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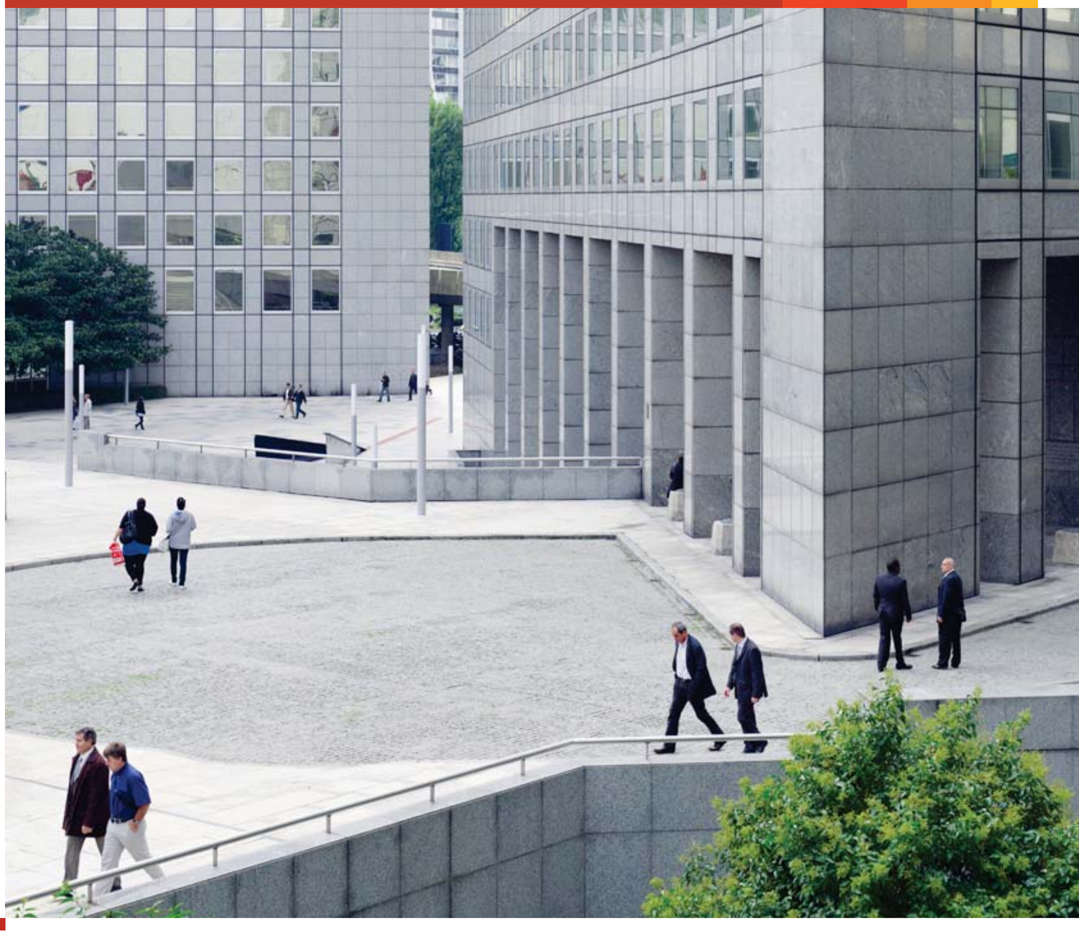
