in the issuer’s own shares by directors and certain senior managers. Related rules must require such persons to notify the company of their dealings.

As with the Transparency Directive, MAD is a “minimum standards” Directive which allows Member States to impose additional “super-equivalent” rules – for example, to prohibit other types of behaviour and to extend the scope of the prohibition to securities admitted to trading on non-regulated markets.

Even markets that are non-regulated nearly always require issuers to disclose details of significant events which could affect the price of their shares. However, the precise scope of these rules, and the time limits for disclosing such events, may vary. Such differences are not dealt with in this Guide.

Prospectus Directive (PD)

In order to harmonise the rules in different Member States on the circumstances when a prospectus must be published, its content, and how it must be approved and published, the European Commission drew up the Prospectus Directive and accompanying Prospectus Regulation (which is directly applicable). The Directive was due to be implemented by 1 July 2005, but not all Member States met this deadline. In general terms, a company that is proposing to offer its securities to the public in any Member State, or which is applying for its securities to be admitted to trading on a regulated market, must publish a prospectus containing certain specified information. Before a prospectus is published it must be approved by the relevant

national regulator. The Directive applies to both primary issues (IPOs) and secondary issues (such as placings, open offers and rights issues through which a company raises further funds from shareholders), and the requirements are the same for each.

There are various exceptions to the general requirement to publish a prospectus, some of which are described in the box below:

- ▶ an offer which does not involve the shares being admitted to a regulated market and which is addressed solely to “qualified investors” – i.e. banks, insurance companies, pension funds, investment companies and other financial services institutions; large corporates; and individuals who have sufficient wealth and expertise and who have registered themselves with their national regulator as qualified investors;
- ▶ an offer which does not involve the shares being admitted to a regulated market and which is addressed to fewer than 100 natural or legal persons per Member State, other than qualified investors;
- ▶ a secondary issue by a company which is already listed on a regulated market, where the number of new shares represents less than 10% of the number of shares of the same class that are already listed and there is no offer to the public;
- ▶ conventional scrip dividends and bonus issues;
- ▶ certain offers made to existing or former directors or employees (e.g. under employee share schemes).

As a result, no prospectus is required if a company seeks admission of its shares to a non-regulated market (either on an IPO or a secondary issue) as long as there is no offer to the public because one of the exemptions applies – for example, where all the new shares are placed with banks or financial institutions.

The Directive itself does not impose eligibility criteria for listing. Instead, it requires issuers to disclose certain information in a prospectus, and leaves it to investors to determine whether, on the basis of this information, an issuer is suitable for listing. For example, the Directive does not stipulate that a person with

a criminal conviction cannot be a director of a listed company; but such information must be disclosed in the prospectus. Investors will also, of course, continue to rely on the sponsor or lead manager having satisfied itself about the integrity of the issuer and its directors.

The box on this page contains details of key information that must be included in a prospectus for an issue of equity securities.

- (a) *Table of contents*
- (b) *Summary of the essential characteristics and risks, in not more than 2,500 words*
- (c) *Statement by those persons responsible that the document “is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import”*
- (d) *“Prominent disclosure” of risk factors specific to the issuer or its industry*
- (e) *Details about the issuer, its place of incorporation, legal structure and “important events in the development of its business”; its group and share capital*
- (f) *Principal investments to date and committed for the future*
- (g) *Description of and key factors relating to the issuer’s operations and principal activities, and a breakdown of revenue from its principal markets*
- (h) *Any licences, patents, contracts or processes on which the business is materially dependent*
- (i) *Any existing or planned material tangible fixed assets, any major encumbrances on them and any environmental issues that may affect the issuer’s ability to use them*
- (j) *Operating and financial review of the company’s financial position and any factors materially affecting its income*
- (k) *Short and long-term capital resources available to the issuer, and any restrictions on their use*
- (l) *Details of the directors and senior managers, including any companies with which they were involved that have gone insolvent, and any convictions. Also details of any “potential conflicts of interest” between their duties to the issuer and to any other company (e.g. where they are a director of that other company), and any conflict with their private interests or the interests of any appointing shareholder, customer etc.*

- (m) Remuneration and benefits in kind provided to each director and, on an aggregated basis, to key senior managers*
- (n) A statement as to whether or not the issuer complies with the corporate governance regime of its country of incorporation*
- (o) Any shareholders with notifiable interests under the issuer's national law, and the measures in place to ensure that any controlling shareholder does not abuse its power*
- (p) Any related party transactions during the last three financial years*
- (q) Audited historical financial information for the last three financial years prepared in accordance with IFRS, or (for EU issuers) the GAAP of their Member State or (for non-EU issuers) a set of GAAP that is recognised as equivalent to IFRS. Information for the last two years must be prepared in a form consistent with that which will be adopted for the issuer's next annual results. In some circumstances historical financial information may have to be restated in accordance with IFRS*
- (r) Any quarterly or half-yearly results published since the date of the last audited financial statements*
- (s) If the issue will cause one of the indicators of the size of the issuer's business to change by more than 25%, pro forma financial information showing how the issue would have affected the issuer's assets, liabilities and earnings at the start of the period being reported on*
- (t) Any material legal or arbitration proceedings that have been pending or threatened over the last 12 months*
- (u) A summary of certain provisions of the issuer's memorandum and articles of association or other constitutional documents*
- (v) A summary of every material contract entered into by a group company within the last two years, other than in the ordinary course of business*
- (w) A statement that the issuer has sufficient working capital for the next 12 months*
- (x) Details of any significant change in the financial or trading position of the group since the end of the last half yearly or annual results*
- (y) If the prospectus includes a profit forecast, details of the assumptions made and a report by independent accountants or auditors confirming that the forecast has been properly compiled*

- (z) A statement of the issuer's capitalisation and indebtedness, and of the reasons for the issue and how the proceeds will be used*
- (aa) The nature of the securities issued and their rights to dividends, votes, transferability, redemption, conversion etc.*
- (bb) The amount of dividend per share paid in respect of the last three financial years*
- (cc) Price, conditions, timetable and mechanics of the issue, including any underwriting, stabilisation and lock-up arrangements*

In the hope of making prospectuses shorter, and easier and cheaper to prepare, the Directive allows certain previously published information relating to the issuer to be incorporated by reference.

Advertisements that are published in connection with an offer to the public or the admission of shares to trading on a regulated market are also regulated by the Directive. In particular, advertisements must be clearly labelled as such, must refer readers to the prospectus, and must be consistent with it.

To facilitate cross-border equity fundraisings, the Directive introduces a 'single passport' system under which an issuer whose prospectus has been approved for use in its "home" Member State can use it for public offers or admissions to regulated markets in any other Member State ("host Member States") without having to publish further information or seek further approval.

To make the passporting system work, the Directive also lays down complex rules on which language(s) can be used in a prospectus:

- ▼ Where an offer to the public is made, or admission to a regulated market is sought, only in the issuer's home Member State, the prospectus must be in a language accepted by the competent authority of that Member State (which will be its national language(s) and sometimes English as well).
- ▼ Where an offer to the public is made, or admission to a regulated market is sought, in one or more Member States that do *not* include the issuer's home Member State, the

prospectus must be either (a) in a language accepted by the competent authorities of those host Member States or (b) a language “customary in the sphere of international finance” (i.e. English). For example, if a German issuer whose home Member State is Germany wants to get its shares admitted to trading on Eurolist by Euronext (Paris), the prospectus will have to be in French or English. But as the prospectus will need to be approved by the BaFin in Germany, unless the BaFin accepts prospectuses in French, the issuer will have to use English. If the document is published in English, the French competent authority (the AMF) can require only the summary to be translated into French.

▼ Where an offer to the public is made, or admission to a regulated market is sought, in one or more Member States *including* the issuer’s home Member State, the prospectus must be in a language accepted by the competent authority of the home Member State and also (if different) either (a) a language accepted by the competent authorities of each host Member State or (b) English. For example, if a German issuer whose home Member State is Germany wants to offer its shares to the public in Germany, France and Italy, if the BaFin accepts prospectuses in English, no other languages will be required. But if the BaFin accepts only German, the prospectus will need also to be in English or in both French

and Italian (unless the AMF or the Italian competent authority, Consob, accept prospectuses in English). In either case, the AMF and Consob can require only the summary to be translated into their national language.

Unlike the Transparency and Market Abuse Directives, the Prospectus Directive is a “maximum harmonisation” Directive which gives Member States very little discretion to derogate from its requirements or to impose rules relating to prospectuses which go beyond the Directive.

Financial reporting

Accounts of individual companies and groups

In 1978 the Commission adopted the 4th Company Law Directive on the content, auditing and publication of individual accounts of public and private companies incorporated in a Member State. Member States had to put in place rules that, amongst other things, required companies to:

- ✓ publish an annual balance sheet, profit and loss account, notes to accounts and directors' report, each in a prescribed format tailored to the size of the company;
- ✓ have their accounts audited by a qualified auditor (subject to certain exceptions);
- ✓ ensure that the accounts give a true and fair view of the company's assets, liabilities, financial position and profit and loss;
- ✓ give comparative figures for the preceding year;
- ✓ state the accounting conventions and bases of valuation used to value assets;
- ✓ use certain specified accounting rules relating to depreciation and inflation.

Five years later, the 7th Company Law Directive required Member States to adopt rules on group accounts, including:

- ✓ the financial results of all subsidiaries must (with certain exceptions) be consolidated with those of their parent company, which must publish consolidated group accounts;
- ✓ when a company is treated as another's subsidiary;
- ✓ rules similar to the 4th Directive on content, format and auditing of group accounts;
- ✓ the adoption by a group of consistent consolidation techniques.

In the case of both Directives, Member States were afforded some discretion to derogate from the Directives in certain areas.

Accounts Modernisation Directive: business review

The Accounts Modernisation Directive, which amends various parts of the 4th and 7th Company Law Directives, had to be implemented by Member States by 1 January 2005. Amongst other things the Directive envisages that issuers whose shares are traded on a regulated market should to include in their annual report for financial years starting in or after that date:

“a fair review of the development and performance of the company's business and of its position, together with a description of the principal risks and uncertainties that it faces. The review shall be a balanced and comprehensive analysis of the development and performance of the company's business and of its position, consistent with the size and complexity of the business.

To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters.”

IFRS

For accounting periods starting on or after 1 January 2005, all companies whose shares are traded on a regulated market must prepare their consolidated group accounts in accordance with International Financial Reporting Standards (IFRS) adopted by the European Commission. Member States also have the option to require, or permit, such companies to prepare their individual accounts under IFRS, and other companies to use IFRS for their individual and/or consolidated accounts.

The European Commission is keen to encourage as many EU companies as possible to use IFRS for both their individual and consolidated accounts, believing that consistent accounting rules are vital to help investors compare the financial performance of different companies. As a result, the Prospectus Regulation requires a prospectus for an equity issuer to include audited historical financial information for the last three financial years prepared in accordance with IFRS, or (where the issuer is incorporated in an EU Member State) the GAAP of its Member State or (for non-EU issuers) a set of GAAP that is recognised as equivalent to IFRS. Information for the last two years must be prepared in a form consistent with that which will be adopted for the issuer's next annual results. Where the issuer is or will be listed on a regulated market, the last two years' accounts will therefore normally have to be re-stated in accordance with IFRS.

Other Company Law Directives

To date, around a dozen Directives have been adopted by the Commission that relate to companies governed by the laws of any Member State. More are in the pipeline. As with the Directives described above, their general aim is to achieve greater harmonisation between the national company law rules of different Member States. Of the existing company law Directives, the most relevant is the 2nd Directive (adopted in 1977) concerning the maintenance and alteration of the share capital of public companies.

In particular, Member States must adopt rules applicable to “public companies” (a list of which is given below) under which:

- ✓ where shares are issued for non-cash consideration, in certain circumstances an independent expert must report on the assets acquired and their value;
- ✓ dividends cannot be paid if, immediately following the dividend, the company's net assets would be less than the aggregate of its share capital and non-distributable reserves;
- ✓ any interim dividend must be justified by accounts drawn up for the purpose;
- ✓ any arrangements for a company to purchase its own shares must normally be approved by shareholders in advance, and the aggregate amounts paid in consideration must be covered by the company's distributable profits. Shares bought in and held ‘in treasury’ for re-issue must not exceed 10% of the issued share capital, and such shares cannot be voted;
- ✓ with certain exceptions, a company must not advance funds, make loans, or provide security in connection with the acquisition of its shares by a third party;
- ✓ shareholder approval is required for any increase or reduction in share capital;
- ✓ whenever shares are to be issued for cash, they must first be offered on a pre-emptive basis to shareholders in proportion to their existing holdings, unless the shareholders in general meeting resolve to disapply this rule;
- ✓ creditors are entitled to seek security for their debts, or other safeguards, before a reduction of capital can take effect; and
- ✓ shares can only be redeemed out of distributable profits and with the prior approval of shareholders in general meeting.

Public companies to which the 2nd Directive applies include:

Country	Type of company	Abbreviation
Belgium	de naamloze vennootschap/ la société anonyme	(N.V./S.A.)
France	la société anonyme	(S.A.)
Germany	die Aktiengesellschaft	(A.G.)
Italy	la società per azioni	(S.P.A.)
Netherlands	de naamloze vennootschap	(N.V.)
Spain	la sociedad anónima	(S.A.)
UK	public limited company	(p.l.c.)

Most, but not all companies whose shares are admitted to trading on a market are public companies which will be subject to national laws that reflect the 2nd Directive.

Takeovers Directive (TOD)

Under the Takeovers Directive, which had to be implemented in Member States by 20 May 2006, the rules on takeovers of EU-incorporated companies whose shares are traded on a regulated market are intended to be harmonised to a large extent. By requiring Member States to introduce certain minimum rules, the Directive aims to create more of a level playing field for cross-border takeovers and to provide a more consistent level of protection for minority shareholders.

In particular, Member States must put in place rules which:

- ✓ reflect certain general principles – e.g. all shareholders of the same class should be treated equally; before making an offer, a bidder must ensure that it has the resources to satisfy full acceptances; and target shareholders must be given sufficient time and information to enable them to reach a properly informed decision about an offer;
- ✓ oblige a person who has acquired de facto control of a target to offer to buy all the remaining shares at an equitable price;
- ✓ specify the minimum information that must be included in an offer document;
- ✓ give a bidder who has acquired around 90% of the target's shares the right to force the remaining shareholders to sell their shares (a so-called squeeze-out right);
- ✓ restrict the circumstances in which the board of a target can take steps to frustrate a bid;
- ✓ deal with the lapsing and revision of bids, competing bids and the conditions that a bidder or target can impose.

The Directive has not yet been implemented fully in all Member States and, even where it has, Member States can allow companies to retain certain protectionist measures that make it difficult for a third party to acquire control. The Directive does, however, represent a significant step towards harmonisation.

Rules on takeovers are not dealt with in any detail in this Guide.

Markets in Financial Instruments Directive (MiFID)

MiFID will replace the 1993 Investment Services Directive (ISD). The ISD has been a cornerstone of European legislation for over a decade and gives investment firms authorised in their state of incorporation (the “home state”) certain rights to provide investment services on a cross-border basis or to establish branches in other EEA states (“host states”) without having to become separately authorised in those host states.

However, Member States have imposed on investment firms different organisational rules – concerning matters such as systems and controls, capital and compliance processes – and conduct of business rules – concerning matters such as client classification, best execution, suitable advice, client money, conflicts of interest and promotion of investment products. In practice, this has made it difficult for firms to ‘passport’ between Member States without setting up a separate branch or subsidiary which complies with local rules.

Amongst other things, MiFID aims to facilitate cross-border provision of investment services by harmonising to a much greater extent these organisational and conduct of business rules. It will also increase access to equity markets by recognising the emergence of a new generation of organised trading systems that have arisen alongside regulated markets – so-called Multilateral Trading Facilities (MTFs). An MTF is a facility operated by an investment firm under whose rules multiple parties can buy and sell financial instruments that may or may not be admitted to trading on a regulated market. The rules of an MTF will have to meet certain minimum standards designed to safeguard investors – for example, the operator will need to establish and maintain transparent criteria for admission to the market and transparent rules and procedures for fair and orderly trading and the efficient execution of orders; and it will also need to ensure that investors have access to “sufficient publicly available information to enable users to form an investment judgement, taking into account both the nature of the users and the types of instruments traded”. But an MTF will not need to satisfy the much more stringent standards required for regulated markets.

Many of the EU’s non-regulated markets are likely to be classed as MTFs. Other ‘off-exchange’ markets that are capable of meeting the MiFID requirements may also become MTFs.

The regulated market regime under MiFID expands on the corresponding regime under the ISD and covers a broader range of financial instruments, including markets for commodity derivatives. Under MiFID, market operators will be required to seek authorisation to operate a regulated market. Because MiFID deals with a broader range of financial instruments, some market operators whose exchanges are currently recognised under national law, such as the London Metal Exchange, will be able to apply for regulated market status under MiFID. As at present, each Member State will have to provide the European Commission each year with a list of all its regulated markets.

