

Nominated Advisor

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ROYAL PINE

Building Trust
with Consistency

Nominated Advisor

The Emerging Companies Market of the Cyprus Stock Exchange

The Emerging Companies Market (**ECM**) of the Cyprus Stock Exchange (**CSE**) which launched in 2009 is governed by a simplified regulatory environment and does not fall under the mandatory provisions for regulated markets. It has therefore been specifically designed for the needs of small and emerging companies.



ECM is aimed at:

1. Private companies seeking for easy access to the secondary market;
2. Investors seeking alternative types of investments, taking into account that they are investing in companies with higher potential risk; and
3. Public companies unwilling to incur higher costs and the burdensome obligations of primary regulated markets.

Benefits of Listing on the ECM

1. Simplified and straight-forward listing process (3 – 4 months' timeframe).
2. Lower listing costs compared to the regulated market of the CSE or to equivalent unregulated markets of other Stock Exchanges.
3. Lower costs of continuous obligations compared to regulated markets.
4. Profit arising from the sale of securities is exempt from income tax, special defence contribution and capital gains tax in Cyprus.
5. A vehicle for raising capital in order to finance the growth and the development of the issuer's activities.
6. Status of listed securities enhances corporate status which may assist in attracting investors.

7. Listed securities are more attractive to investors as liquid assets.

Methods of Listing

1. By public offer: if the offer is higher than EUR 5 million and is addressed to more than 150 investors, a Prospectus and an approval from the Cyprus Securities and Exchange Commission (**CySEC**) is required.
2. By private placement: if the offer is: (i) only addressed to institutional investors; or (ii) to fewer than 150 investors and funds raised are less than EUR 2.5 million, no Prospectus is required; only an Admission Document.
3. Combination of the above methods.

General Listing Requirements

The main requirements for the listing of securities on the ECM are set out below:

1. The issuer has power to issue the specific securities in accordance with the law of its place of incorporation and its memorandum and articles of association.
2. The listing concerns all the securities of the same category.
3. The listing concerns securities whose transfer is free.
4. The issuer is not bound against anyone in a manner which is incompatible with the interests of the holders of its securities.
5. The issuer ensures equal treatment of the beneficiaries of the securities of the same category.
6. The issuer ensures that any future issues shall be offered proportionally, initially to the existing shareholders.
7. The issuer proposes fully paid securities for listing.
8. The issuer is ready for handing over its Registry to the Central Depository and Registry (CDR), where applicable.
9. The issuer has appointed a nominated advisor.

Special Listing Requirements Applicable to Securities (Shares, Warrants, Rights)

1. Audited accounts for at least 2 financial years prior to listing.
2. In the case of a newly established company, the issuer must submit a valuation of its securities prepared by an audit firm. In addition, in the case of a newly established company whose information document sets out forecasts on its results, such forecasts must be ratified by an audit firm.
3. The securities must be held by a satisfactory number of investors.

Special Listing Requirements Applicable to Bonds (Corporate and Municipal)

1. The issuer proposes for listing bonds whose total value is greater than EUR 200,000.
2. If the bonds are converted or exchanged into shares or options to acquire shares, the shares to which they refer should be listed on a recognized stock exchange.
3. The issuer appoints a competent person as trustee for the protection of the interests and



rights of the bondholders.

4. The issuer has drawn and published a document binding by law which provides that it is not possible to be amended unless the consent of the beneficiaries of 75% of the total bonds is obtained and which regulates:
 - a) the rights and obligations of the issuer against the beneficiaries or representatives or trustees of the beneficiaries;
 - b) the relation between the rights of the beneficiaries and the rights of the beneficiaries of other securities and bonds of the same issuer or other issuer on whom the issuer or its capital depends;
 - c) the reserves, the procedure of repayment or other provisions relating to the amortisation of the debt;
 - d) in the case of bonds whose repayment or partial repayment is guaranteed by a third party, a copy of the decision or of the document providing the guarantee.
 - e) the name or names of the representatives or trustee for the representation and protection of the interests of the beneficiaries, the terms of replacement and his responsibilities.

Nominated Advisor

The role of a Nominated Advisor (**Nomad**) according to the Stock Exchange Markets RAA 379/2014 law, as amended, is to ensure that the issuer is appropriate to be listed on the ECM and to advice and monitor the issuer in respect of its compliance with the rules and regulations of the ECM.

Royal Pine has been approved by the CSE as having the required experience and organization to be a Nomad. Our Nomad services entail the following:

Services during admission: Assessment, presentation and representation of the issuer to the CSE certifying that the listing requirements are met and contribution to the fulfilment of all requirements up until the commencement of trading.

