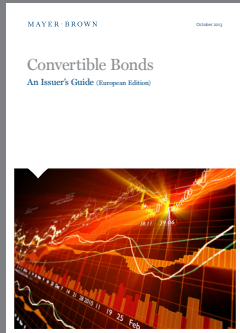


Initial Public Offerings

An Issuer's Guide (European Edition)

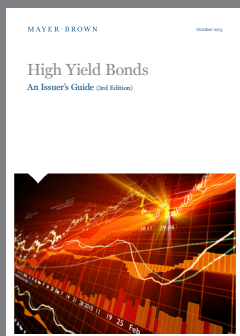


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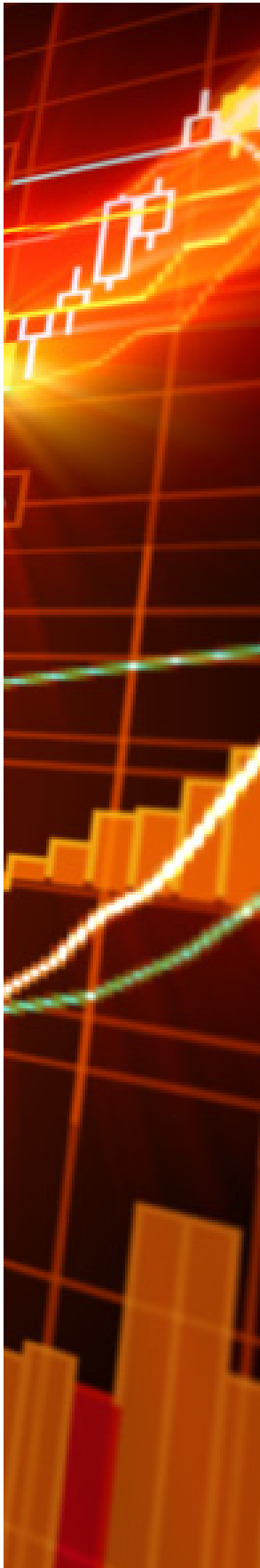


LISTING AN OVERSEAS COMPANY ON THE LONDON STOCK EXCHANGE –
A GUIDE TO LISTING ON THE LONDON STOCK EXCHANGE

Author: Greg Stonefield

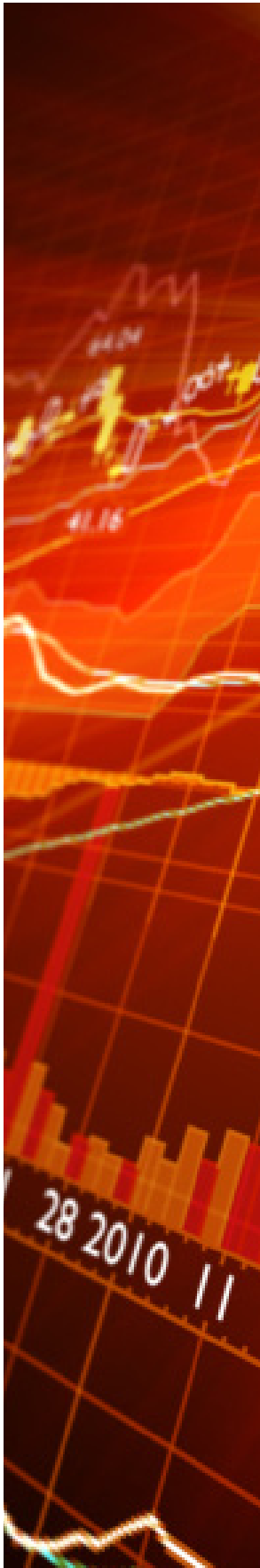
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If you have any questions about initial public offerings, please contact the authors of this guide or any of the other key members of our European equity capital markets practice listed on the following page.



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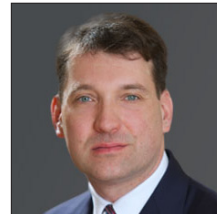
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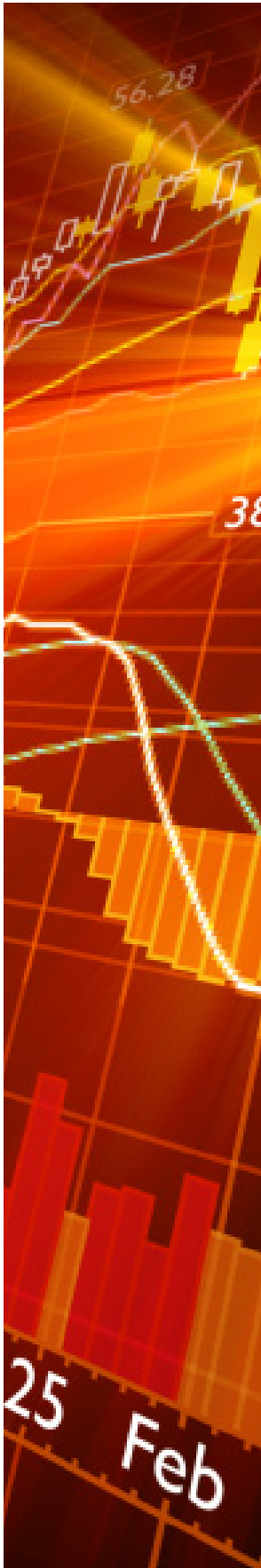
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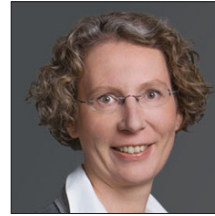
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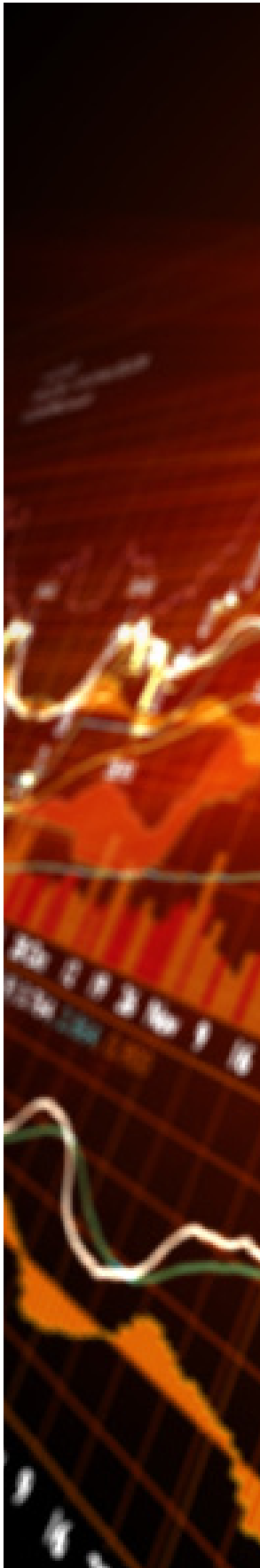
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INTRODUCTION

For most companies and their owners, an initial public offering (IPO) is a “once-in-a-lifetime” event that may represent the culmination of many years of hard work. The IPO may provide both the shareholders and management of the company with a significant sense of accomplishment and will arguably be one of the most important milestones in the corporate evolution of a company, for its owners, management, employees and other stakeholders.

An IPO, however, will also frequently bring with it a sense of upheaval as significant changes are often required to be made to the way a company operates and conducts itself – membership of the new “public” world brings with it legal and compliance obligations that need to be both understood and complied with.

This guide provides an overview of some of the key issues that we believe all directors, members of senior management, general counsels and other key decision makers of a potential IPO candidate should be familiar with. However, it is not intended as a comprehensive treatment of the subject matters covered by the guide or of all matters relevant to an IPO. This guide is also not intended as a substitute for legal advice and we encourage our readers to reach out to the authors of this guide, any of the other key members of our European Equity Capital Markets Practice listed in the back of this guide or any other regular contact at Mayer Brown before taking any action with respect to the matters discussed herein.

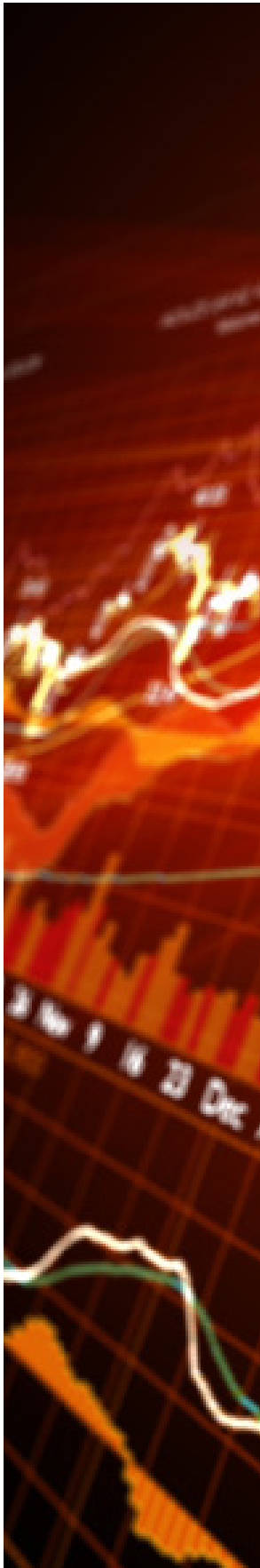
WHAT ARE THE REASONS AND POTENTIAL BENEFITS OF CONDUCTING AN IPO?

There are a number of different reasons why a company and its owners may consider an IPO and the listing of its shares on a stock exchange. Common reasons for an IPO include, but are not limited to:

- the need to raise additional capital to fund further growth of the company, either organically or through acquisitions;
- the need to provide existing shareholders in the company with a “liquidity event” and an option to “exit” all or part of their investment;
- the need to facilitate the transition from an “owner-managed” company to a more widely-held company with a professional (non-owner) management team, frequently in connection with succession planning in family-owned or otherwise tightly-held companies;
- the desire to provide value to shareholders through a spin-off of a particular division or line of business; and/or
- the desire to enhance the profile and standing of the company with customers, suppliers, lenders, other investors and as an attractive employer.

Being a public company can have significant benefits, including:

- access to a much broader and potentially international investor base, consisting of both institutional and retail investors;
- access to the capital markets as an additional source of capital, through both subsequent equity offerings and potential debt offerings, possibly on more favorable terms than those available in the private equity or loan markets;
- increased liquidity for existing shareholders (including employees of the company that may have acquired shares as part of their compensation arrangements);



- the ability to use the listed shares of the company as a potential acquisition currency;
- an enhanced ability to attract and retain key talent for the company by being able to offer executive and employee compensation and incentive arrangements such as incentive shares, stock options or similar arrangements; and/or
- a generally enhanced company profile and increased confidence in the company by investors, creditors, customers, suppliers and other stakeholders in the company, deriving from its status as a public company and the enhanced transparency and disclosure that comes with that status.

WHAT ARE THE POTENTIAL COSTS AND OTHER POTENTIAL DOWNSIDES OF CONDUCTING AN IPO?

While being a public company can offer many advantages, the owners of a private company should not take the decision to conduct an IPO lightly and will need to carefully consider the various downsides that can come with being a public company, including:

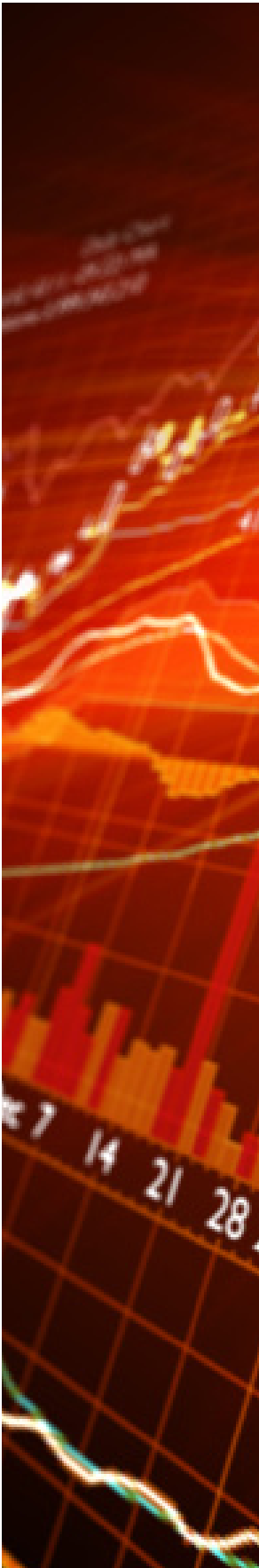
- the costs resulting from an IPO, i.e. both in connection with the IPO itself as well as the ongoing costs of being a public company, including costs of maintaining a public company board and management team, costs of ongoing reporting obligations, listing fees, costs of the company's auditors, costs of legal advisers and general compliance costs;
- the loss of control by the existing owners (in terms of having to deal with other shareholders, adhering to a new set of rules and regulations and being susceptible to market conditions) and increased transparency (including disclosure of beneficial shareholders and increased transparency with regard to related party transactions);
- the potentially significantly increased compliance burden; and
- exposure to potential scrutiny and activism by public shareholders.

IS YOUR COMPANY READY FOR AN IPO?

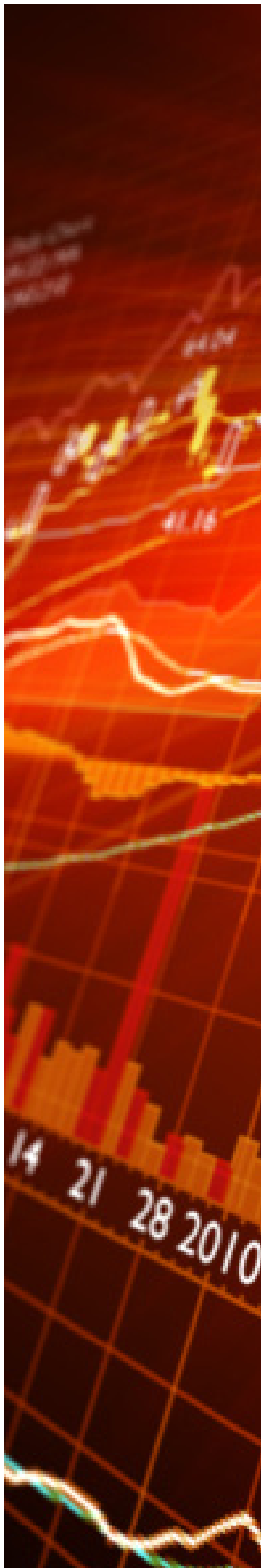
Once the owners of a private company have determined that the benefits of "going public" outweigh the downsides, the company and its shareholders, together with their respective financial, accounting and legal advisers, will need to consider whether it is ready for an IPO or whether the company would benefit from remaining a private company, at least for the time being.

The ideal IPO candidate tends to exhibit some or all of the following characteristics:

- a clearly defined strategy and growth story for the company;
- a track record of sound financial performance and a solid balance sheet;
- market leading positions and favorable industry trends/growth prospects;
- a large potential customer base and products or services that are attractive and accepted by the market; and
- an experienced management team with a proven track record.



The company's "equity story" will need to be considered - investors will need to be provided with facts, figures and details as to why they may wish to consider purchasing shares in the company. The financial advisers together with the company and its owners will develop the equity story by focusing on the position of the company as a growth or income play, its position within its market and sector, its strengths, strategy, track record and business plan together with macro data. All of this will need to be clearly and convincingly outlined in a management presentation or other document at the outset of the process for the benefit of the financial and legal advisers involved in the proposed IPO. Management will need to ensure that any key assumptions and projections are supported, to the extent possible, with independent information, to allow the company's financial advisers and/or underwriting banks to assess the feasibility of an IPO.



GETTING READY

Prior to “going public”, the owners and management of a potential IPO candidate, in consultation with their advisers, will have to put in place a corporate governance structure and other internal procedures and guidelines that are suitable for its life as a public company. In addition, the period leading up to the IPO is also an opportune time to consider what, if any, modifications, changes or amendments the owners and/or management of a potential IPO candidate may consider making to the company in the near- to long-term.

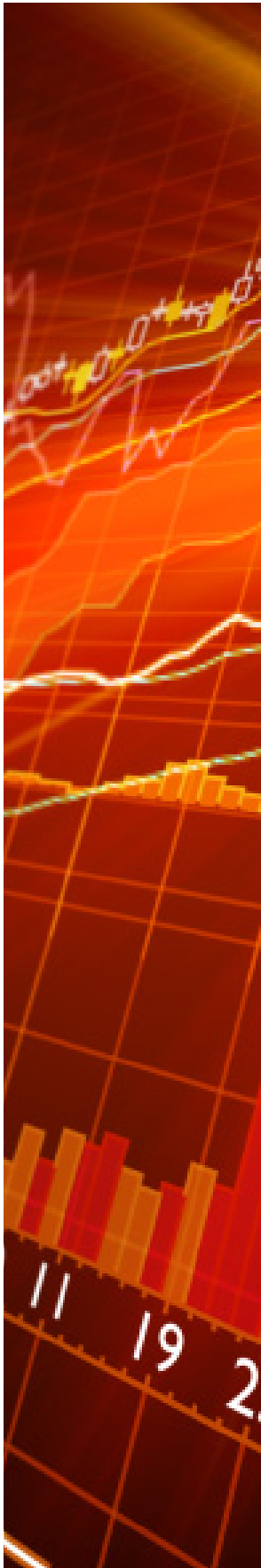
In considering any such necessary or desirable changes, it is important to bear in mind that many changes (i.e. those that require shareholder consent under applicable corporate law or under the listing rules of the exchange on which the shares of the company will be listed) may be much easier (i.e. less costly and time-consuming) to implement prior to the IPO when the company may still be more closely held and is not yet subject to the relevant listing rules. In practice, certain changes may almost be impossible to implement after the IPO, once the company has a potentially large percentage of public shareholders with possibly divergent agendas and incentives, especially if applicable listing rules may require approval of a majority of disinterested / non-controlling shareholders for certain transactions.

Getting ready for an IPO may, for example, include (i) simplifying the company’s capital structure, (ii) moving assets out of or into the entity or group that will be listed, (iii) an intra-group restructuring to make the company operate in a more tax efficient manner, (iv) formalizing and properly documenting any existing relationships and commercial dealings between the company and its pre-IPO owners, (v) addressing internal “housekeeping” matters, such as reviewing and amending the company’s constitutional documents, committee charters or other organizational documents, (vi) putting in place a corporate governance structure suitable for a public company, including a board of directors with independent members and various committees necessary for a public company, (vii) reviewing and organizing the company’s financial records, (viii) establishing or reviewing, together with its auditors, the company’s internal controls and creating procedures to support the ongoing public reporting of the company post-IPO, (ix) reviewing, amending and/or putting in place appropriate compensation, (equity) incentive and/or pension arrangements, (x) reviewing the company’s policies for corporate communications and establishing a formal investor relations program and (xi) creating, reviewing and/or updating a website suitable for a public company.

To avoid unnecessary costs and delays, many of these issues can and should be considered sufficiently in advance of the formal IPO “kick-off” meeting.

ARE THERE ANY CHANGES THAT NEED TO BE MADE TO THE COMPANY’S CAPITAL STRUCTURE AND TO THE RELATIONSHIP WITH ITS KEY SHAREHOLDERS AND OTHER RELATED PARTIES?

The listing requirements in many jurisdictions, coupled with investors’ expectations as to what arrangements they consider to be acceptable, may require significant changes to be made to a company’s capital structure and to its relationship with its existing shareholders. The company and its owners, with support from their financial and legal advisers, should therefore scrutinize their respective positions and various relationships early-on, and then determine the nature of any changes that may be required and what arrangements will or should continue post the IPO. Most (if not all) issues can typically be addressed and there are few issues that are true “deal



killers”. However, the time it may take to agree and implement certain changes should not be underestimated and this process should start in earnest as soon as a decision has been made to proceed with the IPO.

[Analysing and Simplifying the Existing Capital Structure](#)

Many potential IPO candidates will have raised capital in the past from investors in private capital raisings, and where companies have been funded by venture capital, in particular, there may have been several formal funding rounds. As a result, it is not uncommon to find IPO candidates with highly complex share capital structures that may comprise multiple classes of ordinary and/or preferred shares. While in a pre-IPO world the existence of many different share classes may be acceptable, the circumstances for a listed company are very different. It may therefore be necessary to significantly simplify the share capital structure of the IPO candidate and, ideally, convert/collapse the different classes of shares into just a single class of ordinary shares on or before the IPO date.

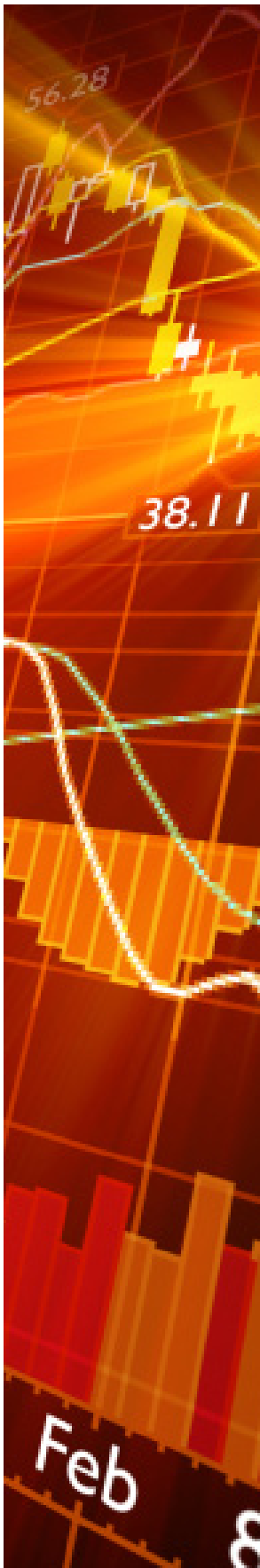
However, the rights of the holders of the different share classes and the interaction of those rights across the different classes can be highly complex and, if not structured and documented properly at the time of each funding round, certain classes of shares or even individual shareholders may effectively be able to block necessary or desirable changes to the company’s capital structure, creating potentially significant holdout value for the relevant investors, even were the relevant (earlier round) investors, may otherwise have been significantly diluted as a result of subsequent funding rounds and only hold a small economic stake in the company. Matters can be further complicated by the existence of options, warrants and/or convertible bonds.

In addition, the legal advisers of both the company and the underwriters will have to thoroughly diligence all prior funding rounds to ensure that all existing shares of the company have been validly issued in accordance with applicable law and not, for example, in violation of any applicable pre-emption rights.

[Revisiting Relationship with Key Shareholders and other Related Parties](#)

The company and at least its key shareholders will also frequently be parties to a shareholders’ agreement that governs their relationship. Shareholders’ agreements usually contain, among other things, provisions that place restrictions on what the shareholders and the company can do, define how decisions in the company are made, determine who gets to nominate or appoint directors and define the circumstances in which shareholders can sell shares in the company or under which the company can issue new shares. Again, while certain types of shareholders’ agreements and arrangements may be perfectly normal and acceptable in a pre-IPO world, it may be necessary to terminate or at least substantially revise them on or prior to the IPO date. On the other hand, to the extent there will continue to be a “controlling shareholder” after the IPO, applicable listing rules and/or market expectations may require that this relationship be formalized and appropriate protections for non-controlling/ minority shareholders be put in place. See also “Key Documents-The Relationship/Controlling Shareholders’ Agreement” below.

In addition, it is not uncommon for key shareholders of an IPO candidate and/or their affiliates to also be significant customers or suppliers of the company, or to have other significant relationships with the company. For example, the founder/controlling shareholder of the IPO candidate (rather than the company itself) may be the legal owner of key operating assets or



intellectual property rights on the (exclusive) use of which the company may depend to operate its business. Formalizing and properly documenting (on arm's length terms) any such "related party transactions" and commercial arrangements between the company and its pre-IPO owners (and properly describing them in the IPO prospectus) can be crucial for the success of the IPO. This may involve entering into formal (long-term) purchase or supply agreements or IP licensing agreements and/or transferring key assets to the company. See also "Key Documents – The Relationship/Controlling Shareholders' Agreement" below.

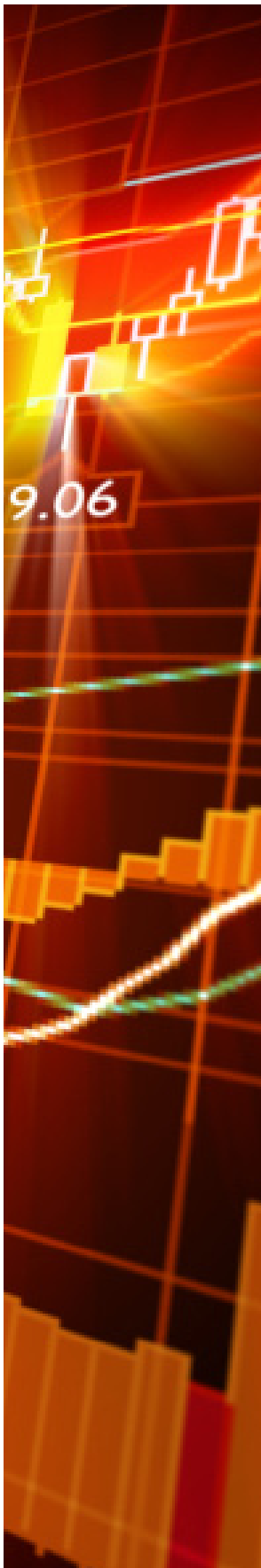
Special Situation (Privatizations)

Properly defining the future relationship between the selling (government) shareholder and the company and its future (public) shareholders can be particularly challenging in the context of privatizations. Not only will the government frequently remain a key customer and/or supplier of the company, but in certain regulated industries (e.g. defence, power, telecommunications, transportation, mail,) may also be the company's main regulator with the ability to materially impact the company's (compliance) costs, the pricing for its products or services and its overall profitability through political and/or regulatory decisions. Especially if the government or a government controlled entity remains the controlling shareholder post-IPO, there may also be a (perceived) risk that the government may use its voting power in a way that, for political reasons, is not in the best (economic) interest of the company and its public shareholders. In other cases, the government may privatize one particular piece of infrastructure via an IPO, but retain, maintain and potentially subsidize other, competing infrastructure. These are all potential issues that will have to be addressed both through appropriate business and risk factor disclosure in the offering documents as well as through appropriate government assurances and undertakings.

WHAT IS THE RIGHT CORPORATE GOVERNANCE STRUCTURE FOR THE COMPANY POST-IPO?

Corporate governance structures that may be appropriate and may even have proven to be highly effective for a particular company in the pre-IPO world, may nevertheless be unsuitable for a company once its shares are publicly listed. The company and its owners, with support from their financial and legal advisers, will therefore need to carefully review and, in all likelihood, supplement or possibly even completely replace existing corporate governance structures in preparation for a proposed IPO. Factors that will influence the post-IPO corporate governance structure include (i) applicable securities laws, (ii) the rules of the stock exchange(s) on the which the company's shares will be listed, (iii) the expectations of investors and the investment guidelines of key institutional investors, (iv) market practice for similar listed companies in the relevant jurisdiction, (v) the requirements of the underwriters for the IPO and, of course, (vi) the type of board, both in terms of size and composition, the company needs to be successful as a public company.

In practice this means, at the very least, that a company proposing to list its shares on a regulated stock exchange will be expected to have an appropriate mix of executive and non-executive directors on its board, with the right set of skills as well as personal and professional backgrounds. In addition to board members with relevant industry and/or geographic expertise, the company and its owners will typically also want to appoint at least a minimum number of directors that have served on the boards of other public companies and that are financially



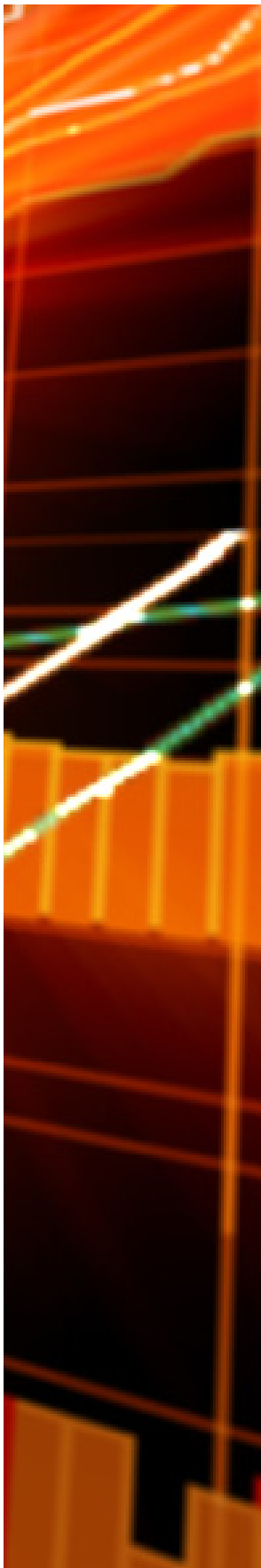
literate and/or have experience with public company reporting. Other considerations, such as ethnic, gender and age diversity of the board, can also be a factor in determining the perfect “mix” for a particular company.