MiFID is expected to increase competition between market operators to attract issuers and investors. As a result, established stock exchanges are likely to lose some of their business to MTFs, and issuers could find their shares being traded on a wider range of markets.

Member States must have transposed MiFID into their national laws by 31 January 2007, but the Directive’s provisions will not take effect until 1 November 2007.

Remaining differences

Sections 2 and 3 of this Guide highlight key differences in the eligibility criteria and continuing obligations imposed by the main equity markets throughout the EU. In addition, differences remain to a greater or lesser extent in many areas, including:

- ▮ company structures and shareholder rights – particularly the use in some Member States of multiple voting rights and tiered voting structures. Such matters are mainly governed by domestic company law which, although often similar, is not harmonised;
- ▮ how companies and individual shareholders are taxed; and
- ▮ corporate governance and employee involvement in company management – some Member States favour the unified board structure (where the board is sometimes divided into executive and non-executive directors), while others prefer two-tier boards – i.e. a management and a supervisory board. In some countries employees have a statutory right to be represented on the supervisory board of certain companies.



Amsterdam
 Brussels
 Frankfurt
 London
 Madrid
 Milan
 Paris
 Zürich

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15 PK	EDU8 EDM9	100				2	9990B	99	
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08 PK	EDU7 EDM8	25				NET			
10 PK	EDU8 EDM9	100							
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Amsterdam

Eurolist by Euronext (Amsterdam)

Type Eurolist by Euronext – previously known as the Official Market (*Officiële Markt*) – is a regulated market as defined by MiFID. It is operated by Euronext and regulated by the AFM, the Dutch regulatory authority.

Note that Euronext also operates markets in Brussels, Lisbon and Paris under the Eurolist by Euronext name, but that the rules applicable to these markets have not yet been fully harmonised.

Types of company whose shares can be admitted

Naamloze Vennootschap (N.V.)

Any foreign company that has been duly incorporated in its place of incorporation or establishment that has freely transferable shares and which is permitted under such law to have its shares listed.

Minimum assets, equity and/or working capital

None (other than the minimum value of the public float mentioned below)

Minimum public float

At the time of admission to listing a sufficient number of securities must be distributed to the public. This will have occurred either when at least 25% of the securities end up in the hands of the public, or when in view of the large number of securities of the same class and their distribution to the public, the market will function with a lower percentage. The free float may not be lower than 5% and must represent a value of at least € 5 million calculated on the basis of the offering price.

Track record

None required (other than the requirements relating to the filing of financial statements mentioned below).

Financial information

The issuer must have published or filed audited annual financial statements or pro forma accounts, consolidated where applicable, for the preceding three financial years, drawn up in accordance with IFRS.

If the financial year ended more than 9 months before the date of the admission to listing, the issuer must have published or filed audited half-yearly accounts.

Restrictions on shareholdings

The shares must be freely transferable and negotiable. An application for admission to listing must cover all the issuer's securities of the same class issued (or proposed to be issued) at the time of application.

Independence from controlling shareholders

No specific requirement in the listing rules, but major shareholders and their influence will have to be disclosed in the prospectus.

Lock-in requirements

Not required in general. However, in situations where Euronext Amsterdam grants a dispensation from the requirements regarding the availability of financial information it may subject the admission for listing to various special conditions including lock-up requirements.

Sponsor or other financial adviser	Upon its first application to listing and any subsequent listing of securities, the issuer must appoint a listing agent (also referred to as the sponsor) authorised by Euronext to assist with the preparation of information documents, guide and counsel the issuer through the listing process and throughout a period of at least six months thereafter and sign the application for securities to be admitted to listing.
Market-maker or broker	Euronext members can act in the capacity of broker, trading exclusively for third parties (including other members), or in the capacity of dealer, trading for their own account, including in order to enhance market liquidity of an admitted financial instrument. There is, however, no obligation to retain the services of a liquidity provider.
Publicity restrictions	<p>Advertisements, presentations to potential investors, and other means of promoting an initial public offer or secondary issue are generally permitted, subject to certain restrictions. As per the PD, advertisements must be clearly labelled as such, must refer readers to the prospectus, and must be consistent with it.</p> <p>Communications by any entity other than the issuer that invite or encourage any person to buy or subscribe for securities, or otherwise deal in any investment, can only be made by a properly authorised investment firm or if a specific exemption applies.</p>
Typical timing of listing process	<p>Depending on the size and complexity of the company and its state of preparedness the process normally takes 3 to 4 months.</p> <p>Euronext Amsterdam must make a decision whether or not to admit securities to listing in respect of an application for admission to listing within a maximum period of 90 days in case of a first admission to listing and 30 days in all other cases.</p>
Requirements for secondary offerings	When additional securities of the same class as securities already admitted to listing are issued, the application for listing of additional securities must be made either as soon as they are issued (if they are issued to the public) and no later than 90 days after their issue in other cases.
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) Dutch and English.</p> <p>(b) The summary must be translated into Dutch or English.</p>
Relevant links	<p>AFM: http://www.afm.nl/corporate/</p> <p>Euronext: http://www.euronext.com/</p>

Amsterdam

Alternext (Amsterdam)

Type Alternext is a market with a lighter regulatory regime operated and regulated by Euronext through a body of rules applicable to intermediaries and listed companies. It is not a regulated market but a multilateral trading facility (MTF) under MiFID.

Note that Euronext also operates markets in Brussels and Paris under the Alternext name, but that the rules applicable to these markets have not yet been fully harmonised.

Types of company whose shares can be admitted

Naamloze Vennootschap (N.V.)

Any foreign company that has been duly incorporated in its place of incorporation or establishment that has freely transferable shares and which is permitted under such law to have its shares listed.

Minimum assets, equity and/or working capital

None (other than the minimum value of the public float mentioned below)

Minimum public float

Issuers making a public offer must have a minimum free float of at least € 2.5 million. There is no minimum float requirement for issuers wishing to list without a public offer, but the issuer must have done a private placement of at least € 5 million in the two preceding years to five or more qualified shareholders.

Track record

No track record is required, but the issuer must have filed its accounts for the two years preceding the application.

Financial information

Issuers must have filed individual annual accounts and consolidated accounts, if any, for the two years preceding the application prepared in accordance with either IFRS or national accounting standards for issuers incorporated in an EEA country. Issuers incorporated in a third country must use either IFRS or national accounting standards for a private placement and standards set out in the PD for public offerings.

The statements for the most recent year must have been certified by the issuer's auditors. If the most recent financial year ended more than nine months prior to the application, half-yearly statements must be submitted.

Restrictions on shareholdings

The securities must be freely negotiable and transferable, and capable of being deposited with a central securities depository who can issue depository receipts or similar in respect of the securities.

Independence from controlling shareholders

No specific rules apply regarding independence from controlling shareholders, but if a prospectus is required it will have to contain various information about such relationships.

Lock-in requirements

No lock-in requirements apply.

Sponsor or other financial adviser

Issuers must appoint and retain an Alternext accredited listing sponsor (approved by Euronext Amsterdam) to guide them through the listing process and confirm to Euronext Amsterdam that all of

the relevant requirements have been met. Listing sponsors also guide and counsel the issuer following the listing, acting as an intermediary between the issuer and Euronext Amsterdam for the purpose of ensuring the issuer's compliance with the Alternext rules.

Market-maker or broker A public offer must be carried out through a duly authorised investment service provider (which can be the same firm as the listing sponsor).

Trading members must have been admitted as members of the regulated markets managed by Euronext Amsterdam and must comply with Euronext Rule Book 1. They can declare themselves to be market makers in the securities they have selected.

Publicity restrictions Companies can be listed or traded on Alternext either through a public offering simultaneous to the listing or a direct listing after a private placement.

Companies wishing to make a public offer need to produce a prospectus approved by the regulator (AFM) in line with the PD. Advertisements, presentations to potential investors, and other means of promoting an initial public offer are generally permitted, subject to certain restrictions. As per the PD, advertisements must be clearly labelled as such, must refer readers to the prospectus, and must be consistent with it.

Companies applying for listing after a private placement will need to produce an information memorandum that is not subject to approval by the regulator. The information memorandum must contain all information that is necessary to enable investors to make an informed assessment of the financial position and general prospects of the issuer, either in English, French, German or Dutch with an English abstract.

Communications by any entity other than the issuer that invite or encourage any person to buy or subscribe for securities, or otherwise deal in any investment, can only be made by a properly authorised investment firm or if a specific exemption applies.

Typical timing of listing process The listing process as such takes little time. The issuer is required to send an application to Euronext Amsterdam as soon as the prospectus has been filed with the regulator and this must be at least 20 days before the planned listing date. For listing after a private placement the information memorandum must be posted on the Alternext website ten days before the planned listing date.

For public offerings, depending on the size and complexity of the company and its state of preparedness, the entire process – from start of preparations until final approval of the prospectus by the AFM – can be expected to take approximately 3 to 4 months.

Requirements for secondary offerings Euronext Amsterdam must be informed of any changes in the number of issued securities and adjusts the number of securities listed accordingly.

Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting? (a) Dutch and English.
(b) The summary must be translated into Dutch or English.

Relevant links Alternext: <http://www.alternext.com/>

Brussels

Eurolist by Euronext (Brussels)

Type Eurolist by Euronext (Brussels) is the “senior market” operated by Euronext Brussels and is a regulated market. It is regulated by the Banking, Finance and Assurance Commission (CBFA).

Note that Euronext also operates markets in Amsterdam, Lisbon and Paris under the Eurolist by Euronext name, but that the rules applicable to these markets have not yet been fully harmonised.

Types of company whose shares can be admitted Public limited liability company

Any Belgian or foreign company duly incorporated in its place of incorporation and which is permitted under such law to have its securities listed.

Minimum assets, equity and/or working capital There is no requirement as regards minimum assets, equity or working capital. Eligibility is assessed on a case-by-case basis.

Minimum public float At least 25% of the shares of the relevant class must be in public hands, or in the case of an initial public offering, it must reasonably be expected that this so called “free float condition” will be met within a short period. Euronext Brussels may accept less than 25%, but not less than 5%, if the market may reasonably be expected to operate properly with such lower percentage in view of the large number of shares and the breadth of their distribution to the public. In all cases, the public must hold shares worth at least € 5 million.

Track record Not required by listing rules. However, if an issuer can demonstrate of a satisfactory track record it is more likely to be able to obtain the derogation referred to below regarding financial statements.

Financial information As per CARD, the issuer must have published annual accounts for the last three consecutive financial years prior to the application. Derogations from this three-year requirement can be obtained where this is desirable in the interests of the issuer or investors and Euronext is satisfied that investors have the necessary information available to be able to make an informed judgement.

Restrictions on shareholdings The securities admitted to listing must be freely transferable and negotiable.

Independence from controlling shareholders No specific requirement in the listing rules.

As a general principle, however, the prospectus must include all information which is necessary for the public to be able to make an informed assessment of the company's assets, financial condition, results and prospects. Major shareholders and their influence will therefore have to be disclosed.

Lock-in requirements Not required by listing rules but contractual lock-in arrangements can be put in place in order to secure an orderly market.

Sponsor or other financial adviser	The issuer will typically require a financial advisor, lead underwriter, sponsor and broker (often the same investment bank).
Market-maker or broker	Not required.
Publicity restrictions	Publicity is generally allowed both before and after publication of the prospectus subject however to (i) specific regulations and (ii) supervision of the regulator.
Typical timing of listing process	<p>The usual timing is three to four months from decision to list to actual listing but can be slower or faster depending on circumstances.</p> <p>In the case of a first admission, Euronext Brussels will make a decision regarding the outcome of the application within 3 months of receipt of a complete file. In other cases, a decision must be made within 1 month.</p> <p>The regulator's decision regarding admission will remain valid for three months.</p>
Requirements for secondary offerings	Euronext Brussels must be informed of any changes in the number of issued securities and adjusts the number of securities listed accordingly.
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) Except where English is permitted by the PD, the prospectus itself can be drafted in French or Dutch.</p> <p>(b) The summary must always be translated into French and Dutch.</p>
Relevant links	<p>CBFA: http://www.cbfa.be/eng/index.asp</p> <p>Euronext: http://www.euronext.com/</p>

Brussels

Alternext

Type Alternext was established by Euronext on 17 May 2005. It is a non-regulated market.

If an IPO is effected by means of a placing to institutional investors, no prospectus is required. Instead, the issuer must publish an “offering circular”, which has to contain nearly the same information as would be required for a prospectus. The offering circular does not need to be approved by the regulator.

If an IPO is effected by means of an offer of shares to the public for general subscription or purchase, a prospectus is required. This prospectus has to be approved by the regulator.

Euronext also operates markets in Amsterdam and Paris under the Alternext name, but rules applicable to these markets have not yet been fully harmonised.

Types of company whose shares can be admitted Public limited liability company

Minimum assets, equity and/or working capital No minimum required.

Minimum public float Where listing involves a public offering, the issuer must have a minimum free float of € 2.5 million.

In other circumstances, companies that have carried out a private placement can apply for listing on Alternext if they can show that they have placed at least € 5 million worth of shares with five or more investors.

Track record No track record required.

Financial information The issuer must have published or filed audited annual financial statements or pro forma accounts, consolidated where applicable, for the preceding two financial years, drawn up in accordance with IFRS or with the national accounting standards of the country where the issuer has its registered office.

Restrictions on shareholdings The securities admitted to listing must be freely transferable and negotiable.

Independence from controlling shareholders No specific rules. But as a general principle the prospectus or the “offering circular” must include all information that is necessary for the public to assess the company's assets, financial condition, results and prospects; major shareholders and their influence will have to be disclosed in the prospectus (where the issue involves a public offering), or otherwise in the “offering circular”.

Lock-in requirements None

Sponsor or other financial adviser	<p>The issuer must appoint a qualified “Listing Sponsor”. The Listing Sponsor is charged, for at least two years from the date when the issuer is admitted to listing on Alternext, with ensuring that at all times the issuer meets its periodic disclosure requirements and makes its mandatory ad hoc disclosures in timely fashion, whether these arise from legal and regulatory requirements or from rules specific to Alternext.</p> <p>Where the issuer fails to meet its requirements, the Listing Sponsor is expected to ensure that the issuer takes steps to remedy the failure. At the same time, the sponsor must inform Euronext Brussels of the nature of the failure and the measures taken in response.</p> <p>Where the issue involves a public offering, the issuer must also retain an investment service provider.</p>
Market-maker or broker	<p>Investors can choose between trading on the central order book and trading with an identified counterparty or with a market maker.</p>
Publicity restrictions	<p>Publicity is generally allowed both before and after publication of the prospectus subject however to (i) specific regulations and (ii) supervision of the regulator.</p>
Typical timing of listing process	<p>The usual timing is three to four months from the decision to list to actual listing but can be slower or faster depending on circumstances.</p>
Requirements for secondary offerings	<p>Euronext Brussels must be informed of any changes in the number of issued securities and adjusts the number of securities listed accordingly.</p>
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) Except where English is permitted by the PD, the prospectus itself can be drafted in French or Dutch. (b) The summary must always be translated into French and Dutch.</p>
Relevant links	<p>CBFA: http://www.cbfa.be/eng/index.asp Euronext: http://www.euronext.com/ http://www.alternext.be</p>

Frankfurt

Official Market (“*Amtlicher Markt*”)

Type	<p>The main market in Germany, which is suitable for larger companies. It is a regulated market.</p> <p>The Official Market is operated by Deutsche Börse AG and regulated by the stock exchange supervisory authority of Wiesbaden and by the German Financial Supervisory Authority (“<i>BaFin</i>”).</p>
Types of company whose shares can be admitted	<p>Stock corporation (AG) and company limited by shares (KGaA). Any foreign company that has been duly incorporated in its place of incorporation or establishment and which is permitted under such law to have its securities listed.</p>
Minimum assets, equity and/or working capital	<p>No requirement for minimum equity capital.</p>
Minimum public float (Issue volume)	<p>The prospective market value of the shares to be admitted or, if an estimation thereof is impossible, the registered share capital (equity capital, “<i>Eigenkapital der Gesellschaft im Sinne des § 266 (3) lit. (a) HGB</i>”) of the company shall be at least € 1,250,000 if shares of the same class are not already admitted to trading on the official market of the respective stock exchange.</p> <p>Lower thresholds may be permitted by the Admissions Authority if there will be a satisfactory market for the securities to be admitted.</p>
Minimum public float	<p>Shares must be sufficiently dispersed among the public within one or more member States of the EU or one or more Contracting States of the European Economic Area Agreement.</p> <p>Shares are deemed to be sufficiently dispersed if at least 25% of the aggregate nominal value or, in the case of shares without nominal value, the number of shares to be admitted, have been purchased by the public, or where orderly stock exchange trading is assured even on the basis of a lower percentage because of the large number of shares and their wide dispersal among the public.</p>
Track record	<p>The issuer must have existed as a company for at least 3 years.</p>
Financial information	<p>The issuer must have published its annual accounts for the three financial years preceding the application in accordance with applicable national law.</p>
Restrictions on shareholdings	<p>As a general rule, shares must be freely transferable.</p> <p>But restrictions on transfer may be permitted by the Admissions Authority where the securities are not fully paid up, provided that the Authority is satisfied that stock exchange trading will not be affected, and provided that it is stated in the prospectus that the securities are not fully paid up and that the restrictions have been imposed for this reason. If a prospectus is not required by law, the public has to be informed in an adequate manner. Similarly, restrictions are permitted if under the applicable law of the issuer’s domicile foreign nationals may only hold a certain percentage of the shares (e.g. as in the case of airlines like Lufthansa AG) and appropriate disclosures are made.</p> <p>The Admissions Authority may also admit shares the acquisition of which is subject to consent, provided such requirement does not result in a disruption of stock exchange trading.</p>

