

Revised rules, new options for local companies

Carolyn Gelling, Head of the Isle of Man Office at The International Stock Exchange Group [TISEG], explains how revised rules for listing trading companies on The International Stock Exchange [TISE] present new opportunities for local businesses.

On Friday 5 October TISE introduced revised rules for listing trading companies, in particular to appeal to growing businesses such as those in the Isle of Man.

Why list?

There are numerous reasons why business owners may consider it beneficial to list their company on a stock exchange, such as TISE.

These reasons might include one or more of the following: enhanced prestige and profile for the owners and their business; increased transparency and governance; a clearly defined price for the shares and a valuation of the business; provision of a stepping stone to another major global exchange; and a route to exit.

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In addition, a listing can provide access to another pool capital which will assist in scaling up a business. Accessing affordable capital is a challenge across the funding landscape and in terms of the capital markets, the significant expense and overly onerous requirements to gain admission to a traditional stock market are acting as a barrier to entry for many growth companies.

Revised rules for TISE

TISE can offer a much more cost effective option for scale up businesses to access the capital markets. Now we have updated our listing rules to ensure that they are sufficiently proportionate to provide an appropriate and attractive environment for these companies.

Some of the key elements of the new rules for trading companies are:

- » The company must be worth at least £1 million, although the Exchange may permit a lower value;
- » At least 25% of shares must be in 'public hands' (i.e. not those of Directors and therefore creating a market), unless otherwise agreed by the Exchange;
- » Three years' audited annual accounts, although this does not apply if the company has been operating for a shorter period and there may also be other exceptions; and
- » Directors must provide a statement certifying that the company has sufficient working capital for at least 12 months or otherwise, how they propose to provide such capital to ensure its continued ability to trade.

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Trading companies currently listed on TISE include the Exchange Group's parent company TISEG, as well as stockbroker Ravenscroft, property investment company Raven Property Group and a more recent addition, financial services group PraxisIFM.

How to list

Isle of Man companies wishing to list may find TISE more appealing than other stock exchanges because we have a proportionate fee regime and listing rules and also listing can be facilitated from the island both from via the locally based listing sponsors and our own office.

CASE STUDY



PraxisIFM was admitted to TISE's Official List on 12 April 2017 and upon listing it also entered TISE's market segment for trading companies operated from the Channel Islands.

The company listed to provide clarity over its ownership, to enable it to attract and reward staff through equity-linked schemes, to give shareholders a visible price and market for their holdings, to widen the Group's visibility internationally and to provide access to the capital markets as a way to help finance acquisitions.

Simon Thornton, CEO of PraxisIFM, has said that TISE was chosen because it was a market which suited a business of its scale and ambition and it was highly cost effective.

Since listing, the Group has successfully raised £40m of capital which has been used to acquire businesses and develop its footprint in the BVI, Geneva, the Netherlands and the UK.

The company's most recent acquisition – the purchase of Jeffcote Donnison's trust and corporate administration business, including the Isle of Man office – was announced on 15 August and it represented the fifth such acquisition in a ten month period.

Post-listing the first trade in the shares was on 12 April 2017 at 125p and the last trade (as at 13 December 2018) was on 7 December 2018 at 182p.

Carolyn Gelling

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