Services after admission: Monitoring of the issuer's continuous obligations and assisting with its smooth operation in the stock market environment and inter alia and ensuring that the issuer is informed of the need to fulfil all its obligations consistently and timely and observing and assisting the issuer as regards its compliance with the rules in force of the non-regulated/organized market.

* This publication has been prepared as a general guide and for information purposes only. It does not purport to be comprehensive or to render professional advice. Before making any decision or taking any action that may affect you and/or your business, bespoke advice should be obtained.

About

Royal Pine is a boutique advisory firm offering a comprehensive spectrum of solution-based products addressing the needs of Corporate clients, Private clients or their family offices and Regulated institutions on areas of investments, financial, tax, legal and corporate matters.

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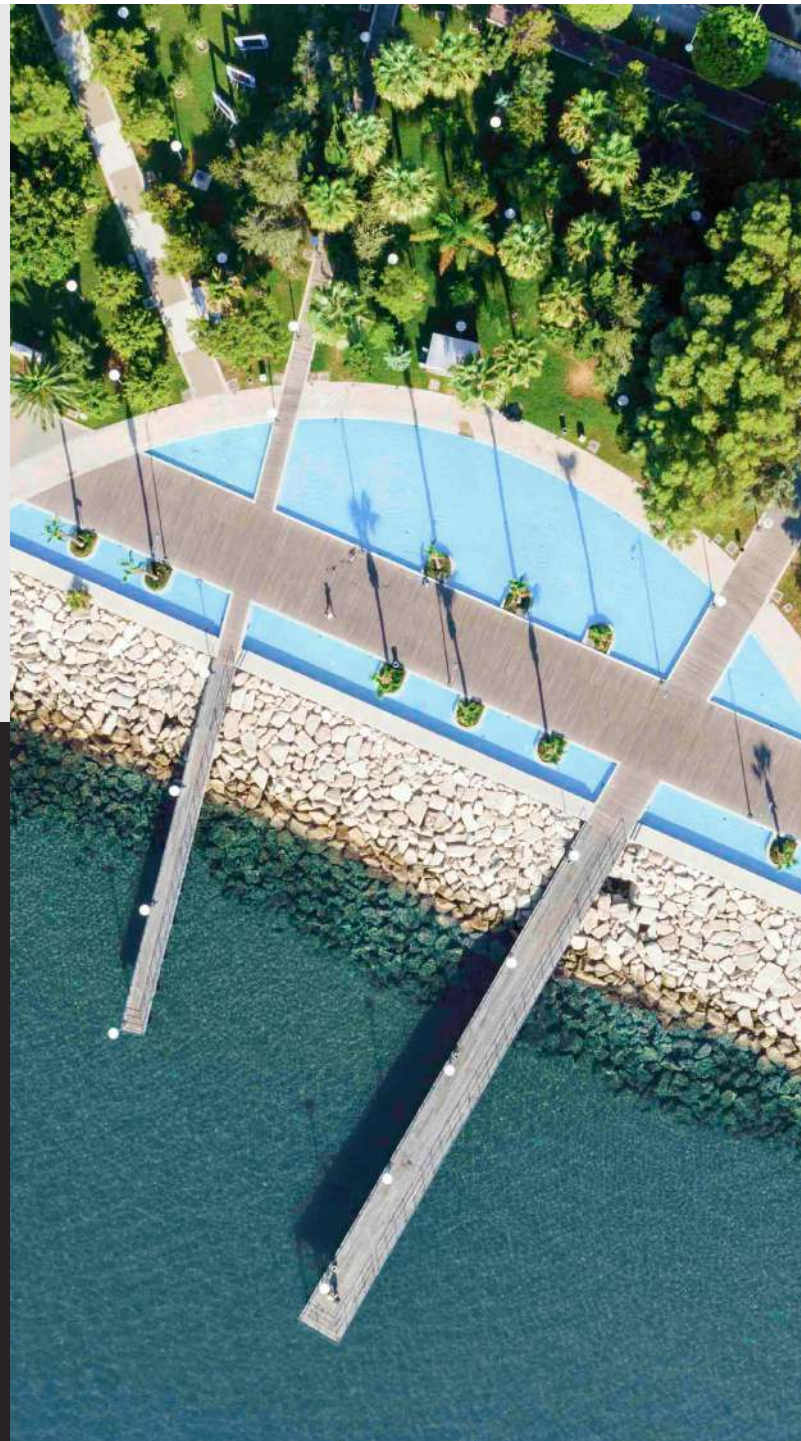
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