Independence from controlling shareholders	<p>Major shareholders will have to be disclosed in the prospectus.</p> <p>The application for the admission of shares must in principle relate to all shares of the same class. It is possible, however, to apply to list part only of a class of shares where either the shares not to be admitted form part of a shareholding that exists in order to preserve a controlling influence over the issuer, or where the shares cannot be traded for a certain period of time, provided in either case that the purchasers of the shares that are admitted are not expected to be adversely affected by the partial admission.</p>
Lock-in requirements	<p>Not required, but in practice voluntary (contractual) lock-ups are common – usually 6 to 12 months for financial investors, and 18 to 24 months for management.</p>
Sponsor or other financial adviser	<p>Application for admission must be filed jointly with a financial institution (bank, financial services company or a branch of a foreign company that carries on banking activities or provides financial services. The Sponsor must be admitted for trading at a German stock exchange and must provide evidence of liable equity of at least € 730,000.</p> <p>The Sponsor will assume further obligations following admission of the securities, such as advising the issuer on the composition and implementation of future publicity, sending notice to the stock exchange, administering dividend payment dates, etc.</p> <p>At least one paying agent and depository institution ("<i>Zahl- und Hinterlegungsstelle</i>") for the shares within Germany must be appointed for the whole period of admission of the shares.</p>
Market-maker or broker	<p>The executive board of the Frankfurt Stock Exchange may determine that "<i>Designated Sponsoring</i>" will take place for certain securities that are traded electronically.</p> <p>For floor-traded securities ("<i>Präsenzhandel</i>"), a lead broker ("<i>Skontroführer</i>") is required for determination of the stock market price.</p>
Publicity restrictions	<p>As per the PD, advertisements must be clearly recognisable as such and must indicate that a prospectus has been or will be published. Information included in an advertisement must not be incorrect or misleading or inconsistent with the prospectus. Any information that is published concerning the public offering or the admission of the securities for stock exchange trading, even if not for advertising purposes, must be consistent with the prospectus.</p>
Typical timing of listing process	<p>Depending on the size and complexity of the company and the IPO, the process normally takes about 3 months of preparatory work and another 2 months for the listing procedure.</p>
Requirements for secondary offerings	<p>Minimum value of shares requirements (see "issue volume" above) do not apply to secondary offerings.</p>
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) (Except where English is permitted by the PD), German.</p> <p>(b) The summary must always be translated into German.</p>
Relevant links	<p>www.exchange.de</p> <p>www.bafin.de</p>

Frankfurt

Regulated Market ("Geregelter Markt")

Type The most important secondary market in Germany. With a few exceptions (e.g. no absolute minimum public float), entry requirements for the Geregelter Markt are similar to those of the Official Market ("Amtlicher Markt"). The Geregelter Markt is a regulated market.

Like the Official Market, the Geregelter Markt is operated by Deutsche Börse AG and regulated by the stock exchange supervisory authority of Wiesbaden and by the German Financial Supervisory Authority ("BaFin").

Types of company whose shares can be admitted Stock corporation (AG) and company limited by shares (KGaA).

Any foreign company that has been duly incorporated in its place of incorporation or establishment and which is permitted under such law to have its securities listed.

Minimum assets, equity and/or working capital No requirement for minimum equity capital.

Minimum public float Unlike the Official Market there is no free float requirement. The Admissions Authority may, however, refuse admission if an orderly stock exchange trading is not assured because of a low dispersal of the shares among the public.

Track record The issuer should have existed as a company for at least 3 years.

Financial information Consistently with CARD, the issuer must have published its annual accounts for the three financial years preceding the application in accordance with applicable national law.

Restrictions on shareholdings As a general rule, shares must be freely transferable.

But restrictions on transfer may be permitted by the Admissions Authority where the securities are not fully paid up, provided that the Authority is satisfied that stock exchange trading will not be affected, and provided that it is stated in the prospectus that the securities are not fully paid up and that the restrictions have been imposed for this reason. If a prospectus is not required by law, the public has to be informed in an adequate manner. Similarly, restrictions are permitted if under the applicable law of the issuer's domicile foreign nationals may only hold a certain percentage of the shares (e.g. as in the case of airlines like Lufthansa AG) and appropriate disclosures are made.

The Admissions Authority may also admit shares the acquisition of which is subject to consent, provided such requirement does not result in a disruption of stock exchange trading.

Independence from controlling shareholders Major shareholders will have to be disclosed in the prospectus.

As for the Official Market, the application for the admission of shares must in principle relate to all shares of the same class. It is possible, however, to apply to list part only of a class of shares where either the shares not to be admitted form part of a shareholding that exists in order to preserve a controlling influence over the issuer, or where the share cannot be traded for a certain period of time, provided in either case that the purchasers of the shares that are admitted are not expected to be adversely affected by the partial admission.

Lock-in requirements As for the Official Market, there are no mandatory lock-in requirements, but contractual lock-ups are usually agreed to.

Sponsor or other financial adviser Application for admission must be filed jointly with a financial institution (bank, financial services company or a branch of a foreign company that carries on banking activities or provides financial services. The Sponsor must be admitted for trading at a German stock exchange and must provide evidence of liable equity of at least € 730,000.

The Sponsor will assume further obligations following admission of the securities, such as advising the issuer on the composition and implementation of future publicity, sending notice to the stock exchange, administering dividend payment dates, etc.

At least one paying agent and depository institution ("*Zahl- und Hinterlegungsstelle*") for the shares within Germany must be appointed for the whole period of admission of the shares.

Market-maker or broker As for the Official Market (see above).

Publicity restrictions As for the Official Market.

Typical timing of listing process Between 3 to 5 months.

Requirements for secondary offerings No particular requirements.

Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting? (a) (Except where English is permitted by the PD), German.
(b) The summary must always be translated into German.

Relevant links www.exchange.de
www.bafin.de

London

Official List

Type	The main market in the UK, which is regulated by the FSA (which in this capacity is sometimes referred to as the UKLA). The Official List is the UK's only regulated market. Shares are traded on the London Stock Exchange (LSE).
Types of company whose shares can be admitted	Public limited company (plc) Any foreign company that has been duly incorporated in its place of incorporation or establishment and which is permitted under such law to have its securities listed.
Minimum assets, equity and/or working capital	No minimum value for most types of issuer; but property investment companies must have net assets of at least £ 30 million (€ 44.5 million) (including funds raised on listing). Scientific research-based companies must raise at least £ 10 million (€ 14.7 million) pursuant to a marketing at the time of IPO.
Minimum public float	Consistently with CARD, at least 25% of the shares being admitted to the Official List must normally end up in the hands of the public by the time of admission – i.e. persons who are not connected to the issuer or its directors.
Track record	Usually the issuer must be able to show (i) at least 75% of its business has earned revenue for at least the last three years; (ii) it has controlled the majority of its assets for at least the last three years; and (iii) its main activity will be carrying on an independent business. Special modified or additional requirements apply to companies principally involved in mining, scientific research, real estate and investment in other companies and assets.
Financial information	In accordance with CARD and PD, the issuer must have published annual accounts in accordance with national law for at least three years prior to admission, and these accounts must be included in the prospectus. The accounts must have been reported on by independent auditors without modification.
Restrictions on shareholdings	As per CARD, shares admitted to the Official List must be freely transferable. The only time when restrictions can normally be imposed is where a shareholder refuses to tell the company who is interested in its shares.
Independence from controlling shareholders	Issuer's main activity must be an independent business. No other specific requirements – major shareholders and their influence will have to be disclosed in the prospectus.
Lock-in requirements	Not required by listing rules, but in practice sponsors or underwriters to the issue normally require contractual lock-ins from management and major shareholders in order to secure an orderly market.

Sponsor or other financial adviser	<p>Issuer must appoint one of the FSA's approved sponsors to guide it through the listing process and confirm to the FSA that all the relevant requirements have been met.</p> <p>A sponsor is also needed every time the issuer subsequently publishes a prospectus, a circular for a major transaction, and in certain other circumstances. Companies therefore tend to retain a sponsor at all times while their shares are listed.</p>
Market-maker or broker	<p>No market maker is required; but an issuer must appoint a corporate broker (which may be the same firm as its sponsor).</p>
Publicity restrictions	<p>Advertisements, presentations to potential investors, and other means of promoting an IPO or secondary issue are generally permitted, subject to certain restrictions. As per PD, advertisements must be clearly labelled as such, must refer readers to the prospectus, and must be consistent with it. Other communications which invite or encourage any person to buy or subscribe for securities, or otherwise deal in any investment, can only be made if they are first approved by a properly authorised investment firm or if a specific exemption applies. Professional investors almost invariably fall within an exemption, so these restrictions are usually only of concern where an offer is being promoted to the wider public (e.g. in a retail IPO).</p> <p>Reports published by analysts and brokers who are in some way connected to the investment bank that is sponsoring the issue are also subject to various controls.</p>
Typical timing of listing process	<p>This will depend on the size and complexity of the company, and its state of preparedness for IPO, but it will normally take at least 3-4 months.</p>
Requirements for secondary offerings	<p>There are statutory and non-statutory limits on the proportion of shares that can be issued for cash to persons who are not existing shareholders. Normally 5% per year is the maximum that can be issued without the specific approval of shareholders. Large secondary issues to raise new money therefore tend to involve shares being offered initially to existing shareholders and then, to the extent that such shareholders do not take up the shares, to new investors. Smaller secondary issues (usually below 5%) are usually effected by placing shares with new investors.</p> <p>The new shares will normally be of the same class as those already in issue, and will be listed.</p>
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) English. (b) The summary must be translated into English.</p>
Relevant links	<p>UKLA: http://www.fsa.gov.uk/Pages/Doing/UKLA/index.shtml</p>

London

AIM

Type	<p>The most important secondary market in the UK, operated and regulated by the LSE. AIM is not a regulated market. As a result, provided that shares are not offered to the public, no prospectus needs to be published or approved by the FSA under the Prospectus Directive. Usually AIM IPOs are effected by means of a placing to institutional investors, so that no prospectus is required. Instead, the issuer must publish an AIM Admission Document, which has to contain some, but not all, of the information that would be required for a prospectus. An Admission Document does not need to be approved by any regulator.</p> <p>Over the last 2-3 years, AIM has been very popular, with more companies being admitted to AIM than to the Official List.</p>
Types of company whose shares can be admitted	<p>Public limited company (plc)</p> <p>Any foreign company that has been duly incorporated in its place of incorporation or establishment and which is permitted under such law to have its securities listed.</p>
Minimum assets, equity and/or working capital	<p>A company whose primary business is investing funds in the securities of other companies, or a special purpose vehicle formed to acquire a particular business, must raise at least £3 million (€ 4.4 million) in cash via an equity fundraising on admission.</p> <p>Otherwise no minimum requirements, although LSE may impose special conditions where it sees fit.</p>
Minimum public float	<p>The AIM Rules do not specify a minimum proportion of shares that must be in public hands, but the LSE has discretion to impose a minimum if (for example) it is considered necessary to protect the orderly operation or reputation of AIM.</p>
Track record	<p>None required.</p> <p>But companies involved in exploration, development or production of mining, oil and gas resources must include in their admission document a report by an independent expert on the quality and existence of the company's material assets. The company's Nomad (see below) is also expected to carry out full due diligence on the company and its assets prior to admission.</p>
Financial information	<p>Three years' audited accounts and requirement for at least 12 months' working capital (as if CARD and PD applied).</p>
Restrictions on shareholdings	<p>Shares must be freely transferable except that company may limit the number of shareholders domiciled in a particular country in order to ensure that it does not become subject to a particular statute or regulation.</p>
Independence from controlling shareholders	<p>Major shareholders and their influence will have to be disclosed in the admission document or (if the IPO involves an offer to the public) the prospectus.</p>
Lock-in requirements	<p>Where the issuer's main business has not been independent and earning revenue for at least two years, all directors, shareholders with 10% or more of the issuer's equity, employees with 0.5% or more, and certain other persons connected to the issuer, must agree not to sell their shares for at least a year from admission.</p>

The Nomad or broker will usually require lock-ins from management and/or major shareholders in other circumstances.

Sponsor or other financial adviser Issuer must appoint and retain a qualified nominated adviser (Nomad) at all times. The Nomad guides the issuer through the admission process and confirms to the LSE that all the relevant requirements have been met. Where the issuer is not making an offer to the public, it must publish an admission document that is vetted by its Nomad on behalf of the LSE. Nomads effectively act as intermediaries between an issuer and the LSE, and police the AIM Rules on the LSE's behalf.

Market-maker or broker No market maker is required; but the issuer must retain a broker at all times (which may be the same firm as its Nomad). If there is no registered market maker in the issuer's shares, the broker must use its best endeavours to find matching business.

Publicity restrictions In accordance with PD, all investors must be given the same information about the company and the offer. Advertisements, presentations to potential investors, and other means of promoting an IPO or secondary issue are generally permitted, subject to certain restrictions. In particular, any communication which invites or encourages any person to buy or subscribe for securities, or otherwise deal in any investment, can only be made if it is first approved by a properly authorised investment firm or if a specific exemption applies. Professional investors almost invariably fall within an exemption, so these restrictions do not usually cause any difficulties for AIM issues. Reports published by analysts and brokers who are in some way connected to the investment bank that is sponsoring the issue are also subject to various controls.

Typical timing of listing process This will depend on the size and complexity of the company, and its state of preparedness for IPO, but it is unlikely to take less than 2-3 months.

Requirements for secondary offerings There are statutory and non-statutory limits on the proportion of shares that can be issued for cash to persons who are not existing shareholders. Normally 5% per year is the maximum that can be issued without the specific approval of shareholders, although this limit is not always adhered to by AIM-listed companies. Large secondary issues to raise new money therefore tend to involve shares being offered initially to existing shareholders and then, to the extent that such shareholders do not take up the shares, to new investors. But it is also common for secondary issues (including some above 5%) to be effected by placing shares with new investors. The new shares will normally be of the same class as those already in issue, and will also be admitted to trading on AIM.

Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting? (a) English.
(b) The summary must be translated into English.

Relevant links LSE: http://www.londonstockexchange.com/en-gb/products/companyservices/ourmarkets/aim_new/

Madrid

Spanish Stock Exchange

Type Spain has stock exchanges in Madrid, Barcelona, Bilbao and Valencia, which are linked into a continuous trading system known as the Spanish Stock Exchange Interlinking System. Each exchange has a First, Second and New Market (Nuevo Mercado) segment to which shares can be admitted for trading. All of these markets are regulated markets.
All these markets are regulated by the Comisión Nacional del Mercado de Valores (CNMV).

Types of company whose shares can be admitted Public limited companies and collective investment schemes incorporated as public limited companies. Any foreign company that has been duly incorporated in its place of incorporation or establishment and which is permitted under such law to have its securities listed.

Minimum assets, equity and/or working capital In general, the shares for which admission is sought must have an estimated market value of at least € 6 million.
Admissions to trading in second markets do not need to comply with this minimum. However, companies requesting admission to trading in second markets must have a minimum share capital of € 150,254 and must make available to a market maker at least 20% of their share capital.

Minimum public float Consistently with CARD, a “sufficient distribution” of the shares of the company in one or more EU Member States (or non-EU Member States, if the shares are listed in those) must exist previously or, at the latest, on the date of their admission to trading.
“Sufficient distribution” shall be deemed to exist if at least 25% of the shares in respect of which admission to trading is requested are distributed amongst the public, or if the market will be able to operate correctly with a lower percentage due to the high number of shares of the same class and to the breadth of their distribution amongst the public.
This requirement does not apply to second markets or where shares are distributed to the public through a stock exchange, provided the CNMV considers that the distribution will take place over a short period in such market.

Track record No requirements that are additional to CARD.

