

CSE creates
new opportunities
for companies



E.C.M.

Emerging Companies Market

- BENEFITS FOR COMPANIES AND INVESTORS
- SIMPLIFIED LISTING REQUIREMENTS
- LOW COST FOR BUSINESSES



ΧΡΗΜΑΤΙΣΤΗΡΙΟ ΑΞΙΩΝ ΚΥΠΡΟΥ
CYPRUS STOCK EXCHANGE



General Characteristics of the Emerging Companies Market

- The market is characterised as unregulated and therefore it does not come under the mandatory provisions for regulated markets which impose strict listing requirements and continuous obligations.
- It is considered as a Multilateral Trading Facility (MTF) and will operate in accordance with the Regulative Decisions adopted by the CSE.
- The CSE will be exclusively responsible for setting the listing requirements and continuous obligations of the issuers and Directors, as well as for any sanctions to be imposed for any violation of the Rules.
- The Securities and Exchange Commission will supervise the issuers regarding the publication of a Prospectus, if this is required. In addition, the Securities and Exchange Commission will supervise the CSE as a market operator which operates a Multilateral Trading Facility (MTF).

The Emerging Companies market is addressed to:

- Unlisted companies seeking finance and easy access to a secondary market.
- Investors seeking new ways of investment, with awareness of the high risk of the market.
- Listed companies that are not able or willing to undertake the higher costs of remaining in a regulated market, they are now offered an opportunity to be listed in this particular market with simplified procedures, subject to first delisting from the regulated market following an acquisition.

- The issuer must have published audited accounts, had normal operations and related activities for at least the two years preceding the application. Newly established companies will be able to be listed if the CSE council judges that potential shareholders are given satisfactory information that would allow them to access properly the value of the titles, from the Nominated Advisor of the issuer.
- Throughout the flotation procedure, the issuer must have a Nominated Advisor.
- The issuer must be a public company with a satisfactory number of investors. No minimum share capital must be dispersed among the general public.
- There is no criterion as to the minimum market capitalization an issuer must fulfill.
- There is no criterion for the minimum shareholders equity an issuer must have.

In addition to the above listing requirements on the Emerging Companies Market, the **general requirements** of the existing markets of the CSE will also apply. These are:

- The issuer must have been properly established and operating, and must be a public company pursuant to the public companies law of its country of incorporation, which provides to the issuer the power to issue shares to the public.
- The issuer must be authorised to issue the specific shares which seeks to float in pursuance to the law of the country of incorporation, the memorandum and articles of association or any other document governing the terms of its incorporation and relations among its members.
- The issuer is proposing the flotation of freely transferable securities.
- The issuer shall not undertake any commitment in any way incompatible with the interest of its shareholders.
- Equal treatment must be secured to the beneficiaries of securities of the same category, in respect of all rights or obligations related thereto.
- In the case of shares, it must be ensured that any future issue shall first be offered to existing shareholders pro rata according to the amount each holds in the issuer's share capital, unless the shareholders shall decide otherwise by special resolution.
- Fully paid securities shall be proposed for flotation.
- The listing must concern all the securities of the same category which have, or will be, issued, as well as all options or other derivatives which are convertible or offer the possibility of being converted into securities in the same category as the securities to be floated.
- The issuer must be prepared and able to deliver its Register to the Central Depository and Registry and to respond to any obligation upon the undertaking or the future keeping of the Register or Registers of its shareholders.

For the Stock Exchange

- The operation of the Emerging Companies Market is expected to bring further development to the Stock Exchange's operations and to increase its competitiveness, to the benefit of all who participate in its markets.
- The existing know-how and infrastructure of the market will be utilised.
- The operation of the Emerging Companies Market on the Stock Exchange will offer better understanding of the *"provision of Investment Services, the exercise of investment activities, the operation of regulated markets and other related matters"* Law 144(I) /2007 and will create conditions for a gradual and smooth transition of the CSE and its participants to the new environment.

For the Companies

Trading on the E.C.M. will offer the following advantages for unlisted companies:

- It is an alternative method for securing financing at competitive cost.
- It promotes the recognition and reputation of the companies.
- It prepares them –if they wish –to transfer to the regulated market, through the gradual increase of the dispersion and velocity of their shares.

For companies already listed, entry into the E.C.M. offers:

- The possibility of flotation with simplified procedures as long as they first delisted from the regulated market, if they are unwilling or unable to cope with the cost of maintaining the increased obligations of the regulated markets.

For credit institutions – Investment Firms

- Expansion of operations to new products/services.
- Increase of recognition value and reputation.
- Possibility of self-regulation, hence increase of market confidence towards them.

For investors

- Creation of new investment opportunities for investors who wish to invest in companies with high prospects for development, but also high risk.





Methods for Listing

The listing of a company on the Emerging Companies Market can be achieved in two ways:

(a) By public offering: If the offering is public, greater than Euro 2.5 million and is addressed to over 100 persons, a Prospectus and approval from the Securities and Exchange Commission will be required.

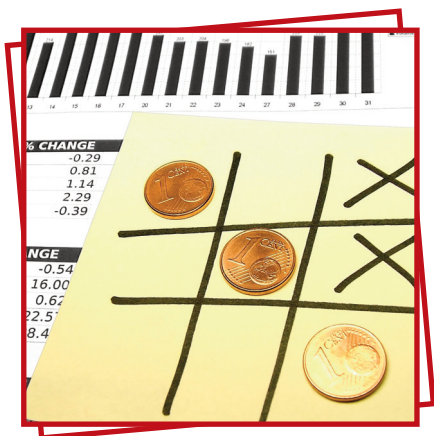
(β) Through private placement: If addressed only to institutional investors (strategic or other) or to fewer than 100 persons and less than Euro 2.5 million will be raised, an Admission Document must be submitted to the CSE, without a requirement for approval by the Securities and Exchange Commission.

(γ) A combination of (a) and (b) above.

Listing Application

An issuer who is seeking to float securities on the Emerging Companies Market must submit the following documents, together with the required fee:

- An application in the Form contained in the Annex as determined by the Board.
- An Admission Document.
- A copy of the decision required for the issue or placement of the securities.
- A copy of a Memorandum and Articles of Association certified as authentic.
- Declarations in Forms I and II on behalf of the majority of the board of directors and including at least the chairman's declaration.
- A Prospectus and approval from the Securities and Exchange Commission, if required.



Contents of the Admission Document

The Admission Document must include:

- An analytical background of the issuer.
- An adequate Business Plan stating the issuer's short- and long- term business plans.
- Information about the Board Members and the shareholders who own the major part of the issuer's share capital.
- Information about the issue.
- Business risks.
- Audited accounts (if any) for the last two years prior to the application.
- Intended use of the capital to be raised.





Trading

General

- Transactions on the Emerging Companies Market will be conducted as on regulated markets.
- The current trading system of the CSE will be used.
- The provisions for guarantee Fund, maximum trading limits and Members participation in the guarantee fund shall apply.
- The provisions for off-exchange trading shall apply.
- The existence of a market maker is not mandatory.

Trading Hours

The trading hours of the Emerging Companies Market are as follows:

- 10:15 – 10:30 Pre-opening (RTP 10:28-10:30)
- 10:30 – 17:05 Continuous trading
- 17:05 – 17:20 Closing





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CYPRUS STOCK EXCHANGE

71-73 Lordou Vironos Avenue , 1309 Nicosia
Tel.: +357 22712300 , Fax: +357 22570308
www.cse.com.cy , e-mail: info@cse.com.cy