

Information Sheet No. 31

Emerging Companies Market (ECM)

Introduction

The Emerging Companies Market is considered as a Multilateral Trading Facility (MTF) according to the Investment Services and Activities and Regulated Markets Law (the "Law").

The ECM operates according to the Regulative Decisions adopted by the Cyprus Stock Exchange.

The Cyprus Stock Exchange is supervised by the Securities and Exchange Commission.

The ECM is an unregulated market therefore it does not fall under the mandatory provisions for regulated markets which imposes strict listing requirements and continuous obligations.

Listing requirements

- The issuer must have published audited financial statements and normal operations for at least two years prior to the application for listing.
- Newly established companies must give satisfactory information that would allow potential investors to value the titles properly.
- Must appoint a Nominated Advisor.
- The issuer must be a **public company** with a satisfactory number of investors. There is no minimum share capital dispersion.

Continuous obligations

- Publishing of financial statements
- Annual audited accounts four months after the end of the financial year
- Semi-annual accounts two months after the end of the half-year period
- Must announce any changes regarding the Nominated advisors
- Must announce to the Cyprus Stock Exchange immediately and at least one hour before the trading commences any decisions relating to:
 - Audited accounts
 - In case of bonds the decisions on new issue
 - Decisions concerning acquisition or liquidation of assets
 - Decisions concerning changes in the capital structure of the company
 - Any changes in the positions of the Chairman, Members of the Board of Directors, Senior Management, Auditors or any other executive.



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- Any decisions regarding the payment of a dividend, the distribution of profits or the payment of interest concerning listed securities.

The issuers have additionally a continuous obligation to:

- Make known to third parties that the market in which they participate is not a regulated organized market under the meaning of the terms of the Law.
- See to the preparation, signing, publication and submission to the CSE of a dispersion report of their capital on the last working day of the calendar year also abiding by the provisions of the Law (paragraph 5.2.1.21.)

Ways of listing

The issuer company must be able to list its securities on the Stock Exchange in one of the following ways:

- With placement of securities which shall be issued and allocated prior to the public announcement of the Stock Exchange for listing
- With the listing of securities which have been issued, a part of which shall be offered through public offering to the public, after the listing and before the commencement of trading
- With the parallel listing of securities already listed on a recognized stock exchange, in any of the aforementioned two ways.

Initial approval

Issuers wishing to list securities on the ECM for the first time must submit an application for obtaining an initial approval by paying the fee required and submitting the following:

- Application form (Annex 5)
- Three copies of the draft Admission Documents (Annex 9)
- Three copies of the decision required for the issue or placement of the titles
- Three copies of the Memorandum and Articles of Association certified as original
- A solemn declaration by the member of its board of directors (Annex 7)

The Stock Exchange has the discretion to request further information if deemed necessary.

The Council will inform the applicant in writing if the listing requirements are fulfilled or the reasons for which it is not possible to obtain the initial approval.

The initial approval is given at least on the following conditions:

- To enable the listing of titles, the applicant should fulfill any conditions or action provided for in the Public Offering and Prospectus Law



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- Anything referred to in the Admission Document as formed prior to the initial approval or any other detail submitted with or after the application concerning or affecting an issue related to the listing requirements is true and has not changed by coming events
- The applicant shall respond to any action required following the initial approval in order to enable the listing and commencement of trading of its securities, such as inter alia, the payment of the fees required, the handing over of the Members Register to the Central Depository and Registry or any other action provided for in the Law or in the regulatory decisions of the Council.
- No time period greater than nine months shall elapse from the date of the initial approval to the date of the announcement
- Specifically for applicants, which shall make a public offer to the public, the public offer should be made in accordance with the provisions of the Law and should enable the allocation of securities
- The Council may eventually not accept the listing or subject the listing to additional conditions or provisions

Within a period of days from the date the applicant is advised that its application initially fulfils the listing requirements, it should submit the following:

In the case of listing through the placement of securities which shall be issued and allocated prior to the public announcement of the Stock Exchange for listing:

- Its final Admission Documents (Annex 9)
- A solemn declaration by the members of its board of directors (Annex 8)
- Nominated Advisor declaration duly signed (Annex 10)
- Copy of the Members register both in electronic and written form duly certified by its Secretary and one authorized Member of its board of Directors
- A dispersion report pursuant to the provisions of the Law

In the case of listing of securities part of which shall be issued and allocated without a public offer, after the listing and before the commencement of trading:

- The provisions in the above paragraph
- Irrevocable declarations of the persons that have agreed to receive the securities to be allocated after the listing and before the commencement of trading duly signed (Annex 20)

In the case of listing of securities a part of which shall be offered through public offering to the public after the listing and before the commencement of trading:

- The relevant approval of the CySec for the publication of a prospectus
- Copy of the final prospectus for publication
- Nominated Advisor declaration duly signed (Annex 10)

Fees charged by the CSE

For companies wishing to be listed for the first time:

Initial approval: €598

Company profile: €854

Public announcement: €854

Initial registration: €1709 fixed charge plus €85,43 for every €1.708.601,44 calculated as a proportion on if the market value of the listed securities to a maximum of €42.715,00.

Annual subscription: paid on a quarterly basis as follows:

Market Value	Quarterly charge
Up to €10.000.000	€500 (€2.000 p.a.)
From €10.000.000 - €20.000.000	€750 (€3.000 p.a.)
From €20.000.000 - €40.000.000	€1.000 (€4.000 p.a.)
Over €40.000.000	€1.500 (€6.000 p.a.)

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. P.G. Economides & Co Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.

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