Financial information Prior to admission to trading, the issuer must provide and register with the CNMV its financial statements which must have been prepared and audited in accordance with the applicable law, and which must cover at least the last three years.
However, in certain circumstances the CNMV may accept financial statements which cover a shorter period of time – for example if the issuer is a SPV; when the company is seeking admission to the New Market, or when the CNMV considers that investors have enough information to judge the issuer and the securities to be issued and admitted to trading.

Restrictions on shareholdings Consistently with CARD, the shares must be freely negotiable.
The application for admission to official listing must cover all the shares of the same class already issued. Shareholders of listed companies must notify the CNMV, the securities market and their own company of the acquisition or transfer of shares which gives rise to an increase or decrease in their stake in the company under or beyond 5% of the total share capital (in certain cases this threshold is set at 1%).

Likewise, shareholders must notify the CNMV and the relevant market about any shareholders agreement concerning the shares and voting rights. Such an agreement must also be registered at the Commercial Registry.

Independence from controlling shareholders	No particular rules. However, the Spanish Unified Code of Corporate Governance Recommendations (compliance with which is voluntary) recommends that when both the parent company and a dependent company are listed, both of them should publicly define: (i) their own activity areas and any business relationships which could exist between them and between the dependent company and other dependent companies of the same group; and (ii) any mechanism to resolve any conflict of interest that arises.
Lock-in requirements	Not required by listing rules.
Sponsor or other financial adviser	Issuers are not required to appoint a sponsor or other financial adviser. However, if they do, the adviser must be an authorised investment services company or a credit institution. The financial adviser (" <i>Entidad Directora</i> ") is liable to pay compensation to investors if it does not properly check the information included in the prospectus.
Market-maker or broker	A market-maker (which has to be an investment services company or a credit institution) is required for admission to the Second Market. Although issuers being admitted to the First and New Markets are not required to appoint a market-maker, it is normal for them to do so.
Publicity restrictions	Advertisements must be clearly labelled as such, must refer readers to the prospectus, and must be consistent with it. Furthermore, information in an advertisement must be neither misleading nor deceitful. Advertisements can be disseminated by means of any mass media and at any time, even before approval of the prospectus. Publicity is not subject to the approval of the CNMV. However, the issuer or financial mediators involved in the issue shall on request provide the CNMV with copies of all advertising materials published in the period prior to approval of the prospectus.
Typical timing of listing process	Depending on the size and complexity of the company, and its state of preparedness for IPO, the process normally takes 3-4 months.
Requirements for secondary offerings	When increasing capital, the existing shareholders have a pre-emptive right to subscribe for that number of new shares which is proportional to the par value of the shares they already hold. However, such pre-emptive rights may be wholly or partially suspended whenever the interest of the issuer demands it.
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	(a) (Except where English is permitted by the PD), Spanish. (b) The summary must always be translated into Spanish.
Relevant links	www.cnmv.es www.bolsasymercados.es
Other	In February 2006, the Mercado Alternativo Bursátil (MAB) was created as an organised trading system supervised by the CNMV. In a first phase, this market aims to offer an organised system for trading securities of Collective Investment Schemes and later, in a second phase, for trading securities issued by entities with a small market capitalisation. The second phase has not yet been implemented.

Milan

MTA/MTAX

Type The main market in Italy is MTA (*Mercato Telematico Azionario*) /MTAX (former New Market), which is managed by Borsa Italiana S.p.A. and regulated by Consob (*Commissione nazionale per le Società e la Borsa*). The MTA/MTAX is a regulated market.

Within MTA/MTAX is a segment known as STAR, which is dedicated to midsize companies with a capitalisation of less than € 1 billion that meet certain financial thresholds and comply with stricter rules on corporate governance and disclosure of corporate information. Companies with a capitalisation of less than € 1 billion that do not meet these thresholds or rules are listed on the standard segment. The Blue Chip segment of MTA/MTAX is dedicated to established companies with a market capitalisation of over € 1 billion.

Types of company whose shares can be admitted Società per Azioni (S.p.A.)

An issuer established under foreign law must demonstrate that there are no laws or other regulations that apply to it which could prevent substantial compliance with the market's rules. In all cases Consob must be satisfied that an issuer established under foreign law will be able to provide investors with all necessary information.

Minimum assets, equity and/or working capital Minimum assets value of issuer must be € 40 million.

Minimum public float The minimum public float is 25% of the shares.

However, in order to be admitted to the STAR the minimum public float must be at least 35% of the shares. If a company already listed in the other segment of the MTA/MTAX intends to be listed in STAR the minimum float required is 20%.

Track record Usually the issuer must be able to show a 3-year track record, at least one year of audited accounts drawn up in accordance with article 156 of the Consolidated Law on Finance or the corresponding applicable provisions of foreign law, and an ability to generate revenues. Admission to listing may not be granted if the auditors have given an adverse or qualified opinion in relation to those accounts.

MTAX has less onerous requirements relating to pre-issue profitability, allowing issuers with a track record of only one year and also start-ups in certain circumstances to be listed.

Financial information The issuer must have published annual accounts in accordance with national law for at least three years prior to admission, and these accounts must be included in the prospectus. The accounts must be certified by independent auditors with no qualifications.

Restrictions on shareholdings As per CARD, shares admitted to the MTA/MTAX must be freely transferable.

Independence from controlling shareholders	Issuer must enjoy management autonomy. No other specific requirements – major shareholders and their influence will have to be disclosed in the prospectus.
Lock-in requirements	<p>For companies that, at the time of applying to MTAX, have been in business for less than three financial years, shareholders, the founder members of the company and its directors and managers must agree not to sell, offer, pledge or in general carry out transactions involving shares that constitute 80% or more of the total issued share capital for one year from the date of application for admission.</p> <p>No other lock-in requirements are provided for by the law. However lock-in agreements may be requested by underwriters and sponsors.</p>
Sponsor or other financial adviser	<p>Issuer must appoint as sponsor a bank or investment company and certified financial broker to guide it through the listing process and confirm to Borsa Italiana S.p.A. that all the relevant requirements have been met.</p> <p>The sponsor must be unrelated to the issuer and its group.</p>
Market-maker or broker	No market maker is required.
Publicity restrictions	<p>A Prospectus must be published before the start of the offering or of trading.</p> <p>Advertisements, presentations to potential investors, and other means of promoting an IPO or secondary issue are generally permitted, subject to certain restrictions. As per the PD, advertisements must be clearly labelled as such, must refer readers to the prospectus, and must be consistent with it.</p> <p>Professional investors almost invariably fall within an exemption, so these restrictions are usually only of concern where an offer is being promoted to the public at large (e.g. in a retail IPO).</p> <p>Reports published by analysts and brokers who are in some way connected to the investment bank, which is sponsoring the issue, are also subject to various controls.</p>
Typical timing of listing process	Depending on the company's size, state of preparedness for the IPO, and the complexity of due diligence, the process normally takes at least 6 months.
Requirements for secondary offerings	<p>As a general rule, new shares must be offered to existing shareholders; however, the bylaws of the issuer can disapply pre-emption rights in respect of up to 10% of the pre-existing capital, provided that the value of the new shares corresponds to the market price of the existing ones.</p> <p>Almost invariably, the new shares will be of the same class as those already in issue, and will also be listed.</p>
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) (Except where English is permitted by the PD), Italian.</p> <p>(b) The summary must always be translated into Italian.</p>
Relevant links	<p>www.borsaitaliana.it</p> <p>www.consob.it</p>

Milan

Expandi

Type Borsa Italiana also manages the market Expandi which was created in 2003 for SMEs operating in traditional sectors that have a proven financial track record.

Expandi offers simpler admission requirements and a leaner listing process in terms of time and costs. The Expandi market is a regulated market.

Types of company whose shares can be admitted Società per Azioni (S.p.A.)

An issuer established under foreign law must demonstrate that there are no laws or other regulations that apply to it which could prevent substantial compliance with the market's rules. In all cases Consob must be satisfied that an issuer established under foreign law will be able to provide investors with all necessary information.

Minimum assets, equity and/or working capital An issuer's assets must have a value of at least € 1 million.

Minimum public float At least 10% of the issuer's issued share capital, worth at least € 750,000, must end up in public hands. (This condition, and the requirement for an issuer to show a 2-year track record (see below) are derogations from CARD.)

Track record Usually the issuer must be able to show a 2-year track record, at least one year of audited accounts drawn up in accordance with article 156 of the Consolidated Law on Finance or the corresponding applicable provisions of foreign law, and an ability to generate revenues. Admission to listing may not be granted if the auditors have given an adverse or qualified opinion in relation to those accounts.

Financial information The issuer must have published annual accounts in accordance with national law for at least two years prior to admission, and those accounts must be included in the prospectus. The accounts must be certified by independent auditors with no qualifications.

Restrictions on shareholdings As per CARD, shares must be freely transferable.

Independence from controlling shareholders The issuer's management must enjoy autonomy.

There are no other specific requirements, but major shareholders and their influence will have to be disclosed in the prospectus.

Lock-in requirements No lock-in requirements are imposed by law. However lock-in agreements may be requested by underwriters and sponsors.

Sponsor or other financial adviser	The issuer must appoint as sponsor a bank or investment company and a certified financial broker to guide it through the listing process and confirm to Borsa Italiana S.p.A. that all the relevant requirements have been met. The sponsor must be unrelated to the issuer and its group.
Market-maker or broker	No market-maker is required.
Publicity restrictions	<p>Advertisements, presentations to potential investors, and other means of promoting an IPO or secondary issue are generally permitted, subject to certain restrictions. Professional investors almost invariably fall within an exemption, so these restrictions are usually only of concern where an offer is being promoted to the public at large (e.g. in a retail IPO). Advertisements must be clearly labelled as such, must refer readers to the prospectus, and must be consistent with it.</p> <p>Reports published by analysts and brokers who are in some way connected to the investment bank which is sponsoring the issue are also subject to various controls.</p>
Typical timing of listing process	Depending on the company's size, state of preparedness for the IPO, and the complexity of due diligence, the process normally takes 2-4 months.
Requirements for secondary offerings	<p>As a general rule, new shares must be offered to existing shareholders; however, the bylaws of the issuer can disapply pre-emption rights in respect of up to 10% of the pre-existing capital, provided that the value of the new shares corresponds to the market price of the existing ones.</p> <p>Almost invariably, the new shares will be of the same class as those already in issue, and will also be listed.</p>
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) (Except where English is permitted by the PD), Italian.</p> <p>(b) The summary must always be translated into Italian.</p>
Relevant links	<p>www.borsaitaliana.it</p> <p>www.consob.it</p>

Paris

Eurolist by Euronext (Paris)

Type	<p>The main market in France, which is operated by Euronext and regulated by the AMF. The Eurolist market is France's only regulated market.</p> <p>Note that Euronext also operates markets in Amsterdam, Brussels and Lisbon under the Eurolist by Euronext name, but that the rules applicable to these markets have not yet been fully harmonised.</p>
Types of company whose shares can be admitted	<p>Public limited company (S.A.)</p> <p>Limited share partnership (S.C.A.)</p>
Minimum assets, equity and/or working capital	<p>A minimum value is required for most types of issuers. The registered capital of joint-stock companies (S.A., SCA) must be at least € 225,000 if the company's shares are offered to the public, and at least € 37,000 otherwise.</p>
Minimum public float	<p>Shares representing at least 25%, or 5% representing at least € 5 million, of the company's issued capital must be held by the public.</p> <p>But shares held by members of the entity's Board or by investors with 5% or more of the capital or voting rights are not considered to be publicly held.</p>
Track record	<p>None required.</p>
Financial information	<p>The issuer must have published or filed audited annual financial statements or pro forma accounts, consolidated where applicable, for the preceding three financial years, drawn up in accordance with IFRS.</p> <p>If the issuer's financial year ended more than 9 months before the date of the admission to listing, the issuer must have published or filed audited half-yearly accounts.</p>
Restrictions on shareholdings	<p>Securities must be freely transferable and negotiable. Euronext must also be satisfied that the securities for which admission to trading is requested are reasonably likely to be traded in satisfactory conditions of liquidity and security.</p>
Independence from controlling shareholders	<p>No specific rules, but major shareholders and their influence will have to be disclosed in the prospectus.</p>
Lock-in requirements	<p>None required.</p>
Sponsor or other financial adviser	<p>Trading in, and transfers of, securities admitted to trading on a regulated market may only be carried out by an investment services provider.</p>

Market-maker or broker	No market maker is required. But Euronext members may trade not only for third parties (broker), but also for their own account (dealer), including in order to enhance market liquidity of a listed security.
Publicity restrictions	<p>Advertisements, presentations to potential investors and other means of promoting a public offering are generally permitted, subject to certain restrictions. Advertisements need to be first disclosed to the AMF. They also must be clearly labelled as such, must refer readers to the prospectus and must be consistent with it.</p> <p>Canvassing for banking or financial business is also subject to certain restrictions. Only persons and legal entities referred to in article L. 341-3 of the Monetary and Financial Code are permitted to undertake canvassing.</p>
Typical timing of listing process	Depending on the size and complexity of the company, the process normally takes at least 4 months.
Requirements for secondary offerings	<p>Existing shareholders have a pre-emptive right to participate in future capital increases. Secondary issues therefore tend to involve shares being offered initially to existing shareholders and then, to the extent that such shareholders do not take up the shares, to new investors.</p> <p>Pre-emptive rights may be disapplied by the general meeting that decides on the capital increase.</p>
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) (Except where English is permitted by the PD), French.</p> <p>(b) The summary must always be translated into French.</p>
Relevant links	<p>http://www.amf-france.org/</p> <p>http://www.euronext.com/</p>

Paris

Alternext (Paris)

Type Alternext was established by Euronext on 17 May 2005. It is not a regulated market. Usually Alternext IPO's are effected by means of a placing to institutional investors, so that no prospectus is required. Instead, the issuer must publish an "offering circular", which has to contain similar information to a prospectus. The offering circular does not need to be approved by the regulator.

Note that Euronext also operates markets in Amsterdam and Brussels under the Alternext name, but that the rules applicable to these markets have not yet been fully harmonised.

Types of company whose shares can be admitted Public limited company (S.A.)

Limited share partnership (S.C.A.)

Minimum assets, equity and/or working capital A minimum value is required for most types of issuers. The registered capital of joint-stock companies (S.A., SCA) must be at least € 225,000 if the company's shares are offered to the public, and at least € 37,000 otherwise.

Minimum public float Where listing involves a public offering, the issuer must have a minimum free float of € 2.5 million.

Companies that have carried out a private placement can apply for listing on Alternext if they can show that they have placed at least € 5 million worth of shares with five or more investors.

Track record None required.

Financial information The issuer must have published or filed audited annual financial statements or pro forma accounts, consolidated where applicable, for the preceding two financial years, drawn up in accordance with IFRS or with the national accounting standards of the country where the issuer has its registered office.

Restrictions on shareholdings Securities must be freely transferable and negotiable.

Independence from controlling shareholders No specific rules, but major shareholders and their influence will have to be disclosed in the prospectus (where the issues involves a public offering), or otherwise in the "offering circular".

Lock-in requirements None required.

Sponsor or other financial adviser	<p>Issuer must appoint a qualified "Listing Sponsor". The Listing Sponsor is charged, for at least two years from the date the issuer is admitted to listing on Alternext, with ensuring that at all times the issuer meets its periodic disclosure requirements and makes its mandatory ad hoc disclosures in timely fashion, whether these arise from legal and regulatory requirements or from rules specific to Alternext.</p> <p>Where the issuer fails to meet its requirements, the Listing Sponsor is expected to ensure that the issuer takes steps to remedy the failure. At the same time, the sponsor must inform Euronext Paris of the nature of the failure and the measures taken in response.</p> <p>Where the issue involves a public offering, the issuer must also retain an investment service provider.</p>
Market-maker or broker	<p>Investors can choose between trading on the central order book and trading with an identified counterparty or with a market maker.</p>
Publicity restrictions	<p>Advertisements, presentations to potential investors and other means of promoting a public offering are generally permitted, subject to certain restrictions. Advertisements need to be first disclosed to the AMF. They also must be clearly labelled as such, must refer readers to the prospectus and must be consistent with it.</p> <p>Canvassing for banking or financial business is also subject to certain restrictions. Only persons and legal entities referred to in article L. 341-3 of the Monetary and Financial Code are permitted to undertake canvassing.</p>
Typical timing of listing process	<p>Depending on the size and complexity of the company, the process normally takes at least 3 months.</p>
Requirements for secondary offerings	<p>Existing shareholders have a pre-emptive right to participate in future capital increases. Secondary issues therefore tend to involve shares being offered initially to existing shareholders and then, to the extent that such shareholders do not take up the shares, to new investors.</p> <p>Pre-emptive rights may be disapplied by the general meeting that decides on the capital increase.</p>
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) French and English.</p> <p>(b) The summary must be translated into French unless the prospectus is in English.</p>
Relevant links	<p>http://www.alternext.fr/</p>

Paris

Marché Libre OTC

Type This market is designed for small and medium-sized companies that want to raise finance for their development and to benefit from the reputation of being listed without necessarily being able to satisfy all the requirements for other Euronext markets.