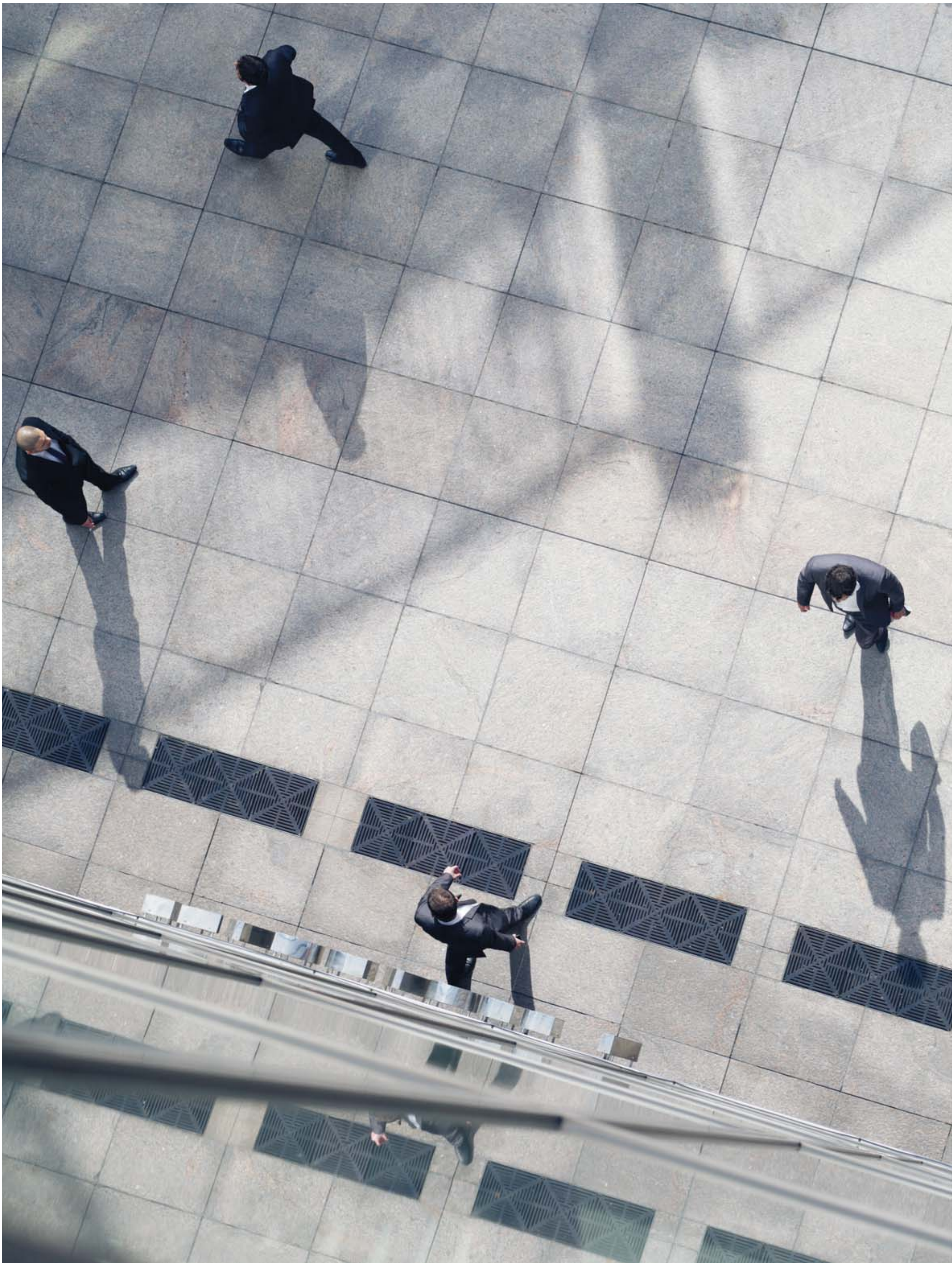
Listing in the US
A guide to a listing of equity securities on NASDAQ and NYSE

