Why would a company list on the Securities Exchange?

In corporate finance, a **listing** refers to the company's shares being on the list (or board) of securities that are officially traded on a securities exchange. In most instances, securities exchanges will have more than one board. In the case of Trop-X there is the Main Board, Small and Medium Enterprise Board and the Venture Capital Board.

A company that applies for a listing is commonly referred to as the 'issuer', as it has 'issued' the shares to be traded. When a company decides to "list" a security, it must list the entire class of that security. For example, if a company wants to list its shares, all of those shares must be listed; thus allowing these shares to be traded on the exchange. However, it is still up to each individual shareholder whether or not to sell or buy any shares.

When a company issues new shares, this is done through what is called the primary market (i.e. shares sold by the company). Once shares are issued by a company, these shares can be bought and sold (traded) amongst members of the public, in what is called the secondary market.

A company would look to list on an exchange for:

- Greater access to capital with opportunities to raise funds both at the time of listing and at later stages;
- A broader shareholder base that could potentially lead to greater trading (liquidity) of company shares, which in turn typically increases the value of shares;
- Increased company value, where listed companies are generally worth 40% more than their unlisted equivalents;
- Greater opportunities in offering Employee Incentive Schemes such as giving employees share options;
- Higher profile and visibility in the market, so as to generate reassurance among the company's customers and suppliers;
- Better corporate governance and transparency which could lead to credit lines being granted on more competitive terms from the company's banks and greater efficiency in the company's control, management of information and operating systems;
- For founders and major stake holders to exit or sell part of their holding without having to give significant discounts.

A pre-listing statement is a document that gives investors a snapshot statement is a document that gives investors a snapshot of the company and the essential information an investor would require to make an investment decision.

A prospectus is a similar document in respect of all public offers (regardless of whether looking to list.

The benefits of listing for shareholders

Currently, shareholders of Seychelles based companies must trade their shares ‘over the counter’ (OTC). This means that there is no active market for these shares and the shares must be bought and sold privately amongst parties. People selling and buying do not necessarily know the true value of the shares that they are selling, which often results in the shares being sold for much less than there real value. Share sales and purchases are negotiated on a one to one basis and this process is inefficient and time consuming. Trop-X provides an opportunity for both buyers and sellers of shares, in local and foreign listed companies, to see the current market price of these shares at any given time. The listed shares can be bought and sold by local and foreign investors through brokers, which are members of Trop-X; This in turn invites a larger pool of potential buyers and sellers. Typically all of this adds up to, on average, a 40% higher valuation of listed shares relative to shares traded ‘over the counter’(OTC).