Marché libre OTC is **not** a regulated market. Usually IPOs on this market are effected by means of a placing to institutional investors, so that no prospectus is required. Unlike on Alternext (Paris), where a single investor or group of investors acting in concert holds a majority of the voting rights or share capital in the issuer they need not make a “standing offer” to acquire the other shares.

Types of company whose shares can be admitted Public limited company (S.A.)

Limited share partnership (S.C.A.)

Minimum assets, equity and/or working capital A minimum value is required for most types of issuers. The registered capital of joint-stock companies (S.A., SCA) must be at least € 225,000 if the company's shares are offered to the public, and at least € 37,000 otherwise.

Minimum public float None required.

Track record None required.

Financial information The issuer must have published or filed audited annual financial statements for the preceding two years, if the company has been in existence that long.

Restrictions on shareholdings Securities must be freely transferable and negotiable.

Independence from controlling shareholders No specific rules, but major shareholders and their influence will have to be disclosed in any prospectus.

Lock-in requirements None required.

Sponsor or other financial adviser If the IPO involves an offer to the public, the issuer must appoint an investment services provider.

Market-maker or broker No market maker is required. But Marché libre members may trade not only for third parties (broker), but also for their own account (dealer), including in order to enhance market liquidity of a listed security.

Publicity restrictions In the case of a public offering only.

**Typical timing
of listing process**

Depending on the size and complexity of the company, the process normally takes about 2 months.

**Requirements for
secondary offerings**

Existing shareholders have a pre-emptive right to participate in future capital increases. Secondary issues therefore tend to involve shares being offered initially to existing shareholders and then, to the extent that such shareholders do not take up the shares, to new investors.

Pre-emptive rights may be disapplied by the general meeting that decides on the capital increase.

**Prospectus: (a) languages
accepted, (b) translation
of prospectus summary
required for passporting?**

A prospectus is not normally required, as shares tend to be offered only to institutional investors.

Relevant links

<http://www.euronext.com/>

Zürich

The SWX Swiss Exchange – Main segment

Type The most important market of Switzerland consists of the SWX Swiss Exchange (“SWX”), which operates and regulates a fully electronic exchange in Zürich. The main segment of the SWX is used for listing and trading most exchange-traded products (equity securities, bonds and derivatives). It is not a regulated market (Switzerland is not a Member State).

Issuers that want to make themselves attractive to a wider range of investors, or to take advantage of the passporting mechanism in the Prospectus Directive to offer their shares to the public, or get them admitted to trading on a regulated market, in any Member State using a single prospectus, can choose to list on the SWX “EU-compatible” segment (see below).

Types of company whose shares can be admitted

Public limited company

Any foreign company that has been duly incorporated in its place of incorporation or establishment and which is permitted under such law to have its securities listed.

Minimum assets, equity and/or working capital

Capital resources must amount to at least CHF 25 million (€ 16 million). If the issuer is the parent company of a group, this requirement refers to consolidated capital resources.

Minimum public float

Distribution of equity securities must have reached an adequate level by the time of listing at the latest. An adequate level of distribution is considered to have been reached if at least 25% of the issuer's outstanding equity securities of the given category are in the hands of the public and the capitalisation of the equity securities in the hands of the public amounts to at least CHF 25 million (€ 16 million) or, if there has been insufficient pre-admission trading to determine the capitalisation, a projected capitalisation of the same amount.

Track record

As a rule, the issuer must have existed as a company for a minimum of three years and presented its annual accounts for the three complete financial years that precede submission of the listing application.

Financial information

The listing prospectus must contain the following information on the issuer's assets and liabilities, financial position and profits and losses:

- ✓ annual accounts;
- ✓ half-yearly accounts;
- ✓ material changes since the most recent annual or half-yearly financial report;
- ✓ dividends and financial results;
- ✓ information on holdings;
- ✓ information on auditing of the annual accounts.

Restrictions on shareholdings

Securities must be negotiable. Securities the transfer of which is subject to restrictions may be listed if such restrictions do not disturb the market. Any limitations to tradability must be stated in the prospectus.

Under Swiss company law, where registered shares are listed on a stock exchange, a company may refuse to register a transfer of shares only if the articles of incorporation specify a maximum percentage that a shareholder may hold and the proposed transfer would cause the acquirer to exceed that limit. In addition, a company may refuse to register a transfer if the acquirer, upon request, does not expressly declare that he acquired the shares in his own name and for his own account.

Independence from controlling shareholders	Details pertaining to major shareholders and their respective interests, insofar as they are known to the issuer, have to be disclosed in the prospectus. For issuers that are domiciled in Switzerland, shareholders must disclose their interest if it reaches, falls below or exceeds the threshold percentages of 5, 10, 20, 33.33, 50 or 66.66 of the voting rights.
Lock-in requirements	Companies that do not have the required minimum track record may be granted exemptions subject to certain conditions. In particular, upon submission of the application for listing of the securities, the company must provide evidence that (i) the issuer, (ii) any of its shareholders who immediately prior to the placement of the securities in the context of an initial public offering own more than two percent of the outstanding voting rights of the issuer, and (iii) members of its governing bodies have undertaken not to sell any of their securities within a certain time period subsequent to the first listing day of the securities being placed.
Sponsor or other financial adviser	If the issuer does not possess the necessary knowledge, the admission board of SWX may require it to be represented by an expert recognised by the admission board.
Market-maker or broker	None required.
Publicity restrictions	No specific restrictions.
Typical timing of listing process	The listing process, starting with the lodging of the listing application, usually takes 1-2 months.
Requirements for secondary offerings	<p>Under Swiss company law, shareholders have the right to participate in future share issues to a degree proportional to their existing holding. Such pre-emptive rights can be disapplied by a resolution of the general meeting at which the increase of share capital is approved, but only if 'valid reasons' are given.</p> <p>Information regarding the issuer that is required by the listing rules may be omitted from the listing prospectus if such information is contained in a listing prospectus that is not more than twelve months old at the time the listing application is made. Such earlier listing prospectus must be obtainable from the applicant together with the listing prospectus for the new issue.</p> <p>The provision regarding the minimum public float is not applicable to secondary issues.</p>
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) German, French, Italian, English.</p> <p>(b) Not applicable.</p>
Relevant links	<p>http://www.swx.com/index_en.html</p> <p>(http://www.swx.com/admission/regulation/rules_en.html)</p>

Zürich

The SWX Swiss Exchange – “EU-compatible” segment

Type Issuers listed on this segment are admitted to trading on the EU Regulated Market Segment of virt-x, which is a regulated market. Such issuers must therefore comply with CARD, the Prospectus and Market Abuse Directives and (from 20 January 2007) the Transparency Directive. If the issuer's registered office is in a Member State, it will also be subject to the Takeovers Directive. This market is designed for issuers that want to make themselves attractive to a wider range of investors, or to take advantage of the passporting mechanism in the Prospectus Directive to offer their shares to the public, or get them admitted to trading on a regulated market, in any Member State using a single prospectus.

Types of company whose shares can be admitted Public limited company. Any foreign company that has been duly incorporated in its place of incorporation or establishment and which is permitted under such law to have its securities listed.

Minimum assets, equity and/or working capital Capital resources must amount to at least CHF 25 million (€ 16 million). If the issuer is the parent company of a group, such requirement refers to consolidated capital resources.

Minimum public float Distribution of equity securities must have reached an adequate level by the time of listing at the latest. An adequate level of distribution is considered to have been reached if at least 25% of the issuer's outstanding equity securities of the given category are in the hands of the public and the capitalisation of the equity securities in the hands of the public amounts to at least CHF 25 million (€ 16 million) or, if there has been insufficient pre-admission trading to determine the capitalisation, a projected capitalisation to the same amount.

Track record As a rule, the issuer must have existed as a company for a minimum of three years and presented its annual accounts for the three complete financial years that precede submission of the listing application.

Financial information As with a prospectus published in accordance with the Prospectus Directive, the registration document must contain the following information on the issuer's assets and liabilities, financial position and profits and losses:

- ✓ selected financial information containing the key figures that indicate the financial condition of the issuer;
- ✓ audited historical financial information covering the latest three financial years;
- ✓ half-yearly accounts;
- ✓ significant changes and trend information;
- ✓ dividends and financial results;
- ✓ information on holdings;
- ✓ auditing of financial information;
- ✓ description of the issuer's financial condition;
- ✓ operating results;
- ✓ capital resources (both short and long term).

Restrictions on shareholdings Securities must be negotiable. Securities the transfer of which is subject to restrictions may be listed if such restrictions do not disturb the market. Any limitations to tradability must be stated in the prospectus. Under Swiss company law, where registered shares are listed on a stock exchange, a company may refuse to register a transfer of shares only if the articles of incorporation specify a maximum percentage that a shareholder may hold and the proposed transfer would cause the acquirer to exceed that limit. In addition, a company may refuse to register a transfer if the acquirer, upon request, does not expressly declare that he acquired the shares in his own name and for his own account.

Independence from controlling shareholders	Details pertaining to major shareholders and their respective interests, insofar as they are known to the issuer, have to be disclosed in the prospectus. For issuers that are domiciled in Switzerland, shareholders must disclose their interest if it attains, falls below or exceeds the threshold percentages of 5, 10, 20, 33.33, 50 or 66.66 of the voting rights.
Lock-in requirements	Companies that do not have the required minimum track record may be granted exemptions subject to certain conditions. In particular, upon submission of the application for listing of the securities, the company must provide evidence that (i) the issuer, (ii) any of its shareholders who immediately prior to the placement of the securities in the context of an initial public offering own more than two percent of the outstanding voting rights of the issuer, and (iii) members of its governing bodies have undertaken not to sell any of their securities within a certain time period subsequent to the first listing day of the securities being placed.
Sponsor or other financial adviser	If the issuer does not possess the necessary knowledge, the admission board of SWX may require it to be represented by an expert recognised by the admission board.
Market-maker or broker	None required.
Publicity restrictions	Any type of advertisement relating to the listing on the "EU-Compatible" Segment has to observe the following principles: <ul style="list-style-type: none"> ✓ all information concerning the listing of equity securities disclosed in oral or written form, even if not for advertising purposes, shall be consistent with that contained in the prospectus; ✓ advertisements shall state that a prospectus has been or will be published and indicate where investors are or will be able to obtain it; ✓ advertisements shall be clearly recognisable as such. The information contained in an advertisement shall not be inaccurate or misleading. The information must also be consistent with the information contained in the prospectus.
Typical timing of listing process	The listing process, starting with the lodging of the listing application, usually takes 1-2 months.
Requirements for secondary offerings	Under Swiss company law, shareholders have the right to participate in future share issues to a degree proportional to their existing holding. Such pre-emptive rights can be disapplied by a resolution of the general meeting at which the increase of share capital is approved, but only if 'valid reasons' are given. Information regarding the issuer required by the listing rules may be incorporated in the prospectus by reference if such information is contained in a prospectus previously approved by the SWX or any EU competent authority. Documents that may be incorporated by reference in the prospectus must be submitted at the same time as the prospectus for approval by the admission board. The provision regarding the minimum public float is not applicable to secondary issues.
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	(a) English. (b) Not applicable.
Relevant links	http://www.swx.com/index_en.html (http://www.swx.com/admission/regulation/rules_en.html)

Zürich

The SWX Swiss Exchange – Local caps

Type	The SWX Local Caps segment is designed for companies that are relatively young which, because of their investor base, corporate history, capitalisation or equity securities distribution, do not, or do not yet, qualify for listing on another SWX trading segment. In particular, this segment accommodates companies with local significance or a limited circle of investors, such as family-owned enterprises and certain international companies.
Types of company whose shares can be admitted	Public limited company Any foreign company that has been duly incorporated in its place of incorporation or establishment and which is permitted under such law to have its securities listed.
Minimum assets, equity and/or working capital	The amount of equity capital disclosed in the balance sheet at the time of listing must total a minimum of CHF 2.5 million (€ 1.6 million). If the issuer consists of one or more companies under single management, this requirement refers to the consolidated equity capital of the group.
Minimum public float	Distribution of equity securities must have reached an adequate level by the time of listing at the latest. An adequate level of distribution is considered to have been reached if at least 20% of the issuer's outstanding equity securities of the given category are in the hands of the public and the capitalisation of the equity securities in the hands of the public amounts to at least CHF 5 million (€ 3.15 million) or, if there has been insufficient pre-admission trading to determine the capitalisation, a presumed capitalisation to the same amount.
Track record	As a rule, the issuer must have existed as a company for a period of at least two years and must have presented its annual accounts for the two complete financial years that precede submission of the listing application.
Financial information	The listing prospectus must contain the following information on the issuer's assets and liabilities, financial position and profits and losses: <ul style="list-style-type: none">✓ annual accounts;✓ half-yearly accounts;✓ material changes since the most recent annual or half-yearly financial report;✓ dividends and financial results;✓ information on holdings;✓ information on auditing of the annual accounts.
Restrictions on shareholdings	Securities must be negotiable. Securities the transfer of which is subject to restrictions may be listed if such restrictions do not disturb the market. Any limitations to tradability must be stated in the prospectus.

Under Swiss company law, where registered shares are listed on a stock exchange, a company may refuse to register a transfer of shares only if the articles of incorporation specify a maximum percentage that a shareholder may hold and the proposed transfer would cause the acquirer to exceed that limit. In addition, a company may refuse to register a transfer if the acquirer, upon request, does not expressly declare that he acquired the shares in his own name and for his own account.

Independence from controlling shareholders	Details pertaining to major shareholders and their respective interests, insofar as they are known to the issuer, have to be disclosed in the prospectus. For issuers that are domiciled in Switzerland, shareholders must disclose their interest if it attains, falls below or exceeds the threshold percentages of 5, 10, 20, 33.33, 50 or 66.66 of the voting rights.
Lock-in requirements	Companies that do not have the required minimum track record may be granted exemptions subject to certain conditions. In particular, upon submission of the application for listing of the securities, the company must provide evidence that (i) the issuer, (ii) any of its shareholders who immediately prior to the placement of the securities in the context of an initial public offering own more than two percent of the outstanding voting rights of the issuer, and (iii) members of its governing bodies have undertaken not to sell any of their securities within a certain time period subsequent to the first listing day of the securities being placed.
Sponsor or other financial adviser	If the issuer does not possess the necessary knowledge, the admission board of SWX may require it to be represented by an expert recognised by the admission board.
Market-maker or broker	None required.
Publicity restrictions	No specific restrictions.
Typical timing of listing process	The listing process, starting with the lodging of the listing application, usually takes 1-2 months.
Requirements for secondary offerings	<p>Under Swiss company law, shareholders have the right to participate in future share issues to a degree proportional to their existing holding. Such pre-emptive rights can be disapplied by a resolution of the general meeting at which the increase of share capital is approved, but only if 'valid reasons' are given.</p> <p>Information regarding the issuer required by the listing rules may be omitted from the listing prospectus if such information is contained in a listing prospectus that is not more than twelve months old at the time the listing application is made. Such earlier listing prospectus must be obtainable from the applicant together with the listing prospectus for the new issue.</p> <p>The provision regarding the minimum public float is not applicable to secondary issues.</p>
Prospectus: (a) languages accepted, (b) translation of prospectus summary required for passporting?	<p>(a) German, French, Italian, English.</p> <p>(b) Not applicable.</p>
Relevant links	<p>http://www.swx.com/index_en.html</p> <p>(http://www.swx.com/admission/regulation/rules_en.html)</p>

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Amsterdam

Eurolist by Euronext (Amsterdam)

Type Regulated market. See Section 2.

Key matters requiring shareholder approval

The Euronext Rules do not specify particular matters that require shareholder approval.

Under Dutch company law, Board decisions causing a significant change in the identity or character of a Dutch public company require the approval of the general meeting. These decisions include (i) the transfer of the entire or nearly the entire business to a third party, (ii) the entering into and termination of joint ventures and (iii) the acquisition or disposal of interests with a value of one third or more of the balance sheet total.

Shareholders in a Dutch public company also decide on the remuneration policy of the board of management; the audit of the annual accounts and the adoption thereof; liquidation, merger or demerger; issues of shares or the transfer of the right to subscribe for shares to another corporate body; repurchase and cancellation of shares; amendments to the company's articles of association; and the appointment of a representative of the company when board members are conflicted.

Corporate governance structures and codes

The Dutch Corporate Governance Code (usually referred to as the *Code Tabaksblat*) applies to Dutch listed companies only. Companies may deviate from the Code but need to explain how and why they have done so in their annual report.