Capital Markets





Content

Thinking of Raising Capital in the US?

The United States ("US") securities market represents one of the largest sources of capital in the world. A private or public offering in the US not only provides a company with an infusion of long-term capital to fuel growth, but can also enhance shareholder value by benefiting from the establishment of a currency to pursue acquisitions in the US, help to enhance a company's corporate reputation and profile, lower a company's overall cost of capital through access to US debt and provide a foundation for establishing a share option reward program.

Management of the company needs to consider a variety of questions when entering the US securities market:

Transaction structure and financing

- What type of security should the company list in the US?
- Should the company pursue a public or private offering?
- With which US exchange should the company list its securities?
- Does the company meet the definition of a Foreign Private Issuer ("FPI") or will it be treated as a domestic issuer?

Historical track record

- Does the company have highly visible products and services that will be attractive to US investors?
- What will the company's financial position and results from operations look like under US GAAP or IFRS as issued by the International Accounting Standards Board ("IFRS")?

Corporate governance and management

- What additional corporate governance will be required?
- Are the company's internal control environment and information systems capable of handling growth and increased US Securities and Exchange Commission ("SEC") reporting requirements?
- Is the company ready to comply with the provisions of Section 404 of the Sarbanes-Oxley Act?

Other considerations

- What is the typical cost of the various alternatives of entering the US market?
- What are the implications (inclusive of tax implications) of offering shares to US investors?

Pros and Cons of a Securities Offering in the US

Prior to initiating the process of listing in the US market, management must weigh the benefits and drawbacks of a securities offering in the US:

Advantages	Key Challenges
Provides access to the largest source of capital in the world	Results in the company being subject to the US regulatory environment
Improves timeliness and cost of capital of subsequent offerings	Compliance with the provisions of the Sarbanes-Oxley Act can be a time-consuming and costly process for the newly public company
Gives investors the opportunity to realise and/or monetise their appreciation in the value of their investment	Results in the company being subject to the rigorous SEC accounting, disclosure and reporting requirements. Financial statements of the company must be filed on an annual basis with the SEC. Quarterly financial statements must be filed only by domestic issuers. These financial statements are due relatively soon after each period end depending on the type of the issuer. Therefore there is increased time pressure on reporting compared to that of a privately held company
Ability to attract and keep key personnel by providing share-based compensation for US-based employees	
Offers access to US commercial paper markets through the establishment of a US credit rating	
Provides greater exposure of the company's products and services in the US and worldwide	

The IPO Process

The IPO process involves a significant amount of time (from 6 to 12 months from start to finish) and resources and the demands placed on senior management can easily be underestimated. The process is challenging and dynamic. Careful planning and an understanding of the process are essential to the success of the offering.

From the viewpoint of the SEC, once a preliminary understanding with an underwriter on the proposed offering is reached, the IPO process has begun. At the beginning of the IPO process the working party group, including company management, counsel, independent auditor, investment bank, investment bank's counsel and depositary bank convene to discuss the timetable, roles and responsibilities, potential bottlenecks and the structure of the offering (referred to as the "all hands" meeting).

Registration Statement. After the all hands meeting, the working group begins preparing a draft of the registration statement, which is the company's responsibility. This process involves all members of the working group and, depending on the complexities of the offering and/or the significance of issues that need to be addressed, can take 45 days or more to complete. As the various sections of the registration statement are completed and assimilated, financial information and disclosures are reviewed, considered and often redrafted. Once the outstanding issues have been resolved to the satisfaction of the members of the working group and signed off by the company's management, the registration statement is submitted to the SEC for review.

SEC Review. The SEC performs a review of the registration statement to determine whether or not it includes adequate disclosures and complies with the SEC regulations. The SEC will then issue a comment letter, usually within 30 days, which includes a description of deficiencies identified in the review and may also include requests for supplemental information. Company counsel and the independent auditor typically assist in addressing any deficiencies and in preparing responses to the SEC. There may be more than one series of comments on a registration statement, lengthening the SEC review period usually to five weeks or more. Once the SEC signals that all comments have been cleared, the company typically prints the preliminary prospectus (the "red herring") and begins the selling phase of the IPO process.