In addition, public companies will be expected (i.e. are frequently required under applicable securities laws, listing rules and/or corporate governance codes) to appoint at least a minimum number of (non-executive) so-called “independent” directors to the board, to avoid potential conflicts of interest and to ensure that the board can properly exercise its supervisory role. “Independence” in this context can be defined differently in different jurisdictions, but typically means that the relevant director must not have any material relationship with the company or its management, other than his or her role as a director. Only non-executive directors can therefore be independent, but other relationships with the company or company management may also negate independence under applicable rules, including other employment or consulting relationships with the company, ownership or an executive role at a (significant) customer or supplier of the company or even family ties with senior members of company management. Some corporate governance codes (including the UK Corporate Governance Code) set out a non-exhaustive list of criteria to determine whether a director is “independent”.

Because “independence” typically means independence (i.e. lack of conflicts of interest) of the relevant director(s) from the company and company management, significant share ownership or the fact that a particular director may have been appointed by a particular shareholder, for example, may not necessarily be problematic. However, in particular where there will continue to be one or more dominant or controlling shareholders in a company post-IPO, it may also be necessary to ensure a minimum number of directors that are also independent from such controlling shareholder(s) and can therefore protect the interests of the (public) minority shareholders and make sure that no individual or small group of individuals can dominate the board’s decision making. This is particularly important where a significant shareholder or affiliates of that shareholders are also significant customers or suppliers of the company and where independent directors will have to confirm the arm’s length nature of any future transactions with the shareholder or its affiliates.

The precise balance of how many independent / non-executive directors should be appointed will depend on factors such as the size of the company, what exchange the shares will be listed on, the type of listing that is being sought and/or market practice. In any case, the process of identifying and recruiting the right director candidates can take considerable time and effort and should therefore be started as soon as a decision to conduct an IPO has been made. In addition to specialist search companies, the underwriters for the IPO will also frequently be able to assist with introducing possible candidates to the company. See also “Ongoing Obligations as a Public Company” – Ongoing Obligations of Listed Companies in the U.S. – Corporate Governance – Independent Directors” below.

Other corporate governance questions that frequently arise in connection with an IPO include (i) whether the roles of chairman of the board and chief executive officer should be performed by a single individual or (as considered by many to be international best practice) split and (ii) whether the chief financial officer should be a director. The applicable corporate governance regime may also require that various board committees be established prior to the IPO (if they are not already in existence), including a remuneration/compensation committee, a nomination committee and an audit committee. Depending on the industry in which the company operates, additional committees may be required or appropriate, such as a risk committee (e.g. banks), an



investment committee (e.g. development companies), an environmental committee (e.g. mining) and/or a technology/R&D committee (e.g. IT or life sciences companies). The charters/terms of reference and composition of these committees will need to be considered and the company's legal advisers will liaise with the company and its other advisers to agree on the scope and content of the respective committee charters.

Companies may finally find that the applicable corporate governance regime can also influence the (maximum) size and nature of compensation packages for senior management and directors. For example, companies with a Premium Listing on the London Stock Exchange would expect that shares granted to directors or other forms of deferred remuneration do not vest, and options do not become exercisable, in less than three years.

HOW CAN THE COMPANY'S EMPLOYEES BENEFIT FROM AND PARTICIPATE IN THE IPO?

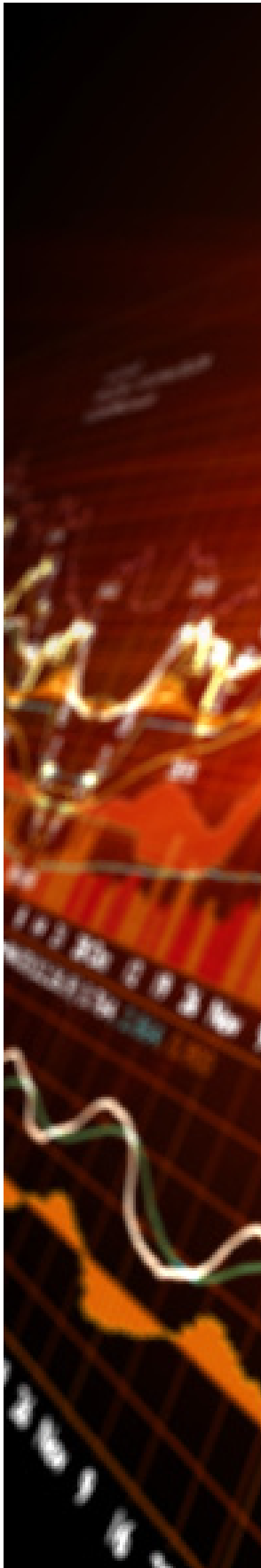
One of the many advantages of an IPO is that it enables efficient employee participation in the financial performance of the company. Most IPO candidates will therefore at least consider putting in place, effective as of the IPO date, long-term equity incentive plans for at least certain groups of (senior) employees, consistent with similar plans used by other public companies of similar size and in similar industries. If properly structured, these plans can align the interests of the company and its employees and they can also serve as an important tool to recruit and retain top talent for the company. Of course, any such plans need to be structured to comply with applicable local laws, i.e. the relevant laws in those jurisdictions in which any particular employees reside.

In addition, "employee offerings" in connection with an IPO can be a useful (and sometimes necessary) tool to achieve employee participation from "day one" and/or to overcome potential resistance to an IPO (in particular, in the context of a privatization) by trade unions. In connection with the recent IPO and privatization of Royal Mail in the UK, for example, the threat of national industrial action by the main trade union caused (i.e. forced) the UK Government to give 10% of Royal Mail's issued share capital to its employees for free. The following excerpt from the IPO prospectus (September 2013) may be instructive:

"Through making available free Ordinary Shares representing 10 per cent. of the Company's issued share capital on Admission plus an additional 160,000 Ordinary Shares to Eligible Employees, the Employee Free Shares Offer will also provide the Group's existing employee body with a substantial and meaningful stake in the business, helping to align their interests with those of the Group and offering the potential for them to benefit from growth and the performance of the modernised business. Admission will also permit the introduction of further employee share ownership schemes, which will assist on an ongoing basis in the recruitment, retention and incentivisation of both employees and senior management."

Employee offerings typically involve offerings of "restricted" shares (i.e. they cannot be on-sold until the expiration of a (multi-year) restricted period) either for free or, at least, at a discount to the public offering price. In addition to existing employees, employee offerings are sometime also extended to former / retired employees, in particular in the context of privatizations.

As discussed in more detail under "Certain Securities Law Considerations-European Securities Law Considerations" below, most IPOs are structured to permit a retail offering only in the company's "home jurisdiction", i.e. the jurisdiction in which the relevant regulator has reviewed / approved the offering document and/or where the company's shares are listed and admitted to



trading. Any employee offerings in other jurisdictions will therefore frequently have to rely on available exemptions under applicable local securities laws.

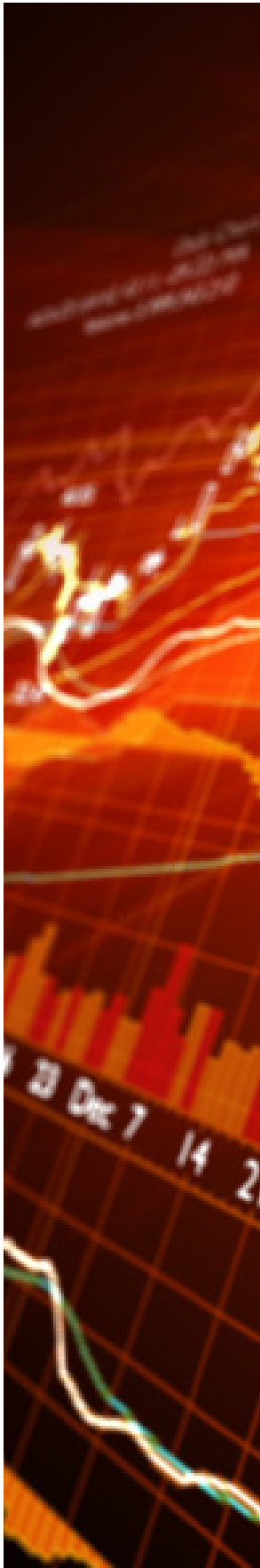
INVESTOR RELATIONS

One of the benefits of being a private company is that there is typically no need to engage with any public securities holders (i.e. bond holders or public shareholders) and no public reporting obligations. Private companies, even those of a significant size, therefore typically do not have any (full-time) personnel dedicated to (and/or experienced with) interacting with public investors, securities analysts or the media at large. To the extent financial information is being shared with third parties at all, this will typically be limited to the company's finance/accounting department providing certain limited financial information to the (bank) lenders under any existing credit facilities on a confidential basis. To the extent there are any regular and formal dealings with the media, these may largely fall under the category "sales & marketing".

This will all change once the company has formally announced its intention to go public, and certainly once the company's shares are listed and publicly traded on a stock exchange. In particular, the company will be subject to ongoing reporting obligations, requiring it to publish formal annual and interim reports as well as to publicly announce certain material developments that may affect the price of the company's shares on a real-time basis. Any material mistakes or omissions in these reports or announcements, delays in publishing any required reports or making required announcements or inaccurate, unapproved and/or selective disclosure of material, non-public information either orally or in writing (e.g. disclosure of information by unauthorized/junior employees or even ad hoc statements by senior management in response to questions with investors, analysts or journalist, possibly even in a social context), can have a significant impact on the company's share price and not only damage a company's reputation, but also expose both the company and the individuals involved to potential civil and criminal liability for securities fraud, market abuse, insider trading or similar laws and regulations in various jurisdictions. For more detail, see "Certain Securities Law Considerations" and "Ongoing Obligations as a Public Company" below.

It is therefore critical for an IPO candidate to start early-on in the IPO process to review the company's policies for corporate communications, establish a formal investor relations program and to create, review and/or update a website suitable for a public company. This will often mean hiring one or more full-time investor relations professionals or re-assigning existing employees with the relevant experience. In addition, many companies also find it helpful to engage the services of a specialist public relations firm to assist the company in connection with the IPO process (and afterwards) with the various press releases, presentations, question and answer briefings, the creation of a dedicated investor relations website and arranging press interviews and coverage.

Of course, the need for effective communication with the company's investors and other stakeholders does not end on the date of the IPO. To the contrary, to be able to fully realize many of the benefits of being a public company (see "Introduction-What are the reasons and potential benefits of conducting an IPO?" above), the company will need to continue to work with its investors, to engage and keep them updated about the company's strategy, its progress in executing its plans and ensure that they are not surprised by any untoward developments. Therefore, it is important that post the IPO, the company maintains an effective investor relations program and implements best practices with regard to disclosure policies and



procedures, establishes and maintains close relationships with investors and the media, organizes investor road-shows, develops processes for earnings and key announcements and reports.

It is likely that during their early days as a public company, issuers will consult more frequently with their legal advisers to determine what announcements are required, when they should be made and what they should contain. It is also likely that the company will require assistance from both its legal advisers and investor relations consultants in the preparation of the initial regulatory filings (annual reports, interim reports etc.) as the content of such announcements is often driven by the regulation and/or law and market practice.

WHAT IS THE RIGHT LISTING VENUE FOR MY COMPANY?

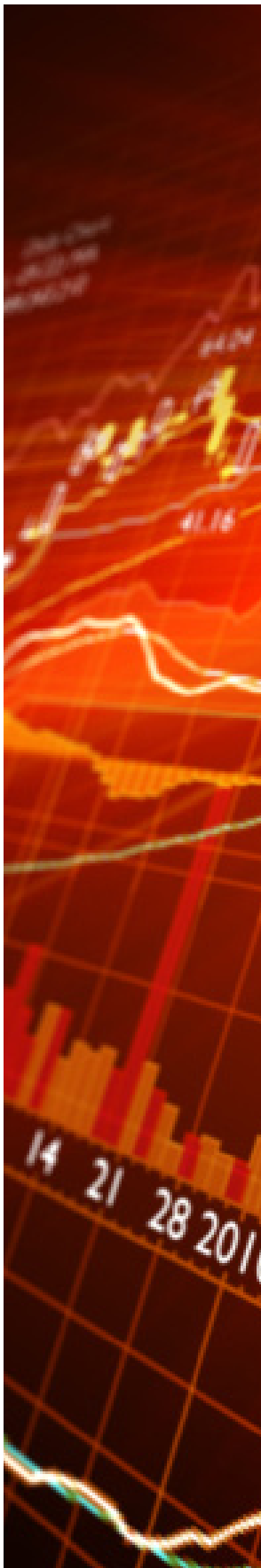
One of the key decisions to be taken at the very outset of the IPO process is the choice of listing venue or venues, which can have a significant impact on the general market perception of the IPO and the valuation of the shares.

Many decisions about the exact offer structure of an IPO have only a limited impact on the overall IPO process and transaction documentation and therefore can be (and typically are) taken relatively late in the process once a specific target launch date has been set and the issuer and underwriters have a better understanding of the then prevailing market conditions. The choice of listing venue or, for example, the decision of whether or not US investors will be permitted to participate in the offering, however, will ordinarily have a direct impact on the IPO process, the extent and nature of the documentation required for the initial listing as well as the company's ongoing reporting obligations. Changes in the listing venue(s) at an advanced stage of the IPO process could therefore result in significant delays and additional expenses.

The choice of listing venue involves two distinct decisions: the choice of the jurisdiction (and thus the securities regulator) for the transaction and the choice of the market where the shares will be listed.

For a company registered in the European Economic Area choosing to undertake an initial public offering in Europe, the appropriate regulator is determined by law. Pursuant to articles 2(m) and 13 of Directive 2003/71/EC (as amended from time to time, including by Directive 2010/73/EU, the **"Prospectus Directive"**), the prospectus relating to the offering can only be published once it has been approved by the competent authority of the "home Member State" of the issuer. For equity offerings, the home Member State is where the issuer has its registered office. There is a mechanism permitting the transfer of the IPO to a different regulator with the agreement of both regulators, but this procedure is rarely used.

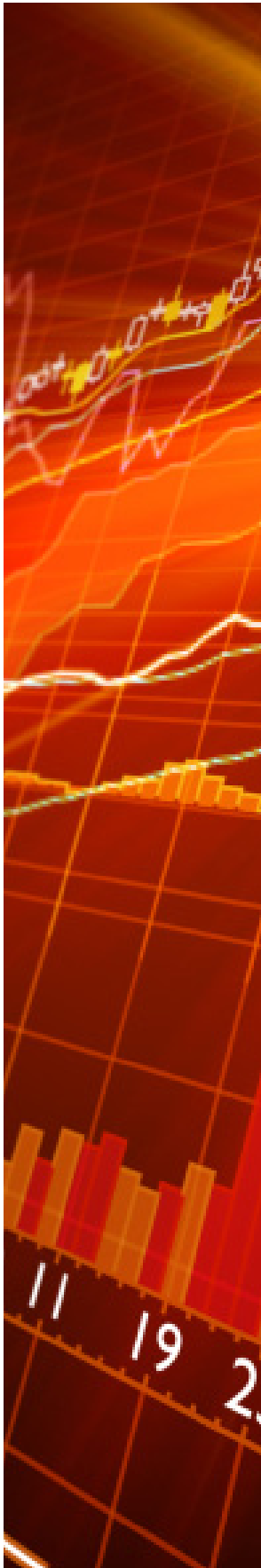
European issuers may, of course, elect to make their initial public offering and have their sole listing outside of the European Union, in which case the Prospectus Directive would not apply. For example, European issuers do occasionally list directly in the United States, on the New York Stock Exchange or Nasdaq. Similarly, in recent years a few European issuers have chosen to directly list on the Hong Kong Stock Exchange. Similarly, non-European companies have elected to list their IPO shares on the regulated or exchange-regulated markets in Europe, particularly on the Alternative Investment Market (AIM) in London or on Euronext Paris.



However, the great majority of European issuers conducting an IPO will elect to conduct their offering in their home jurisdiction, subject to the local securities regulator and listed on the local market. There are a variety of reasons for this practice. The issuer may conduct all or a significant part of its activities in its home country and will often manage its activities from that jurisdiction. A large percentage of the workforce, customers or assets may be located there. Local investors, both institutional and retail, may already be familiar with the issuer, providing a natural demand that will contribute to the success of the offering. The local regulator will ordinarily speak the same native language as management, and will be familiar with the corporate law and corporate governance practices applicable to the issuer. There may be better coverage from the financial press and financial analysts, potentially providing longer term support for the shares. For some transactions, such as privatizations, political considerations may be relevant to the choice of jurisdiction, while in situations like a spin-off transaction there may be a significant natural shareholder base that contributes to an issuer electing for a particular market.

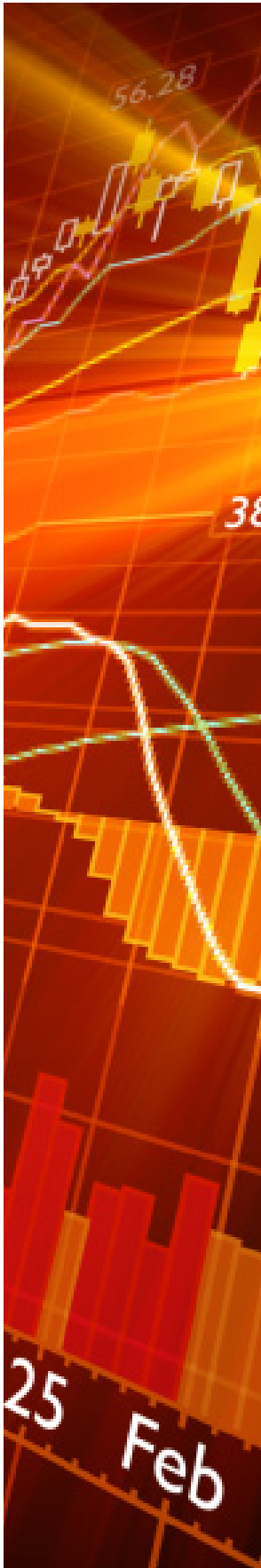
These very same considerations may, of course, push an issuer to consider listing outside its home country. For example, a luxury goods company may have a significant customer base in Asia, which may translate into significant demand by retail investors for the company's shares in an IPO and cause the company to elect Hong Kong as a listing venue. A prominent example is Prada S.p.A., which conducted its IPO on the Hong Kong Stock Exchange in 2011. Similarly, an IT/Internet or biotech company might conclude that it can get better pricing and other benefits through a listing on Nasdaq or the New York Stock Exchange. A prominent recent example of such a company is King Digital Entertainment plc, the maker of the "Candy Crush" Smartphone game which conducted its IPO on the New York Stock Exchange, rather than in London. The reasons why some companies decide to pursue either a primary or secondary listing of their shares outside their "home market" are largely non-legal in nature and include: (i) access to a broader and potentially more international investor base, (ii) the ability to use the listed shares of the company as a potential acquisition currency in a particular market, (iii) an enhanced ability to attract and retain key talent for the company by being able to offer executive and employee compensation and incentive arrangements (such as incentive shares, stock options or similar arrangements) in a particular jurisdiction to a large number of local employees, and (iv) a generally enhanced company profile and increased confidence in the company in a particular market by investors, customers, suppliers and other stakeholders in the company. Additional considerations include the potential to be included (upon completion of the IPO) in a particular index on a particular stock exchange (thereby automatically requiring related index funds to purchase the company's shares), as well as the fact that a significant number of the company's peers/competitors/other companies in the same or related industries may be listed on a particular market, which can mean better exposure to specialist industry funds and better research coverage.

For issuers electing to list in Europe, the second major decision will be whether to list on a market regulated by the local securities regulator (i.e. a "regulated market", such as the London Stock Exchange Main Market, NYSE Euronext or Deutsche Börse Prime Standard) or regulated only by the relevant securities exchange (i.e. an "unregulated/exchange-regulated market", such as the Alternative Investment Market (AIM), Alternext or Deutsche Börse Entry Standard). In general, the regulated market is the home for more established IPO companies, and the exchange-regulated markets are more appropriate for smaller, growing companies. Compared to exchange-regulated markets, regulated markets will typically require three years of audited financial statements, larger minimum capitalizations and a minimum free float. Accessing regulated markets will generally be more costly and time-consuming, and ongoing reporting requirements more burdensome.



Outside of Europe, the US remains the largest and most liquid capital market globally and continues to attract many foreign private issuers. In recent years, the US Congress and US Securities and Exchange Commission (SEC) have adopted many accommodations designed to make obtaining and maintaining a US listing easier and more attractive for foreign companies, at a time when the relevant rules in Europe have become more onerous. A US public offering and NYSE or Nasdaq listing, however, would require the filing of a registration statement with the SEC, trigger ongoing SEC reporting obligations (with related ongoing costs that are not insignificant) and subject the issuer to other compliance burdens and potential enhanced liability. Companies listing in the US also become fully subject to the US Foreign Corrupt Practices Act (FCPA) with regard to their global activities, and rigorous enforcement action by the SEC and US Department of Justice for potential violations. At the same time, issuer's can often capture potentially large US investors through a Rule 144A offering, without triggering the ongoing obligations triggered by a US public offering and/or New York listing. See also "Certain Securities Law Considerations-US Securities Law Considerations" below.

Foreign companies that nevertheless opt for a US listing typically do so because (i) a large number of their peers are listed in the US, (ii) the US is a key market for them, (iii) a large percentage of (key) employees and production sites are based in the US, (iv) their US employees expect to be partly compensated with shares / options and/or (v) they need US-listed shares as an acquisition currency for potential public takeovers in the US. This is why US listings, for example, remain particularly attractive for life sciences (pharmaceuticals/bio-tech) and IT companies.



OFFER STRUCTURE

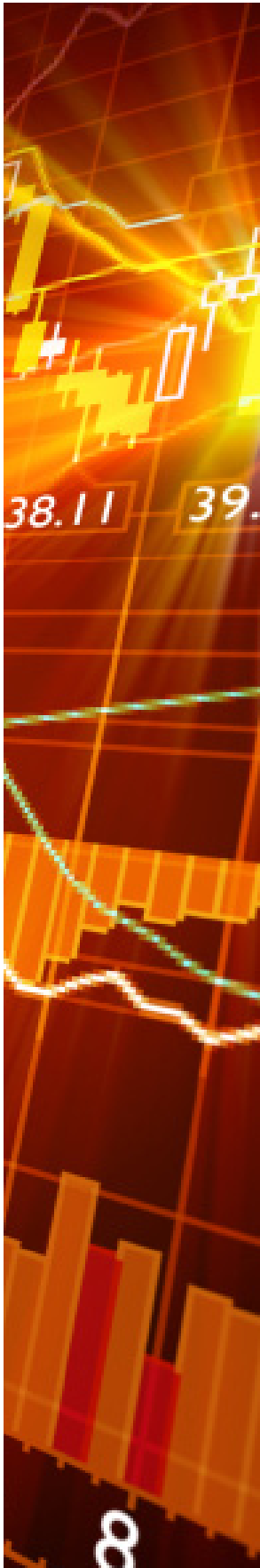
In advising companies and their owners in connection with their capital markets transactions, we are frequently asked for our views on the matters described below. We have therefore attempted to address these matters based on the personal experiences of the authors of this guide. However, most (if not all) of these matters are primarily of a non-legal nature. We therefore recommend that potential IPO candidates and their owners also solicit input on these matters from the underwriters and any other financial advisers they main retain in connection with any proposed IPO.

REG. S VS RULE 144A OFFERING

To maximize the achievable share price and potential offering size and to generally improve the chances of success of an IPO, it is always advantageous, as a general rule, to be able to offer and sell shares in the IPO to as broad an investor base as possible. This includes having at least the option of approaching “qualified institutional buyers (QIBs)” in the United States in reliance on the exemption from SEC-registration provided by Rule 144A under the Securities Act, i.e. if market conditions at the time of the launch of the IPO make it advisable or necessary to do so. While a Rule 144A offering involves certain additional costs (e.g. because of required due diligence investigations and more stringent disclosure requirements) and sales to US investors carry a potentially higher liability risk for possible misstatements or omissions in the prospectus, the US remains the largest and most liquid capital market globally and has remained open for business throughout most of the recent global financial crisis. See also “Certain Securities Law Considerations-U.S. Securities Law Considerations” below for more detail about Rule 144A and Regulation S.

Of course, just because a transaction is structured to be eligible for offers and sales in the United States does not mean that the company or the underwriters for the IPO will actually have to actively target US investors or even offer any shares to US investors at all. However, even if no shares are actually being offered to US investors, there is a view that the “Rule 144A label” can have a positive impact on non-US offers as well, i.e. that even non-US investors may take additional comfort from the higher level of diligence and more stringent disclosure standards required for a Rule 144A offering and potentially reward this by way of a higher share price. We note that, as a practical matter, most significant IPOs by European issuers in recent years appear to have involved offers and sales both outsider the United States in reliance on Regulation S and within the United States to QIBs pursuant to Rule 144A.

Many decisions about the offer structure have only a limited impact on the overall IPO process and transaction documentation and therefore can be (and typically are) taken relatively late in the process once a specific target launch date has been set and the issuer and underwriters have a better understanding of the then prevailing market conditions. However, making an IPO eligible for offers and sales pursuant to Rule 144A at a later stage of the IPO process (i.e. after having prepared documentation consistent with a “Reg.S only” transaction) could result in significant delays and additional expenses. The “Reg.S vs Rule 144A” question should therefore be answered at the very outset of the IPO process.



OFFER SIZE

Determining the appropriate total offer size for an IPO will require careful consideration of a number of factors, most of which are of a non-legal nature. Those factors may include (i) the current and anticipated future funding needs of the company and/or plans to issue additional shares in the future, including in connection with employee incentive plans or as potential acquisition currency for future M&A transactions, (ii) any target proceeds from the IPO for the selling shareholders and/or the company, (iii) any minimum offering size and/or “free float” requirements imposed by either investors¹ or applicable stock exchange rules, (iv) the number of shares required for potential employee offers as described above, (v) any voting thresholds for key corporate decisions imposed by applicable corporate law, (vi) the (short and mid-term) target/minimum ownership percentage of the selling shareholders/current owners of the company following the IPO, taking into account (i) through (v) above, and (viii) market conditions at the time of the IPO.

PRIMARY VS SECONDARY SHARES

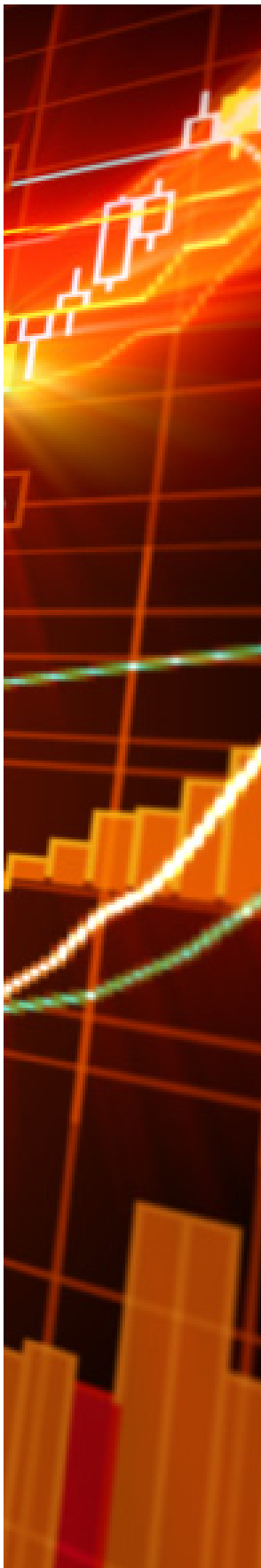
Determining the appropriate split between primary and secondary shares involves similar considerations as those involved in determining the total offer size, and will also depend on the “equity story” described in the offering documents. **“Primary offering”** or **“primary shares”** typically refers to the portion of an offering comprising newly issued shares by the company, whereas **“secondary offering”** or **“secondary shares”**, in the context of an IPO, usually refers to the portion of the offering comprising shares already in issue and held by shareholders. However, the term “secondary offering” is also often used to refer to a follow-on offering of new shares such as a rights offering, placing or open offer after the IPO.

