Methods of Listing on Trop-X

Week two in this series of articles, explained the exciting benefits for both shareholders and the company in listing. This article will focus on the various methods a company can list. Before listing, the company will employ a sponsor advisor to support the listing process and advise the company to ensure that it derives the maximum benefits from its listing. . The sponsor advisor will make an assessment on the company's financial position, size, shareholders and future plans; all of which are deciding factors on the methods in which a company will list.

There are three main methods of listing on Trop-X:

1. A listing by "introduction": This method of listing is for companies who do not wish to raise additional cash but simply want to list a class of securities (e.g. a type of share) to increase the value of the shares and provide a potential exit strategy for shareholders who may wish to sell some or all of their shares. A Pre-Listing Statement is required with basic information, but no prospectus is required in this case and the process is relatively fast (can be 4-6 weeks if company accounts are in good order).

2. Listing through a "private placement": This listing method is for companies wishing to raise cash through issuing new shares through a private network of individuals. It is not an offer to the public (not publicly advertised), however, once listed the shares will be publically available for trading. Listing through placement requires a Pre listing statement but not a Prospectus. The process can also be relatively quick, subject to the amount of time it takes to find investors privately. This can be as little as 2-3 months.

3. The third method a company could list is through an "Initial Public Offer (IPO)": Like a placement, this is a method for companies to raise capital. The difference between a placement and an IPO is that an IPO is an offer made to the public and requires a Prospectus. This process is generally the longest and can be anywhere between 3-6 months depending on the complexity and the size of the offer (i.e. how much the company is looking to raise).

Once a company decides on the method they will be using to list, they have three Boards from which to choose from on Trop-X. Each board can be considered as a grouping of companies with similar characteristics.

The first of these boards is the Venture Capital (VCAP) Board. The VCAP Board is aimed at start-up companies looking to raise funds upwards of SCR 5 million of additional capital. No operating or profit history is necessary for these companies. The company must be able to show in its Pre-Listing Statement that its future earnings and returns on capital are credible and they must also produce a five year cash flow forecast. A minimum of 10% of issued shares must be held by the general public (i.e. not people belonging to the company) and the company must have at least two executive directors. Listing on the VCAP board will require the company to set milestone targets. . The money raised from listing will be held in escrow and released in accordance with achieving the stated milestones. As the funds are released based on pre-defined milestones, it protects the investors of your business by ensuring that you stick to your plans, timetables and forecasts while at the same time also protecting you as a company as the money is safe and secure ensuring the investor does not abandon the company. The VCAP Board introduces investors with financial market experience to entrepreneurs whose growth and development-stage companies require capital.

The second Board is the Small and Medium Enterprise (SME) Board. The SME board is aimed at small to medium sized companies with at least one year's audited financial statements. No profit history is required at the time of listing. A minimum of 15% of issued shares must be held by the general public and the company must also have at least two executive directors. An entrepreneur with a proven business acumen and a solid management team, or a young and fast growing business or even a family owned business would benefit from a process that offers a regulated framework as with the SME board. As the companies listed on the SME Board succeed and grow they will migrate to the Main Board.

The last Board is the Main Board. On the Main Board the company will be required to have at least three years audited financial statements. A minimum of 25% of issued shares must be held by the general public and the company must have at least two executive directors and one independent non-executive director. The benefits of this Board include increased trading volumes, lower volatility and it is typically aimed at more established companies. Below is a table summarizing the various requirements of the respective boards.

Requirement	Venture Capital Board	Small and Medium Board	Main Board
Minimum Public Shareholders	A minimum of 10% by a minimum of 5 persons.	A minimum of 15% by a minimum of 20 persons.	A minimum of 25% by a minimum of 60 persons.
Executive Directors	Minimum two	Minimum two	Minimum two and one Non-Exec
Financial Statements	No Profit history but five year projections.	One year audited financials.	Three year audited financials.