Road Show. The road show is the core selling effort when senior management and the lead investment bank meet with prospective members of the underwriting and selling syndicates, significant investors and securities analysts to help build interest in the company and the IPO. The investment bank uses the road show to gauge the level of interest in a company's stock and help build an order book among significant investors. The more interest a company generates, and the more credibility management earns, the higher the expected price of the offering.

Pricing and Closing. Once the selling efforts are finished and final comments from regulators are cleared, the offering is priced and the final prospectus is filed with the SEC. The underwriting agreement between the company and the investment bank is signed and the public offering begins. The offering is formally concluded on the closing date, which is usually three to five business days after the effective date of the registration statement. On that day, the company delivers the registered securities to the investment bank and receives payment for the issue.

Public vs. Private Offering

Non-US companies seeking to raise capital in the US do not necessarily have to become registered with the SEC. An exemption called Rule 144A entitles a company to offer securities for sale or resale to certain institutional investors without requiring registration of the offer or sale with the SEC. As a result, companies can raise capital in the US without having to meet the ongoing reporting requirements associated with a SEC registration.

Financing objectives, costs and timing are among the many factors that need to be considered in deciding whether to initiate a public or private offering. A public issue allows a company to establish a wider trading market for its securities, as well as broader exposure to the business and investing public than is possible in a private offering. The advantages of a private issue include potentially lower costs of preparing the offering document and faster processing. Companies commonly use private offerings as an interim step to going public. Such private offerings may come with registration rights to enhance post-closing liquidity of the securities sold in the offering. Registration rights are rights given to investors to sell or register with SEC unregistered shares.

Choosing a US Exchange

There are a number of stock exchanges in the US, but the majority of foreign and domestic companies want to be traded on the New York Stock Exchange ("NYSE") or the National Association of Securities Dealers Automated Quotations ("NASDAQ"). Each exchange has minimum entry listing requirements, including profit history, shareholders' equity, size of market capitalization, number of expected shareholders and corporate governance. Each exchange is also known for attracting certain types of companies in different industries and stages of development.

Vital Statistics

	NYSE	NASDAQ
Aggregate market capitalization*	US$ 12,465 billion	US$ 3,775 billion
Number of listed companies (excluding investment funds)*:	2,318	2,712
Domestic companies	1,801	2,409
Foreign companies	517	303
Top 3 sectors by number of listed companies (excluding investment funds)	Financials, Industrials, Consumer discretionary	Information technology, Financials, Healthcare

* *Source: August 2011 Complete report of World Federation of Exchanges (Americas region of NASDAQ OMX and NYSE Euronext (US))*

Summary of NASDAQ and NYSE Quantitative Initial Listing Requirements

NASDAQ quantitative initial listing requirements by market

There are three different markets within NASDAQ: the NASDAQ Global Market, the NASDAQ Capital Market and the NASDAQ Global Select Market. The NASDAQ Global Select Market prescribes the highest initial listing requirements.

The NASDAQ Global Select Market

An issuer, whether a domestic issuer or FPI, must generally meet all the criteria under at least one of the four financial standards and the liquidity requirements stated below:

Financial and Qualitative Requirements	Standard 1	Standard 2	Standard 3	Standard 4
Minimum total revenue in the previous fiscal year	-	US$ 110 million	US$ 90 million	-
Minimum average market capitalization at the time of listing	-	US$ 550 million	US$ 850 million	US$ 160 million
Bid price	US$ 4	US$ 4	US$ 4	US$ 4
Market makers	3 or 4	3 or 4	3 or 4	3 or 4
Corporate governance	Yes	Yes	Yes	Yes
Other	Minimum income from continuing operations before income taxes of: • US$ 11 million over the prior three fiscal years in aggregate and • US$ 2.2 million in each of the two most recent fiscal years Positive income from continuing operations before income taxes in each of the prior three fiscal years	Minimum cash flows of: • US$ 27.5 million over the prior three fiscal years in aggregate Positive cash flows in each of the prior three fiscal years	-	US$ 80 million of total assets and US$ 55 million of stockholders' equity in the most recent publicly reported financial statements
Liquidity Requirements for New Company Listings (IPOs)				
Round lot shareholders or total shareholders	450 or 2,200	450 or 2,200	450 or 2,200	450 or 2,200
Publicly held shares	1.25 million	1.25 million	1.25 million	1.25 million
Market value of publicly held shares	US$ 45 million	US$ 45 million	US$ 45 million	US$ 45 million