As a general rule, many investors like “growth stories” that involve the injection of at least some “new money” into the company to support concrete and plausible plans for expansion, either through organic growth or through acquisitions. However, an IPO candidate should likely not include primary shares/raise additional capital in an IPO just for the sake of perception, if it does not actually need the additional capital at present, and there are many examples of IPOs that only involved secondary shares. In particular, primary shares may be less important as a selling point in connection with a privatization or private equity exit as it may be easier to explain the rationale for the government/current private equity shareholder exiting, in part, their investment, irrespective of the business prospects of the company. To the extent a company may determine that it is advisable or necessary to raise additional equity capital in the future, it can always do so in one or more follow-on equity offerings after the IPO, if and when it actually needs the additional capital.

ALLOCATION - INSTITUTIONAL VS RETAIL?

The allocation of shares in an IPO will depend on (i) the quality of individual investors and (ii) the specific distribution objectives of the company. In some cases, less rational factors and considerations may also play a role. For example, strong name/brand recognition of the company and/or its products or services among the investing public (in a particular jurisdiction) may translate into high retail demand (and better pricing) for the company’s shares, and therefore result in a larger retail tranche.

1. The offer size should always be large enough to make the offering (and participating in the roadshow) interesting to key institutional investors that want comfort that they can expect to receive a sizeable allocation should they decide to submit significant orders (i.e. they may not want to waste their time on a small IPO that may end up being heavily over-subscribed). In addition, the offer size should always be large enough to result in a sufficient “free float” post-IPO to allow an active after-market to develop that is both deep and liquid. An additional concern of investors may be that the “free float” should be large enough to give the public minority shareholders at least some say in key corporate decisions under applicable corporate law. **“Free float”** refers to the percentage of the total number of shares outstanding in a company which is held (broadly) by investors other than directors of the company (and their connected persons) and holders of more than 5% of the company’s shares. In the United Kingdom, for example, the Financial Conduct Authority (FCA) requires that at least 25% of a listed company’s shares are part of the free float.



The final allocation (including the exact split between the institutional and retail tranches) will ultimately be agreed between the company and the bookrunner(s) for the IPO immediately prior to pricing (i.e. after completion of the roadshow). However, it is important that the company (with input from various stakeholders, including the proposed underwriters) considers relevant investor selection criteria early-on in the process, so that this can be taken into account in structuring the transaction, drafting the documentation and planning the roadshow schedule. The company should also consider sharing information with the bookrunners about potential investors it might already know of and/or would like to invite to participate in the IPO.

Investor “quality” is influenced by a number of factors and depends on many non-legal considerations, including (i) the importance of a particular investor as a valuation leader (rather than a valuation follower), (ii) the investor’s ownership levels in the particular industry sector (i.e. is the investor a natural holder rather than a likely seller?), (iii) participation of the investor in the roadshow, (iv) transparency of the investor’s purchase intentions, (v) potential deal feedback from the investor and (vi) price indications.

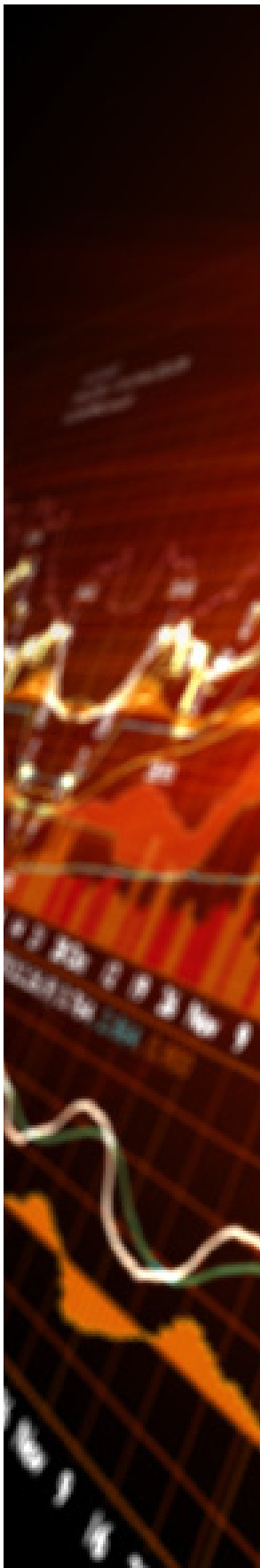
Distribution objectives may include (i) limited flowback (e.g. stable “buy-to-hold” investor base; no hedge funds), (ii) an appropriate mix of institutional/retail shareholders, (iii) breadth of ownership across target institutions, and (iv) the desire for aftermarket trading of the shares to commence at a premium to the IPO price.

Special Situation (Privatizations)

In connection with privatizations, there may also be potential “political” considerations that can, for example, drive a desire to reserve at least a minimum number of shares for local retail investors (i.e. tax payers) and/or the company’s employees. Assuming favourable market conditions and an IPO price that permits the shares to “trade up” following admission to trading, including a significant local retail tranche, in addition to an employee offering, may also forestall common criticism raised by various public action groups in connection with many past privatizations in different jurisdictions that the government is selling “crown jewels” below value to international investors without also giving ordinary tax payers an equal opportunity to profit. In a further step, the selling (government) shareholder in a privatization may also consider offering the shares in the local retail offering at a discount to the international offering price. This, however, will likely require, in some manner, capping the maximum number of shares per retail investor. In addition, “ordinary tax payers” could also indirectly participate in (and profit from) the institutional offer through allocations to local investment and/or pension funds.

Of course, it will often be fruitless to try to pre-determine the ultimate split between the institutional and retail tranches at the outset of a transaction, as the actual split depends on many non-legal considerations as outlined above, as well as prevailing market conditions at the time of the launch of the IPO. There is also no “ideal split” or “one-size-fits-all” approach to allocation.

As a technical/legal matter, IPOs are typically structured to permit a retail offering only in either a single jurisdiction (i.e. the company’s “home jurisdiction”, which is typically also the jurisdiction in which the company’s shares will be listed) or at most one or two additional jurisdictions (i.e. to the extent the company opts for a secondary/dual listing and/or specifically decides to make the IPO eligible for sales to retail investors in those additional jurisdictions. See also “Key Documents-The Prospectus” below.



KEY DOCUMENTS

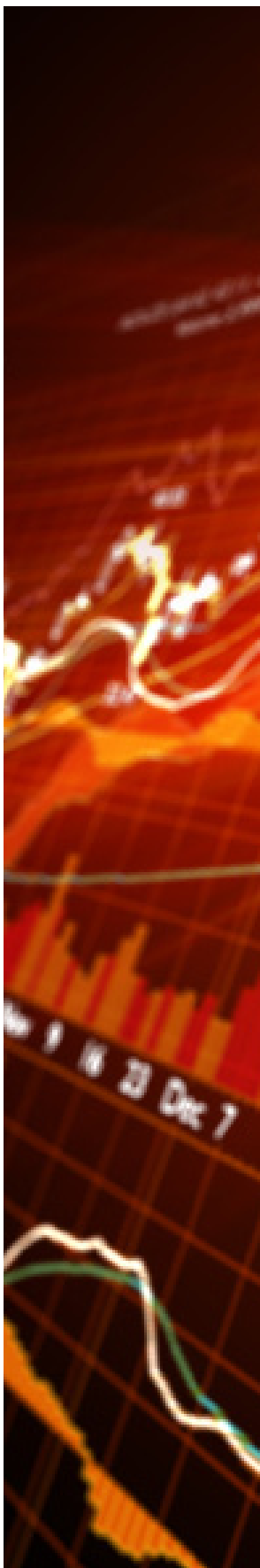
An initial public offering typically requires the preparation of the following key documents.

THE PROSPECTUS

The prospectus is a disclosure document intended to provide potential investors with all material information necessary to make an informed decision as to whether or not to invest in the shares of the company. The prospectus will contain a description of the risks associated with an investment in the shares, a description of the company's business (including strengths and strategies of the company) and of the industry and markets in which the company operates, a section entitled **“Operating and Financial Review” (OFR)** or **“Management’s Discussion and Analysis of Financial Condition and Results of Operations” (MD&A)**, historical financial statements, biographies of officers and directors, information about their compensation, information about any significant pending or threatened litigation, a list of material properties, a description of material agreements and any other material information. In addition to providing potential investors with information about the proposed offering, the prospectus also serves to protect both the company and the underwriting banks from liability under applicable securities laws for alleged material misstatements or omissions in connection with the offer and sale of the shares.

Although no hard rule, the term **“offering memorandum (OM)”** or **“offering circular (OC)”** is sometimes used instead of the term **“prospectus”** to indicate that the shares, in countries other than the country where the shares are being listed, are being offered in (private) transactions that rely on certain exemptions under applicable securities laws from the requirement to prepare a formal **“prospectus”**.

In Europe, an Italian company, for example, may prepare an Italian-language “prospectus” that will comply with the requirements of the EU Prospectus Directive, will be reviewed and approved by CONSOB (the “competent authority” in Italy) and used for offers to retail investors in Italy and for the listing of the company's shares on the Italian Stock Exchange. Within Europe, it would theoretically also be possible to permit retail offerings (and listings on regulated markets) in other member states by “passporting” this Italian retail prospectus into any number of “host member states” by simply requesting that CONSOB notify the competent authority(/ies) in the relevant host member state(s) that the prospectus complies with the EU Prospectus Directive. If applicable, the company may also be required to prepare a translation of the “Summary” section of the prospectus in the language of the host member state, but no separate review or approval would be required. See “Certain Securities Law Considerations-European Securities Law Considerations” below. In practice, however, most larger IPOs that are being marketed internationally also involve the preparation of a full English-language “international offering circular / memorandum” for offers and sales solely to institutional investors (and possibly employees) outside the company's home member state pursuant to available exemptions under relevant local securities laws (including the EU Prospectus Directive). This international offering memorandum will also frequently be prepared so it can be used for offers and sales to “qualified institutional buyers (QIBs)” in the United States pursuant to Rule 144A. See “Certain Securities Law Considerations-U.S. Securities Law Considerations” below.



A company electing to conduct a US IPO on the New York Stock Exchange or Nasdaq, on the other hand, will be required to file an English-language registration statement (including a statutory “prospectus”) with the U.S. Securities and Exchange Commission to permit a retail offering and listing in the United States. See “Certain Securities Law Considerations-U.S. Securities Law Considerations” below. Rather than preparing a separate offering circular / memorandum for sales outside the United States, the prospectus for an SEC-registered IPO will typically contain relevant legends and selling restriction language for various other jurisdictions in which the IPO may be marketed to investors and permit exempt sales to institutional investors and/or other limited circumstances in those other jurisdictions, including typically within Europe (or individual EEA member states) under circumstances which will not require the publication of a prospectus that meets the requirements of the EU Prospectus Directive,

Of course, where separate offering documents are being prepared for the domestic / retail and international / institutional offering, respectively, as part of the same IPO, possibly in different languages, extra care must be taken to ensure that both documents are consistent (i.e. do not conflict with each other) and also contain materially the same content. Otherwise, the company, its directors and underwriters could be exposed to potential claims and liability by the different investor groups based on alleged material misstatement and / or omissions in one or the other offering document..

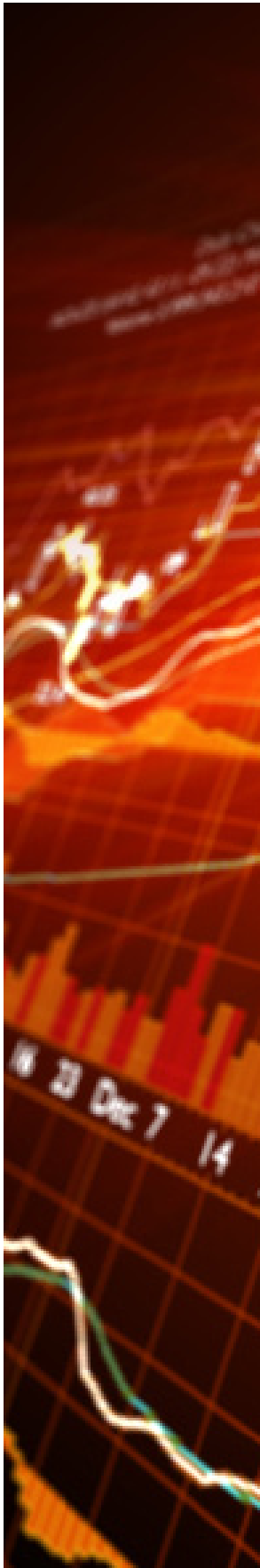
General Form and Content

The specific form and content requirements of prospectuses are driven primarily by the securities laws of the jurisdiction and the rules of the stock exchange on which the shares of the company will be listed, as well as the identity and location of the investors to whom the shares will be offered.

For IPOs that are being marketed and sold to the general public and/or are listed on a “regulated market” within the EEA, such as the main market of the London Stock Exchange, the specific form and content requirements of prospectuses are largely prescribed by the EU Prospectus Directive and Annexes I, II, III and XXII of Regulation (EC) No 809/2004, as amended by Commission Delegated Regulations (EU) Nos 486/2012 and 862/2012 (the “**Prospectus Regulation**”). For ease of reference, the latest consolidated versions of Annexes I, II, III and XXII of the Prospectus Regulation are included in their entirety as exhibits in the back of this guide.

Where an offering of shares within the EEA falls within one of the exemptions from the requirement to publish a prospectus under the EU Prospectus Directive and/or where the European stock exchange on which the shares are being listed is an unregulated market or an “exchange regulated market” (as opposed to a “regulated” market), such as the Alternative Investment Market (AIM) of the London Stock Exchange, the form and content requirements of the disclosure document are likely to be less onerous and will be primarily prescribed by the rules of the relevant stock exchange.

For a U.S. IPO by a “foreign private issuer”, the form and content requirements of the SEC registration statement (and the prospectus included therein) are set forth in “Form F-1”. The Form F-1, in turn, largely cross-refers to the content requirements of “Form 20-F”, which is also used for (and specifies the information required in) the annual reports that foreign private issuers with shares registered under the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) are required to file annually with the SEC. Both the Form F-1 and the Form 20-F are available on the SEC’s website at www.sec.gov/forms.



However, irrespective of the specific statutory/disclosure regime applicable to a particular IPO and irrespective of whether the company's shares will be listed on a regulated or exchange-regulated market within the EEA or on a stock exchange in the United States, the company, its directors and officers, the underwriters and other parties involved in a particular offering must always ensure that the offering document contains no material misstatements and all material information necessary so as to enable investors in the IPO to make an informed decision as to whether or not to invest in the shares of the company.

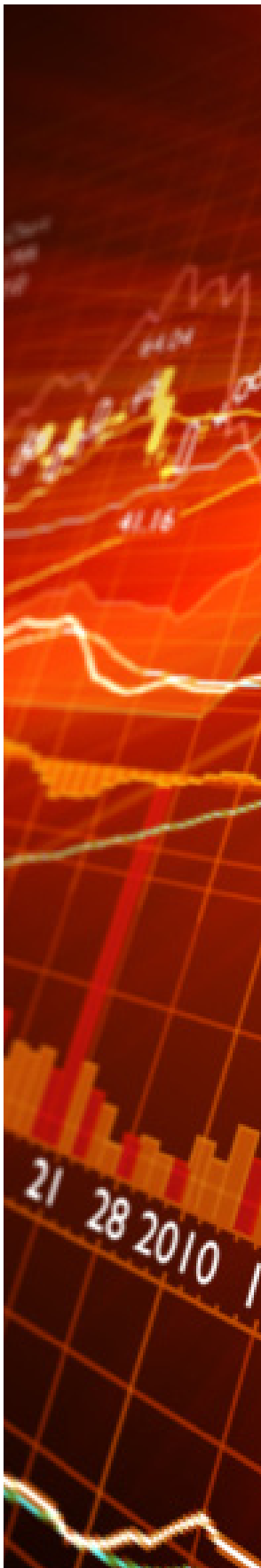
This is because the EU Prospectus Directive and the Prospectus Regulation as well as the relevant SEC rules and regulations contain relevant "catch-all" disclosure provisions. Article 5(1) of the EU Prospectus Directive, for example, provides that a prospectus must "contain all information which, according to the particular nature of the issuer and of the securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the issuer and of any guarantor, and of the rights attaching to such securities. This information shall be presented in an easily analysable and comprehensible form."

In addition, any material misstatements or omissions in the offering documents will expose the company, its officers and directors and the underwriters to potential liability under applicable anti-securities fraud laws in each country in which shares are being offered and sold in connection with the IPO. In the case of an IPO that is being marketed to investors in the United States (i.e. either an SEC-registered offering or even an offering just to "qualified institutional buyers" in the United States in reliance on Rule 144A), this means that the offering document must also be drafted to meet the disclosure standards under Rule 10b-5 under the Exchange Act, the general US anti-securities fraud provision. In practice, this means that offering documents used in Rule 144A offerings are prepared to a standard that is substantially similar to the prospectus required for an SEC-registered offering, even though a Form F-1 is not required.

The Risk Factors Section

There is relatively little guidance on the required format or content of the Risk Factors section in EU Prospectus Directive-compliant prospectuses, apart from the general requirements under Article 5(1) of the EU Prospectus Directive as described under "General Form and Content" above. However, certain international best practices continue to evolve that closely mirror the requirements for risk factors used in U.S. offerings.

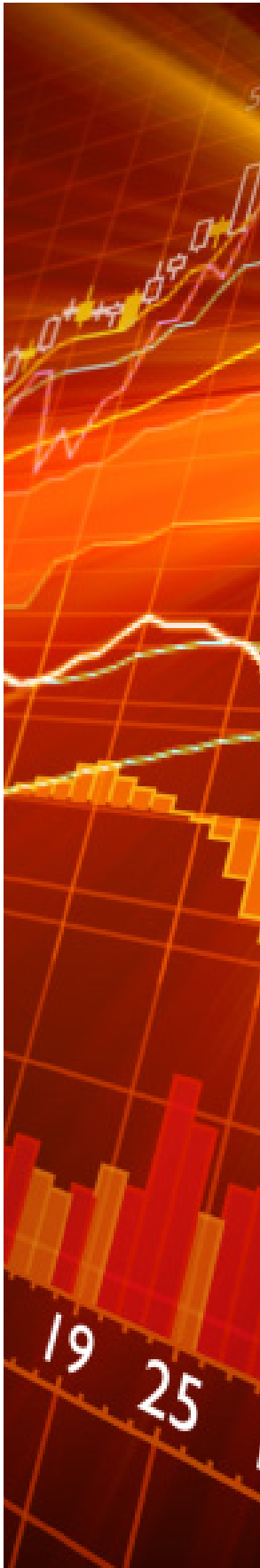
In essence, the Risk Factors section of the prospectus will have to include a discussion of the most significant factors that make an investment in the IPO speculative or risky. This discussion must be concise and organized logically, i.e. the risk factors should be described in order of importance and the section is often divided into subsections, such as (i) risks related to the business of the issuer, (ii) risks related to the industry in which the issuer operates and (iii) risks related to an investment into the common shares of the issuer. Issuers should also not just present generic risks that could apply to any issuer or any offering, but need to explain how each particular risk affects the issuer or the shares being offered. For the issuer in an IPO, in particular, these risk factors may include, among other things, (i) the issuer's lack of an extensive operating history, (ii) potentially its lack of profitable operations in recent periods, (iii) its financial position, (iv) risks related to its business or proposed business or the ability to successfully implement the strategy described elsewhere in the prospectus; or (v) the lack of an established market for the shares.



For IPOs that are eligible for sale to investors in the United States, each risk factor also needs to be preceded by a short subcaption that adequately describes the risk, and this is also more and more becoming standard for other international/cross-border offerings. In addition, risk factors should also avoid so-called “mitigating factors” language as much as possible, i.e. qualifying language or explanations as to why investors should not be overly concerned about a particular risk, for example, because it is already being somehow addressed/mitigated by the issuer or because the likelihood of its actual occurrence is low.

The Risk Factors section of the prospectus frequently receives a high level of attention by the issuer, the underwriters, their advisers and even regulators, for different reasons. The uninitiated owners and management of an IPO candidate, in particular, may initially be alarmed by the one-sided and un-balanced nature of the Risk Factors section and may be concerned that the negative overall tone of the section may convey an unfair and overly negative image of the company and its prospects, which could distract from the (hopefully) positive marketing message of the IPO and might therefore have an adverse impact on the pricing and overall success of the proposed IPO. However, there are other sections of the prospectus that are intended (and better suited) to convey the potential benefits and prospects of the company and an investment in the IPO, such as the Business section, which typically includes a separate “Strengths and Strategy” subsection, and the MD&A, which will include a subsection that describes any known trends and the key factors affecting the company’s results, both good and bad. In addition, the company and its management will have plenty of opportunities to “sell” the IPO to securities analysts and key investors in person during analyst sessions and the investors road show that will be organized by the underwriters for the IPO.

The purpose of the Risk Factors section is two-fold: (i) to inform investors of any significant risks related to an investment in the IPO and (ii) to insulate the company, its directors and officers, the underwriters and any other offering participants from potential civil and criminal liability in the event of a decline in the price of the shares post-IPO. Of course, the best defence against allegations of inadequate disclosure in the prospectus or other civil or criminal proceedings alleging securities fraud will be the ability to point to an express and specific risk factor in the prospectus that highlights the possibility that the relevant adverse event or development might occur. At the same time, in our experience, at least key institutional and more sophisticated investors will expect a comprehensive and robust Risk Factors section and may even view it as a positive in terms of overall transparency. Openness and transparency in the Risk Factors section should therefore not normally have a negative impact on the success of the IPO. IPO candidates and their directors and officers may therefore want to think of the Risk Factors section as a (free) insurance policy. It comes without saying that a mere abstract risk factor that a particular risk might occur in the future will not protect against claims based on non-disclosure of a specific material adverse event or set of facts that have already occurred or are in existence at the time of the IPO.



The Business Section

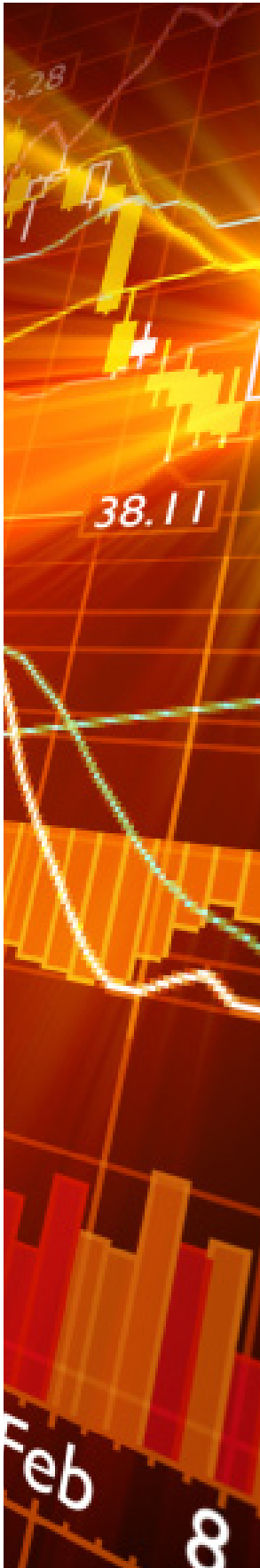
The Business section of the prospectus is intended to provide information about the company's business operations, the products it makes or the services it provides, and the factors that affect the business. It also is intended to provide information regarding the adequacy and suitability of the company's properties, plants and equipment, as well as its plans for future increases or decreases in such capacity. By its nature, drafting the Business section invariably requires significant factual input from the issuer, including senior management, and can therefore be very time-consuming. The specific items required to be disclosed in an EU Prospectus Directive-compliant prospectus are set forth in Annex I of the Prospectus Regulation, which is included in its entirety as an exhibit to the guide.

Following certain technical details (e.g. about the legal name of the company, its date of incorporation, its domicile and legal form as well as its registered office or principal place of business) as well as a discussion about the company's history and development, the company will be required to describe the nature of its operations and its principal activities, state the main categories of products sold and/or services performed, indicate any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development. Other items that may need to be addressed in the Business section may include:

- the principal markets in which the company competes and the company's main competitors in those markets,
- a description of the seasonality of the company's main business,
- the sources and availability of raw materials or other inputs,
- the marketing channels used by the company, including an explanation of any special sales methods,
- summary information regarding the extent to which the company is dependent, if at all, on patents or licenses, industrial, commercial or financial contracts (including contracts with customers or suppliers) or new manufacturing processes, where such factors are material to the company's business or profitability,
- any material information relating to the company's workforce and its relationship with its employees,
- the material effects, if any, of government regulations on the company's business, identifying any relevant regulatory bodies, as well as
- any material legal proceedings.

If the company is part of a group, it will be necessary to include a brief description of the group, the group's organizational structure and the company's position within the group.

In addition, the company will need to provide information regarding any material tangible fixed assets, including leased properties, and any major encumbrances thereon, including a description of the size and uses of the property, productive capacity and extent of utilization of the company's facilities, how the assets are held, the products produced and the location, as well as any environmental issues that may affect the company's utilization of the assets. With regard to any material plans to construct, expand or improve facilities, the company will need to describe the nature of and reason for the plan, an estimate of the amount of expenditures including the amount of expenditures already paid, a description of the method of financing the activity, the estimated dates of start and completion of the activity, and the increase of production capacity anticipated after completion.



The Business section is a key opportunity for the issuer to present in detail its “equity story” and explain its operations and business prospects to potential investors. The section will typically include a separate subsection that describes the company’s strengths and competitive advantages as well as management’s strategy for capitalizing on those strengths in pursuing future growth of the business. In addition to the Risk Factors section and the MD&A section, this “Strengths & Strategy” subsection frequently receives a very high level of attention and scrutiny by all offering participants as it will impact the core marketing message for the IPO. It is therefore not uncommon for the lead underwriter for the IPO (with input from the company’s management as well as the relevant industry coverage team) to prepare the initial draft of the “Strengths & Strategy” for review and comment by the company and its counsel.

The MD&A Section

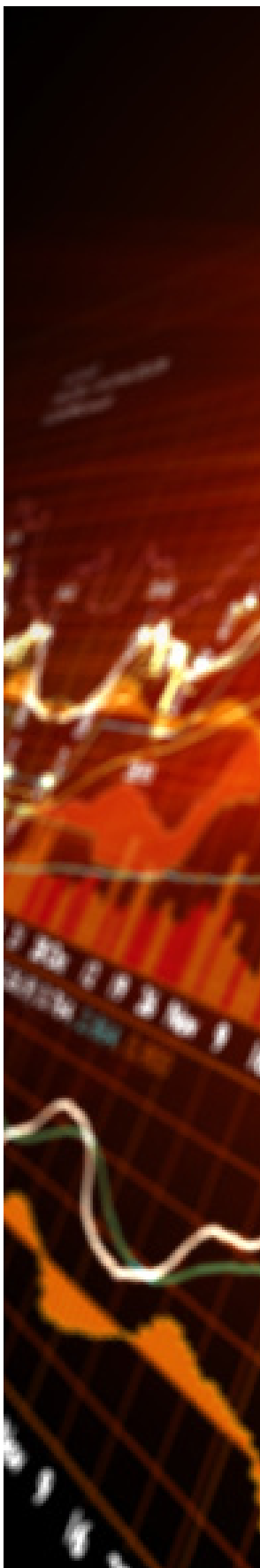
As with the Risk Factors section, there is little guidance on the required format or purpose of the “Operating and Financial Review” (OFR) or “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (MD&A) section in EU Prospectus Directive-compliant prospectuses, although the following items required to be disclosed in an EU Prospectus Directive-compliant prospectus are typically included in the MD&A or OFR section: Rule 9 (Operating and Financial Review), Rule 10 (Capital Resources) and, to some extent, Rule 12 (Trend Information) of Annex I of the Prospectus Regulation.

In the United States, on the other hand, the “MD&A” has been a key part of all prospectuses for decades and the SEC has issued both extensive rules (see Item 303 of Regulation S-K) as well as detailed interpretive guidance over the years on the content, format and purpose of the MD&A. The terms “MD&A” and “OFR” are sometimes used interchangeably, although prospectuses or offering memoranda for IPOs eligible for sales to qualified institutional buyers in the United States in reliance on Rule 144A will often use the US term MD&A to indicate that a full MD&A section has been included in the document that has been drafted (by US lawyers) to meet the (higher) standards applicable to US offerings under the relevant SEC rules and guidance. Prospectuses that only meet the minimum requirements under the Prospectus Regulation and are only intended to be used for offers and sales in Europe or otherwise outside the United States in reliance on Regulation S, on the other hand, often contain a (shorter and less detailed) “OFR” section.

