

“Alternative” Markets/Segments in equity analysis

FESE Economics and Statistics Committee
September 2008

Objective

- To clarify the scope of Table 6: “Alternative” markets/segments of FESE monthly statistics report.
- To give a clear overview of “alternative” markets/segments.
- Once the analysis is finalised, figures will be included in Table 6 of FESE Statistics.

CONDITION

Alternative markets / segments are defined as having different listing rules than those of the main market.

Responses

- Up to 24/07/07 18 exchanges responded:
 - Athens Stock Exchange
 - BME Spanish Exchanges
 - Borsa Italiana
 - Bratislava SE
 - Budapest SE (no alternative market/segment in equity)
 - Bulgarian SE (no alternative market/segment in equity)
 - Cyprus Stock Exchange
 - Deutsche Börse
 - Irish Stock Exchange
 - Ljubljana Stock Exchange
 - London Stock Exchange
 - Luxembourg Stock Exchange
 - NYSE Euronext
 - NASDAQ OMX
 - Oslo Børs
 - SWX Swiss Exchange
 - Warsaw Stock Exchange
 - Wiener Börse

Results - I

| Exchange | Name | Alternative Market or Segment | Starting date | Regulated Market or MTF |
|----------------|----------------------------------|--|---------------|-------------------------|
| Athens SE | EN.A | Market | Q4-2007 | MTF |
| BME | MAB | Market – Segment 1 Collective investment companies | Jan-06 | MTF |
| | MAB | Market – Segment 2 Private equity | Jul-07 | MTF |
| | MAB | Market – Segment 3 SMEs | Jan-08 | MTF |
| Borsa Italiana | STAR | Segment | Apr-01 | RM |
| | Mercato Expandi | Market | 1977 | RM |
| | Mercato Alternativo del Capitale | Market | Sept-07 | MTF |
| Bratislava SE* | New Listed Market | Market | Jul-01/Jan08* | * |
| Cyprus SE | CSE Alternative market | Market | Sep-04 | RM |
| Deutsche Börse | Entry Standard | Segment | Oct-05 | MTF |
| Irish SE | Irish Enterprise Exchange | Market | Apr-05 | MTF |
| Ljubljana SE | Semi-official | Market | | RM |
| | Market maker trading segment** | Segment | Sept05/Jan08 | RM |

Source: FESE Member exchanges

* Market cancelled in January 2008 - **Terminated as of

Results - II

| Exchange | Name | Alternative Market or Segment | Starting date | Regulated Market or MTF |
|---------------|-------------------------|--|-------------------------------|-------------------------|
| LSE | AIM | Market | Jun-05 | MTF |
| Luxembourg SE | Euro MTF | Market | Jul-05 | MTF |
| NYSE Euronext | NextPrime | Segment | Jan-02 | RM |
| | NextEconomy | Segment | Jan-02 | RM |
| | Alternext | Market | Apr-05 | MTF |
| NASDAQ OMX | First North | Market - Denmark, Sweden, Finland, Iceland and Latvia. | Starting on Dec-05 in Denmark | MTF |
| Oslo Børs | Oslo Axess | Market | May-07 | RM |
| | Alternative Bond market | Market | Jun-05 | MTF |
| SWX | Local Caps | Market | May-05 | RM |
| Warsaw SE | NewConnect | Market | Aug-07 | MTF |
| Wiener Börse | Second Regulated Market | Market | Q4-1989 | RM |
| | Third Market (MTF) | Market | Jan-02 | MTF |

Source: FESE Member exchanges

Differences with main market - I

| Exchange | Name | Differences with main market | | | |
|----------------|----------------------------------|--|---|--|--|
| Athens SE | EN.A | Athex regulated market (MTF) | EU Regulated market does not apply | Less stringent admission requirements and on going obligations. | No Prospectus need. Nominated adviser on admission for the following 2 years. |
| BME | MAB | Regulation | Market model | Specific for collective investment companies | |
| | MAB | Regulation | Market model | Specific for Private Equity Funds | |
| | MAB | Regulation | Market model | Alternative market for Growth SMEs | |
| Borsa Italiana | STAR | <ul style="list-style-type: none"> •Higher Free Float (35%) •English and Italian language | Full compliance with corporate governance code and incentive based compensation structure for top managers | Anticipated diffusion of quarterly financial information | Liquidity supported by mandatory specialist |
| | Mercato Expandi | <ul style="list-style-type: none"> •Lower Free Float (10%) •Lower minimum Capitalisation | <ul style="list-style-type: none"> •No requirements on business plan •No quarterly financial accounts •Short listing procedure | Requirements of historical profitability and financial stability | Listing partner |
| | Mercato Alternativo del Capitale | <ul style="list-style-type: none"> •Light listing requirements •Trading in off-auction phase (Mon-Thu) and auction phase (Fri) | <ul style="list-style-type: none"> •No mandatory Prospectus required •No Takeover law application | Limited to institutional and professional investors | <ul style="list-style-type: none"> •Liquidity supported by mandatory specialist •Minimum trading lot 50k EUR |