Equal treatment per CARD.

Relations with shareholders

As per the Transparency Directive, a person must notify the AFM whenever the percentage of the company's capital or voting rights held by that person and his associates reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. The issuer must notify the AFM whenever its share capital changes by 1% or more. The issuer also has to inform the AFM quarterly of the total changes in its share capital which the issuer is obliged to notify under the "1%" rule.

Shareholders in Dutch companies enjoy certain protection under corporate law. This includes the right to ask the court to annul a legal merger or demerger and the right (of shareholders representing at least 10% of the issued capital) to request the court to order an independent inquiry into the policy and the conduct of business of the company. Shareholders representing 1% of the issued capital of a Dutch public company or holding shares with a market value of at least € 50 million have the right to add items to the agenda of any general meeting.

Publication of financial information

Annual and half-yearly financial results per CARD and in accordance with IFRS.

There is no obligation to publish quarterly results, but many companies voluntarily publish a quarterly statement, giving brief details of trading over the previous three months and the issuer's prospects. Upon implementation of the Transparency Directive, the publication of a quarterly statement will become mandatory.

Restrictions on dealings in company's securities by directors etc.	Issuers are subject to the Market Abuse Directive. All Dutch and non-EU companies must adopt a code on insider dealings in accordance with a model prescribed by the AFM. The issuer must also keep a record of all persons who may have inside knowledge.
Documents that need to be approved by regulator	The prospectus (and any supplement) in the event of a public offering; and the offer document where the issuer makes a public takeover bid.
Threshold for mandatory offers	Currently no mandatory offer rules exist in the Netherlands. The law implementing the Takeovers Directive in the Netherlands is expected to come into force in 2007. The law defines 30% of the issued share capital or the voting rights as control over a public company, triggering the obligation to make a public bid except in certain circumstances.

Amsterdam

Alternext (Amsterdam)

Type	Non-regulated market. See Section 2.
Key matters requiring shareholder approval	<p>The Alternext Rules do not specify any particular matters that require shareholder approval.</p> <p>Under Dutch company law, Board decisions causing a significant change in the identity or character of a Dutch public company require the approval of the general meeting. These decisions include (i) the transfer of the entire or nearly the entire business to a third party, (ii) the entering into and termination of joint ventures and (iii) the acquisition or disposal of interests with a value of one third or more of the balance sheet total.</p> <p>Shareholders in a Dutch public company also decide on the remuneration policy of the board of management; the audit of the annual accounts and the adoption thereof; liquidation, merger or demerger; issues of shares or the transfer of the right to subscribe for shares to another corporate body; repurchase and cancellation of shares; amendments to the company's articles of association; and the appointment of a representative of the company when board members are conflicted.</p>
Corporate governance structures and codes	Companies listed on Alternext Amsterdam are not required to comply with any particular code of corporate governance as the Dutch corporate governance code applies to Dutch companies listed on a regulated market only. However, as the Code sets out widely supported views on corporate governance it is expected to become a blueprint for corporate governance for other companies as well.
Relations with shareholders	<p>CARD and the Transparency Directive are not applicable. Under Alternext Rules, however, the issuer must publish a notice whenever a person, acting alone or in concert, exceeds or falls below 50% or 95% of the voting rights. Notice of general meetings must be posted online without delay together with all documents sent to shareholders.</p> <p>In addition, shareholders in Dutch companies enjoy certain protection under corporate law. This includes the right to ask the court to annul a legal merger or demerger and the right (of shareholders representing at least 10% of the issued capital) to request the court to order an independent inquiry into the policy and the conduct of business of the company. Shareholders representing 1% of the issued capital of a Dutch public company have the right to add items to the agenda of any general meeting.</p>
Publication of financial information	Neither CARD nor the Transparency Directive is applicable. Issuers must publish an annual report containing the annual financial statements (which may be prepared in accordance with local GAAP) duly audited and in consolidated form where appropriate together with a management discussion and analysis within four months of financial year-end. Issuers must publish a half-yearly report covering the first six months of the year within four months of the end of the second quarter.

Restrictions on dealings in company's securities by directors etc. Issuers are subject to the Market Abuse Directive. All Dutch and non-EU companies must adopt a code on insider dealings in accordance with a model prescribed by the AFM. The issuer must also keep a record of all persons who may have insider knowledge.

Documents that need to be approved by regulator The prospectus (and any supplement) in the event of a public offering; and the offer document where the issuer makes a public takeover bid.

Threshold for mandatory offers None. This will not change upon the implementation in the Netherlands of the Takeovers Directive, as Alternext is not a regulated market.

There are no provisions in the Alternext Rules limiting the measures a company may take to protect itself from hostile takeovers.

Brussels

Eurolist by Euronext (Brussels)

Type	Regulated market. See Section 2.
Key matters requiring shareholder approval	Capital increase or decrease, merger, splitting, change of corporate object clause, modification of the articles of association, issue of convertible bonds or debentures with subscription rights, etc.
Corporate governance structures and codes	<p>Recommendations on corporate governance are contained in the “Lippens Code” and need to be complied with by companies listed on the First Market.</p> <p>Such recommendations provide <i>inter alia</i> for the appointment of truly independent non-executive directors. Their number should be such that they have a significant influence on the decision-making process of the company.</p>
Relations with shareholders	As per CARD, shareholders must be treated equally and given sufficient facilities and information to enable them to exercise their rights as shareholders.
Publication of financial information	<p>Half-yearly and annual reports of the issuer (as per CARD). The issuer must also publish any documents or special reports that have to be prepared pursuant to the Belgian Company Code relating to, for instance, an issue of convertible bonds or a merger.</p> <p>The CBFA is responsible for monitoring the quality of periodic and price-sensitive information to ensure that the public is provided with sufficient information to make an adequate assessment of the financial condition and activities of the issuer.</p> <p>Shareholders are required to notify to the company and the CBFA of each purchase or transfer of securities to which at least 5 %, or a multiple thereof, of all existing voting rights are attached.</p>
Restrictions on dealings in company's securities by directors etc.	Acquisition and sale of the issuer's securities by directors must be disclosed to the market.

Documents that need to be approved by regulator

As well as any prospectus, all advertisements, brochures, posters and any other documents to be used for marketing purposes have to be cleared in advance by the CBFA.

Threshold for mandatory offers

The Royal Decree of 8 November 1989 concerning public take-over bids and changes of control over companies requires a public takeover bid to be made if control of a Belgian public company is acquired privately and a control premium is paid. "Control" for this purpose means the ability to exercise a significant influence over the appointment of the majority of the directors or over the management of the company. Draft legislation published recently sets the threshold for control at 30% of a company's shares.

Brussels

Alternext

Type Non-regulated market. See Section 2.

Key matters requiring shareholder approval Capital increase or decrease, merger, splitting, change of corporate object clause, modification of the articles of association, issue of convertible bonds or debentures with subscription rights, etc.

Corporate governance structures and codes There are no mandatory rules, but compliance with the recommendations of the “Code Lippens” is strongly encouraged.

Relations with shareholders Shareholders must be treated equally and given sufficient facilities and information to enable them to exercise their rights as shareholders.

Publication of financial information Annual accounts have to be prepared and published in accordance with the Belgian Company Code. Within four months of its financial year-end, an issuer must publish its annual report containing the annual financial statements, duly verified by the statutory auditors and in consolidated form where appropriate, together with a management discussion and analysis.

Issuers must publish consolidated accounts covering all subsidiaries, except where, due to their nature or size, Euronext Brussels permits certain subsidiaries to be excluded.

Within three months of the end of the financial year, an issuer will publish a yearly statement, and within three months of the end of the second quarter, a half-yearly report covering the first six months of the year.

An issuer must make public any unpublished precise information which concerns, directly or indirectly, one or more issuers of financial instruments, or one or more financial instruments, and which, if made public, might influence the price of the financial instruments concerned or the price of a derivative linked to them.

An issuer must also publish any change to the conditions, rights or guarantees related to any class of its issued shares.

Where a person, acting alone or in concert with others, reaches or falls below a major holding threshold of 25%, 50%, 75% or 95% of the capital or voting rights, the issuer must disclose details to the market within five business days of the date on which the issuer is informed of the change.

Restrictions on dealings
in company's securities
by directors etc.

Standard provisions regarding insider trading apply.

Documents that need
to be approved
by regulator

Prospectuses in the case of a public offer.

Threshold for
mandatory offers

The Royal Decree of 8 November 1989 concerning public take-over bids and changes of control over companies requires a public takeover bid to be made if control of a Belgian public company is acquired privately and a control premium is paid. "Control" for this purpose means the ability to exercise a significant influence over the appointment of the majority of the directors or over the management of the company. Draft legislation published recently sets the threshold for control at 30% of a company's shares.

Frankfurt

Official Market (“*Amtlicher Markt*”)

Type Regulated market. See Section 2.

Key matters requiring shareholder approval

Under German company law, the shareholders’ meeting (“*Hauptversammlung*”) is responsible for decisions on, *inter alia*,

- ✓ appointment of the members of the supervisory board (“*Aufsichtsrat*”);
- ✓ allocation of net profits (“*Bilanzgewinn*”);
- ✓ appointment of the annual auditor;
- ✓ changes to the articles of association (“*Satzung*”);
- ✓ measures to raise capital, and increases in share capital;
- ✓ liquidation of the company;
- ✓ transfer of the company’s entire assets;
- ✓ issue of convertible bonds, income bonds or profit-sharing rights (“*Wandelschuldverschreibungen, Gewinnschuldverschreibungen und Genussrechte*”).

Neither the listing of shares nor delisting requires approval by the shareholders’ meeting, although the executive board may ask the shareholders’ meeting for its approval. These matters are not regulated in any statute, however, nor have they yet been decided by the courts, so there is some uncertainty as to whether shareholder consent is required.

According to the German Federal Court (“*Bundesgerichtshof*”), the executive board is obliged to ask the shareholders’ meeting for its approval on certain matters. This applies where a fundamental issue will have such an impact on the company’s property that the shareholders’ rights and interests will be significantly affected. Such circumstances include proposals to spin off a major part of the business of a stock company into another, newly incorporated company.

Corporate governance structures and codes

Issuers must adhere to the German Corporate Governance Code (“*Deutscher Corporate Governance Kodex*”), although the Code does not have the binding force of law.

The management and the supervisory board are obliged to make a statement each year that the German Corporate Governance Code (“*Empfehlungen der Regierungskommission Deutscher Corporate Governance Kodex*”) has been and will be complied with or to what extent it was or will not be applied.

Relations with shareholders

Equal treatment of shareholders per CARD.

Apart from their property (financial) rights, e.g. the right to dividends or subscription rights on new shares (“*Bezugsrecht*”), shareholders have the right to participate in decisions of the shareholders’ meeting (“*Hauptversammlung*”), where each share gives one right to vote. The only exception is so-called “*stimmrechtslose Vorzugsaktien*”, which are shares that do not carry a right to vote.

Shareholders holding 5% of the aggregate share capital can demand a shareholder’s meeting be convened. Each shareholder has the right to take part and to speak in a shareholders’ meeting. In a

meeting, each shareholder may demand information on certain affairs of the company from the members of the executive board. Shareholders have the right to contest decisions of the shareholders' meeting before the courts. The executive board has to present the annual statement of accounts and a management report ("*Lagebericht*") to the shareholders' meeting.

Publication of financial information

The company has to publish its annual statement of accounts and the management report without delay after its approval.

A half-yearly financial report on the issuer's economic activity during the first 6 months of the financial year must be published within 2 months from the end of the relevant period.

Restrictions on dealings in company's securities by directors etc.

In accordance with MAD, members of the executive board and of the supervisory board or persons who have regular access to inside information and who participate in major business-related decisions, as well as their spouses, dependant children and relatives who have lived in the same household as such person for at least a year, must notify the company and BaFin of sales or purchases of shares in the company. Such notification is also required from corporate bodies in which any of these individuals assumes executive functions or which are controlled by any of them. The company must publish such notification without delay.

No notification of such dealings is required if the aggregate sum of dealings within one calendar year of one person together with the individuals related to him (spouses, children, individuals sharing the same household etc.) is below € 5,000.

Documents that need to be approved by regulator

Documents setting out the terms of any takeover offer have to be approved by BaFin.

Each year a random sample of annual accounts is examined by the "Financial Reporting Enforcement Panel" ("*Deutsche Prüfstelle für Rechnungslegung e.V.*") which reports to BaFin.

Threshold for mandatory offers

A mandatory offer is required where any person obtains control over a stock company. "Control over a company" is defined as holding at least 30% of the voting rights in a company.

Other

Any person obtaining, exceeding, or falling below the threshold of 5%, 10%, 25%, 50%, or 75% of the voting rights in a listed stock company must immediately notify the company as well as BaFin of such fact as well as of his share in the total voting rights. The company has to publish such notice immediately, at the latest within 9 days after receiving it.

A company that has shares already admitted to the Official Market that proposes to offer any further shares of the same class to the public must file an application for the new shares to be admitted.

The stock exchange is entitled to establish a market segment that is subject to additional continuing obligations. The Frankfurt Stock Exchange has created two market segments called the "General Standard" and the "Prime Standard". A company wishing to be listed in the "Prime Standard" is subject to a higher level of continuing obligations. These are adapted to international standards, particularly as regards financial results (accounts have to conform with IFRS or US GAAP).

A company wishing to be listed under the Prime Standard has to apply for admission to this market segment. The application can be filed jointly with the application for admission.

Frankfurt

Regulated Market ("Geregelter Markt")

Type Regulated market. See Section 2.

Key matters requiring shareholder approval

Under German company law, the shareholders' meeting ("*Hauptversammlung*") is responsible for decisions on, *inter alia*,

- ✓ appointment of the members of the supervisory board ("*Aufsichtsrat*");
- ✓ allocation of net profits ("*Bilanzgewinn*");
- ✓ appointment of the annual auditor;
- ✓ changes to the articles of association ("*Satzung*");
- ✓ measures to raise capital, and increases in share capital;
- ✓ liquidation of the company;
- ✓ transfer of the company's entire assets;
- ✓ issue of convertible bonds, income bonds or profit-sharing rights ("*Wandelschuldverschreibungen, Gewinnschuldverschreibungen und Genussrechte*").

Neither the listing of shares nor delisting requires approval by the shareholders' meeting, although the executive board may ask the shareholders' meeting for its approval. These matters are not regulated in any statute, however, nor have they yet been decided by the courts, so there is some uncertainty as to whether shareholder consent is required.

According to the German Federal Court ("*Bundesgerichtshof*"), the executive board is obliged to ask the shareholders' meeting for its approval on certain matters. This applies where a fundamental issue will have such an impact on the company's property that the shareholders' rights and interests will be significantly affected. Such circumstances include proposals to spin off a major part of the business of a stock company into another, newly incorporated company.

Corporate governance structures and codes

Issuers must adhere to the German Corporate Governance Code ("*Deutscher Corporate Governance Kodex*"), although the Code does not have the binding force of law.

The management and the supervisory board are obliged to make a statement each year that the German Corporate Governance Code ("*Empfehlungen der Regierungskommission Deutscher Corporate Governance Kodex*") has been and will be complied with or to what extent it was or will not be applied.

Relations with shareholders

Equal treatment of shareholders per CARD.

Apart from their property (financial) rights, e.g. the right to dividends or subscription rights on new shares ("*Bezugsrecht*"), shareholders have the right to participate in decisions of the shareholders' meeting ("*Hauptversammlung*"), where each share gives one right to vote. The only exception is so-called "*stimmrechtslose Vorzugsaktien*", which are shares that do not carry a right to vote.

Shareholders holding 5% of the aggregate share capital can demand a shareholder's meeting be convened. Each shareholder has the right to take part and to speak in a shareholders' meeting. In a

meeting, each shareholder may demand information on certain affairs of the company from the members of the executive board. Shareholders have the right to contest decisions of the shareholders' meeting before the courts. The executive board has to present the annual statement of accounts and a management report ("*Lagebericht*") to the shareholders' meeting.

Publication of financial information

The company has to publish its annual statement of accounts and the management report without delay after its approval.

A half-yearly financial report on the issuer's economic activity during the first 6 months of the financial year must be published within 2 months from the end of the relevant period.

Restrictions on dealings in company's securities by directors etc.

In accordance with MAD, members of the executive board and of the supervisory board or persons who have regular access to inside information and who participate in major business-related decisions, as well as their spouses, dependant children and relatives who have lived in the same household as such person for at least a year, must notify the company and BaFin of sales or purchases of shares in the company. Such notification is also required from corporate bodies in which any of these individuals assumes executive functions or which are controlled by any of them. The company must publish such notification without delay.

No notification of such dealings is required if the aggregate sum of dealings within one calendar year of one person together with the individuals related to him (spouses, children, individuals sharing the same household etc.) is below € 5,000.