According to SEC Release No. 33-8350, the purpose of MD&A is not complicated. It is to provide readers information necessary to an understanding of a company’s financial condition, changes in financial condition and results of operations. The MD&A requirements are intended to satisfy three principal objectives:

- to provide a narrative explanation of a company’s financial statements that enables investors to see the company through the eyes of management;
- to enhance the overall financial disclosure and provide the context within which financial information should be analyzed; and
- to provide information about the quality of, and potential variability of, a company’s earnings and cash flow, so that investors can ascertain the likelihood that past performance is indicative of future performance.

MD&A should be a discussion and analysis of a company’s business as seen through the eyes of those who manage that business. Management has a unique perspective on its business that only it can present. As such, MD&A should not be a recitation of financial statements in narrative form



or an otherwise uninformative series of technical responses to MD&A requirements, neither of which provides this important management perspective. The SEC expressly encourages early top-level involvement by a company's management in identifying the key disclosure themes and items that should be included in a company's MD&A.

With regard to overall presentation of the MD&A, the SEC emphasizes the following points:

- within the universe of material information, companies should present their disclosure so that the most important information is most prominent;
- companies should avoid unnecessary duplicative disclosure that can tend to overwhelm readers and act as an obstacle to identifying and understanding material matters; and
- many companies would benefit from starting their MD&A with a section that provides an executive-level overview that provides context for the remainder of the discussion.

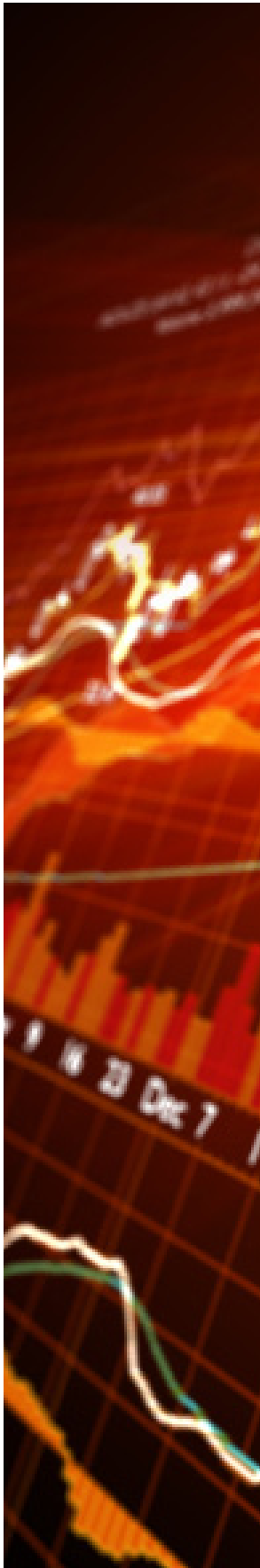
With regard to focus and content of the MD&A, the SEC similarly emphasizes that:

- in deciding on the content of MD&A, companies should focus on material information and eliminate immaterial information that does not promote understanding of companies' financial condition, liquidity and capital resources, changes in financial condition and results of operations (both in the context of profit and loss and cash flows);
- companies should identify and discuss key performance indicators, including non-financial performance indicators, that their management uses to manage the business and that would be material to investors;
- companies must identify and disclose known trends, events, demands, commitments and uncertainties that are reasonably likely to have a material effect on financial condition or operating performance; and
- companies should provide not only disclosure of information responsive to the technical requirements for an MD&A under the relevant SEC rules, but also an analysis that is responsive to those requirements that explains management's view of the implications and significance of that information and that satisfies the objectives of MD&A.

Because potential investors are supposed to read and understand the MD&A on a standalone basis, the MD&A typically starts with an "Overview" that briefly outlines the company and its business.

This overview is typically followed by "**Key Drivers / Factors**" that have affected the company's past performance and that management expect to affect the company's results of operations going forward. These drivers / factors may relate to the economy as a whole, the industry in which the issuer operates or just to the specific issuer and may include revenue drivers (e.g. cyclicity or seasonality of demand, competitive developments, loss of patent protection, introductions of new products or services,), cost drivers (e.g. fluctuations in raw material prices or changes in labor costs), the impact of strategic initiatives (e.g. acquisitions, divestments or restructurings) or external factors (e.g. exchange rate fluctuations). Of course, it is important to make sure that the "key drivers / factors" described in the MD&A are consistent with related discussions elsewhere in the offering document, in particular the Risk Factors section and the "Strengths & Strategies" described in the Business section.

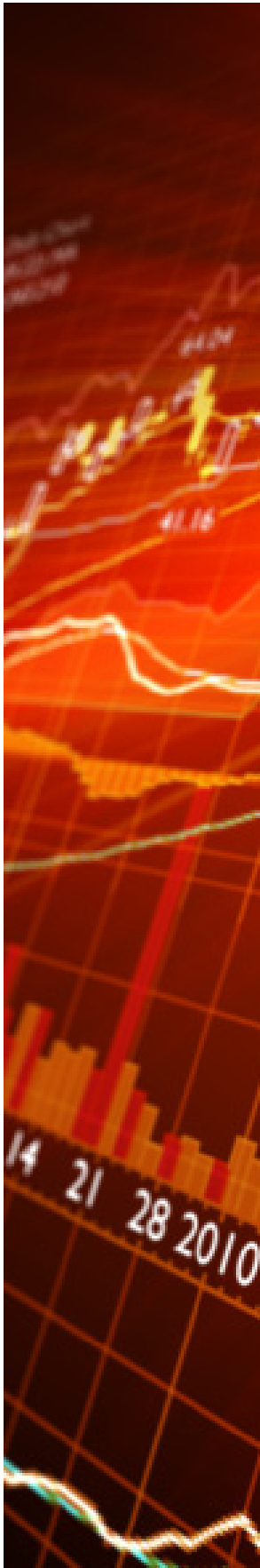
One of the most prominent (and often very time-consuming) portions of the MD&A is a narrative, line-by-line comparison and discussion (again through the eyes of management) of the issuer's "**Results of Operations**" for the three most recent financial years, plus any interim



periods. Assuming the **“Key Drivers / Factors”** subsection is well drafted, the explanations provided in this subsection for any significant changes in individual line items over the periods under review should match the key factors and not come as a surprise to the reader.

The issuer will further be required to provide information about its **“Liquidity and Capital Resources”**. To the extent material, this information should include (i) historical information regarding sources of cash and capital expenditures, (ii) an evaluation of the amounts and certainty of cash flows, (iii) the existence and timing of commitments for capital expenditures and other known and reasonably likely cash requirements, (iv) a discussion and analysis of known trends and uncertainties, (v) a description of expected changes in the mix and relative cost of capital resources, (vi) indications of which balance sheet or income or cash flow items should be considered in assessing liquidity, and (vii) a discussion of prospective information regarding company’s sources of and needs for capital, except where otherwise clear from the discussion. There are also at least two scenarios in which companies should consider whether a discussion and analysis of material covenants related to their outstanding debt (or covenants applicable to the companies or third parties in respect of guarantees or other contingent obligations) may be required. First, companies that are, or are reasonably likely to be, in breach of such covenants must disclose material information about that breach and analyze the impact on the company if material. Second, companies should consider the impact of debt covenants on their ability to undertake additional debt or equity financing. If these covenants limit, or are reasonably likely to limit, a company’s ability to undertake financing to a material extent, the company is required to discuss the covenants in question and the consequences of the limitation to the company’s financial condition and operating performance.

Following a separate subsection on **“Off-Balance Sheet Arrangements”** and information (in tabular form) about the maturity profile of the company’s **“Contractual Obligations”** (including long-term debt obligations, lease obligations and purchase obligations), the company may finally have to include a discussion of its **“Significant Accounting Policies / Critical Accounting Estimates”**. Many estimates and assumptions involved in the application of Generally Accepted Accounting Principles (GAAP) have a material impact on reported financial condition and operating performance and on the comparability of such reported information over different reporting periods. A company should address material implications of uncertainties associated with the methods, assumptions and estimates underlying the company’s critical accounting measurements. Such disclosure should supplement, not duplicate, the description of accounting policies that are already disclosed in the notes to the financial statements. The disclosure should provide greater insight into the quality and variability of information regarding financial condition and operating performance. While accounting policy notes in the financial statements generally describe the method used to apply an accounting principle, the discussion in the MD&A should present a company’s analysis of the uncertainties involved in applying a principle at a given time or the variability that is reasonably likely to result from its application over time. A company should address specifically why its accounting estimates or assumptions bear the risk of change. The reason may be that there is an uncertainty attached to the estimate or assumption, or it just may be difficult to measure or value. Equally important, companies should address the questions that arise once the critical accounting estimate or assumption has been identified, by analyzing, to the extent material, such factors as how they arrived at the estimate, how accurate the estimate/assumption has been in the past, how much the estimate/assumption has changed in the past, and whether the estimate/assumption is reasonably likely to change in the future. Since critical accounting estimates and



assumptions are based on matters that are highly uncertain, a company should analyze their specific sensitivity to change, based on other outcomes that are reasonably likely to occur and would have a material effect.

The Financial Statements

Europe

Under Rule 20 of Annex I of the Prospectus Regulation, the issuer must provide audited historical financial information covering the latest three financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. The financial statements must generally be prepared in accordance with IFRS, although under certain circumstances applicable national accounting standards may be used. IFRS financial statements are also now sufficient for offerings to US investors in reliance on Rule 144A, without any need for reconciliation to US GAAP or description of significant differences between IFRS and US GAAP. To the extent only local GAAP financial statements are available, the issuer, the underwriters and their respective advisers need to assess if there are any significant difference to IFRS and, if so, decide what additional disclosures may be required.

The last year of audited financial information may not be older than 18 months from the date of the prospectus. If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the offering document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included.

If the company has completed a significant business combination/acquisition or divestment/discontinuation of a business during the most recent financial year or subsequent interim period, or if any such transaction is probable at the time of the proposed IPO, the issuer may also be required to prepare and include pro forma financial information in the offering document. Preparing pro forma information can involve significant time, effort and expense and any potential need for pro forma information should therefore address early on in the IPO process so as to avoid last minute surprises or delays. The requirements for pro forma information are set forth in Annex II of the Prospectus Regulation.

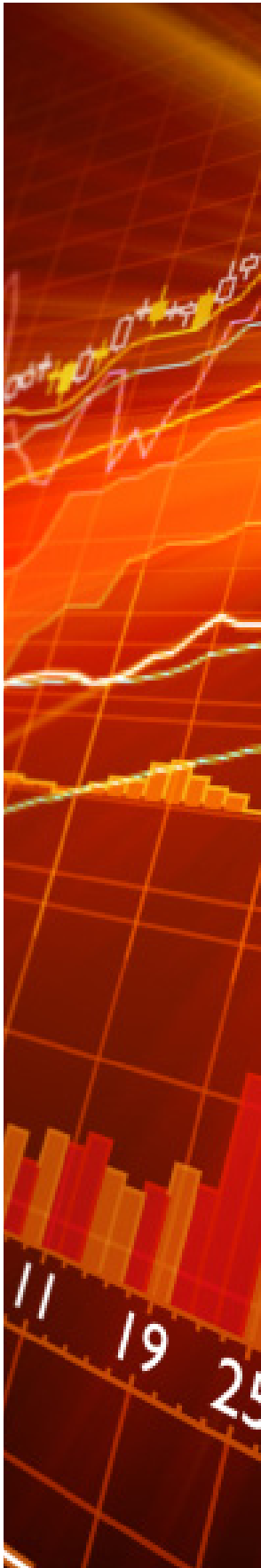
The latest consolidated versions of both Annex I and Annex II of the Prospectus Regulation are include in their entirety as exhibits in the back of this guide.

SEC-Registered Offerings

Similar requirements with regard to financial information apply for offerings in the United States and the specific requirements with regard to financial information to be included in SEC-registered transactions are set forth in the relevant SEC form (i.e. Form S-1 for U.S. domestic issuers and Form F-1 for foreign private issuers) as well as Regulation S-X.

In the Form S-1 or Form F-1 registration statement for an SEC-registered offering, issuers normally have to provide:

- selected financial information for the five most recent financial years;
- audited financial statements that cover the latest three financial years (except for the balance sheet for the earliest of the three years); and
- pro forma financial information with respect to any significant events, such as major acquisitions or dispositions).



In practice, to the extent more than 135 days have passed since the date of the most recent audited financial statements included in the prospectus, the underwriters for the IPO will also insist on the inclusion of “reviewed” interim financial statements to enable the auditors of the issuer to provide so-called “negative assurance” in a comfort letter. This is the case for both SEC-registered offerings and exempt U.S. offerings to “qualified institutional buyers” in reliance on Rule 144A. See also “-Comfort Letters” below.

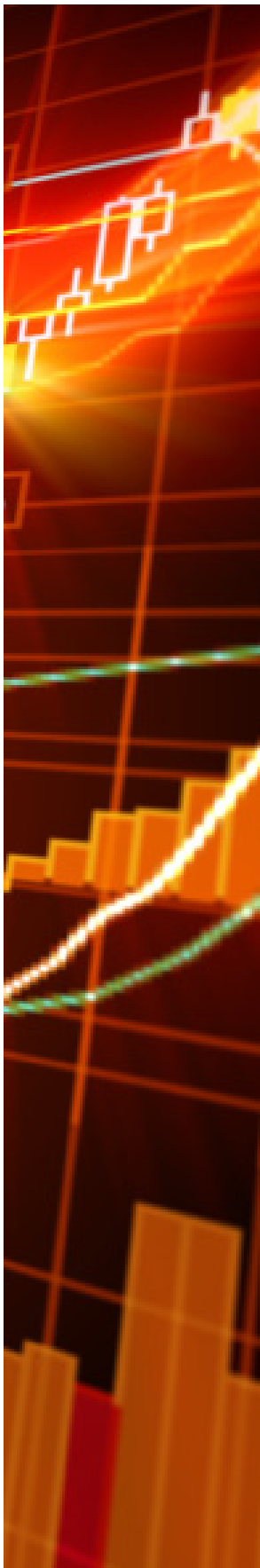
Under the JOBS Act, “emerging growth companies” (EGCs) are only required to include two years, rather than three years, of audited financial statements in any registration statement filed with the SEC. Similarly, an EGC need only present its MD&A for each period for which financial statements are presented and an EGC need also not present selected financial data for any period prior to the earliest audited period presented in connection with its initial public offering. In addition, an EGC need not comply with any new or revised financial accounting standard until such date that a company that is not an “issuer”, as defined in Section 2 of the Sarbanes-Oxley Act of 2002 (generally, a non-public company), is required to comply with such new or revised accounting standard. Finally, Section 404(b) of Sarbanes-Oxley has been amended to exempt EGCs from the requirement to obtain an attestation report on internal control over financial reporting from the issuer’s registered public accounting firm.

U.S. domestic issuers are required to prepare their financial statements in accordance with U.S. GAAP. Unless the company qualifies as a “foreign private issuer” as described under “Certain Securities Law Considerations-U.S. Securities Law Considerations-Foreign Private Issuer vs. US Domestic Issuer” below, it might therefore be required to convert the company’s existing financial statements into U.S. GAAP financial statements, which would likely require significant amount of time and expense. In addition, the company might have to make significant changes to its internal and external accounting and audit teams if it were to switch from its current accounting principles to U.S. GAAP accounting for purposes of its ongoing SEC reporting.

However, if the company (pre- and post-IPO) were to qualify as a “foreign private issuer”, it could elect to present its financial statements in conformity with either (i) U.S. GAAP, (ii) IFRS as issued by the IASB (without a requirement for reconciliation to U.S. GAAP), or (iii) local GAAP (including any local variation of IFRS, other than as issued by the IASB), provided only they are audited in compliance with U.S. generally accepted auditing standards and contain a reconciliation to U.S. GAAP. In connection with the IPO registration statement, the company would be required to reconcile only the two most recent fiscal years and any interim periods covered by the financial statements in the prospectus.

To the extent a (European) company prepares its financial statement in accordance with IFRS as adopted by the European Union and qualifies as a foreign private issuer, it would be able either to (i) restate its historic financial statements in accordance with IFRS as issued by the IASB and apply those accounting standards going forward or (ii) reconcile its financial statements to U.S. GAAP.

In any case, a company should consult its external auditors as soon as possible about the implications of a potential U.S. IPO.



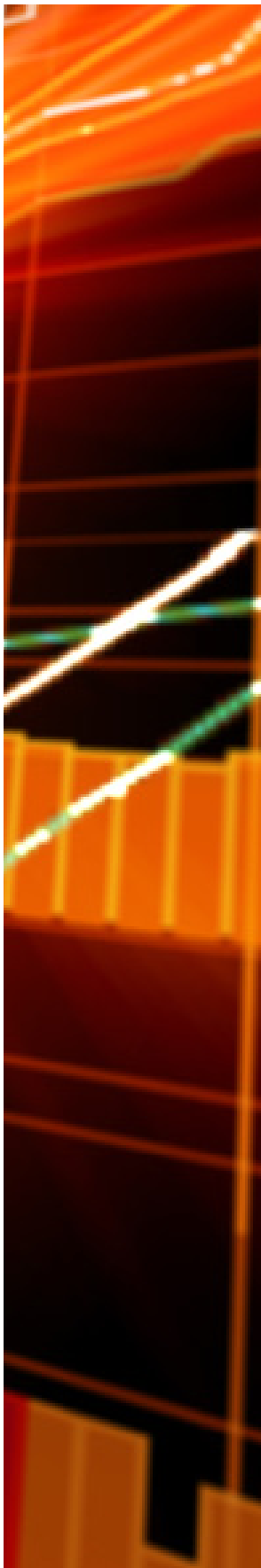
THE ENGAGEMENT LETTER WITH THE BANKS

During the initial phase of the IPO process the (lead) banks and the company (and sometimes the key shareholders) will frequently commence negotiations on an engagement letter. While practices in different markets can differ, the engagement letter essentially sets out the proposed role of the banks, the fee structure pursuant to which the banks will be remunerated if an IPO is actually completed, whether the banks will underwrite the IPO and, if so, on what basis, and the protection (typically in the form of a broad indemnity) for the banks should they have proceedings brought against them for something done (or not done) in connection with the IPO process. Certain of these provisions, once agreed in the engagement letter, will then also be mirrored in the underwriting agreement that will be signed later in the process as described below, so it is important that the company is properly advised even at this early stage. In addition, the engagement letter will often contain some form of exclusivity provision that will guarantee the lead banks participation in any IPO during the exclusivity period at a specified minimum level/percentage of the overall economics for the underwriters. At the same time, the banks will not (and cannot) commit to actually underwrite any shares at any price or guarantee a successful IPO in the engagement letter, which may be signed many months before the company is ready for the IPO. The banks will only be legally bound to participate in the IPO once all preparations (including a due diligence investigation) have been completed, the offering document has been prepared and approved by the relevant regulator and the banks and the issuer have entered into the formal underwriting agreement as described below.

However, the banks may nevertheless have a very legitimate interest in asking for at least a certain level of exclusivity and protection in the form of the engagement letter before they invest significant time, money and other resources assisting the company prepare for an IPO, possibly over the course of many months. Otherwise the banks would run the risk that the issuer could bring in other banks last minute and either significantly dilute their share of the overall IPO fees or replace them altogether once all the “heavy lifting” has already been completed and the banks may even have put their own reputation behind the IPO in private/informal conversations with potential investors (keyword: “pre-marketing”). At the same time, the company may not want to be fully tied to a particular bank or set of banks too early in the IPO process and may also otherwise have an interest in preserving at least some degree of flexibility over other aspects of the IPO process. Companies are therefore well advised to consult their legal counsel in connection with the negotiation of the engagement letter and carefully consider the appropriate timing of its signing.

THE UNDERWRITING AGREEMENT

Although practices differ in different markets and depending on the particular type of offering, the underwriting agreement (also sometimes referred to as **“purchase agreement”** or **“subscription agreement”**) is typically entered into very late in the offering process - usually after the marketing of the shares (i.e. the **“road show”**) when the underwriters and the company are prepared to “price” the offering, i.e. commit to the exact number of shares to be sold and to a fixed price per share. However, the banks will usually want the underwriting agreement to be in final, agreed form (or, especially where an engagement letter has not been entered into, possibly even signed) prior to the road shows commencing.

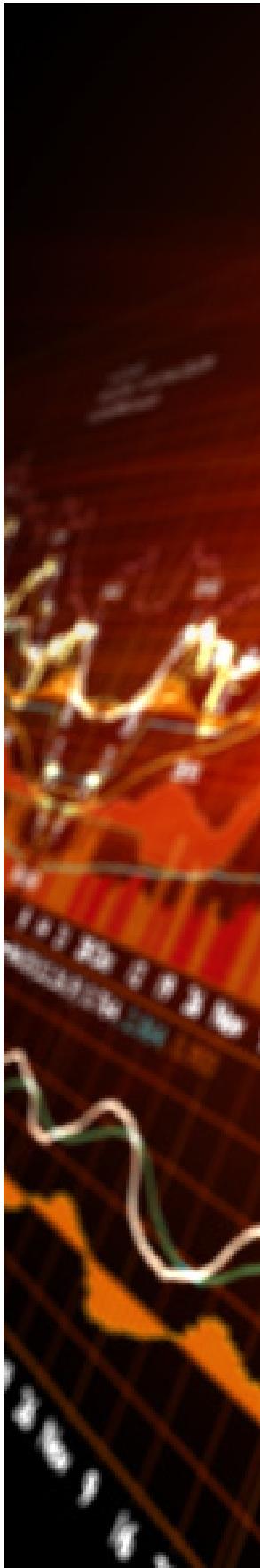


The underwriting agreement sets out the relationship and arrangements (in particular the balance of liability) as between the underwriters for the IPO, the issuer and any selling shareholder(s). In the underwriting agreement the company (and any selling shareholders) agrees to issue, as applicable, and sell a specified number of shares to the underwriters, and the underwriters, subject to certain conditions, agree to purchase the agreed number of shares from the company and/or the selling shareholders at an agreed price at closing (typically 3-5 business days after the signing of the underwriting agreement). The underwriting commitment given by the underwriters can take one of two forms: (i) a **“firm commitment”** or **“hard undertaking”** to underwrite in which the underwriters agree to take-up any shares that are not purchased by investors, or (ii) merely a **“soft commitment”** or **“reasonable endeavours”** obligation where the underwriters are required to use reasonable endeavours to sell the shares, but where there is no legal obligation by the underwriters to take up any shortfall in sales.

In addition, the underwriting agreement will include numerous representations and warranties made by the issuer (and in certain circumstances certain directors), including with regard to the company’s business and the completeness and accuracy of the prospectus and other offering materials. Arguably one of the most important provisions from the perspective of the underwriters is an agreement by the issuer to indemnify the underwriters for any losses as a result of a breach of the representations and warranties (including most importantly any losses that result from any material misstatements or omissions in the offering materials). Similarly, any shareholder that is selling shares in the offering will typically also be required to make at least some representations, for example, with regard to capacity to enter into the underwriting agreement and title in the shares they are selling, and to indemnify the underwriters. Where the selling shareholders hold a significant stake in the company pre-IPO or are otherwise involved in the management of the company, they may also be required to provide representations, warranties and indemnities with regard to the company’s business and the completeness and accuracy of the offering materials, i.e. at least with regard to those portions of the prospectus that relate to them.

Upon execution of the underwriting agreement, the underwriters where they have given a hard commitment to underwrite, take on the risk of distributing the shares to investors, i.e. they “underwrite” the offering. Should they not be able to find enough investors to acquire the shares that are the subject of the offering, notwithstanding the (positive) feedback from investors during the marketing process, they will have to acquire the shortfall themselves.

The underwriters earn the fees for their services (and the underwriting risk they take by underwriting an IPO) from the price difference (the **“underwriting spread”** or **“underwriting discount”**) between the price they agree to pay the Issuer for the shares in the underwriting agreement and the public offering price at which the shares will be (on-) sold to investors.



Greenshoe Option

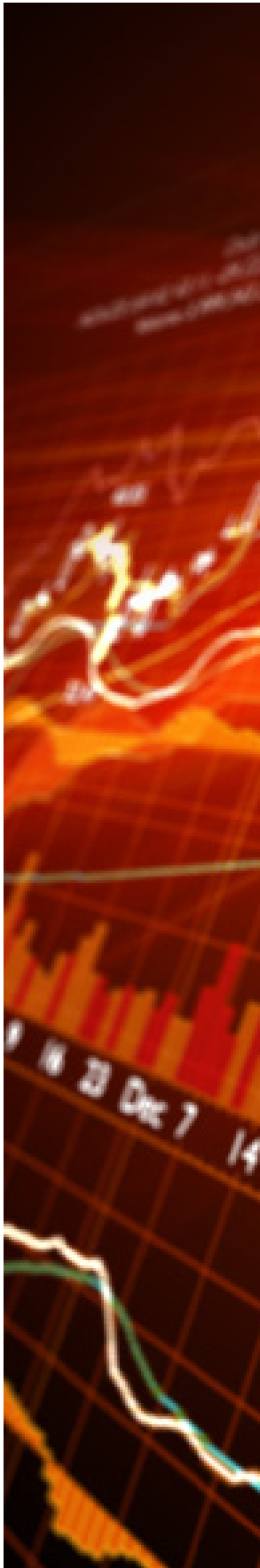
One question that frequently arises in connection with the negotiation of the underwriting agreement is whether there should be a so-called “greenshoe option” and, if so, what size it should be. The greenshoe or “over-allotment” option allows the underwriters in an IPO to “short sell” shares at the agreed public offering price, i.e. to sell more shares to investors than the fixed number of shares initially agreed with the issuer and/or the selling shareholders in the underwriting agreement. This can help the underwriters stabilize the trading price of the shares in the after-market immediately following the IPO and might, therefore, have a positive impact on the achievable IPO price, i.e. the underwriters may be able to agree to a higher / more aggressive IPO price with a sizeable greenshoe option than without one.

The greenshoe option may vary in size, but must not normally exceed 15% of the original number of shares offered. This is due to applicable securities laws and the fact that the sale of more than an additional 15% of shares could arguably be considered material information that may require the issuer and underwriters to go back to investors in the IPO and give them an opportunity to re-consider their investment decision. This is particularly the case should the issuer agree to sell additional (primary) shares pursuant to the greenshoe option, because any such additional shares would further dilute the other shareholders. Raising a significant amount of additional capital for the issuer may also be inconsistent with the “equity story” and the “use of proceeds” described in the offering documents. This concern is less relevant for secondary shares (i.e. to the extent the greenshoe option is provided by one or more selling shareholders), although a significant increase in the total offer size by way of the greenshoe option could potentially lead to an over-supply of shares in the market that may ultimately put some downward pressure on the share price.

That said, greenshoe options can be a valuable tool that can benefit the issuer, any selling shareholders and the underwriters, and their use (typically at the 10-15% level) has become standard, especially in IPOs.

THE RELATIONSHIP/CONTROLLING SHAREHOLDERS’ AGREEMENT

In connection with some IPOs, there may be a concern by potential investors (i.e. potential future minority shareholders) that a controlling shareholder / group of shareholders (usually shareholders that alone or as a group hold 30% or more of the company’s shares) may use their shareholding to unduly influence and control the company (i.e. by interfering in the company’s affairs and detracting from its independence) to the potential detriment of the future minority shareholders. See also “Getting Ready – Are there any changes that need to be made to the company’s capital structure and to the relationship with its key shareholders and other related parties?” above. To address this very real concern, to ensure that post IPO the company will be run independently of its controlling shareholders and to protect the interests of minority shareholders, investors usually expect (and some listing regimes require) that “relationship agreements” or “controlling shareholder agreements” are put in place between the company and the controlling shareholder. Relatively recent changes to the Listing Rules in the UK that apply to companies with a market cap in excess of £700 million and a Premium listing on the London Stock Exchange, for example, mean that such companies will be required to have a formal relationship agreement with their controlling shareholders. Accordingly, any significant shareholders of the company will need to consider the requirements of these agreements prior to the IPO. The material terms of the relationship agreement will be public as the agreement will need to be summarized in the prospectus.