The NASDAQ Global Market

An issuer, whether a domestic issuer or FPI, must meet all the criteria under at least one of the following financial standards:

Requirements	Income Standard	Equity Standard	Market Value Standard	Total Assets/Total Revenue
Stockholders' equity	US$ 15 million	US$ 30 million	-	-
Bid price	US$ 4	US$ 4	US$ 4	US$ 4
Market makers	3	3	4	4
Corporate governance	Yes	Yes	Yes	Yes
Total shareholders (round lot shareholders)	400	400	400	400
Publicly held shares	1.1 million	1.1 million	1.1 million	1.1 million
Market value of publicly held shares	US$ 8 million	US$ 18 million	US$ 20 million	US$ 20 million
Other	US$ 1 million of income from continuing operations before income taxes in latest fiscal year or in two of last three fiscal years	2 years of operating history	US$ 75 million of market value of listed securities	US$ 75 million of total assets and US$ 75 million of total revenue in latest fiscal year or in two of last three fiscal years

The NASDAQ Capital Market

An issuer, whether a domestic issuer or FPI, must meet all the criteria under at least one of the following financial standards:

Requirements	Net Income Standard	Equity Standard	Market Value of Listed Securities Standard
Stockholders' equity	US$ 4 million	US$ 5 million	US$ 4 million
Bid price	US$ 4	US$ 4	US$ 4
Market makers	3	3	3
Corporate governance	Yes	Yes	Yes
Total shareholders (round lot shareholders)	300	300	300
Publicly held shares	1 million	1 million	1 million
Market value of publicly held shares	US$ 5 million	US$ 15 million	US$ 15 million
Other	US$ 0.75 million of net income from continuing operations in latest fiscal year or in two of last three fiscal years at least	2 years of operating history	US$ 50 million of market value of listed securities

NYSE quantitative initial listing requirements

FPI may satisfy either the general NYSE listing standards applicable to domestic issuers or the NYSE's Alternate Listing Standards for FPIs. The principal Alternate Listing Standards focus on worldwide rather than U.S. distribution of a non-U.S. company's shares and must be applied by FPIs only where there is a broad, liquid market for the company's shares in a country outside of the US.

An issuer, whether a domestic issuer or FPI, must meet minimum distribution and market value criteria and one of the following financial standards:

	NYSE quantitative listing standards applicable to Domestic Issuers and Foreign Private Issuers*	NYSE Alternate Listing Standards for Foreign Private Issuers*
Minimum distribution and market value criteria:		
Number of holders of 100 shares or more or of a unit of trading if less than 100 shares	400	5,000 worldwide
Number of publicly held shares	1.1 million	2.5 million worldwide
Aggregate market value of publicly held shares	US$ 40 million	US$ 100 million worldwide
Price at the time of initial listing	US$ 4	US$ 4
Financial standards (must satisfy one of the following requirements):		
Earnings Test: Income before tax from continuing operations and after minority interest, amortization and equity in the earnings or losses of investees (subject to certain adjustments) must total at least	US $10 million in the aggregate for the last three fiscal years, together with a minimum of US $2 million in each of the two most recent fiscal years, and positive amounts in all three years OR US$ 12 million in the aggregate for the last three fiscal years, together with a minimum of US$ 5 million in the most recent fiscal year and US$ 2 million in the next most recent fiscal year	US $100 million in the aggregate for the last three fiscal years, together with a minimum of US $25 million in each of the two most recent fiscal years
OR **Valuation/Revenue Test:**		
Valuation/Revenue with Cash Flow Test Issuer must have at least	1) US$ 500 million in global market capitalization, 2) US$ 100 million in revenues during the most recent 12 month period, and 3) US$ 25 million in aggregate cash flows for the last three fiscal years with positive amounts in all three years (subject to certain adjustments)	1) US$ 500 million in global market capitalization, 2) US$ 100 million in revenues during the most recent 12 month period, and 3) US$ 100 million in aggregate cash flows for the last three fiscal years, where each of the two most recent years is reported at a minimum of US$ 25 million (subject to certain adjustments)
Pure Valuation/Revenue Test Issuer must have at least	1) US$ 750 million in global market capitalization, and 2) US$ 75 million in revenues during the most recent fiscal year	
OR **Assets and Equity Test**		
Issuer must have at least	1) US$ 150 million in global market capitalization, 2) US$ 75 million in total assets together with at least US$ 50 million in stockholders' equity (in each case subject to certain adjustments)	-
Corporate governance	Yes	Yes