Documents that need to be approved by regulator

Documents setting out the terms of any takeover offer have to be approved by BaFin.

Each year a random sample of annual accounts is examined by the "Financial Reporting Enforcement Panel" ("*Deutsche Prüfstelle für Rechnungslegung e.V.*") which reports to BaFin.

Threshold for mandatory offers

A mandatory offer is required where any person obtains control over a stock company. "Control over a company" is defined as holding at least 30% of the voting rights in a company.

Other

As for the Official Market, any person obtaining, exceeding, or falling below voting rights in the company of 5%, 10%, 25%, 50%, or 75% of the total voting rights has to notify the company and the regulatory authority, and the company has to publish such notification without delay.

The two market segments of the General Standard and the Prime Standard have been established by the Frankfurt Stock Exchange under the Regulated Market ("*Geregelter Markt*") as well. As regards the Prime Standard under the Regulated Market, the same continuing obligations apply as those regarding the Prime Standard under the Official Market.

Note: The rules described above relate to the Frankfurt Stock Exchange. Other German stock exchanges may have different requirements for their Regulated Market.

London

Official List

Type Regulated market. See Section 2.

Key matters requiring shareholder approval

Under the listing rules, the following matters require shareholder approval:

- ✓ major (Class 1) transactions – i.e. which broadly affect at least 25% of the group's gross assets, profits or its market capitalisation;
- ✓ transactions with parties who are in some way 'connected' to the issuer (e.g. directors, joint venture partners, 10%+ shareholders, and their respective associates) (Related Party transactions);
- ✓ reverse takeovers – i.e. broadly where the issuer acquires a business larger than itself;
- ✓ delisting, other than following a takeover.

English company law also requires shareholder approval for the following:

- ✓ changes to the issuer's share capital, or constitution;
- ✓ proposals to buy back the company's own shares;
- ✓ payment of final dividends.

Corporate governance structures and codes

Domestic issuers must report in their annual report and accounts on the extent to which they have complied during the year with the 'Combined Code on Corporate Governance' published by the UK's Financial Reporting Council and endorsed by UK institutional shareholders and the FSA.

Domestic issuers invariably have a unitary board structure comprising both executive and non-executive directors. The Combined Code is primarily concerned with the responsibilities of non-executive directors, and particularly their role in monitoring and constructively challenging the decisions of the executive directors.

Most issuers also comply with guidelines published by institutional investor bodies such as the ABI and NAPF, which impose limits on (in particular) the percentage of shares that can be issued to new investors, and the discount to market price; the number of shares that the issuer can buy back; and the remuneration and severance packages that can be awarded to executive directors.

Relations with shareholders

Equal treatment per CARD.

It is almost always the case that each ordinary share carries one vote that can be exercised without restriction.

Under UK company law, shareholders have the following basic rights:

- ✓ With the approval of 75% of a company's shareholders, a special resolution can be passed directing the board to do or not do any particular thing.

- ✓ Any director can be removed from the board by means of an ordinary resolution (which requires a simple majority of shareholders to approve it). In principle, a company's articles may specify that directors can be removed with the sanction of a lesser percentage of shareholders, or of a particular investor, but this is rare for listed companies. Most listed company articles also allow shareholders to put forward a director and appoint him to the board by ordinary resolution.
- ✓ Shareholders with 5% or more of the total voting rights, or 100 shareholders who each hold an average £100 (€ 147) or more of paid up capital, may put a resolution at any general meeting, and require the company to circulate a statement in support of the resolution to all the members.
- ✓ Shareholders with 10% or more of a company's paid up share capital can force the directors to convene an EGM to consider any resolution put by the requesting shareholders (such as a resolution to remove one or all of the directors).

Any person who, together with his associates, acquires or sells shares which take his holding through 3% or any whole percentage point above this must notify the company, and in turn the company must notify the market, in each case within a few days. This rule is based on the Transparency Directive but is "super-equivalent" in requiring notifications to be made at 3% and every whole percentage above that, rather than 5%, 10%, 15% etc as under the Directive.

Publication of financial information

For financial years starting before 20 January 2007 (when the Transparency Directive was implemented), annual and half-yearly financial results must be published in accordance with the contents requirements and deadlines in CARD. For financial years starting on or after that date, the contents requirements and tighter time limits under the Transparency Directive will apply. For all years, annual results must include a report on the directors' remuneration packages and the issuer's policy on future executive remuneration.

For financial years starting before 20 January 2007, issuers need not publish quarterly results, although they may choose to publish a quarterly "trading statement", giving brief details of trading and prospects over the previous three months. For financial years starting on or after that date, issuers must publish an interim management statement during each half of the financial year in accordance with the Transparency Directive.

Restrictions on dealings in company's securities by directors etc.

All issuers must adopt a 'code of dealings' at least as rigorous as the "Model Code" annexed to the listing rules, which restricts directors and certain senior employees from dealing in the company's shares during "close periods" prior to the announcement of half-yearly and annual results and at any time when there exists any unpublished price-sensitive information relating to the company. Any dealings by such persons must be notified to the company, which must in turn announce details to the market.

Documents that need to be approved by regulator

Prospectuses.

Circulars sent to shareholders containing details of a Class 1 transaction, or transaction with a related party, that shareholders are being asked to approve.

Circulars relating to any matter or transaction that has “unusual features”.

Circulars relating to the purchase of own shares from a related party or that would result in 25% or more of the company’s issued share capital being bought in.

Circulars relating to certain other ‘non-routine’ matters.

Offer documents published in connection with a takeover are not approved by the FSA, but the Panel on Takeovers and Mergers (which regulates UK takeovers) scrutinises all aspects of takeover activity and can require parties to publish a correction or clarification of any statement or position, and can impose sanctions on parties which fail to include all information specified by the Takeover Code.

Threshold for mandatory offers

Requirement for mandatory offer is triggered where a person acquires interests in shares which take his aggregate holding to 30% or more of the voting rights in a company, or where an aggregate holding which is already over 30% is increased.

Other

On 1 July 2005 the UKLA introduced six “Listing Principles” that issuers must abide by. The Principles express the ‘spirit’ behind the Listing Rules and are enforceable as such, e.g. an issuer must:

✓ “act with integrity towards its shareholders”;

✓ “deal with the UKLA in an open and co-operative manner”.

London

AIM

Type Non-regulated market. See Section 2.

Key matters requiring shareholder approval

Under the AIM Rules, the following matters require shareholder approval:

- ▮ reverse takeovers;
- ▮ acquisition or disposals that result in a fundamental change in the business, board or voting control of the issuer;
- ▮ delisting, other than following a takeover or where the issuer is transferring to a comparable market.

UK company law requires shareholder approval for the following:

- ▮ changes to the issuer's share capital, or constitution;
- ▮ proposals to buy back the company's own shares;
- ▮ payment of final dividends.

Corporate governance structures and codes

AIM companies are not required to comply with any particular code of corporate governance, but in practice many comply voluntarily with those parts of the Combined Code that they consider appropriate.

If the issuer's major shareholders are members of the ABI or NAPF, the issuer may also comply with the guidelines published by those bodies.

Relations with shareholders

Few specific requirements under the AIM Rules, but domestic company law gives basic protections to shareholders from (in particular) dilution and unfair prejudice.

It is almost always the case that each ordinary share carries one vote that can be exercised without restriction.

Under UK company law, shareholders have the following basic rights:

- ▮ With the approval of 75% of a company's shareholders, a special resolution can be passed directing the board to do or not do any particular thing.
- ▮ Any director can be removed from the board by means of an ordinary resolution (which requires a simple majority of shareholders to approve it). In principle, a company's articles may specify that directors can be removed with the sanction of a lesser percentage of shareholders, or of a particular investor, but this is rare for listed companies. Most listed company articles also allow shareholders to put forward a director and appoint him to the board by ordinary resolution.
- ▮ Shareholders with 5% or more of the total voting rights, or 100 shareholders who each hold an average £100 (€ 147) or more of paid up capital, may put a resolution at any general meeting, and require the company to circulate a statement in support of the resolution to all the members.
- ▮ Shareholders with 10% or more of a company's paid up share capital can force the directors to convene an EGM to consider any resolution put by the requesting shareholders (such as a resolution to remove one or all of the directors).

Any person who, together with his associates, acquires or sells shares which take his holding through 3% or any whole percentage point above this must notify the company, and in turn the company must notify the market, in each case within a few days.

Publication of financial information

Annual results to be published within six months of financial year-end; half-yearly results within three months.

Currently can be prepared under UK or US GAAP or IFRS, but for financial years starting on or after 1 January 2007 will have to be prepared under IFRS.

No remuneration report required.

Quarterly results not usually published. The Transparency Directive does not apply to AIM.

Restrictions on dealings in company's securities by directors etc.

All issuers must adopt a code of dealings that prevents all directors and those employees who are likely to possess price-sensitive information dealing in the issuer's shares during close periods prior to the announcement of annual and half-yearly results and at any other time when the company has unpublished price-sensitive information. Any dealings by such persons must be notified to the company, which must in turn announce details to the market.

Documents that need to be approved by regulator

None except where (unusually) a prospectus is required.

Threshold for mandatory offers

Although AIM is not within the scope of the Takeovers Directive, the UK Takeover Code applies to offers for companies that are listed on AIM.

Requirement for mandatory offer is triggered where a person acquires interests in shares which take his aggregate holding to 30% or more of the voting rights in a company, or where an aggregate holding which is already over 30% is increased.

Other

As for the Official List, an issuer must announce as soon as possible all price-sensitive developments.

It must also announce all major transactions and those entered into with a party connected to the issuer.

Madrid

Spanish Stock Exchange

Type Regulated market. See Section 2. The same continuing obligations apply to companies listed on the First, Second and New Markets.

Key matters requiring shareholder approval

Under Spanish company law, the following matters require shareholder approval:

- ✓ creation of shares that carry greater rights than ordinary shares;
- ✓ the company's acquisition of its own shares or those issued by its controlling company;
- ✓ approval of annual directors' report and accounts and determination of how profits or losses are to be allocated;
- ✓ amendments to the company's by-laws, and particularly, any capital increase or decrease;
- ✓ appointment and dismissal of directors, and delegation to the directors of the authority to resolve, at their discretion, to increase the capital up to a pre-authorised amount;
- ✓ decision to bring legal proceedings against a director;
- ✓ issue of bonds and the basis and terms of their issue and any right to convert into shares;
- ✓ suspension of shareholders' pre-emption rights;
- ✓ appointment of auditors;
- ✓ distribution of interim dividends to shareholders;
- ✓ reorganisation of the company, its merger and split-off;
- ✓ dissolution of the company.

Corporate governance structures and codes

Listed companies must publish a corporate governance report on a yearly basis, which must follow the template approved by the CNMV and be notified to it. The report must state whether the issuer complies with the Recommendations of the Unified Corporate Governance Code.

Domestic issuers have a unitary board structure: the Unified Corporate Governance Code contemplates the creation of several committees within the Board, in addition to the auditor committee all listed companies. It also focuses on having management bodies containing more non-executive than executive directors and tries to preserve within the first category a balance between those who are independent from the executives and those who are not.

Relations with shareholders

Every listed company must have an official website with the contents specified by Spanish Law to provide shareholders with information about their rights.

From the time when a general shareholder meeting is called, any shareholder may obtain from the company, free of charge and without delay, the documents that are to be submitted for approval by the meeting, including the management report and any auditor's report.

Publication of financial information

Annual, half-yearly and quarterly financial information have to be provided to the CNMV.

The issuer must notify the CNMV of any acquisition of its own shares that exceeds 1% of the total share capital of the company.

Restrictions on dealings in company's securities by directors etc.

All issuers must adopt an Internal Code of Conduct that is in line with the General Code of Conduct and the principles of conduct rules of the Securities Market Act. It must govern, amongst other things, how dealings in the company's shares by its employees, directors or representatives are to be authorised and disclosed to the market.

Documents that need to be approved by regulator

Prospectus.

Internal Code of Conduct.

Regulations governing the organisation and functioning of the Board of Directors, which have to be approved after being communicated to the CNMV.

Regulations governing the organisation and running of general shareholder meetings, which have to be approved after being communicated to the CNMV.

Threshold for mandatory offers

Currently and until proposed amendments to the Securities Market Act are passed to reflect the Takeovers Directive, a mandatory offer is triggered:

▼ When the offeror intends to acquire less than 25% of the target's shares, he must make a mandatory offer for at least 10% of the target's shares if the following conditions are simultaneously met:

(i) the offeror intends to reach a shareholding in the target company equal to or greater than 5%, or intends to acquire a shareholding below 5% of the target's share capital, which shareholding would enable him to appoint a number of directors who, together with the directors already appointed by the offeror, represent more than one-third but less than half plus one of the members of the board of directors of the target company.

(ii) the offeror intends to appoint the number of members of the board of directors referred to in (i).

▼ When the offeror intends to reach a shareholding in the target company equal to or greater than 25%, the offeror must make a mandatory offer for at least 10% of the target's shares.

▼ When the offeror holds 25% or more but less than 50% of the target's shares and wishes to increase its stake by at least 6% or more during a 12 month period, he must make a tender offer for at least 10% of the target's shares.

▼ A mandatory offer for 100% of the shares is required when:

(i) the offeror intends to reach a shareholding in the target company equal to or greater than 5%;

(ii) the offeror intends to obtain a shareholding in the target company below 50%, provided that the following conditions are simultaneously met:

(a) the offeror intends to obtain a shareholding in the target company equal to or greater than 5%, or he intends to acquire a smaller shareholding that enables him to appoint a number of directors who, together with the directors already appointed by the offeror, represent more than half of the members of the board of directors of the target company; and

(b) the offeror intends to appoint the number of directors referred to in (a).

There are a number of exceptions from the requirement to make a mandatory offer.

The proposed amendments to the Spanish Securities Markets Act specify that a mandatory offer will be triggered where a person acquires interests in shares that take his aggregate holding to 30% or more.

Milan

MTA/MTAX and Expandi

Type	Regulated market. See Section 2.
Key matters requiring shareholder approval	<p>The Borsa Italiana Rules do not specify particular matters that require shareholder approval. Under Italian company law, the following matters require shareholder approval:</p> <ul style="list-style-type: none">▼ reverse takeovers – i.e. broadly where the issuer acquires a business larger than itself;▼ delisting;▼ changes to the issuer's share capital;▼ buyback of the issuer's own shares.
Corporate governance structures and codes	<p>The board of directors of the issuer must disclose in the annual report transactions with parties who are in some way 'connected' to the issuer (e.g. directors, joint venture partners and subsidiaries).</p> <p>Most issuers comply with the Self-regulation Code ("<i>Codice Preda</i>") on corporate governance, published by the Corporate Governance Committee of Borsa Italiana S.p.A., which is primarily concerned with the responsibilities of non-executive directors, and particularly their role in monitoring and constructively challenging the decisions of the executive directors.</p> <p>Issuers that intend to be listed on the STAR segment of the market must adopt the Code and appoint an investor relations expert with appropriate qualifications.</p>
Relations with shareholders	Equal treatment per CARD.
Publication of financial information	<p>Issuers must publish half-yearly financial results (within 4 months) and quarterly reports (within 45 days, with some exceptions) and independently audited full-year financial reports (within 6 months from the end of the accounting period).</p> <p>Annual results must include a report on the directors' remuneration packages if the issuer has complied with the Self-Regulation Code.</p> <p>Expandi-listed companies are exempt from publishing quarterly reports.</p>
Restrictions on dealings in company's securities by directors etc.	All dealings in the issuer's own shares by directors and certain senior managers must be notified to the market within 5 days.

Documents that need to be approved by regulator

Prospectuses.

Threshold for mandatory offers

The requirement for a mandatory offer is triggered where a person acquires interests in shares that take his aggregate holding to 30% or more of the voting rights in a company.

Other

In accordance with the Market Abuse Directive, significant shareholders (whose shareholdings are equal to or greater than 10% of the share capital of a listed issuer), as well as those who control a listed issuer, are subject to transaction reporting in the same way as directors and senior managers.

Paris

Eurolist by Euronext (Paris)

Type	Regulated market. See Section 2.
Key matters requiring shareholder approval	<p>Under French company law the following matters require shareholder approval:</p> <ul style="list-style-type: none">✓ amendment of the articles of association;✓ approval of annual financial statements;✓ payment of final dividends;✓ appointment or dismissal of directors;✓ capital increase or cancellation;✓ listing;✓ transactions with parties who are in some way connected to the issuer (e.g. directors, shareholders with at least 10% of the voting rights);✓ allotment of bonus shares.
Corporate governance structures and codes	<p>Public limited companies (S.A.) that have offered their shares to the public must publish:</p> <ul style="list-style-type: none">✓ a report by the chairman of the board on the manner in which the board's work has been prepared and organised and on the internal control procedures put in place by the company;✓ a management report. <p>Other companies must publish a chairman's report but need not publish a management report.</p>
Relations with shareholders	Equal treatment per CARD.
Publication of financial information	<p>Issuers must disclose:</p> <ul style="list-style-type: none">✓ the annual report with annual financial statements certified and consolidated where appropriate;✓ the half-yearly report;✓ the amount of the quarterly turnover.
Restrictions on dealings in company's securities by directors etc.	<p>Managers of a listed company must notify the AMF of all acquisitions, transfers, subscriptions and exchanges of the company's shares made by members of the board of directors, the executive board, the supervisory board or the general manager (and persons having a personal link with them).</p> <p>Issuers must maintain a list of those persons with access to inside information relating to the company.</p>

Documents that need
to be approved
by regulator

Prospectuses.