LOCK-UP AGREEMENTS

The underwriters will usually expect the company, any significant shareholders and the directors to agree to a “lock-up” that restricts (i) in the case of the company, its ability to issue any new securities (other than possibly in connection with its equity incentive programs) and (ii) in the case of shareholders and directors, to sell their shares in the company for an agreed period after the IPO. In our experience, the existence and duration of lock-up agreements can be important factors in the investment decision of key institutional investors, especially if there is a large “overhang”, i.e. there is a large existing shareholder that could potentially sell a large stake in close proximity to the IPO, thereby flooding the market with additional shares. In addition to concerns about a potential oversupply in the market (and the resulting downwards pressure on the trading price of the company’s shares in the aftermarket), even smaller volume sales by “insider” shareholders (i.e. directors, officers or large shareholders) could potentially be over-interpreted by (and disrupt) a potentially volatile market in the shares of the company in the weeks and months immediately following the IPO.

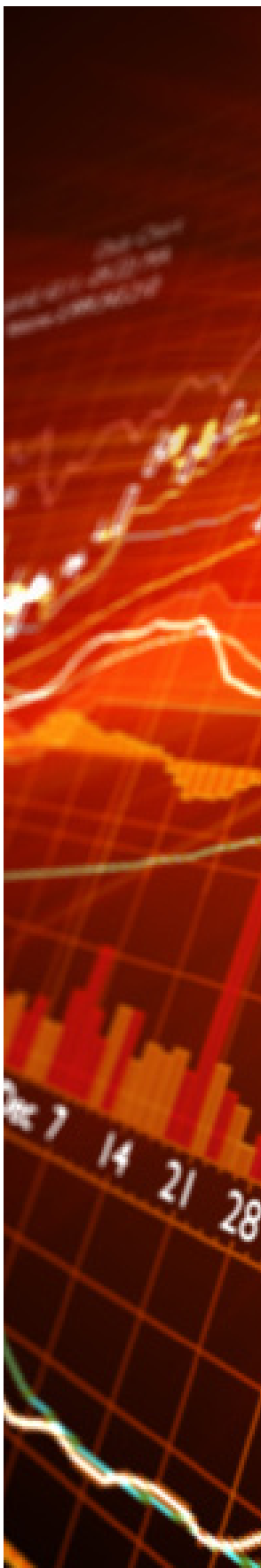
In our experience, a lock-up period of at least 180 days for both the issuer and key shareholders has become an almost universal minimum standard for IPOs, and in connection with many recent European IPOs, the issuer and certain selling shareholders have even agreed to a 365-day lock-up period. In rare cases, the shares of certain key shareholders can be locked up for even longer. Of course, the need for and duration of any lock-up period for either the issuer or a particular shareholder are ultimately commercial points that are subject to negotiation with the underwriters and will have to take into account economic factors, including any anticipated future funding needs of the issuer, as well as general market conditions.

In some instances, lock-up agreements may contain a “waterfall provision” whereby a limited number of shares are released from the lock-up over a period of time, and the (lead) underwriters can also typically waive the lock-up. Shareholders should be aware that in certain jurisdictions, if shares are locked up for longer than a stipulated period, the shares may not be counted towards the “free float” (in some jurisdictions companies are required to have a certain proportion of their shares held by the public – the “free float”). In the UK, the Financial Conduct Authority has outlined new proposals that will mean that shares of companies with a premium and standard listing that are subject to a lock-up in excess of 180 days will be excluded from counting in the free float.

LEGAL OPINIONS AND DISCLOSURE LETTERS; DUE DILIGENCE

Under the U.S. securities laws, the underwriters (as well as certain other offering participants, such as the directors of the issuer) can avoid potential liability to investors in the shares for material misstatements or omissions in connection with the offering process if they can demonstrate that they have conducted a reasonable investigation into the affairs of the issuer before selling the shares (so-called “**due diligence defence**”). To support the due diligence defence, the underwriters, their lawyers and the lawyers of the issuer in an SEC-registered offering or a Rule 144A offering will therefore conduct a thorough review of the affairs of the issuer (so-called “**due diligence investigation**”).

In case the IPO will be marketed to investors in the United States, both law firms will also be required to provide formal disclosure letters (also called “**negative assurance letters**” or “**Rule 10b-5 letters**”, named after the relevant liability provision under the U.S. securities laws) indicating that, in the course of their work on the offering and as a result of their due diligence investigations, nothing came to their attention to cause them to believe that the prospectus was materially incomplete, inaccurate or misleading.



In addition, the lawyers of both the underwriters and the issuer will be required to provide certain legal opinions, for example, with regard to due organization of the issuer, due authorization of the shares, no violation of any laws or agreements by which the issuer is bound or the availability of relevant exemptions from SEC-registration under the U.S. securities laws (so-called **“no-registration opinion”**).

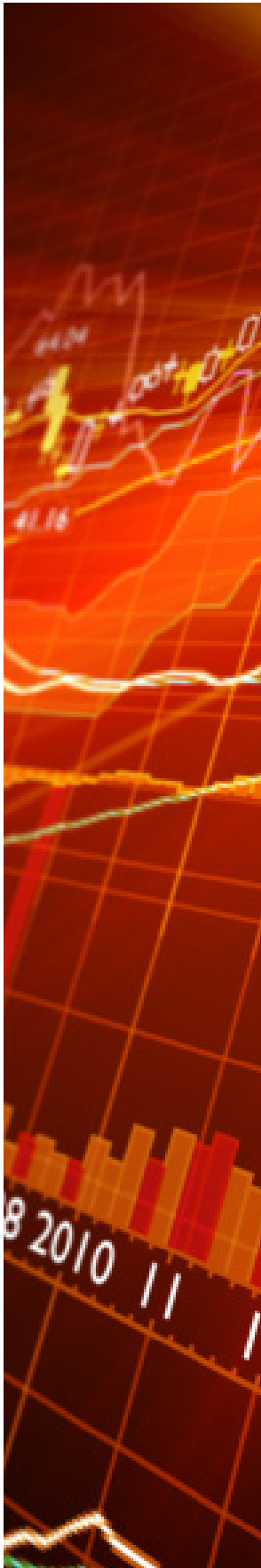
Due Diligence

The **“due diligence investigation”** by the underwriters, underwriters’ counsel and issuer’s counsel in connection with an offering of shares to U.S. investors will include an investigation of the company’s business, legal and financial affairs. In addition to participation at the various drafting sessions for the offering document, the **“business due diligence”** typically includes at least one separate meeting with senior management as well as presentations by officers of the company responsible for different aspects of the company’s business and operations. Frequently, there is also a separate **“business due diligence call”**, during which the senior management of the company responds to questions raised in a **“business due diligence questionnaire”** prepared by the underwriters and their legal advisers. In addition, the issuer’s legal advisers will often prepare **“directors & officers (D&O) questionnaires”** for the company’s directors and officers that will cover issues such as biographical details, share ownership, significant relationships with the company and potential grounds for disqualification (such as prior criminal convictions or regulatory sanctions), and the completed questionnaires will also form the basis for drafting the related disclosure in the offering document. Depending on the nature of the business of the company, the business due diligence may also include site visits / plant tours.

In connection with most IPOs, there is typically also a separate investigation of historical financial statements, any forecasts and projections as well as the company’s accounting practices. This may also involve a separate **“accounting due diligence call”** with the company’s senior internal accounting staff as well its external auditors, typically based on a separate “accounting due diligence questionnaire”. The **“accounting due diligence”** also includes the preparation, review and delivery of the “comfort letters” as described under “-Comfort Letters” below.

The **“legal due diligence”** finally entails a thorough review of the company’s legal affairs, including a review by issuer’s and underwriters’ counsel (based on a **“documentation / due diligence request list”**) of certain key documents either in a physical or virtual / electronic data room prepared by the issuer. The relevant documents include the constituent documents of the company (e.g. articles of incorporation, by-laws, shareholders agreements, committee charters, ...), the company’s board minutes, material contracts, licenses, intellectual property rights, correspondence with the company’s auditors and any regulators, as well as documentation relating to any material legal or administrative proceedings. Depending on the findings of this **“document review”**, there may also be a separate **“legal due diligence call”** with the company’s general counsel.

The lack of any adverse findings by issuer’s and underwriters’ counsel is documented in the respective disclosure letters delivered at closing of the IPO. It is NOT customary to otherwise document their due diligence investigation or to even provide any type of due diligence report, as may be customary, for example, in connection with M&A transactions.

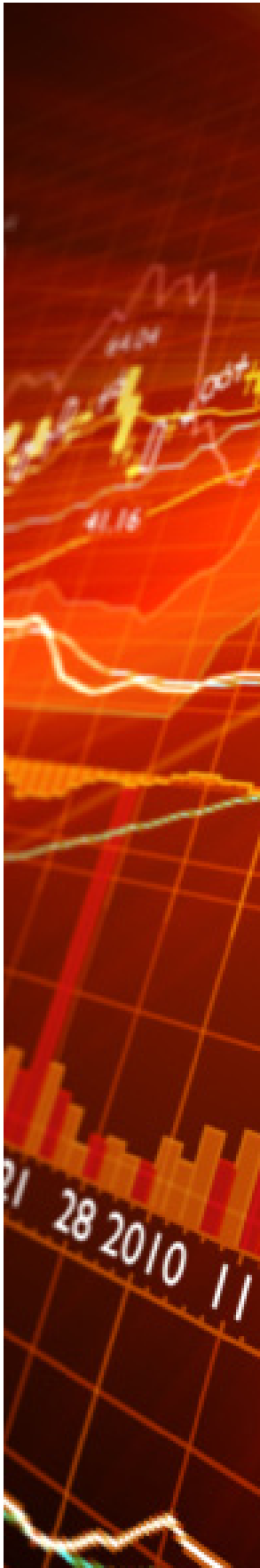


COMFORT LETTERS

Comfort letters are typically provided by the issuer's auditors at or immediately prior to "pricing" (i.e. signing of the underwriting agreement) and are another key component of the due diligence defence of the underwriters. In the comfort letter, which will follow a standard format prescribed by the relevant accounting body (e.g. Statement of Accounting Standards (SAS) 72 for U.S. comfort letters), the auditors of the issuer will typically (i) reaffirm their independence and that they stand by their audit opinion on the issuer's audited financial statements included in the prospectus, (ii) describe any (review) procedures they have performed on any interim financial information included in the offering memorandum or on any internal management accounts for any **"stub periods"** between the date of the latest audited or reviewed financial statements of the issuer and the date of the prospectus, (iii) describe any additional **"agreed upon procedures"** they have conducted with regard to the issuer's financial information included in the prospectus and (iv) provide "negative assurance" as to the absence of material changes with regard to certain specified financial line items since the date of the most recent financial statements included in the prospectus. Because auditors will only be able to provide **"negative assurance"** in a SAS 72 comfort letter to the extent no more than 135 days have passed since the date of the most recent audited or reviewed financial statements included in the offering document, it is critical to monitor timing of the proposed IPO and potentially ask the company's auditors to conduct a formal "review" of the most recent interim financial statements (for inclusion in the offering document) early-on in case there are any delays in the process that might cause the IPO to slip past the 135 day deadline. This is to enable the auditors of the issuer to provide "negative assurance" in their comfort letter and prevent potential further delays to allow the auditors to complete their review.

As a practical matter, the lawyers for the underwriters typically prepare a so-called **"circle-up"** of the offering document(s) for the auditors, circling those (financial) figures which they expect the auditors to cover and provide "comfort" on. The exact coverage of the comfort letter as well as the level of comfort on particular figure are then negotiated between underwriters' counsel and the auditors.

At closing of the offering, the auditors will provide a so-called **"bring-down"** comfort letter to re-verify, as of the closing date, that the original comfort letter is still valid.



KEY PARTIES

The following is just a brief over view of the various parties involved in IPO.

THE ISSUER

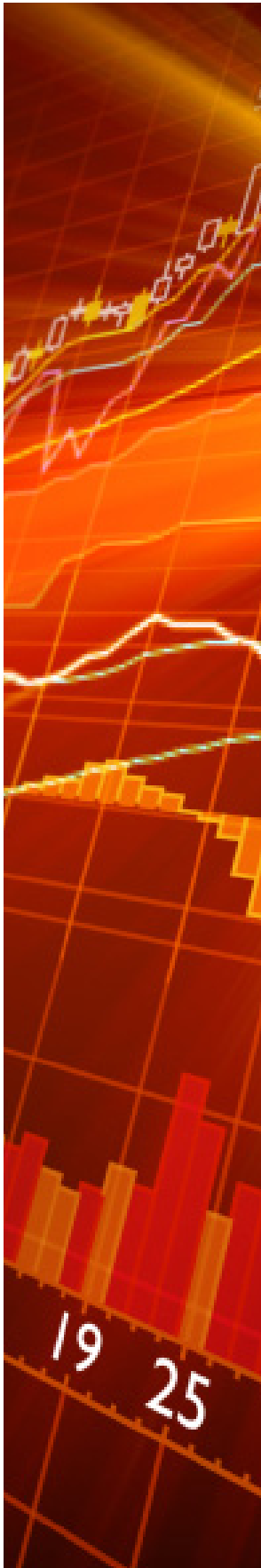
The “issuer” is the legal entity whose shares will be offered to investors and subsequently listed on the relevant stock exchange. The precise identity of the “issuer” whose shares are to be listed will depend on a variety of factors. In some cases it may be possible for an existing holding company to serve as the issuer. However, there may be various factors that dictate against using the existing holding company, including (i) it may be not be possible to list the shares of the current entity on a foreign stock exchange without also listing on a local exchange, (ii) using an entity incorporated outside of the jurisdiction of the stock exchange upon which the shares will be listed may make it difficult for the issuer to be included in any indices (there are certain advantages of being eligible for indexation), (iii) tax considerations may make it more tax efficient for shareholders to hold shares in an entity organized in another jurisdiction, and/or (iv) the existing entity may be incorporated in a jurisdiction (and be subject to the relevant corporate law regime) that is unfamiliar to investors, making it preferable to use an entity organized in a jurisdiction that investors are more comfortable with. A further consideration is to what extent, if any, the jurisdiction of incorporation will impact upon the regulatory burden that will apply to legislative and regulatory framework of the company. The company and its owners may therefore need to explore available options for a potential pre-IPO reorganization or redomiciliation, with the support of their legal, tax and financial advisers. See also “Getting Ready” above.

THE SELLING SHAREHOLDERS

Certain existing shareholders of a company (commonly referred to as “selling shareholders”) may use the IPO as a liquidity event to sell down some or all of their shareholding. The offering of the shares that are sold by the selling shareholders is referred to as a “secondary offering”, as opposed to a “primary offering” that involves sales of (newly issued) shares to investors directly by the company where the company receives the proceeds from the sale of the shares. Selling shareholders may, depending on the size of their shareholding, be required to be parties to the underwriting agreement and be asked to give comfort to the banks on certain issues in the form of representations, warranties and indemnities. See also “The Underwriting Agreement” above. Selling shareholders who retain shares in the company may, depending upon the size of their remaining shareholding, be requested to enter lock-up agreement to prevent them disposing of more shares in the aftermarket. See also “Lock-Up Agreements” above.

THE MANAGEMENT OF THE ISSUER

Management, and particularly the CEO and CFO, will be heavily involved in the IPO process and their active participation in the process will be a key determinant in ensuring that the IPO is successful and is not delayed. An IPO places a heavy burden on the company’s organisation from a time management and human resources perspective, especially as the company has an existing business to run in addition to dealing with the IPO work stream. Senior management will be required to attend management presentations, due diligence sessions that focus on the business, and the CEO and/or CFO will also required to attend drafting sessions on the prospectus with their counsel and the broader group of IPO advisers. The CFO will be heavily engaged with the



accountants in the preparation of the financial statements and various financial models that need to be prepared. The CEO and CFO will also have central roles to play on the road shows with investors where they will need to convey information relating to the company's vision for the future and its financial position. Other members of the management team (e.g. heads of divisions/product areas, the general counsel (if the company has appointed a general counsel), the human resources manager, the public relation officer etc.) will also have roles to play in terms of explaining what their respective departments do and how they function and fit into the broader corporate structure and strategy. In addition, they will need to be available to respond to due diligence and verification queries that may arise.

In order to be able to efficiently manage the IPO process, many companies appoint an internal project manager responsible for the overall co-ordination of the IPO process, both from an internal perspective and in terms of dealing with the various external advisors involved in the IPO process. The person appointed in this role will not only need to be intimately familiar with the company, its business and personnel, but must also have sufficient authority to make decisions and get others to respond to what has been asked of them.

THE AUDITORS/REPORTING ACCOUNTANT OF THE ISSUER

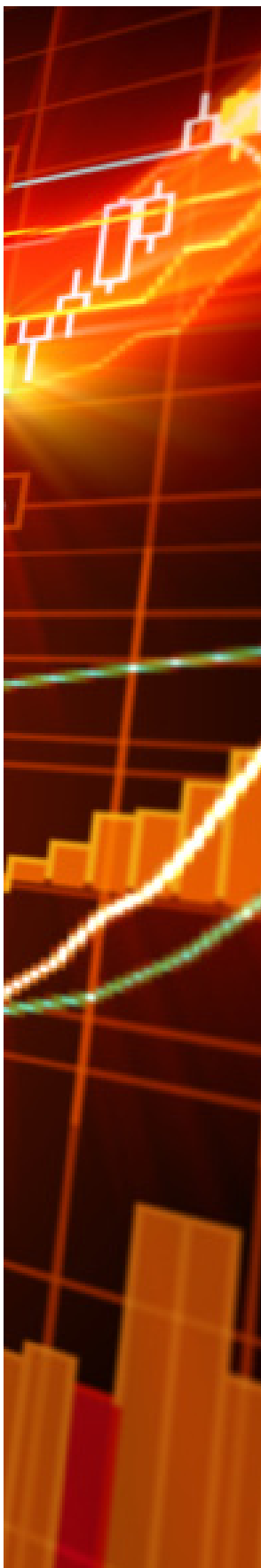
As described under "Key Documents-The Prospectus-The Financial Statements" above, the prospectus will need to include certain historical financial information and, in some cases, pro-forma financial information. The company's auditors, who will need to be independent, will be responsible for assisting the company in preparing the company's financial statements and any pro forma financial information that may be required.

Applicable listing rules in some jurisdictions (including in the United Kingdom) may also separately contemplate the formal role of the "reporting accountants" (who will typically be the auditors) who will be responsible for conducting financial due diligence, the scope of which will be determined in discussions with the underwriters and the company. The reporting accountants will provide comfort on their findings to the underwriters in a specified format. In the United Kingdom, for example, this would include a long form report, financial reporting procedures memorandum and a working capital report.

In addition, the auditors/reporting accountants will be required to provide the various comfort letters to the underwriters as described under "Key Documents-Comfort Letters" above.

THE UNDERWRITERS

The underwriters play a central role both before and following the IPO, which goes far beyond the basic agreement to sell shares on either a "firm commitment" or "reasonable endeavours" basis. See also "Key Documents-The Underwriting Agreement" above. The (lead) underwriters will also be responsible for/assist with, among other things, conducting due diligence (via due diligence sessions held with management, and the auditors, attending drafting sessions and raising queries generally), drafting the prospectus and other marketing materials (e.g. investor presentations) to address queries that investors may have, developing the "equity story" with the company's management and positioning the company in the market, recommending a particular listing venue, providing advice on market conditions and on the timing of the IPO, co-ordinating and organizing road show meetings, advising on the optimum allocation of shares, and recommending the offer price (range).



Following completion of the IPO, the underwriters will further assist in maintaining an orderly market in the newly-listed shares, including by using “stabilization” techniques.

The lead underwriter(s) that is/are responsible for overseeing the entire offering and for co-ordinating the activities of the other underwriters is/are sometimes called “lead manager(s)” or “global co-ordinator(s)”. To the extent a single bank takes the lead role on an IPO, this can be indicated by appointing this bank as “sole” lead manager / global co-ordinator, or by simply listing the name of that bank to the top left where the names of the members of the underwriting syndicate are listed on the cover page of the prospectus (so-called “left lead”). Other banks with less prominent roles in the IPO process and a smaller economic stake in the IPO may be referred to as “co-managers”, although practices and descriptions of roles can vary considerably depending on factors such as the size of the IPO, the specific nature of the offering and the involvement of a particular bank in different aspects or portions of the offering.

THE LEGAL ADVISERS

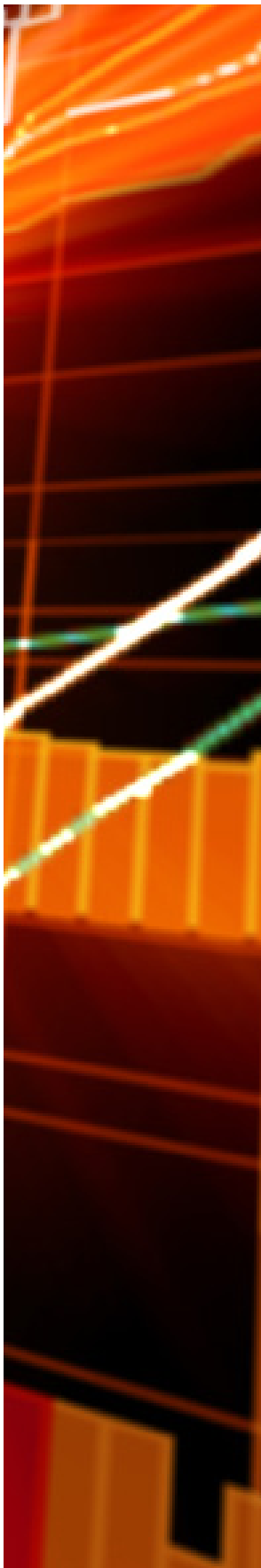
For IPOs with a U.S. offering component, for European IPOs on a “regulated market” and even for sizable European IPOs on “exchange-regulated” markets there will ordinarily be separate legal advisors appointed for the issuer and for the underwriters or placement agent. Depending on the jurisdiction of organization of the issuer and proposed listing venue, there may also be separate “local counsel” and “international counsel” to both the issuer and the underwriters. Especially in connection with smaller IPOs, the issuer may want to explore the idea of appointing a single “deal counsel” to save costs, but this is almost never advisable as this may significantly impair the effectiveness of counsel to act as an impartial adviser, due to certain conflicts of interest that exist between the issuer and underwriters at various stages of the IPO process.

The legal advisors will assist their respective clients in the preparation of the prospectus, manage relationships with securities regulators and stock exchanges, draft and negotiate the underwriting agreement and ensure the smooth completion of the transaction.

Although any company of sufficient size to consider an IPO will previously have engaged external lawyers for general corporate and commercial matters, potential IPO candidates may often have to find new counsel with the relevant experience and expertise for advice on the IPO.

OTHER PARTIES

In addition to the main parties described above, there are a number of additional parties that will often be involved in an IPO. For example, the company will need to appoint a registrar to administer its share register following the IPO and deal with the practicalities of sending circulars to shareholders, counting votes at shareholder meetings, dealing with shareholder proxies and corporate representatives who attend meetings, arranging payment of dividends and dealing with other corporate actions. If depositary receipts (rather than shares) are being listed, the company will also enter into a deposit agreement with a **depositary bank**. In addition, a **financial printer** will also need to be appointed to help with the professional type-setting of the prospectus and to print physical copies of the final prospectus for distribution to potential investors.

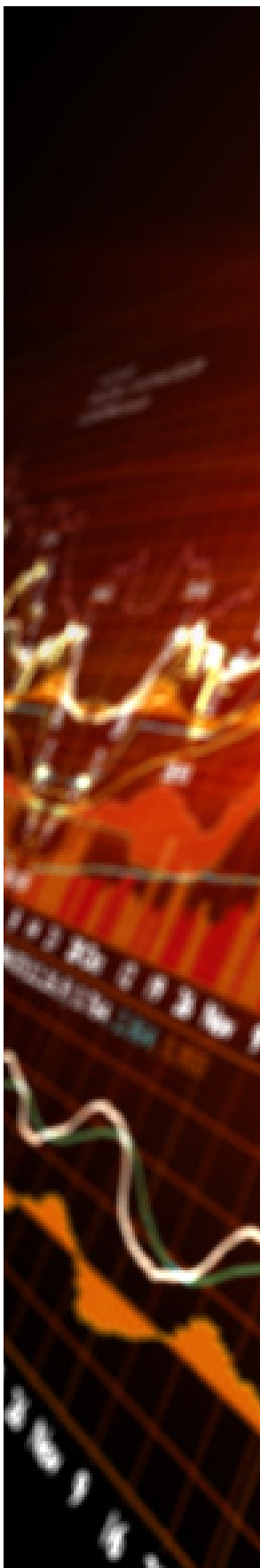


CERTAIN SECURITIES LAW CONSIDERATIONS

The securities laws of many jurisdictions, in particular the United States, impose various restrictions on publicity and the release of information generally in connection with proposed offerings of securities. **“Publicity”** for this purpose can be construed very broadly and may include any form of communication, whether in written, oral or electronic form, that (i) relates to or concerns the offering, (ii) relates to the performance, assets, liabilities, financial position, revenues, profits, losses, trading record, prospects, valuation or market position of the company, (iii) might affect an investor’s assessment of the financial position and prospects of the company, or (iv) otherwise has the purpose, or reasonably could have the effect, of **“conditioning the market”** in a particular jurisdiction (i.e. generating or promoting interest in the offering) or influencing or encouraging an investor’s interest in the company or the offering or a decision to purchase the securities in question. Failure to observe these publicity restrictions may trigger requirements, for example, to publish a prospectus, register the offering with a securities regulator or similar requirements under the securities laws of various jurisdictions. This could ultimately have a significant adverse affect on the offering, including by way of delays to the timetable related to a **“cooling off period”** that may be imposed after improper publicity under the U.S. securities laws.

In addition, releasing information that is inaccurate, misleading or inconsistent with the prospectus to be published in connection with an offering is undesirable. The release of any such information may cast doubt on the accuracy of the prospectus and ultimately may result in liability for alleged material misstatements or omissions in the prospectus. It is important that all information released in connection with an offering should be verifiably accurate and consistent with the prospectus.

To ensure compliance with all applicable securities laws and regulations, the company’s lawyers typically prepare **“publicity guidelines”** at the outset of a proposed offering. These guidelines will be agreed with counsel to the underwriters, and the company and other participants in the IPO will need to ensure that they are familiar with the publicity guidelines. The respective parties (i.e. the company, the underwriters, PR advisers and the directors and officers and employees of the company) will need to adhere to the provisions set out in the publicity guidelines as this will assist in facilitating a smooth IPO process. In order to avoid the legal risks of uncontrolled communication with the public, it is often advisable for the company to designate an individual to serve as a single point of contact for the press and securities analysts and responsible for all broad-based communications during the IPO process, including any announcements that the company may wish to make. When in doubt whether a particular proposed communication is permissible or potentially problematic under the publicity guidelines, that individual can then arrange for the proposed communication to be reviewed by the company’s lawyers.



U.S. SECURITIES LAW CONSIDERATIONS

Section 5 of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), prohibits any sales or offers for sale of securities unless a registration statement (including a prospectus that meets statutory requirements) has been filed with the U.S. Securities and Exchange Commission (“**SEC**”) or unless an exemption from such registration is available.

SEC-Registration/U.S. Listings

The following discussions assume that the company will conduct a public offering of new shares in the United States concurrent with its listing on a U.S. stock exchange, such as the New York Stock Exchange (NYSE) or Nasdaq. The following analysis and the process for “going public” in the United States would be very different if the company chose to (only) list its shares on a U.S. stock exchange without also conducting a concurrent public offering of new shares in the United States.