** For companies that list at the time of their IPO*

Domestic or Foreign Private Issuer?

The US federal securities laws define a FPI as any corporation or other organization incorporated or organized under the laws of any foreign country, unless:

- *more than 50% of the issuer's outstanding voting securities are held directly or indirectly of record by residents of the US; and*
- *any of the following applies:*
  - *the majority of the issuer's executive officers or directors are US citizens or residents;*
  - *more than 50% of the issuer's assets are located in the US; or*
  - *the issuer's business is administered principally in the US.*

Among the benefits of being a FPI are:

- ability to use US GAAP, IFRS or local GAAP as a basis of financial statement preparation, while Regulation S-X and US GAAP must be followed by domestic issuers;
- ability to present FPI's financial statements in any reporting currency that it considers appropriate, while domestic issuer must present in US dollars;
- absence of quarterly reporting on Form 10-Q and current reporting on Form 8-K requirements;
- exemption from proxy rules, certain aspects of the Sarbanes-Oxley Act and Regulation FD;
- more time to file annual report;
- ability to disclose only the aggregate amount of remuneration paid to the FPI's officers and directors, while domestic issuer is subject to comprehensive executive compensation disclosures required by S-K 402;
- possibility to omit interim unaudited financial statements if a registration statement becomes effective less than nine months after the end of the last audited financial year (unless more current financial information has been published);
- permission to use home country corporate governance practice in lieu of most of the NYSE's or NASDAQ's corporate governance standards, if an issuer:
  - has an audit committee that meets requirements (including independence requirements) of the Securities Exchange Act of 1934 ("Exchange Act") Rule 10A-3,
  - provides prompt notification of non-compliance with the applicable provisions of NYSE's or NASDAQ's corporate governance rules; and
  - if NASDAQ, issuer must execute a listing agreement on the form designated by NASDAQ; or furnish the NYSE with a written certification from independent counsel in the FPI's domicile as to whether or not the non-complying practices are prohibited by home country law, if NYSE; and
- chance to submit registration form to SEC staff on a confidential basis, while domestic issuers must file their registration statements publicly.

The analysis should also include consideration of the income tax implications.

Financial Statements in Registration Statement

The SEC has specific and sometimes complex rules regarding the content and age of the financial statements that must be presented in a registration statement. The requirements may vary depending on the basis of presentation used to prepare the historical financial statements and category of the filer.