Source: FESE Member exchanges

Differences with main market - II

| Exchange | Name | Differences with main market | | | |
|----------------|---------------------------|---|---|--|--|
| Bratislava SE | New Listed Market | <ul style="list-style-type: none"> •Minimum market Cap. of issue •Minimum MC of publicly held part of issue | <ul style="list-style-type: none"> •Minimum number of shares in the issue •Existence of tutor and market maker | <ul style="list-style-type: none"> •Maximum period for admission to the new market •Restrictions on disposal of shares | The new market is open to the shares of companies with short business story and promising business plan. |
| Cyprus SE | CSE Alternative Market | Lower minimum market capitalisation (£600,000) | Two years audited financial results | Lower free float: 10% dispread to 100 persons | Less requirements for listing |
| Deutsche Börse | Entry Standard | Sub-segment within the Open Market (Regulated Unofficial Market) | <ul style="list-style-type: none"> •No admission to a regulated market needed. •Provisions for organized markets do not apply | <ul style="list-style-type: none"> •No admission to the stock exchange needed •No obligation to publish ad-hoc announcements •No notification when threshold levels are reached | <ul style="list-style-type: none"> •No mandatory offer in the case of a change of control •No publication of a prospectus in the case of a private placement |
| Irish SE | Irish Enterprise Exchange | No specific admission criteria other than minimum market Cap. of 5 EUR mill | <ul style="list-style-type: none"> •No trading record required •No minimum number of shares to be held in public hands | No pre-vetting of IEX admission documents by the Exchange | No prior shareholder approval of substantial acquisitions and disposals |
| Ljubljana SE | Semi-Official | Less strict listing and reporting requirements | | | |

Source: FESE Member exchanges

Differences with main market - III

| Exchange | Name | Differences with main market | | | |
|---------------|-------------|--|---|--|---|
| LSE | AIM | No prescribed minimum shares to be in public hands | No prescribed trading record requirement | <ul style="list-style-type: none"> •No prior shareholder approval for transactions •Admission documents nor pre-vetted by Exchange nor by the UKLA | <ul style="list-style-type: none"> •Nominated advisor required at all times •No minimum market capitalisation |
| Luxembourg SE | Euro MTF | This market is an option offered to the issuers who decide not to be governed by the new rules applicable as of July 2005 in terms of financial information to be provided in a prospectus and as of July 2007 in terms of financial statements to be published. | | | |
| NYSE Euronext | NextPrime | Traditional economic sectors | Financial transparency requirements | Liquidity requirements | |
| | NextEconomy | Activity in new technologies | Financial transparency requirements | Liquidity requirements | |
| | Alternext | Small and medium-sized companies | Specific listing procedures | Listing sponsors | Specific market model to enhance liquidity |
| Oslo Bors | Oslo Axess | Lower minimum market cap. (NOK 8 mill) | Lower minimum shareholders holding one or more trading lots (100) | It must has submitted at least one annual or interim report | Lower minimum price per share (NOK 1) |

Source: FESE Member exchanges

Differences with main market - IV

| Exchange | Name | Differences with main market | | | |
|--------------|-------------------------|---|--|---|--|
| NASDAQ OMX | First North | Small, young or growth companies | At least 10% of shares in public hands or an assigned Liquidity Provider | Legal and listing approval examination By certified Advisers No prescribed operating history No prescribed level of financial resources No prescribed minimum market value No prescribed compliance with Corporate Governance Code | |
| SWX | Local Caps | Two years of financial track record | Equity capital higher than 2.5 CHF mill | Free float market Cap. higher than 5 CHF mill | |
| Warsaw SE | NewConnect | Simplified entry procedure and information requirements | Role of an Authorised Advisor | •Different rules of trading Lowest issuer and trading costs | Specially dedicated for new and small companies with market value below 5EUR mill. |
| Wiener Börse | Second-Regulated Market | Admission criteria | | | |
| | Third Market (MTF) | Admission criteria | No disclosure obligations | | |

Source: FESE Member exchanges

Website addresses - I

| Exchange | Name | Links to the websites |
|----------------|----------------------------------|--|
| Athens SE | EN.A | http://www.athex.gr |
| BME | MAB | www.bolsasymercados.es/mab |
| | MAB | www.bolsasymercados.es/mab |
| | MAB | www.bolsasymercados.es/mab |
| Borsa Italiana | STAR | www.borsaitaliana.it |
| | Mercato Expandi | www.borsaitaliana.it |
| | Mercato Alternativo del Capitale | www.borsaitaliana.it/quotazioni/mac/mercatoalternativocapitale.en.htm |
| Bratislava SE | New Listed Market | www.bsse.sk (Section Stock Exchange/ SE regulations) |
| Cyprus SE | CSE Alternative Market | www.cse.com.cy |
| Deutsche Borse | Entry Standard | boerse-frankfurt.com/entry-standard |
| Irish SE | Irish Enterprise Exchange | www.ise.ie |
| Ljubljana SE | Semi-official | www.ljse.si |
| | Market maker trading segment | tuvl.ljse.si |
| LSE | AIM | www.londonstockexchange.com |
| Luxembourg SE | Euro MTF | www.bourse.lu |

Source: FESE Member exchanges

Website addresses - II

| Exchange | Name | Links to the websites |
|---------------|-------------------------|--|
| Nyse Euronext | NextPrime | www.euronext.com/editorial/wide/editorial-2080-EN.html |
| | NextEconomy | www.euronext.com/editorial/wide/editorial-2080-EN.html |
| | Alternext | www.euronext.com/alternext/landing/landing-4342-EN.html |
| NASDAQ OMX | First North | www.omxgroup.com/firstnorth www.firstnorthbaltic.omxgroup.com/ |
| Oslo Bors | Oslo Axess | www.osloaxess.no |
| | Alternative Bond market | www.abmprotal.no |
| SWX | Local Caps | www.swx.com/admission/listing/segments_en.html |
| Warsaw SE | NewConnect | www.wse.com.pl |
| | | www.newconnect.eu |
| Wiener Börse | Second-Regulated Market | en.wienerbourse.at/listing/aktien/zulassung/ |
| | Third Market (MTF) | en.wienerbourse.at/listing/aktien/zulassung/ |