Offer documents relating to a public tender offer.

Buyback programmes.

Threshold for
mandatory offers

Requirement for mandatory offer is triggered where a person acquires interests in shares that take his aggregate holding to 33.33% or more of the voting rights or of the capital of the company.

Paris

Alternext (Paris)

Type	Non-regulated market. See Section 2.
Key matters requiring shareholder approval	<p>Under French company law the following matters require shareholder approval:</p> <ul style="list-style-type: none">✓ amendment of the articles of association;✓ approval of annual financial statements;✓ payment of final dividends;✓ appointment or dismissal of directors;✓ capital increase or cancellation;✓ listing;✓ transactions with parties who are in some way connected to the issuer (e.g. directors, shareholders with at least 10% of the voting rights);✓ allotment of bonus shares.
Corporate governance structures and codes	<p>Public limited companies (S.A.) that have offered their shares to the public must publish:</p> <ul style="list-style-type: none">✓ a report by the chairman of the board on the manner in which the board's work has been prepared and organised and on the internal control procedures put in place by the company;✓ a management report. <p>Other companies must publish a chairman's report but need not publish a management report.</p>
Relations with shareholders	Equal treatment per CARD.
Publication of financial information	<p>Issuers must disclose:</p> <ul style="list-style-type: none">✓ the annual report with annual financial statements certified and consolidated where appropriate;✓ the half-yearly report;✓ the amount of the quarterly turnover.
Restrictions on dealings in company's securities by directors etc.	Managers of issuers that have offered shares to the public must notify the AMF of all acquisitions, transfers, subscriptions and exchanges of the company's shares made by members of the board of directors, the executive board, the supervisory board, the general manager (and persons having a personal link with them).

<p>Documents that need to be approved by regulator</p>	<p>Prospectuses in the case of a public offering.</p> <p>Offer documents where a single investor, or group of investors acting in concert, holds a majority of the voting rights or share capital in the issuer and has to make a “standing offer” to acquire the other shares.</p>
<p>Threshold for mandatory offers</p>	<p>Requirement for mandatory offer is triggered where a person acquires interests in shares that take his aggregate holding to 50% or more of the voting rights or of the capital of the company.</p>

Paris

Marché Libre OTC

Type	Non-regulated market. See Section 2.
Key matters requiring shareholder approval	<p>Under French company law the following matters require shareholder approval:</p> <ul style="list-style-type: none">✓ amendment of the articles of association;✓ approval of annual financial statements;✓ payment of final dividends;✓ appointment or dismissal of directors;✓ capital increase or cancellation;✓ listing;✓ transactions with parties who are in some way connected to the issuer (e.g. directors, shareholders with at least 10% of the voting rights);✓ allotment of bonus shares.
Corporate governance structures and codes	<p>Public limited companies (S.A.) that have offered their shares to the public must publish:</p> <ul style="list-style-type: none">✓ a report by the chairman of the board on the manner in which the board's work has been prepared and organised and on the internal control procedures put in place by the company;✓ a management report. <p>Other companies must publish a chairman's report but need not publish a management report.</p>
Relations with shareholders	Equal treatment per CARD.
Publication of financial information	None required.
Restrictions on dealings in company's securities by directors etc.	Managers of issuers that have offered shares to the public must notify the AMF of all acquisitions, transfers, subscriptions and exchanges of the company's shares made by members of the board of directors, the executive board, the supervisory board, the general manager (and persons having a personal link with them).

Documents that need to be approved by regulator Prospectuses in the case of a public offering.

Threshold for mandatory offers None specified.

Zürich

The SWX Swiss Exchange – Main segment

Type Non-regulated market. See Section 2.

Key matters requiring shareholder approval

Under Swiss company law, the general meeting of shareholders has the following powers which are inalienable:

- ✓ adoption and the amending of the articles of incorporation;
- ✓ election of members of the board of directors and of the auditors;
- ✓ approval of the annual report and of the consolidated accounts;
- ✓ approval of the annual financial statements as well as the resolution on the use of the balance sheet profit, in particular, the declaration of dividends and of profit sharing by directors;
- ✓ release of members of the board of directors from liability or duties to the company;
- ✓ passing other resolutions on matters that are by law or by the articles of incorporation reserved to the general meeting of shareholders.

Corporate governance structures and codes

Swiss company law and the “Directive on Information Relating to Corporate Governance” require issuers to publish information relating to corporate governance in a separate section of their annual report.

Under the “Directive on the Disclosure of Management Transactions”, members of the board of directors and the senior management of an issuer are obliged to disclose certain transactions (so called “management transactions”) if they have a direct or indirect effect on his/her wealth or are materially based on his/her own decision.

Both Directives apply to all issuers whose equity securities are listed on the SWX and whose registered office is in Switzerland. They also apply to issuers whose registered office is not in Switzerland but whose equity securities are listed on the SWX and not in their own country.

Relations with shareholders

Rights granted to shareholders under Swiss company law include:

- ✓ rights of control (e.g. to obtain access to legal documents, to request information from the board of directors, to request a special audit);
- ✓ to call a general meeting of shareholders – exercisable by one or more shareholders representing together at least ten percent of the share capital;
- ✓ to propose resolutions – exercisable by shareholders representing shares of a par value of one million Swiss francs;
- ✓ to remove members of the board of directors and the auditors;
- ✓ to take legal actions to challenge resolutions of the general meeting of shareholders.

Publication of financial information

Under the listing rules, issuers are obliged to publish an annual business report within four months of the end of the financial year and a half-yearly financial report within three months of the end of the relevant period. Half-yearly results must not relate to a period of longer than six months. The financial statements of the issuer must present a true and fair view of its assets and liabilities, financial position and profits and losses corresponding to the actual circumstances.

Issuers of equity securities must either comply with the IFRS or US GAAP.

Restrictions on dealings in company's securities by directors etc.

There is no absolute prohibition on directors dealing in their company's securities. However, restrictions are imposed by the following rules:

✓ (Listing rules) Issuers must ensure that the member of the board of directors or senior management reports the direct or indirect purchase or sale of the issuer's equity securities not later than the second trading day after completion of the relevant transaction. The issuer must then submit a respective notification to the SWX.

✓ (Criminal law) A member of the board of directors or management who secures for himself or another a pecuniary benefit by exploiting his knowledge of a relevant fact, whose disclosure is likely to significantly influence the price of shares on a stock exchange, may be punished with imprisonment or a fine.

Documents that need to be approved by regulator

None, apart from prospectuses.

Threshold for mandatory offers

Under the Stock Exchange Act, an obligation to make a mandatory offer is triggered where a person directly, indirectly or acting in concert with third parties acquires equity securities which take its aggregate holding to 33.33% or more of the voting rights in a company. In its articles of association, a company may raise this threshold to 49 percent of the voting rights (opting-up) or may provide that a purchaser shall not be bound by the obligation to make a public offer (opting-out).

Zürich

The SWX Swiss Exchange – “EU-compatible” segment

Type Regulated market. See Section 2.

Key matters requiring shareholder approval Under Swiss company law, the general meeting of shareholders has the following powers which are inalienable:

- ✓ adoption and the amending of the articles of incorporation;
- ✓ election of members of the board of directors and of the auditors;
- ✓ approval of the annual report and of the consolidated accounts;
- ✓ approval of the annual financial statements as well as the resolution on the use of the balance sheet profit, in particular, the declaration of dividends and of profit sharing by directors;
- ✓ release of members of the board of directors from liability or duties to the company;
- ✓ passing other resolutions on matters that are by law or by the articles of incorporation reserved to the general meeting of shareholders.

Corporate governance structures and codes Swiss company law and the “Directive on Information Relating to Corporate Governance” require issuers to publish information relating to corporate governance in a separate section of their annual report.

Under the “Directive on the Disclosure of Management Transactions”, members of the board of directors and the senior management of an issuer are obliged to disclose certain transactions (so called “management transactions”) if they have a direct or indirect effect on his/her wealth or are materially based on his/her own decision.

Both Directives apply to all issuers whose equity securities are listed on the SWX and whose registered office is in Switzerland. They also apply to issuers whose registered office is not in Switzerland but whose equity securities are listed on the SWX and not in their own country.

Relations with shareholders Rights granted to shareholders under Swiss company law include:

- ✓ rights of control (e.g. to obtain access to legal documents, to request information from the board of directors, to request a special audit);
- ✓ to call a general meeting of shareholders – exercisable by one or more shareholders representing together at least ten percent of the share capital;
- ✓ to propose resolutions by shareholders representing shares of a par value of one million Swiss francs;
- ✓ to remove members of the board of directors and the auditors;
- ✓ to take legal actions to challenge resolutions of the general meeting of shareholders.

Publication of financial information

Under the listing rules, issuers are obliged to publish an annual business report within four months of the end of the financial year and a half-yearly financial report within three months of the end of the relevant period. Half-yearly results must not relate to a period of longer than six months. The financial statements of the issuer must present a true and fair view of its assets and liabilities, financial position and profits and losses corresponding to the actual circumstances.

Issuers of equity securities must either comply with the IFRS or US GAAP.

Restrictions on dealings in company's securities by directors etc.

There is no absolute prohibition on directors dealing in their company's securities. However, restrictions are imposed by the following rules:

✓ (Listing rules) Issuers must ensure that the member of the board of directors or senior management reports the direct or indirect purchase or sale of the issuer's equity securities not later than the second trading day after completion of the relevant transaction. The issuer must then submit a respective notification to the SWX.

✓ (Criminal law) A member of the board of directors or management who secures for himself or another a pecuniary benefit by exploiting his knowledge of a relevant fact, whose disclosure is likely to significantly influence the price of shares on a stock exchange, may be punished with imprisonment or a fine.

Issuers must also comply with those UK rules which implement articles of the Market Abuse Directive dealing with timely disclosure to the market of inside information, keeping insider lists, and notifying the market of all dealings in the issuer's shares by directors and certain senior managers.

Documents that need to be approved by regulator

None, apart from prospectuses.

Threshold for mandatory offers

Under the Stock Exchange Act, an obligation to make a mandatory offer is triggered where a person directly, indirectly or acting in concert with third parties acquires equity securities which take its aggregate holding to 33.33% or more of the voting rights in a company. In its articles of association, a company may raise this threshold to 49 percent of the voting rights (opting-up) or may provide that a purchaser shall not be bound by the obligation to make a public offer.

Other

Where shares listed on the SWX "EU-compatible" segment are admitted to trading on an EU regulated market other than the virt-x, the issuer may be subject to additional requirements under the law of the relevant Member State, such as an obligation to submit certain periodical reports to the appropriate EU competent authority.

Zürich

The SWX Swiss Exchange – local caps

Type Non-regulated market. See Section 2.

Key matters requiring shareholder approval Under Swiss company law, the general meeting of shareholders has the following powers which are inalienable:

- ✓ adoption and the amending of the articles of incorporation;
- ✓ election of members of the board of directors and of the auditors;
- ✓ approval of the annual report and of the consolidated accounts;
- ✓ approval of the annual financial statements as well as the resolution on the use of the balance sheet profit, in particular, the declaration of dividends and of profit sharing by directors;
- ✓ release of the members of the board of directors from liability or duties to the company;
- ✓ passing other resolutions on matters that are by law or by the articles of incorporation reserved to the general meeting of shareholders.

Corporate governance structures and codes Swiss company law and the “Directive on Information Relating to Corporate Governance” require issuers to publish information relating to corporate governance in a separate section of their annual report.

Under the “Directive on the Disclosure of Management Transactions”, members of the board of directors and the senior management of an issuer are obliged to disclose certain transactions (so called “management transactions”) if they have a direct or indirect effect on his/her wealth or are materially based on his/her own decision.

Both Directives apply to all issuers whose equity securities are listed on the SWX and whose registered office is in Switzerland. They also apply to issuers whose registered office is not in Switzerland but whose equity securities are listed on the SWX and not in their own country.

Relations with shareholders Rights granted to shareholders under Swiss company law include:

- ✓ rights of control (e.g. to obtain access to legal documents, to request information from the board of directors, to request a special audit);
- ✓ to call a general meeting of shareholders – exercisable by one or more shareholders representing together at least ten percent of the share capital;
- ✓ to propose resolutions by shareholders representing shares of a par value of one million Swiss francs;
- ✓ to remove members of the board of directors and the auditors;
- ✓ to take legal actions to challenge resolutions of the general meeting of shareholders.

Publication of financial information

Under the listing rules, issuers are obliged to publish an annual business report within four months of the end of the financial year and a half-yearly financial report within three months of the end of the relevant period. Half-yearly results must not relate to a period of longer than six months. The financial statements of the issuer must present a true and fair view of its assets and liabilities, financial position and profits and losses corresponding to the actual circumstances.

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Documents that need to be approved by regulator

None, apart from prospectuses.

Threshold for mandatory offers

Under the Stock Exchange Act, an obligation to make a mandatory offer is triggered where a person directly, indirectly or acting in concert with third parties acquires equity securities which take its aggregate holding to 33.33% or more of the voting rights in a company. In its articles of association, a company may raise this threshold to 49 percent of the voting rights (opting-up) or may provide that a purchaser shall not be bound by the obligation to make a public offer (opting-out).

Glossary

ABI	Association of British Insurers, whose members between them own approximately 20% of the shares issued by companies listed in the UK
AFM	Autoriteit Financiële Markten, the Dutch financial markets authority
AMF	Autorité des Marchés Financiers, the French financial markets authority
AIM	The LSE's Alternative Investment Market, a non-regulated market
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht, the German supervisory authority
CARD	EU Consolidated Admissions and Reporting Directive (2001/34/EC)
CBFA	Commissie voor het Bank-, Financie- en Assurantiewezen/Commission Bancaire, Financière et des Assurances, the Belgian banking, finance and assurance commission
CNMV	Comisión Nacional del Mercado de Valores, the supervisor of the Spanish securities markets
LSE	London Stock Exchange
PD	EU Prospectus Directive (2003/71/EC)
IAS Regulation	EC Regulation No.1606/2002 of the European Parliament and of the Council of 19th July 2002 on the application of international accounting standards
IFRS	International Financial Reporting Standards (sometimes referred to as International Accounting Standards, or IAS) and related guidance and interpretations adopted by the European Commission under the IAS Regulation
ISD	EU Investment Services Directive (93/22/EEC). Amongst other things, this requires each Member State to notify the European Commission of those securities markets within their jurisdiction that meet the criteria for a "regulated market". The Commission publishes a list of all the regulated markets on its website. In 2007 the Directive will be replaced by MiFID
Member State	A member state of the EU
MiFID	EU Markets in Financial Instruments Directive (2004/39/EC), which will replace the ISD. MiFID must be transposed into national law by 31 January 2007 but its provisions will not take effect until 1 November 2007
NAPF	National Association of Pension Funds (UK), whose members between them hold assets of around £ 800 billion and account for approximately 20% of investment in companies listed in the UK

Official listing	CARD refers to shares being “officially listed”, but the term now used in the MAD, PD and other Directives is “admitted to trading on a regulated market”
Primary and secondary markets	In a trading context, the primary market usually means offers of new securities in an IPO, rights issue or other offer to the public. The secondary market means buying and selling shares that are already in issue and traded on a stock exchange or an unofficial market. But in other circumstances, these terms are sometimes used to distinguish between main, or official, markets operated through a stock exchange (primary markets), and other smaller markets that may be off-exchange (secondary markets)
Regulated market	A market that is recognised by a Member State as complying with the relevant criteria in the ISD (or, when it is implemented, MiFID). In most Member States, the main market (sometimes known as the “main market”, “official market”, or “official list”) is a regulated market; in some cases secondary, alternative or semi-official markets are also regulated markets. EU legislation such as MAD, TD, PD, TOD and IAS Regulation primarily relate to companies whose shares are admitted to trading on a regulated market
Regulator	The competent authority designated by a Member State to supervise particular companies or securities markets and to enforce rules relating to them
TD	EU Transparency Directive (2004/109/EC)
TOD	EU Takeovers Directive (2004/25/EC)
UKLA	UK Listing Authority, the regulator and competent authority in relation to securities admitted to the UK’s official list.

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