A FPI must generally present the following audited annual and unaudited interim period financial statements:

Basis of Preparation	Balance Sheet	Statements of Income, Cash Flow and Changes in Stockholders' Equity, Comprehensive Income
Audited annual financial statements		
US GAAP	Two years	Two years
IFRS	Two years	Three years
Home country GAAP	Two years reconciled to US GAAP	Three years with the two most recent years reconciled to US GAAP
Unaudited interim period financial statements*		
US GAAP, IFRS or Home Country GAAP	At least as of the end of the first six months	For period from the latest fiscal year-end to the interim balance sheet date, and for the corresponding period in the prior fiscal year

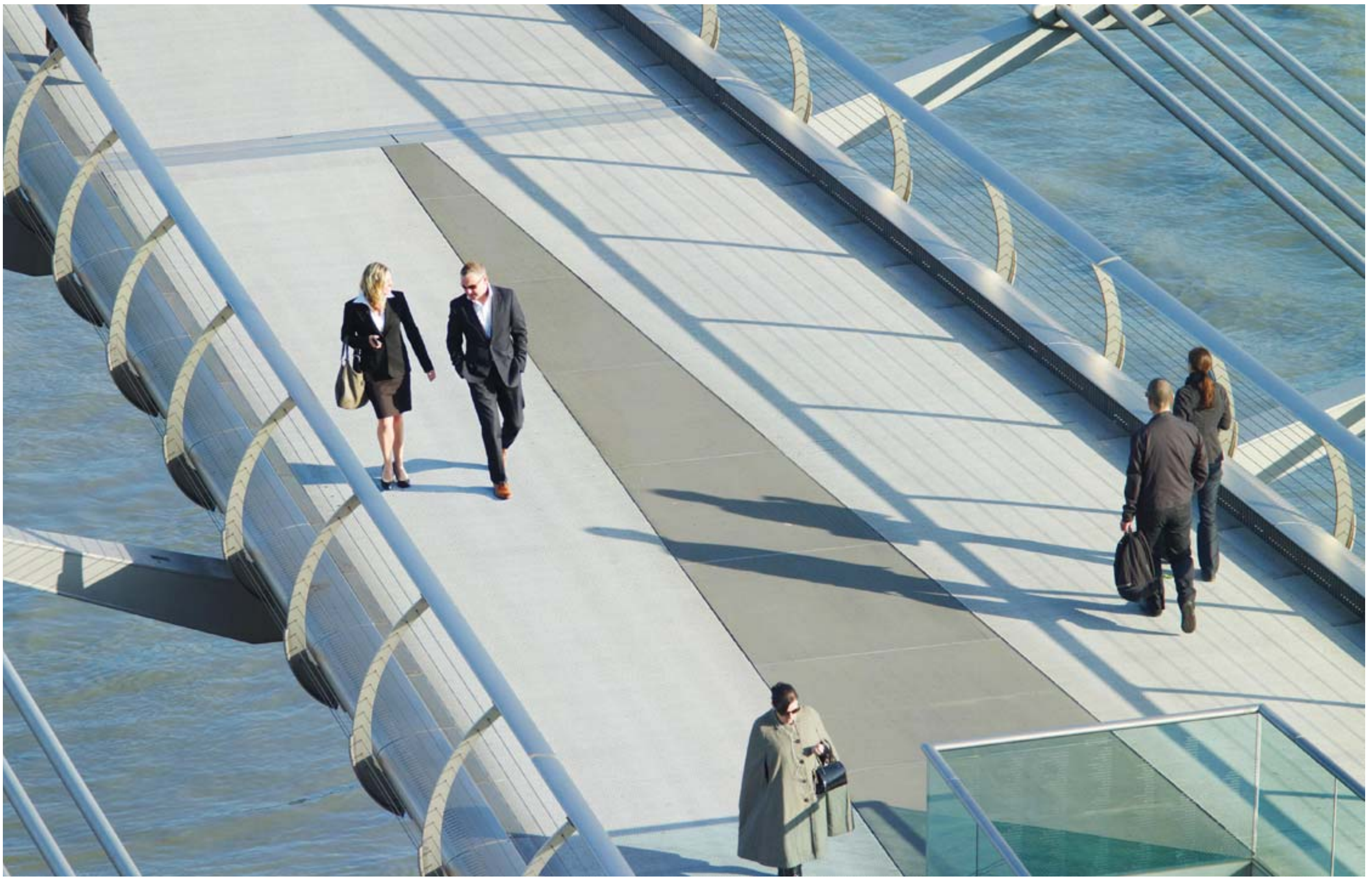
** If the registration statement is more than nine months after the end of the last financial year, it should contain consolidated interim financial statements, which may be unaudited, covering at least the first six months of the financial year.*