Shares vs. American Depositary Receipts

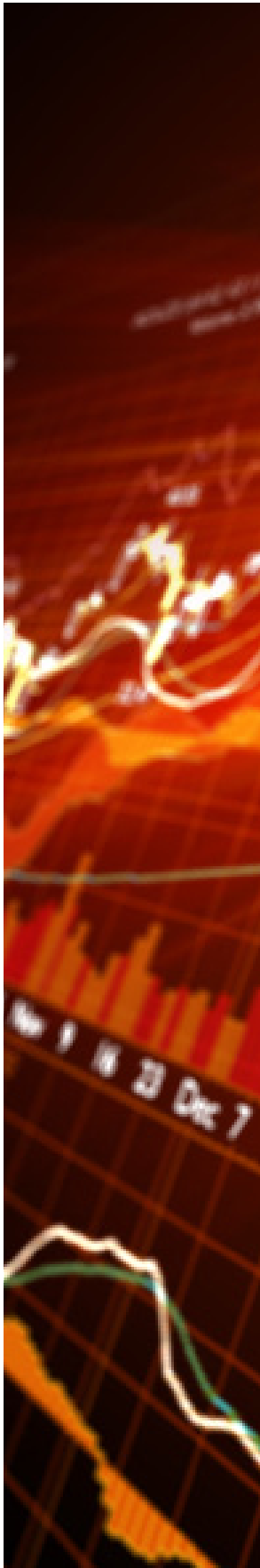
Most foreign issuers with equity securities listed on a U.S. stock exchange choose to list American depositary shares (“**ADSs**”) represented by American depositary receipts (“**ADRs**”) rather than their ordinary shares directly. ADRs are negotiable receipts issued by a U.S. commercial bank functioning as a depositary that holds the underlying shares of the issuer either directly or through a correspondent in the issuer’s home country serving as a custodian. A single ADR may represent a single underlying share, but may also represent multiple underlying shares. Generally, an ADR holder has the right to exchange its ADRs for underlying shares at any time and holders of shares can deposit shares into the ADR facility and receive (listed) ADRs.

Should the company decide to list and offer ADRs in the United States, it would be required to enter into a depositary agreement with a depositary and set up a so-called “sponsored level III ADR program”. There are literally thousands of existing (sponsored and unsponsored) ADR programs and the relevant documentation and the mechanics of ADR programs are, therefore, generally accepted and well understood by market participants.

On the downside, the deposit of shares into an ADR facility may trigger stamp duty or have other negative tax consequences in certain jurisdictions. In addition, depositary banks charge ADR holders fees for certain services (e.g. cancellation or issuance of ADRs, currency conversion and payment of dividends, etc.) that will not be incurred by direct holders of the underlying shares. On large and active ADR programs, depositaries therefore sometimes pay issuers for being selected as depositary. Depending on the size and the level of activity (i.e. in terms of cancellation and issuance of ADRs) under the ADR program, the relevant payments can be significant, and issuers may use these payments for their US investor relations activities.

If the (foreign) company’s shares are only listed in the United States, the company may be able (subject to applicable corporate law) to have its share registrar in the United States and may also be able to declare and pay dividends on its ordinary shares in US dollars, rather than in the local currency of its jurisdiction of organization. One of the frequently cited benefits of ADR programs for US investors (i.e. automatic conversion of foreign currency dividends into US dollars by the depositary) would then not be relevant.

The company should therefore seek the advice of the underwriters (from a commercial/investor perspective) as well as its legal advisers in the relevant jurisdictions early in the IPO process to be able to decide whether a listing of ADRs or ordinary shares would be preferable.



Foreign Private Issuer vs. US Domestic Issuer

Another important determination that needs to be made at the outset of a U.S. IPO process is whether the company will be treated as a regular U.S. domestic issuer or whether the company will qualify as a so-called “foreign private issuer”.

The term “**foreign private issuer**” is defined as any foreign corporation or organization other than a foreign government except an issuer that meets the following conditions:

- more than 50% of the outstanding voting securities of such issuer are directly or indirectly held of record by residents of the U.S.; and
- any of the following:
 - the majority of the executive officers or directors are U.S. citizens or residents;
 - more than 50% of the assets of the issuer are located in the U.S.; or
 - the business of such issuer is administered principally in the U.S.

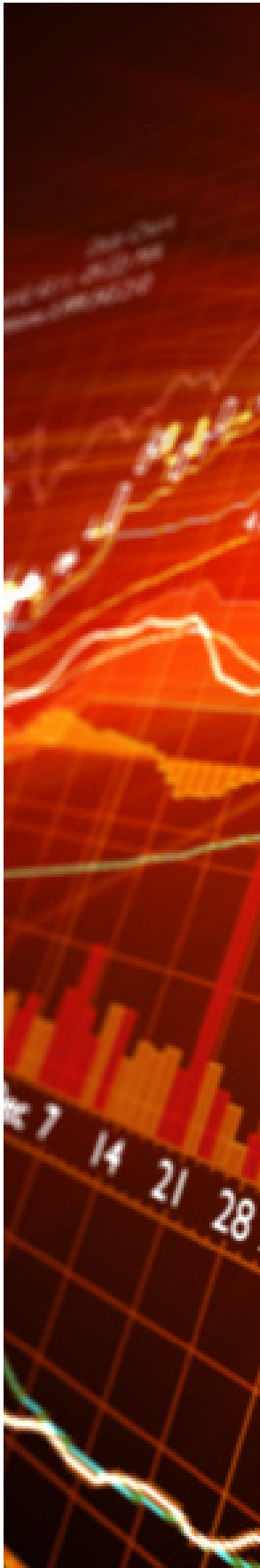
Of course, the company and its owners may decide to use a newly-created U.S. holding company as the issuing entity (so that the issuer won’t qualify as a foreign private issuer) or to voluntarily comply with the stricter requirements applicable to IPOs by U.S. domestic issuers.

Characterisation as a foreign private issuer vs. a U.S. domestic issuer is significant for a number of reasons, including the following:

- the required disclosures in the IPO registration statement are significantly less stringent than those applicable to U.S. domestic issuers;
- periodic reporting requirements are significantly less burdensome for foreign private issuers than U.S. domestic issuers (e.g. with regard to executive compensation disclosure requirements);
- foreign private issuers may prepare their financial statement in accordance with IFRS, rather than US GAAP;
- with certain exceptions, foreign private issuers are largely permitted to follow the corporate governance standards of their home jurisdiction; and
- various other provisions of the federal securities laws are not applicable to foreign private issuers, for example, the “proxy rules” relating to disclosure and certain procedures for the solicitation of shareholder votes (including requirements to conduct “say-on-pay” and “frequency” votes), the publicity rules contained in Regulation FD and the beneficial ownership reporting and short-swing profit liability rules under Section 16 Exchange Act..

In our experience, U.S. investors are very familiar and comfortable with the special disclosure rules and accommodations the SEC has made available to foreign private issuers and we are not aware of any conclusive empirical data that would support better valuations in the U.S. markets for securities issued by U.S. domestic issuers vs. foreign private issuers. However, we would encourage companies to ask the (potential) underwriters for a proposed U.S. IPO to express a view (from a commercial/investor perspective) on the two alternatives.

To the extent a company does decide to register with the SEC as a foreign private issuer, it may have to closely monitor its shareholder structure to ensure it continues to qualify as a foreign private issuer. With a (sole) listing on a U.S. stock exchange and potential future follow-on offerings in the United States, it is likely that the percentage of U.S. record holders will increase over time. Should this percentage ever exceed 50%, the company will have to ensure that it does



not meet any of the tests under the second prong of carve-out from the definition of “foreign private issuer” set forth above. Should the company ever cease to qualify as a “foreign private issuer”, it will become subject to the same ongoing reporting obligations (and be required to file the same SEC forms) as regular U.S. domestic issuers as described elsewhere in this guide.

Emerging Growth Companies

In addition to the potential accommodations for foreign private issuers, certain companies may benefit from the Jumpstart Our Business Startups Act (“**JOBS Act**”) which was enacted by the U.S. Congress in April 2012 and created a new regulatory on-ramp for so-called “**emerging growth companies**” (“EGCs”) that decide to conduct a U.S. IPO. Among other things, EGCs benefit from confidential SEC staff review of their IPO registration statements, scaled registration statement disclosure requirements and fewer restrictions on test-the-waters and research communications around the time of securities offerings. See also “Key Documents-The Prospectus-The Financial Statements-SEC-Registered Offerings” above.

The term “**emerging growth company**” is defined as a company with annual gross revenues of less than \$1 billion during its most recent fiscal year. An issuer remains an emerging growth company until the earliest of: (A) the last day of the fiscal year during which it had total annual gross revenues of \$1 billion or more; (B) the last day of the fiscal year following the fifth anniversary of its initial public offering date; (C) the date on which it has, during the previous three-year period, issued more than \$1 billion in non-convertible debt; or (D) the date on which it is deemed to be a “large accelerated filer” (i.e. the common equity held by non-affiliates has a market value of more than \$700 million).

To the extent a company chooses to take advantage of any benefits available to EGCs, it will lose any such benefits as soon as it ceases to qualify as an EGC, i.e. in any case no later than five years after its U.S. IPO.

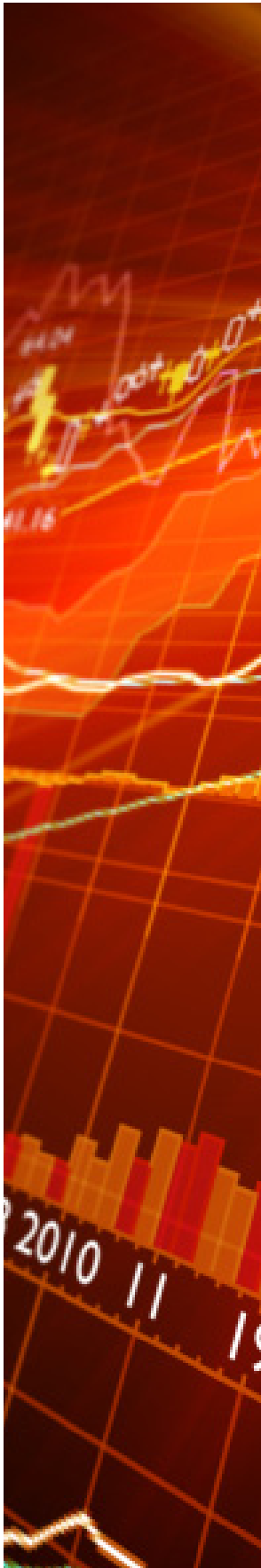
SEC Registration Process

As explained above, under Section 5 of the Securities Act, each issuer that wishes to offer securities to the general public in the United States must first file a registration statement with the SEC and wait until this registration statement has been declared effective by the SEC before it can sell any securities.

Form S-1 vs. Form F-1

U.S. domestic issuers must file a registration statement on Form S-1, while foreign private issuers may (but are not required to) use a registration statement on Form F-1. The disclosure rules under Form F-1 are significantly less onerous than those under Form S-1. In particular, Form F-1 integrates with the international disclosure standards of Form 20-F, which will normally make it easier for non-U.S. issuers to prepare the registration statement. See also “Ongoing Obligations as a Public Company – Ongoing Obligations of Listed Companies in the U.S.” below. For a general description of the content requirements for prospectuses included in SEC registration statements, see also “Key Documents – The Prospectus” above.

In any case, the process of preparing the IPO registration statement (including the relevant financial information) and obtaining SEC clearance will likely be a key driver in determining the overall timing and costs of the proposed IPO.



If the company were to list ADRs, rather than ordinary shares, the company would also be required to file a separate registration statement on Form F-6. The Form F-6, however, is a relatively short and technical filing and would not have any significant impact either on the timing or costs of the proposed IPO.

Non-Public Submissions; Confidential SEC Review

As described in more detail under “European Securities Law Considerations – Prospectus Approval Process under Prospectus Directive” below, the prospectus approval process under the Prospectus Directive in Europe is entirely confidential.

The review process for SEC registration statements, on the other hand, is normally fully public. This means that unless the particular offering qualifies for confidential review, all filings of registration statements with the SEC (including the initial filing, all subsequent versions as well as any SEC comments and the issuer’s responses) will normally be publicly accessible in real-time via the SEC’s website. This includes all filings of registration statements (including IPO registration statements) by U.S. domestic issuers that do not qualify as emerging growth companies under the JOBS Act as well as all filings by foreign private issuers and emerging growth companies in connection with any follow-on offerings (i.e. offerings subsequent to their U.S. IPO).

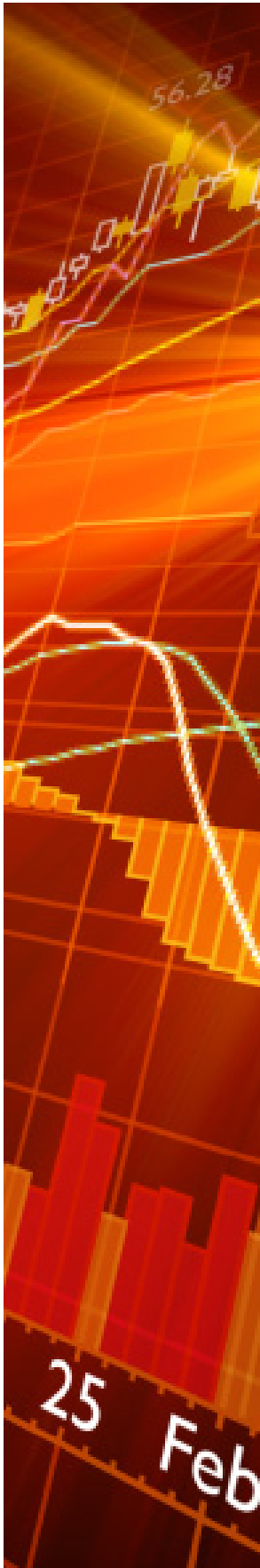
However, the SEC has long recognized that foreign private issuers often face unique circumstances when accessing the U.S. public markets in connection with the initial registration of their securities with the SEC. The SEC staff has therefore afforded to foreign private issuers the ability to submit registration statements and amendments on a non-public basis in connection with their first-time registration with the SEC, permitting the SEC’s staff to review and comment on disclosure, and the issuer to respond to staff comments, before a public filing is made through the SEC’s EDGAR system.

Historically, the majority of foreign private issuers (including European issuers) registering securities with the SEC also had or were having their securities traded on a foreign securities exchange, and the foreign market ordinarily did not have a practice of requiring public disclosure of the registration statement before completion of review. More recently, however, the vast majority of foreign private issuers using the SEC’s non-public review procedure did not and were not contemplating listing securities outside the United States.

In December 2011, the SEC therefore limited its policy with respect to the non-public submission of initial registration statements by foreign issuers. Since then, the SEC’s staff reviews initial registration statements of foreign private issuers that are submitted on a non-public basis only where the foreign private issuer: (1) is listed or is concurrently listing its securities on a non-U.S. securities exchange; (2) is being privatized by a foreign government; or (3) can demonstrate that the public filing of an initial registration statement would conflict with the law of an applicable foreign jurisdiction. In addition, shell companies, blank check companies and issuers with no or substantially no business operations are not permitted to use the non-public submission procedure.

The SEC’s policy statement on non-public submissions by foreign private issuers further includes the following reminders for foreign private issuers:

- Under certain circumstances the SEC’s staff will request a foreign issuer to publicly file its registration statement even though it comes within the general parameters of the policy, for example, in connection with a competing bid in an acquisition transaction or publicity about a proposed offering or listing.
- When non-public registration statements are submitted to the SEC’s staff, the document must be complete. The timing and scope of staff review of non-public submissions of registration statements are generally the same as for publicly filed registration statements.



- The non-public submission of a registration statement under the policy does not constitute the filing of a registration statement under the Securities Act. Under Section 5(c) of the Securities Act, offers of securities cannot be made in the United States until a registration statement is publicly filed with the SEC using the EDGAR system.

The non-public submission policy for foreign private issuers is separate from the confidential registration statement review procedures available to emerging growth companies under the JOBS Act. However, foreign private issuers that meet the requirements in the JOBS Act are eligible to be treated as emerging growth companies and can therefore choose between the two different options.

Foreign issuers that are eligible under the SEC's policy for non-public submissions must submit their draft registration statements in the same manner as "emerging growth companies" under the JOBS Act. Foreign private issuers that do seek to be treated as emerging growth companies must, among other things, follow the procedures applicable to emerging growth companies with respect to both confidential submissions and the timing of the public filing of their registration statements.

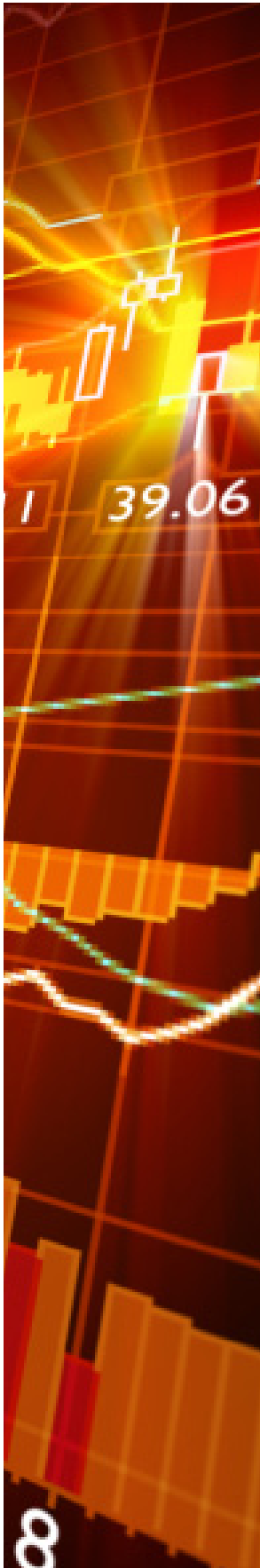
In addition, foreign private issuers, whether submitting draft registration statements pursuant to the foreign issuer non-public submission policy or as an emerging growth company under the JOBS Act, will be required, at the time they publicly file their registration statements, to also publicly file their previously submitted draft registration statements and resubmit all previously submitted response letters to staff comments as correspondence on EDGAR. All staff comment letters and issuer response letters will be posted on EDGAR in accordance with SEC staff policy.

SEC Review Process

After the registration statement is filed with (or confidentially submitted to) the SEC, it is assigned to a team of reviewers that will process the registration statement through to effectiveness. The initial SEC review will typically take around thirty days and results in a set of written comments. The registrant will then prepare and file an amended registration statement responding to the comments and otherwise updating the information set forth in the registration statement. This process typically gets repeated for several rounds of comments, except that the SEC response time will typically become shorter with each consecutive amendment. The confidential SEC review process described above is not substantially different from this process, except that the initial filing and subsequent amendments will not immediately be available to the public.

Once the staff is satisfied that an amended registration statement adequately addresses all its comments, the SEC will, upon written request of the registrant and the managing underwriter, declare the registration statement effective on a date requested by the parties. Sales to the public may commence as soon as the registration statement becomes effective, although offers and other publicity about the proposed IPO are (technically) permissible as soon as the registration statement has been filed.

The entire SEC process from the initial kick-off meeting for an IPO to final SEC clearance typically takes between 3 and 5 months. For a more detailed indicative timeline of both the regular (public) SEC review process and the confidential SEC review process, see "Indicative Transaction Timetables" below.



Prospectus Liability

If the registration statement, at the time it becomes effective, contains any untrue statement of a material fact or omits to state a material fact that is necessary for the registration statement not to be misleading, the company, its officers and directors, the underwriters and certain other persons may be liable to anyone acquiring a security covered by the registration statement. See also “Key Documents – Legal Opinions and Disclosure Letters” and “Key Documents – Comfort Letters” above.

SEC Filing Fees

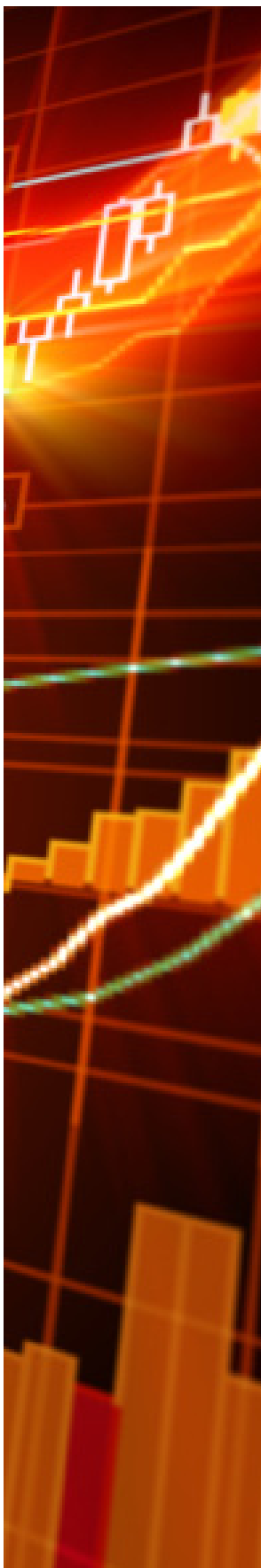
The amount of SEC filing fees payable in connection with the IPO will depend on the value of the securities to be (newly) issued in connection with the IPO. The current fee rate is \$128.80 per \$1,000,000 of securities registered.

Exempt Transactions: Rule 144A and Regulation S

Most securities offerings by European issuers are conducted in reliance on one or more exemptions from the registration requirement under Section 5 of the Securities Act. In particular, most IPOs by European issuers are marketed (i) in the United States exclusively to so-called “**qualified institutional buyers**” or “**QIBs**” in reliance on Rule 144A under the Securities Act (“**Rule 144A**”) and (ii) outside of the United States in reliance on Regulation S under the Securities Act (“**Regulation S**” or “**Reg. S**”).

Rule 901 of Reg. S contains a general statement of the applicability of the registration requirements of the Securities Act. It clarifies that any offer, offer to sell, sale, or offer to buy that occurs “within the United States” is subject to the registration requirements of Section 5 of the Securities Act while any such offer or sale that occurs “outside the United States” is not subject to Section 5. The determination as to whether a transaction occurs “outside the United States” will be based on the facts and circumstances of each case.

Helpfully, Reg. S also contains a number of more specific “safe harbor” provisions, including most notably the safe harbor provided by Rule 903 of Reg. S whereby an offer or sale of a security is deemed to occur “outside the United States” if (i) the offer or sale are made in “**offshore transactions**” and (ii) no “**directed selling efforts**” are made in the United States by the issuer, the underwriters, any other distributor, any of their respective affiliates, or any person acting on their behalf. “**Directed selling efforts**” means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the U.S. for any of the securities being offered in reliance on Reg. S. It is therefore necessary for the U.S. securities lawyers involved in an offering to analyze any relevant activity or communication in terms of its audience, timing and content as well as in light of both the various exceptions included the definition of “**directed selling efforts**” and the relevant SEC staff positions.



The requirements that offers or sales are made in offshore transactions and not involve any directed selling efforts apply to any offering intended to fall within one of the safe harbors provided by Reg. S. However, in order to qualify for a given safe harbor, certain additional requirements (e.g. the implementation of additional offering restrictions and the imposition of a **“distribution compliance period”**) may have to be met as well. These requirements vary depending principally on the status of the issuer and are generally least restrictive when it is least likely that securities offered abroad will flow into the U.S. market (Category 1) and most restrictive when adequate information about the issuer is not publicly available in the United States and existing potential U.S. market interest is sufficient (i.e. there is so-called **“substantial U.S. market interest”** or **“SUSMI”** with respect to the relevant securities) to suggest that offerings of the issuer’s securities outside the United States may not come to rest abroad (Category 3). When adequate information about the issuer is publicly available in the United States (Category 2), the concerns about securities flowing into the U.S. market are reduced, and the restrictions fall between these two extremes.

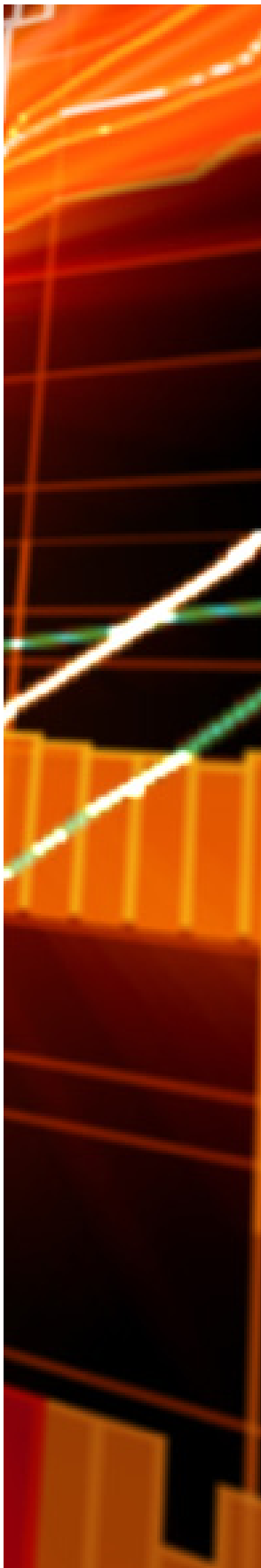
Rule 144A provides a safe harbor that permits resales of securities (including resales by the underwriters in a securities offering) only to qualified institutional buyers in the United States. **“Qualified institutional buyers”** include various enumerated categories of sophisticated institutional investors with at least \$100 million of securities of non-affiliates under management as well as SEC-registered broker-dealers owning and investing at least \$10 million in securities of non-affiliates. In addition, to be eligible for the Rule 144A safe harbor, purchasers must be notified that a proposed sale is made pursuant to Rule 144A (typically by way of appropriate legends and disclaimers in the offering memorandum) and the relevant securities must (i) not be of the same class as securities listed on a U.S. exchange or quoted on a U.S. automated inter-dealer quotation system, (ii) not be convertible or exchangeable into listed or quoted securities with an effective premium of less than 10%, and (iii) not be issued by an open-end investment company.

Finally, holders of the relevant securities and prospective purchasers designated by the holders must have the right to obtain from the issuer certain “reasonably current” information about the issuer. Because resales of securities pursuant to Rule 144A (like any other offers and sales of securities in the United States) are fully subject to the liability/anti-fraud provisions under the U.S. securities laws (including Rule 10b-5 under the Exchange Act), it is market practice to provide disclosure in connection with a Rule 144A offering that is substantially similar to the disclosure required for an SEC-registered offering, both in terms of quality and scope. See also “–Legal Opinions and Disclosure Letters” above.

EUROPEAN SECURITIES LAW CONSIDERATIONS

Across the European Economic Area (the **“EEA”**), Directive 2003/71/EC (as amended from time to time, including by Directive 2010/73/EU, the **“Prospectus Directive”**) has harmonized the requirements for the preparation, approval and publication of prospectuses for securities offered to the public or admitted to trading on a **“regulated market”** situated or operating within a member state of the EEA.

In particular, Article 3 of the Prospectus Directive prohibits offers of securities to the public in any EEA member state that has implemented the Prospectus Directive unless a **“prospectus”** has been published in, or published elsewhere and notified to, that member state in accordance with the Prospectus Directive. Similarly, EEA member states must ensure that any admission of securities to trading on a **“regulated market”** situated or operating within their territories is



subject to the publication of a prospectus. Pursuant to Article 13 of the Prospectus Directive, no prospectus must be published until it has been approved by the “competent authority” of the “home member state” of the issuer. The **“competent authorities”** for purposes of the Prospectus Directive include the Financial Conduct Authority (FCA), its capacity as the UK Listing Authority (UKLA) in the United Kingdom, the Commissione Nazionale per le Società e la Borsa (CONSOB) in Italy, the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg, the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) in Germany, the Comisión Nacional del Mercado de Valores (CNMV) in Spain, the Autorité des Marchés Financiers (AMF) in France and the Central Bank of Ireland (CBI) in Ireland, to name just a few.

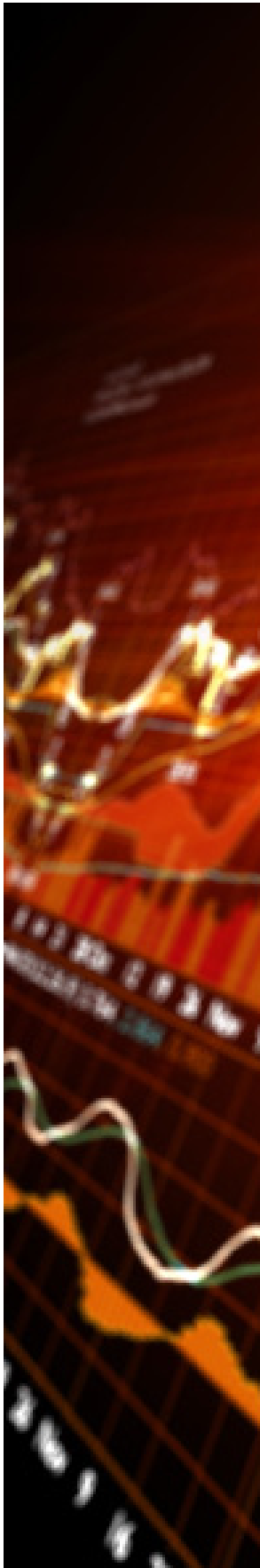
Where the relevant securities will not be admitted to trading on a regulated market within the EEA, an offer of securities to the public is exempt from the requirement to publish a prospectus in accordance with the requirements of the Prospectus Directive, for example, if (i) it is an offer to qualified investors only, (ii) the offer is made to fewer than 150 persons (other than qualified investors) per EEA member state, (iii) the minimum consideration paid by any person is at least €100,000, or (iv) the total consideration for securities offered in the EEA is less than €5 million over a period of 12 months.