A domestic filer must generally present the following audited annual and unaudited interim period financial statements:

Basis of Preparation	Balance Sheet	Statements of Income, Cash Flow and Changes in Stockholders' Equity, Comprehensive Income
Audited annual financial statements		
US GAAP	Two years	Three years
Unaudited interim period financial statements		
US GAAP	As of interim date no more than 134 days (for non-accelerated filers, or 129 days for accelerated and large accelerated filers) before effectiveness or mailing	For period from the latest fiscal year-end to the interim balance sheet date, and for the corresponding period in the prior fiscal year. Except for statement of change in stock-holders' equity which has to be for period from the latest fiscal year-end to the interim balance sheet date only

Sarbanes-Oxley Act

Section 404 of the Sarbanes-Oxley Act requires registrant's management (CEO and CFO) to provide certain certifications in periodic filings with the SEC regarding the company's evaluation of the effectiveness of its internal control over financial reporting. However, a newly public company (defined as one that was not required to file an annual report pursuant to Section 13(a) or 15(d) of the Exchange Act for the previous fiscal year and did not file an annual report for the prior fiscal year) is not required to comply with either the management or auditor reporting requirements relating to internal control over financial reporting until its second annual report. However, companies need to consider the discussion of their 404 plan and timeline in their prospectus.



Life as a Public Company

Ongoing Reporting Requirements

Once a US or non-US company registers with SEC and has publicly placed securities in the US, it must file or furnish the following:

Type of report or disclosure	Domestic Issuer	Foreign Private Issuer
Periodic reportings		
Annual report	Form 10-K must be filed with the SEC within: • 90 days after year-end for non-accelerated filers and "newly public company"; • 75 days after year-end for accelerated filers; • 60 days after year-end for large accelerated filers	Form 20-F must be filed with the SEC within 4 months after year-end.
Management's annual report on effectiveness of internal control over financial reporting	All filers starting from the second annual report	All filers starting from the second annual report
Independent auditor's report on the effectiveness of internal control over financial reporting	Accelerated and large accelerated filers only, starting from the second annual report	Accelerated and large accelerated filers only, starting from the second annual report
Quarterly report	Form 10-Q must be filed with the SEC within: • 45 days after quarter-end for non-accelerated filers and "newly public company"; • 40 days after quarter-end for accelerated and large accelerated filers	No requirement, however, if a FPI publicly released interim financial statements, Form 6-K must be timely furnished
Current reporting		
Current report	Generally Form 8-K must be filled within 4 business days after changes in the board of directors, independent auditors, a change of control and other significant changes in the business	No requirement, however a FPI must timely furnish material information on Form 6-K under certain circumstances

The definitions of an accelerated filer and large accelerated filer include companies that qualify as FPIs even though the deadlines for Forms 20-F annual reports are not affected by accelerated filer or large accelerated filer status. However, a FPI electing to file on Forms 10-K and 10-Q is subject to the accelerated filer rules.

Summary of worldwide public float test for determination of the filer status is as follows:

Category of the filer	Float to enter the status	Float to reduce the status
Non- accelerated filer	< US$ 75 million as of most recent completed second fiscal quarter	-
Accelerated filer	≥ US$ 75 million but <US$ 700 million as of most recent completed second fiscal quarter	< US$ 50 million becomes a non-accelerated filer
Large accelerated filer	≥ US$ 700 million as of most recent completed second fiscal quarter	< US$ 500 million but ≥ US$ 50 million becomes an accelerated filer < US$ 50 million becomes a non-accelerated filer

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