Prospectus Approval Process under Prospectus Directive

The prospectus approval process under the Prospectus Directive in Europe is entirely confidential, which means that initial or interim versions of prospectuses or any comments by the relevant “competent authority” never become public, and issuers can also quietly withdraw prospectuses at any time and for any reason prior to approval and publication.

Completion of the formal approval process by the competent authority in the relevant EEA member state in accordance with the requirements of the Prospectus Directive can easily take a month or two from submission of the first draft prospectus to the competent authority through final approval. Although the actual average timing of comments will differ somewhat depending on the relevant EEA member state and the workload of the relevant competent authority, competent authorities have up to 20 working days under the Prospectus Directive to comment on the draft submission of an IPO prospectus, although most competent authorities have internal policies to provide comments within about 10 working days (which is also the Prospectus Directive deadline for commenting on non-IPO prospectuses). It is therefore prudent to budget for at least two weeks for initial comments on the first draft of an IPO prospectus. The response time will then typically get shorter for each subsequent submission / amendment of the prospectus. Of course, the company and its advisers will also need time in-between submissions to discuss and address any comments and queries raised on the prospectus by the competent authority.

As a practical matter, the submission package will include not only the draft prospectus, but also checklists for each applicable disclosure annex of the Prospectus Regulation, with cross-references to those pages of the draft prospectus that address each individual disclosure requirement. The UKLA also requires draft prospectuses themselves to be annotated with references to the relevant disclosures requirements under the Prospectus Regulation. In addition, the submission package will contain a short entry form / cover letter with details on the background of the submission and the proposed offering as well as contact details for the issuer and any person(s) entitled to receive communications from the competent authority.



Listing on “Exchange-Regulated Markets”; Exempt Offers

Listing shares on an **“unregulated market”** (sometimes referred to as an **“exchange-regulated market”**) only, such as the Alternative Investment Market (AIM) in London, can save significant time and effort, compared to getting a formal “prospectus” approved by the competent authority in the relevant EEA member state in accordance with the requirements of the Prospectus Directive.

In particular, where (i) an offering of shares in the EEA qualifies for one of the exemptions from the requirement to publish a prospectus under the Prospectus Directive as described above and (ii) a listing is proposed to take place on an “exchange-regulated market” only, the offering document may, in certain member states, not be required to be reviewed by the relevant competent authority, but only by the relevant stock exchange (based on applicable listing rules). Depending on the listing venue in question, this may mean significantly reduced disclosure requirements and scrutiny of the prospectus, and it might be possible to complete the entire external review process in a matter of days, rather than weeks or months. Of course, the same level of care will have to be taken by the issuer, the underwriters and their advisers in drafting the prospectus and in making sure that it does contain any material misstatements or omissions.

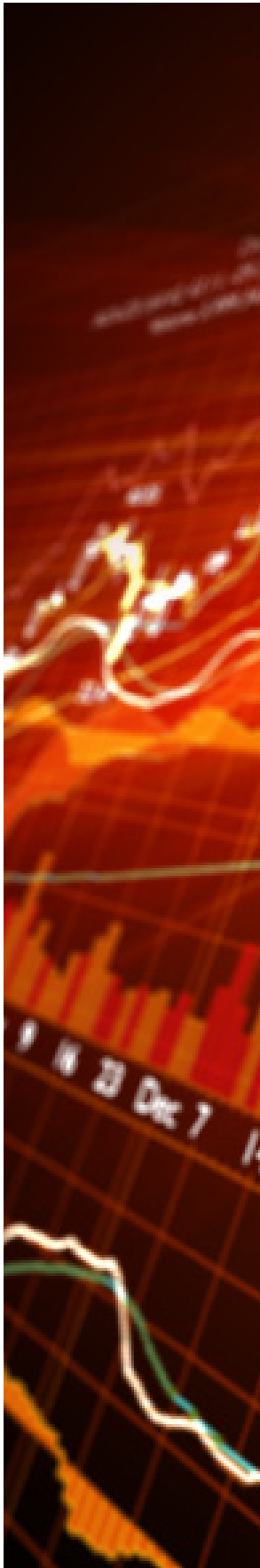
In addition to a simpler and shorter review process, a listing on an exchange-regulated market typically also results in less onerous ongoing reporting obligations. See also “Getting Ready – What is the right listing venue for my company?” above and “Ongoing Obligations as a Public Company” below.

Shares vs. Global Depositary Receipts

Many issuers proposing to list equity securities in the EEA outside their home jurisdiction, including most issuers from developing or emerging markets, choose to list global depositary receipts (**“GDRs”**) rather than their ordinary shares directly. GDRs are substantially the same type of instruments as ADRs, i.e. ADRs are essentially a form of depositary receipt listed in the United States. See “¹⁰⁰ - U.S. Securities Law Considerations – SEC-Registration/U.S. Listing – Shares vs. American Depositary Receipts” above. GDRs are negotiable instruments issued by a depositary that holds the underlying shares of the issuer either directly or through a correspondent in the issuer’s home country serving as a custodian. GDRs will be denominated in some freely convertible currency, such as the US dollar or Pounds sterling for GDRs listed in London.

As with ADRs, companies deciding to list and offer GDRs will be required enter into a depositary agreement with a depositary. As with ADRs, there are literally thousands of existing GDR programs and the relevant documentation and the mechanics of GDR programs are, therefore, generally accepted and well understood by market participants.

GDRs generally have the same benefits and downsides of ADRs as described above, and the company should therefore seek the advice of the underwriters (from a commercial/investor perspective) as well as its legal advisers in the relevant jurisdictions early in the IPO process to be able to decide whether a listing of GDRs or ordinary shares is legally permissible and preferable to a listing of the company’s ordinary shares.



ONGOING OBLIGATIONS AS A PUBLIC COMPANY

The disclosure of accurate, comprehensive and timely information about security issuers builds sustained investor confidence and allows an informed assessment of their business performance and assets. This enhances both investor protection and market efficiency.

Listed companies therefore need to ensure appropriate transparency for investors through a regular flow of information, not only because they may be required to do so under applicable listing rules or legislation, but also for investor relations purposes and to be able to fully reap the potential benefits of being a public company, such as ready access to the capital markets. To the same end, shareholders, or natural persons or legal entities holding voting rights or financial instruments that result in an entitlement to acquire existing shares with voting rights, will typically also be required to inform issuers of the acquisition of or other changes in major holdings in listed companies so that the latter are in a position to keep the public informed.

The listing venue chosen by the company (i.e. the stock exchange upon which its securities are listed), the type of listing it has (e.g. a premium listing or a standard listing in the United Kingdom), the type of securities listed (e.g. shares or depositary receipts) and the applicable legislation in the relevant jurisdiction all dictate the specific nature and extent of the obligations that will continue to apply to the company post IPO. However, applicable laws in both the United States and in Europe establish certain minimum reporting requirements for both listed companies and their significant shareholders.

ONGOING OBLIGATIONS OF LISTED COMPANIES IN THE UNITED STATES

The following is just a brief overview of certain ongoing obligations applicable to companies choosing to conduct a U.S. IPO. It is not intended to be exhaustive.

Ongoing SEC Reporting

As a result of either a public offering of securities under the Securities Act and/or a listing of a company's shares on a stock exchange in the United States, issuers become subject to certain periodic and ongoing public reporting and other obligations under the Exchange Act. These reporting obligations commence immediately upon the effectiveness of a registration statement or a listing and, among other things, require the filing of an annual report with respect to the fiscal year in which the registration statement or listing became effective. They continue during each fiscal year thereafter unless and until the issuer successfully deregisters or its reporting obligation is suspended. The ongoing SEC reporting obligations for foreign private issuers, however, are significantly less onerous than those for U.S. domestic issuers.

U.S. domestic issuers must prepare and file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K as well as a proxy statement in connection with the solicitation of votes for their shareholder meetings. The information that must be provided, on a periodic/ongoing basis, is broadly identical to the information required to be included in the initial registration statement on Form S-1. In addition, the directors, officers and beneficial owners of more than 10% of equity securities registered under the Exchange Act of U.S. domestic issuers (but not those of foreign private issuers) must file statements of beneficial ownership under Forms 3 and 4 pursuant to Section 16 of the Exchange Act.



Foreign private issuers, on the other hand, must only prepare and file annual reports on Form 20-F and furnish certain current reports on Form 6-K. Form 20-F was revised in 2000 to be consistent with the International Disclosure Standards for Cross-Border Offers and Initial Listings, established in 1998 by the International Organization of Securities Commissions (“IOSCO”) and are substantially similar to those of other jurisdictions for offerings of common stock. Under cover of the Form 6-K, a foreign private issuer must also “promptly” furnish to the SEC whatever (material) information it (i) makes or is required to make public pursuant to the law of the jurisdiction of its domicile or in which it is incorporated or organized, or (ii) files or is required to file with a stock exchange on which its securities are traded and which was made public by that exchange, or (iii) distributes or is required to distribute to its security holders. In addition, foreign private issuers should be, and typically are, careful to promptly report on Form 6-K any extraordinary events, such as material changes in the business, material acquisitions or material dispositions. However, other than U.S. domestic issuers which are subject to strict (and very short) filing deadlines with regard to the material events enumerated in Form 8-K, foreign private issuers are not subject to precise deadlines by which Forms 6-K must be furnished; rather they must “promptly” furnish information that has already been made public. Most foreign issuers choose to (voluntarily) furnish interim (quarterly or half-year) reports to the SEC on Form 6-K for investor relations reasons.

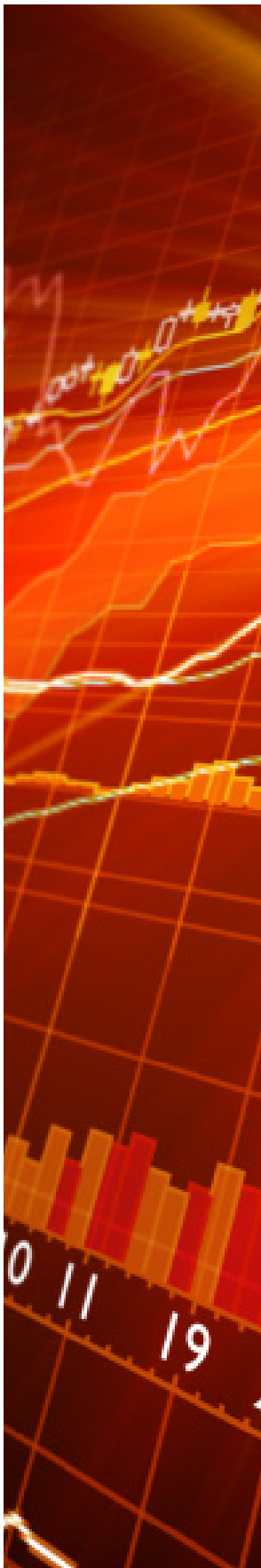
Beneficial Ownership Reporting

Acquisition or accumulation of a significant stake (i.e. more than 5%) in the equity securities of a U.S. public company (or a non-U.S. public company with shares listed in the U.S.) gives rise to specific disclosure and filing requirements under U.S. law. In particular, Sections 13(d) and 13(g) of the Exchange Act are intended to provide public companies, their stockholders and the marketplace in general with information about actual and potential changes in beneficial ownership by significant stockholders and any plans that such stockholders may have to change or influence the control or management of the issuer.

Section 13(d)(1) of the Exchange Act and Rule 13d-1 thereunder require that any “person” who acquires directly or indirectly the “beneficial ownership” of more than 5% of a class of equity securities that is registered under Section 12 of the Exchange Act file, within 10 calendar days after such acquisition, a Schedule 13D with the SEC disclosing certain specified information and send copies of the filing to the issuer of such equity securities and each securities exchange where the securities are traded. In certain circumstances, investors that have acquired shares without the purpose or effect of changing or influencing the control of the issuer may qualify to file a short form (i.e. much less detailed / onerous) report on Schedule 13G instead of filing a Schedule 13D.

Notwithstanding Section 13(d)(1), an investor that has not acquired more than 2% of the class of registered equity securities within the preceding 12 months need not file a Schedule 13D even if such investor’s acquisitions within such period (when added to shares acquired more than 12 months previously) exceed 5% of the class. As discussed below, however, such investors must file a Schedule 13G not later than 45 days after the end of the calendar year.

A Schedule 13D must be amended “promptly” if there is any material change in the facts that have been disclosed. An acquisition or disposition of 1% or more of the class of securities is deemed material, but smaller acquisitions and dispositions (and other changes of plans) could be material depending on the circumstances. The SEC takes the position that “prompt” means as soon as the following business day. The Schedule 13G amendment requirements vary depending on the nature of the filer.



Beneficial Ownership

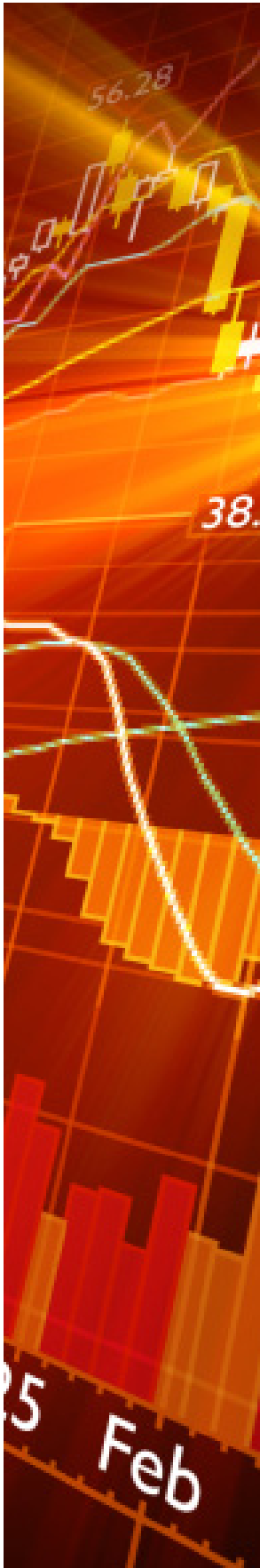
Rule 13d-3(a) provides that a person **“beneficially owns”** a security if it, directly or indirectly, through any contract, arrangement or otherwise, has or shares (1) voting power, which includes the power to vote, or to direct the voting of, such security and/or (2) investment power which includes the power to dispose, or to direct the disposition of, such security. In addition, a person is deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security within 60 days, for example through the exercise of an option or through the conversion of another security. It follows from these provisions that a security may have multiple beneficial owners (for example, the person who owns the security and the person who has an option to acquire that same security within 60 days). All beneficial owners must disclose if otherwise required under Section 13(d). In addition, multiple entities within a given corporate group may be deemed to own the same shares and may be required to file jointly.

“Person” and Groups

“Person” is defined broadly and includes corporations and other entities as well as individuals. Section 13(d)(3) further provides that, when two or more persons act as partners of a general or limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such group will be deemed one single “person” for purposes of Section 13(d). This means that if these persons, in the aggregate, acquire more than 5% of the equity securities of the issuer, they will either need to file one joint Schedule 13D or each group member may file a separate Schedule 13D. Individual persons will only be deemed to constitute a group (and thus one single person under Section 13(d)(3)) if they have some kind of agreement, whether formal or informal, to act together with respect to the equity securities. However, the case law concerning what actions constitute the formation of a group is unsettled. The existence of a group depends on the specific facts and circumstances of the case and must be analyzed together with the relevant case law.

Required Information

The information to be disclosed on Schedule 13D includes information about the identity or identities of the beneficial owner(s) of the acquired securities, the sources and amount of funds used in making the purchases and the number of shares of such security owned by the beneficial owner(s). In addition, the person filing Schedule 13D is also required to disclose the purpose of the acquisition of the securities and any plans or proposals that the reporting person may have that relate to (i) the acquisition by any person of additional securities of the issuer, or disposition of such securities, (ii) an extraordinary corporate transaction, such as merger, reorganization or liquidation, involving the issuer or any of its subsidiaries, (iii) a sale or transfer of a material amount of assets of the issuer or of any of its subsidiaries, (iv) any change in the present board of directors or management of the issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board, (v) any material change in the present capitalization or dividend policy of the issuer, (vi) any other material change in the issuer’s business or corporate structure, (vii) changes in the issuer’s charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the issuer by any person, (viii) causing a class of securities of the issuer to be de-listed or to cease to be authorized to be quoted, (ix) a class of equity securities of the Issuer becoming eligible for termination of registration with the SEC under the Exchange Act, or (x) any action similar to any of those enumerated above. In addition, Schedule 13D must also describe any



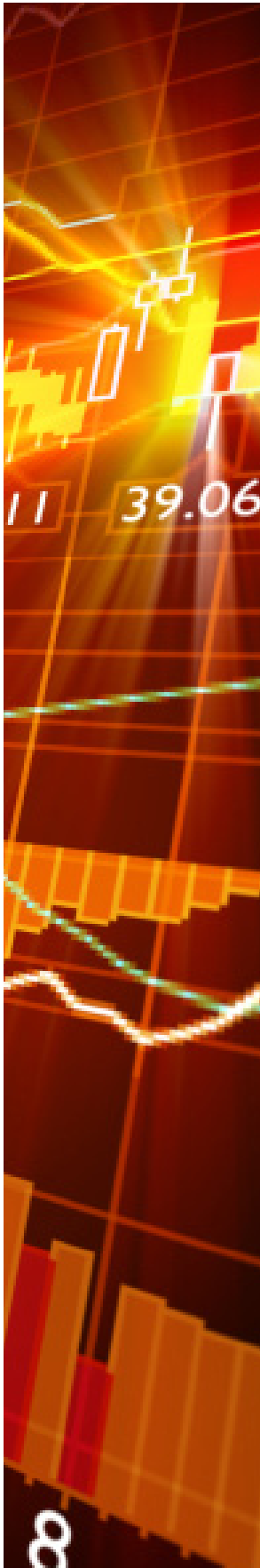
contracts, arrangements, understandings or relationships with respect to any securities of the issuer, including the transfer or voting of any security, loan or option arrangements, puts or calls, and name of the persons with whom such contracts, arrangements, understandings or relationships have been entered into. Finally, the exhibits that the reporting person must file with the Schedule 13D include copies of all agreements relating to the sources of funds used to finance the acquisition of the securities and copies of all agreements relating to the transactions described above.

Schedule 13G

As already mentioned above, certain types of investors who acquire beneficial ownership of more than 5% of a class of registered equity securities may, instead of filing a Schedule 13D within 10 days after the acquisition, file a short-form disclosure statement on Schedule 13G. The main advantage of filing on a Schedule 13G is that it requires significantly less information to be disclosed and therefore is less burdensome to prepare. The required disclosure is essentially limited to information regarding the identity of the filer and the number of shares owned. In addition, the requirements for periodically updating the filing are more limited and depend on the identity of the filer.

Schedule 13G is available to three types of investors: domestic (U.S.) “Qualified Institutional Investors” (**QIIs**), “exempt investors,” and “passive investors.” In addition, foreign (non-U.S.) institutional investors may be able to file a Schedule 13G under one of these categories. Investors that qualify as QIIs include U.S. registered broker-dealers, banks, savings associations, registered investment companies, and employee benefit plans, as well as control persons of such entities. Foreign institutional investors typically do not qualify as QIIs. To qualify for a Schedule 13G (as opposed to a Schedule 13D) filing, a QII must be able to certify that the securities were acquired in the ordinary course of business and without having had a purpose or effect of changing or influencing the control of the Issuer. An **“exempt investor”** is a person who holds more than 5% of a class of equity securities at the end of a calendar year, but who has not made any “acquisition” subject to Section 13(d). This includes, among others, persons who acquired their securities prior to the issuer registering the securities under the Exchange Act (e.g. key (founding) shareholders that acquired shares prior to a potential U.S. IPO), persons who acquired securities in a registered stock-for-stock exchange, and persons who have not acquired more than 2% of a class of securities within a 12-month period. “Passive investors” may qualify to file a Schedule 13G if they own more than 5% but less than 20% of a class of registered equity securities and can certify that the securities were not acquired or held with the purpose or effect of changing or influencing the control of the Issuer.

If, after filing a Schedule 13G, a QII or a passive investor subsequently determines that it intends to change or influence the control of the issuer, or if a passive investor’s ownership reaches or exceeds 20% of the class of equity securities (even without control intent), then such person must file a full Schedule 13D within 10 days of this occurrence and would be subject to a 10 day “cooling off” period during which the securities may not be voted and beneficial ownership of additional securities may not be acquired.



Corporate Governance

General

U.S. domestic issuers that decide to conduct a U.S. IPO are subject to a host of corporate governance rules under applicable U.S. securities laws, SEC rules and the rules of the relevant U.S. stock exchanges, including with regard to director independence, required board committees, committee charters, code of ethics, disclosure controls and procedures, loans to insiders, whistleblower policies and complaint handling procedures, communication policies (e.g. Regulation FD) and insider trading policies. Helpfully, the JOBS Act exempts EGCs from the requirement to hold “say-on-pay”, “say-on-frequency” and “say-on-golden parachute” votes as well as from certain other requirements such as CEO pay ratio disclosures, and it also permits EGCs to comply with less burdensome executive compensation disclosure rules than other U.S. domestic issuers.

Independent Directors

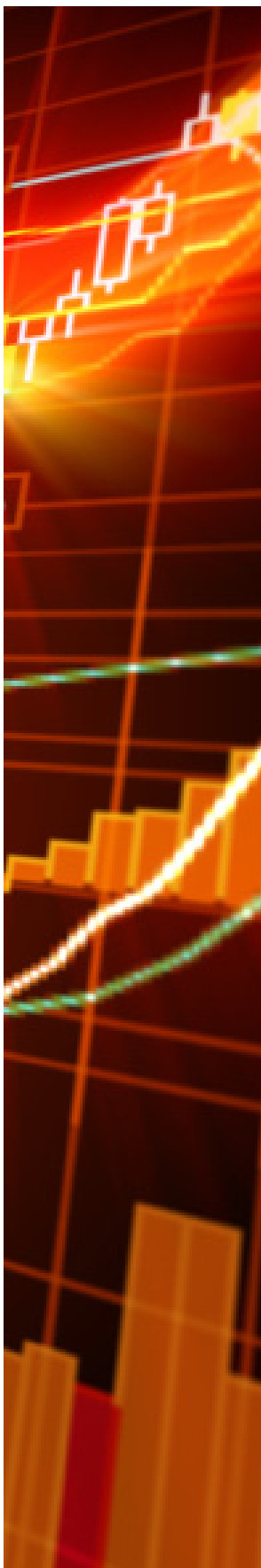
Under SEC rules, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform Act of 2010, both New York Stock Exchange and Nasdaq listing rules as well as market expectations, U.S. domestic issuers are required to have independent directors on their boards of directors and three standing committees that are composed solely of independent directors – audit, compensation and nomination/governance. There are phase-in rules that would require only one independent director upon closing of the IPO, two within 90 days and three within one year, in addition to a majority of independent directors within one year of the IPO closing. Even significant ownership of shares in the company does not preclude a possible independence determination (as the issue is seen as primarily independence from executive management) except with regard to the audit committee members, for which the fully diluted stock ownership of a director and entities with which he or she is affiliated should not exceed 10% of the total shares of the company outstanding.

As a practical matter, the company and the underwriters, with the assistance of their legal advisers, would confirm the independence status of the current directors of an IPO candidate based on a variety of regulatory standards and responses to director questionnaires prepared by the issuer’s lawyers. Depending on the outcome,, it may then be necessary to make changes to the composition of the company’s board of directors and to elect new independent directors in connection with the IPO. At least one of the directors should also qualify as an “audit committee financial expert” as defined by SEC rules.

See also “Getting Ready – What is the Rights Corporate Governance Structure for the Company Post-IPO?” above.

Foreign Private Issuers

Both the New York Stock Exchange and Nasdaq listing rules allow foreign private issuers to follow home country practice in lieu of most of their corporate governance requirements. However, to the extent a foreign private issuer decides to make use of this option and the relevant home country corporate governance practices differ in any significant ways from the corporate governance rules for U.S. domestic issuers, the foreign private issuer must disclose those difference in the IPO registration statement and in the issuer’s annual report on Form 20-F. All U.S.-listed companies, including foreign private issuers, will need to comply with the audit committee independence requirements of Rule 10A-3 under the Exchange Act.



The company should consult with the underwriters selected for the IPO as to whether it is advisable (from an investor/marketability perspective) to voluntarily adopt at least some of the additional corporate governance standards required for U.S. domestic issuers.

Other Considerations

Regulation FD

Regulation FD (Fair Disclosure) generally requires SEC-registered companies to provide all investors with the same information at the same time (i.e. prohibits selective disclosure to individual investors) if the information is material and not previously available to the public. Even though Regulation FD does not technically apply to foreign private issuers, the basic framework of Regulation FD is perceived as being an international best practice for listed companies. See also “Ongoing Obligations of Listed Companies in Europe – Information for Holders of Securities” for certain similar requirements under the Transparency Directive in Europe.

As a result, no company spokesman, including senior management or members of the board of directors of companies listed on a U.S. securities exchange, should personally disclose any information that is material and that has not previously been publicly disclosed as part of a general announcement by press release. That does not mean that company spokesmen may only repeat words that are lifted verbatim from press releases. But it does mean that no new information that is material should be provided unless it has previously been disclosed by press release or other broad dissemination. These rules apply separately from various state and federal laws that impose both civil and criminal liability for “insider trading” (including “tipping”).

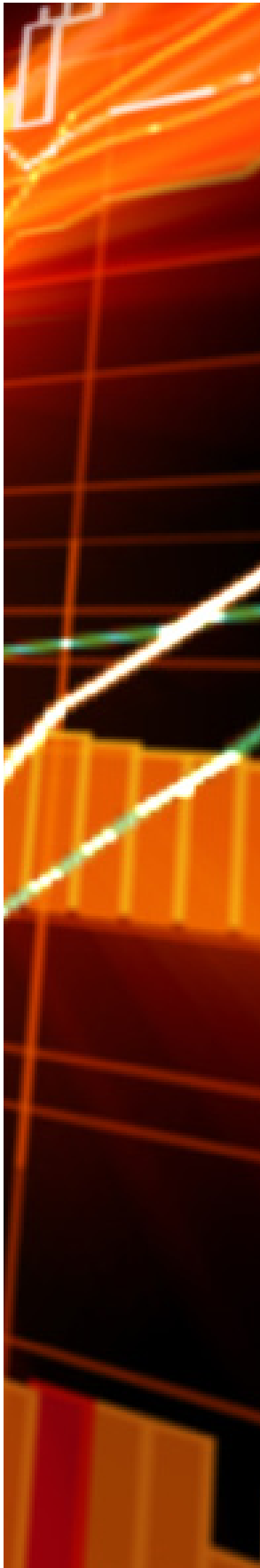
Best practice is for a Disclosure Committee (with participants from Investor Relations, Finance, Legal and others) to consider and recommend to the board the material information the Disclosure Committee believes should be available to all investors, including the nature and extent of forward-looking information such as the company’s outlook.

Non-GAAP Financial Measures

Many companies disclose so-called Non-GAAP financial measures, i.e. financial measures that are not taken directly from their primary audited financial statements (e.g. EBITDA). With regard to European companies reporting in accordance with International Financial Reporting Standards (IFRS), “Non-GAAP” would mean “non-IFRS”.

The SEC has adopted a series of regulations (sometimes generically referred to as “**Reg. G**”) designed to address this practice in SEC-filings because of perceived abuses and the habit of some companies to disclose what the SEC has humorously called “EBT-BS” or “earnings before the bad stuff”. The relevant rules require companies among other things to:

- reconcile any “non-GAAP” financial measure to the most directly comparable GAAP measure (i.e. in the case of companies reporting under IFRS, the most directly comparable IFRS measure) in any press release or other public statement by the company; and
- in its periodic reports (e.g. the Form 20-F for foreign private issuers), provide equal or greater prominence to the GAAP (i.e. IFRS, as the case may be) measure and explain why management believes the non-GAAP financial measure provides meaningful additional information to investors.



Foreign Corrupt Practices Act

One of the highest profile and potentially largest dollar compliance risks associated with the U.S. securities laws is the Foreign Corrupt Practices Act (“**FCPA**”). The FCPA generally prohibits corrupt payments or gifts to foreign (i.e. non-U.S.) officials (including employees of state-owned entities, such as public hospitals, utilities or universities) to obtain or retain business. Companies with U.S. listings and thus registrations with the SEC, are subject to potential liability under the FCPA for their worldwide operations. Illegal payments or gifts by a non-U.S. employee or agent of the company to an official in a developing country, for example, could expose the company to expensive and time-consuming investigations by the SEC or the US Department of Justice (“**DOJ**”) and/or to large penalties and a variety of other sanctions in the U.S., including a potential suspension of the right to do business with the U.S. government.

Because prohibited payments or gifts are often made through middlemen, the FCPA is drafted broadly to pick up actions of distributors, brokers, suppliers and other agents. As a result, companies listed in the United States could incur significant liability as a result of actions taken by its contract counterparties. For that reason FCPA compliance efforts cannot stop at a company’s own doorstep but must extend to its business partners.

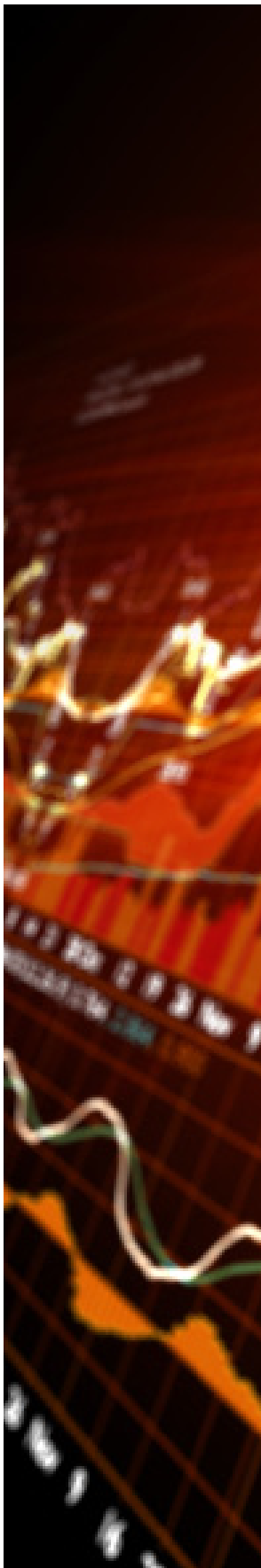
To avoid being held liable for corrupt payments made by third parties, the DOJ encourages companies to exercise due diligence and to take all necessary precautions to ensure that they have formed a business relationship with reputable and qualified partners and representatives.

In addition, companies should also be aware of so-called “red flags,” such as (i) unusual payment patterns or financial arrangements, (ii) a history of corruption in the country, (iii) a refusal by the foreign joint venture partner or representative to provide a certification that it will not take any act that would cause a violation of the FCPA, (iv) unusually high commissions or unusual payment terms/deal structures, (v) lack of transparency in expenses and accounting records, (vi) apparent lack of qualifications or resources on the part of the joint venture partner or representative to perform the services offered, and (vii) whether the joint venture partner or representative has been recommended by an official of the potential governmental customer.

Anti-corruption laws of other countries are in certain respects stricter than the FCPA. For example, some countries also prohibit any bribery payments to officers or employees of private companies, meaning not just officials. Most European companies will already be subject to similar anti-corruption rules, such as the UK Bribery Act, but may find that actual enforcement of the FCPA by the SEC and DOJ may still be significantly more rigorous (and potential fines and other sanctions far harsher) than what they may be used to in their home jurisdiction, even though enforcement efforts in the anti-corruption area have been fast catching up in Europe and elsewhere in recent years.

ONGOING OBLIGATIONS OF LISTED COMPANIES IN EUROPE

Most member states within the EEA have, following adoption of the Transparency Directive (Directive 2001/34/EC and Directive 2004/109/EC) and the Market Abuse Directive (Directive 2003/6/EC), implemented legislation that requires companies to make disclosure of relevant information to the market. In the United Kingdom, for example, companies with a listing of shares on the London Stock Exchange must comply with various of the obligations set out in the Disclosure Rules and Transparency Rules (“**DTRs**”).



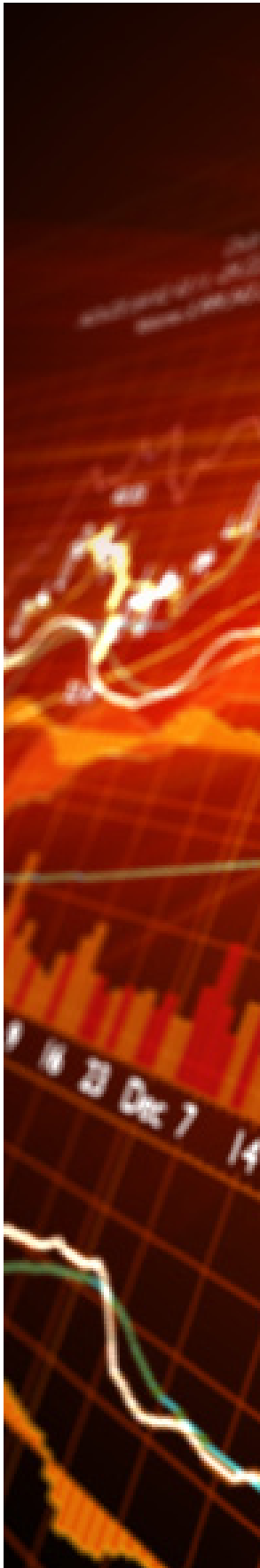
In addition to the publication of annual and interim (half-year) reports, the Transparency Directive requires, among other things, that listed companies make an announcement via a regulatory information service, as soon as possible, when it has “inside information” (unless there are specific reasons for it to delay disclosure). Companies considering a listing within the EEA will need to be aware that there may be differences as to how the Transparency Directive and the Market Abuse Directive have been implemented by different EEA member states, and they will also need to consider potential additional obligations imposed by national legislation, i.e. obligations that go beyond the minimum requirements under the Transparency Directive and Market Abuse Directive described below.

Ongoing Reporting

The Transparency Directive prescribes certain minimum requirements with regard to the disclosure of periodic and other ongoing information about issuers whose securities are admitted to trading on a regulated market situated or operating within an EEA member state.

Specifically, the Transparency Directive requires the publication of (i) an annual report within four months of the end of each financial year, including audited financial statements and a management report, as well as (ii) a half yearly report within three months of the end of the first six month period of each financial year, including condensed financial statements and an interim management report. Although the Transparency Directive (and the relevant implementing legislation in most EEA members states) technically only requires a half yearly interim report, many issuers voluntarily decide to publish quarterly reports based on international best practice and investor / market expectations. For issuers with a registered office in the EU, the Transparency Directive requires that the financial statements included in the annual and interim report be prepared in accordance with IFRS as adopted by the EU. For issuers with a registered office outside the EU, the competent authority of the relevant member state can exempt an issuer from this requirement, provided the generally accepted accounting practices (GAAP) in the issuer’s home country are accepted as equivalent to IFRS by the European Commission, which currently includes the GAAPs of the United States, Canada, China, India, Japan and South Korea.

In addition, there are many instances where a listed company may be required to make announcements to the market of specific events within specific time limits, including when (i) they receive notification from a shareholder that such shareholders (direct or indirect) shareholding has passed through a specified threshold (see also “Reporting of Major Shareholders” below), (ii) senior management or their connected persons have dealt in the company’s shares, (iii) any changes are made to the company’s share capital; (iv) directors resign or are appointed to the board of the company, (v) a transaction with a related party is entered into (if such a transaction meets certain criteria then prior shareholder consent will be required before the transaction can close), or (vi) a transactions over a certain size is entered into (e.g. a company with a Premium listing on the London Stock Exchange will need to announce a transaction that is categorised as a “Class 2” or a “Class 3” transaction under the Listing Rules).



Reporting of Major Shareholdings

Subject to certain technical exceptions, the Transparency Directive further requires that shareholders of companies listed on a regulated market who acquire or dispose of shares with voting rights must notify the issuer when the proportion of voting shares they hold reaches, exceeds or falls below certain thresholds (i.e. 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%) and that the issuer then make this information public.

In addition to situations where a person is the legal owner of shares, these requirements also apply in certain circumstances where a person has the right to acquire, to dispose of or to exercise major portions of voting rights, including where (i) two or more persons agree to act in concert in exercising voting rights to influence the management of an issuer, (ii) voting rights have been temporarily transferred for consideration to a third party, (iii) a person holds shares as collateral, provided the person controls the voting rights and declares its intention of exercising them, (iv) shares have been deposited with a person or entity which the person or entity can exercise at its discretion in the absence of specific instructions from the shareholder, (v) shares over which a person has been granted a discretionary proxy and (vi) certain other circumstances set forth in Article 10 Transparency Directive.

According to Article 13 Transparency Directive, the notification requirements further apply to a natural person or legal entity who holds, directly or indirectly, financial instruments that result in an entitlement to acquire voting shares on such holder's own initiative under a formal agreement.

Information for Holders of Securities

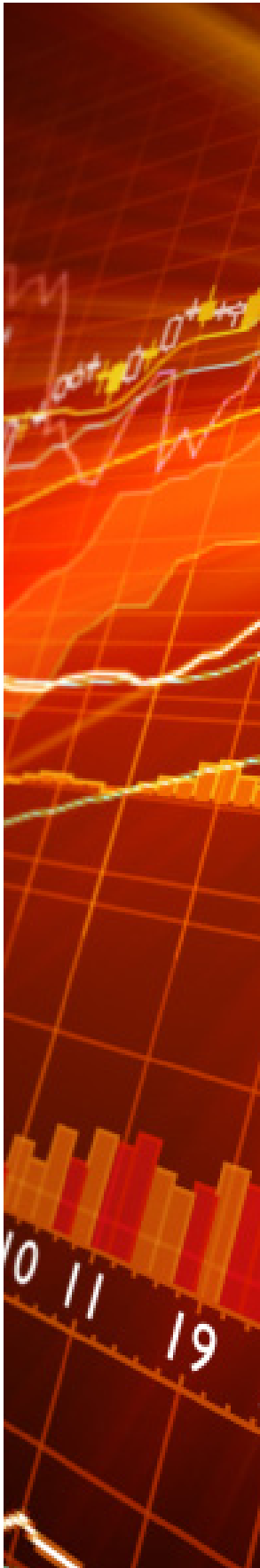
Similar to the requirements of Regulation FD in the United States as described above, Article 17 (1) Transparency Directive requires that an issuer of shares admitted to trading on a regulated market must ensure equal treatment for all shareholders who are in the same position. Article 17(2) further requires that an issuer must ensure that all the facilities and information necessary to enable shareholders to exercise their rights, including by proxy, are available in its home member state and that the integrity of data is preserved. In particular, issuers must:

- provide information on the place, time and agenda of meetings, the total number of shares and voting rights and the rights of shareholders to participate in meetings;
- make available a proxy form, on paper or, where applicable, by electronic means, to each person entitled to vote at a shareholders' meeting, together with the notice concerning the meeting or, on request, after an announcement of the meeting;
- designate as its agent a financial institution through which shareholders may exercise their financial rights; and
- publish notices or distribute circulars concerning the allocation and payment of dividends and the issue of new shares, including information on any arrangements for allotment, subscription, cancellation or conversion.



Corporate Governance

In most jurisdictions, listed companies will normally be required to either comply with a local corporate governance code or explain in their annual report why they have not complied with it. In the UK, for example, companies that have a premium listing are required by the Listing Rules to comply with the UK Corporate Governance Code or explain why they have not complied with it in their annual report. Where companies are not required by any rules to comply and/or explain any non-compliance with any corporate governance codes, market practice together with investor expectations may lead a company to voluntarily apply the applicable corporate governance code. Generally, smaller companies have greater flexibility in not following the full rigours of any corporate governance regime. For example, companies that list on AIM usually tend to follow either the UK Corporate Governance Code (or explain any non-compliance) in so far as is appropriate or practicable or the Quoted Companies Alliance Corporate Governance Guidelines which are less onerous.



INDICATIVE TRANSACTION TIMETABLES

Under ideal circumstances and with the full commitment of all parties involved in the offering, the preparations for an IPO can be completed within as little as about 3-4 months from the initial kick-off meeting to “launch” of the offering, although the actual preparation time will always depend on a variety of factors that are specific to the individual issuer and each offering.

The Preparation Phase

One of the key drivers in determining the overall timing and costs of a proposed IPO will be the process of preparing the prospectus and/or IPO registration statement (including the relevant financial information) and obtaining clearance / approval from the SEC (for a U.S. IPO) or the relevant “competent authority” (for a European IPO).

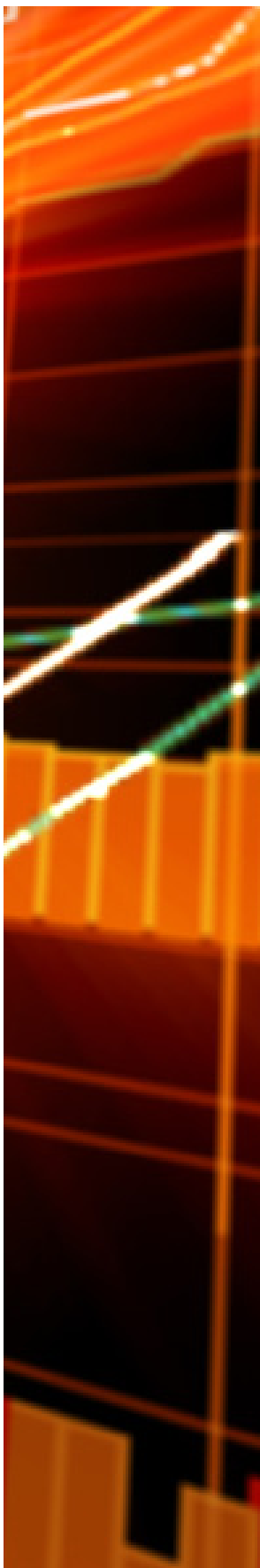
However, there are many other factors, frequently outside the control of the company or its advisers, that can significantly delay a proposed IPO, including more extensive and material comments than expected from the SEC or relevant competent authority, as applicable. Other key factors that can (very significantly) extend the preparation time required for a particular offering include (i) the lack of existing, high-quality, English language disclosure material language for the issuer that can be “recycled” when preparing the offering circular prospectus, (ii) the time required by the company’s internal accounting team and external auditors to prepare the required financial information, (iii) the time required to prepare any technical reports required to be incorporated into the prospectus e.g. for oil and gas, mining and real estate companies, (iv) potential general resource constraints / availability of dedicated staff at the issuer for the offering, (v) complications and delays in any necessary negotiations with existing shareholders of the issuer, e.g. with regard to participation in the sale of shares or changes in the corporate governance structure of the issuer after the IPO, (vi) discovery of potentially significant issues as part of the due diligence review at a late stage in the IPO process, (vii) complications and delays in obtaining required third party consents and/or inputs, (viii) negotiations of compensation arrangements with management of the issuer, (ix) problems and/or delays in sourcing qualified independent non-executive directors, and (x) general market conditions.

For more information about the activities and key decisions that will need to be made during the preparation phase for an IPO see “Introduction”, “Getting Ready” and “Offer Structure” above.

The Offering / Marketing Phase

The indicative timetables set forth below assume a 3-4 week marketing period, including a public roadshow, as is common for a “regular” IPO, i.e. an IPO by a (previously) private company that is not already listed anywhere and with no existing market for its shares. Companies that already have their shares listed in one market (e.g. their home jurisdiction) and are considering an IPO in another European jurisdiction or the United States should seek guidance from the potential underwriters for the proposed IPO whether a (much) shorter roadshow might be sufficient given the existing listing and existing shareholder base.

Prior to the formal “launch” of an IPO (i.e. the formal, public announcement of the proposed IPO with an indicative price range and offering size), the underwriters and their research analysts frequently engage in a period (e.g. two weeks) of **investor education** during which

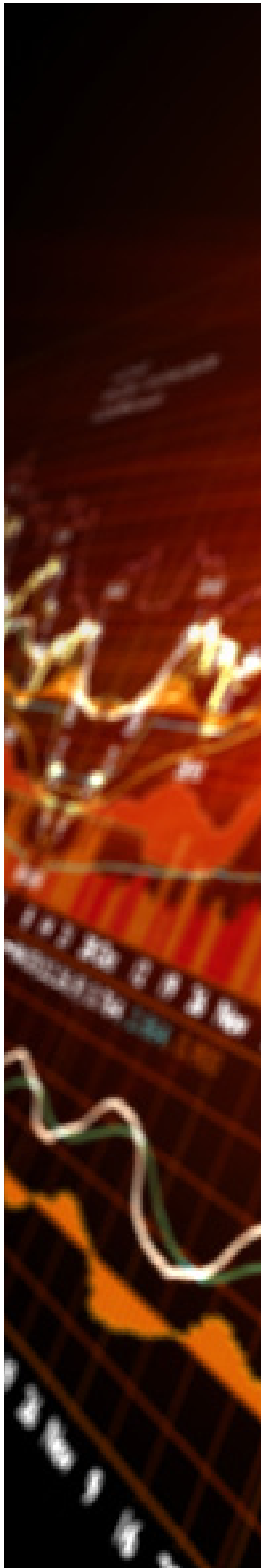


(independent) deal research is being distributed and the **“sell-side analysts”** (i.e. the equity research analysts working for investment banks or brokers) and members of the underwriters’ sales force meet with key investors and potential “buy-side analysts” (i.e. equity research analysts working for institutional investors), educate them about the company and the “equity story” and collect initial investor feedback. Often, this period is preceded by a very short (e.g. 2-3 days) **“pilot fishing”** period during which the underwriters test the equity story and obtain initial feedback from a very small group of select investors to be able to further fine-tune the equity story and be better prepared before reaching out to a broader investor universe. The extensive feedback received during this initial period of investor meetings will then give the underwriters a proper basis for setting a realistic price range for the IPO, for finalizing the schedule for the roadshow and for a decision whether or not to formally **“launch”** the transaction.

Assuming the initial investor feedback is positive (i.e. meets the expectations of the company and existing owners), the senior management of the company and the underwriters will hold a series of meetings with key investors to present the investment case for the company as part of an extensive international **roadshow** (typically during a period between a few days and two weeks). This roadshow will consist of both group meetings and **“one-on-one”** meetings with key investors. At the same time, other members of the working group not directly involved in the roadshow (including legal advisers and the company’s auditors) finalise the listing and other documentation required in connection with the completion of the IPO, while members of the underwriters’ sales force contact investors and collect orders and additional feedback with the goal of building a high quality “book” of demand with a good mix of investors and geographies. See also “Offer Structure-Allocation – Institutional vs Retail” above.

“Bookbuilding” refers to the pricing and underwriting method typically used on an IPO whereby the final offer price is fixed and the offer underwritten after a book of preliminary orders has been built at the end of the marketing phase/ roadshow. Bookbuilding allows the “book runner(s)” among the underwriters to compile a comprehensive picture of the strength of institutional demand for the shares over a range of prices by obtaining non-binding expressions of interest from potential investors. The aim is to ensure that the shares are spread across a wide range of high-quality investors and that pricing tension is maximised. At the end of the bookbuilding period, the price is fixed, the offering/ listing document is finalised, the shares are allocated to investors and trading in the shares commences. The advantages of this open-price bookbuilding method over a fixed-price underwritten offer may include (i) a final offer price that matches actual investor demand, (ii) the creation of competition and price tension between different investors bases, (iii) flexibility with regard to the offer size until the very end of the IPO process, (iv) a shortening of the underwriting period for the underwriters, (v) improved access to international markets and (vi) a higher degree of investor transparency. All these factors combined will hopefully lead to better execution and pricing for the company and existing shareholders. **“Bookrunner”** refers to the bank responsible for keeping the books for an offer, i.e. the bank responsible for the syndication, tranch-sizing, marketing, bookbuilding, pricing, allocation and stabilisation of an offer.

If, following the bookbuilding process, demand for the IPO (i.e. in terms of number of shares), is larger than the number of shares on offer, the IPO is considered **“over-subscribed”**. The degree of over-subscription is often used as a measure of the success of an IPO. By way of an example, if the demand for an IPO involving the sale of one million shares is three million shares, then the IPO is “three times over-subscribed”.



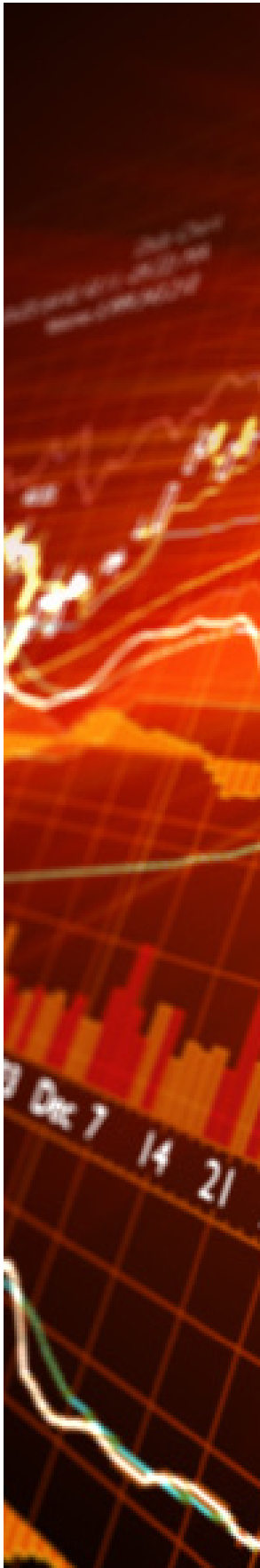
Pricing and Closing

Following completion of the road show and the bookbuilding process, a final “bring-down due diligence call” with management of the issuer and delivery of a comfort letter from the issuer’s auditors, the issuer and the underwriters will meet for the **“pricing”** of the IPO, i.e. to agree on the exact terms of the offering such as the number of shares to be sold and the price per share. As described under “Key Documents-The Underwriting Agreement” above, practices with regard to the timing of execution of the underwriting agreement and the nature of the underwriting commitment differ in different markets. If the underwriting agreement has not already been signed upon the launch of the offering, the issuer, any selling shareholders and the underwriters will sign it immediately following the pricing meeting, at which point the company, the selling shareholders and the underwriters are contractually committed to complete the IPO, subject to certain closing conditions.

Following the pricing and execution of the underwriting agreement, the company and underwriters’ counsel will prepare the final prospectus and finalize and collect signatures for the various closing documents (including bring-down comfort letters, legal opinions and disclosure letters) in preparation for the **“closing”** or **“completion”** of the transaction. The closing is the formal issuance and delivery of the shares by the company against payment therefore by the underwriters and will take place a few business days (frequently 3 business days, referred to as “T+3”) after pricing to allow sufficient time to prepare the necessary documentation and collect the monies for the shares from investors.

Although investors in an IPO will only receive their shares (and the shares will only be listed) at closing of the IPO, informal trading in IPO shares typically already commences during the period between pricing and closing. This trading activity is sometimes referred to **“grey market trading”** or **“when issued trading”** and is permitted, for example, on the London Stock Exchange for a company coming to market for the first time. In theory, all grey market trading is conditional on closing of the offering, such that if, for example, a force majeure event occurred before closing, all grey market trades would need to be unwound.

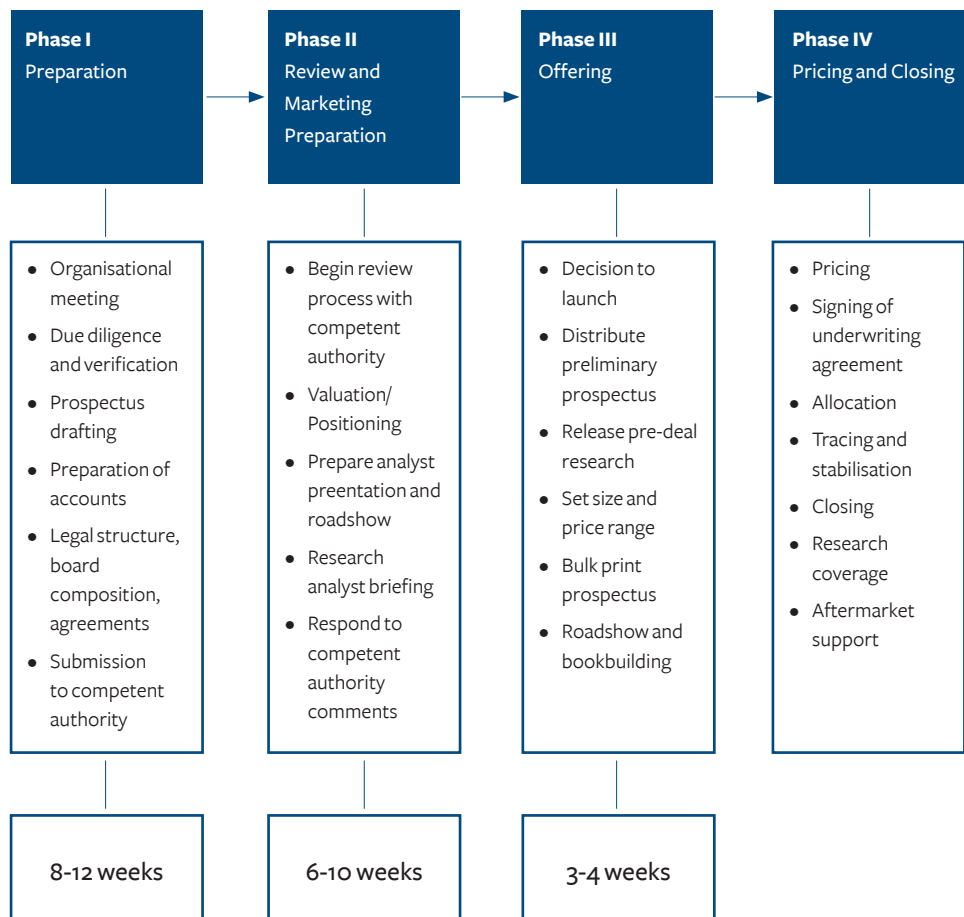
“After-market trading”, on the other hand, refers to all trading activity in a particular stock following the pricing and allocation of the IPO shares. Market participants refer to “the immediate after-market”, meaning the first few days of trading in a particular stock. Others define the after-market as the stabilisation period (i.e. the first 30 days of trading following the closing of an IPO), while yet others consider the after-market to represent trading beyond the stabilisation period as well; although this period is more commonly referred to as the **“secondary market”**.

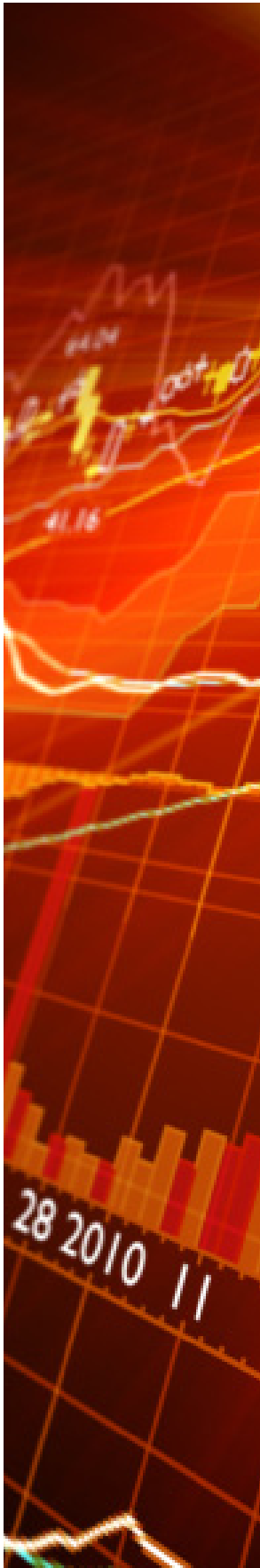


Indicative European IPO Timetable

As described above, the actual preparation time for an IPO will always depend on a variety of factors that are specific to the individual issuer and each offering and there are numerous factors that can significantly delay a proposed IPO. In addition, although the content requirements and maximum review times for prospectuses by the relevant competent authorities have been harmonized across Europe through the Prospectus Directive, the average speed, quality and extent of comments by the different competent authorities in different jurisdictions can still vary. However, we believe the following represents a useful indicative timetable for an IPO on a regulated market in Europe.

Depending on the general level of preparedness of the company, it may be possible to significantly shorten Phase I (Preparation).

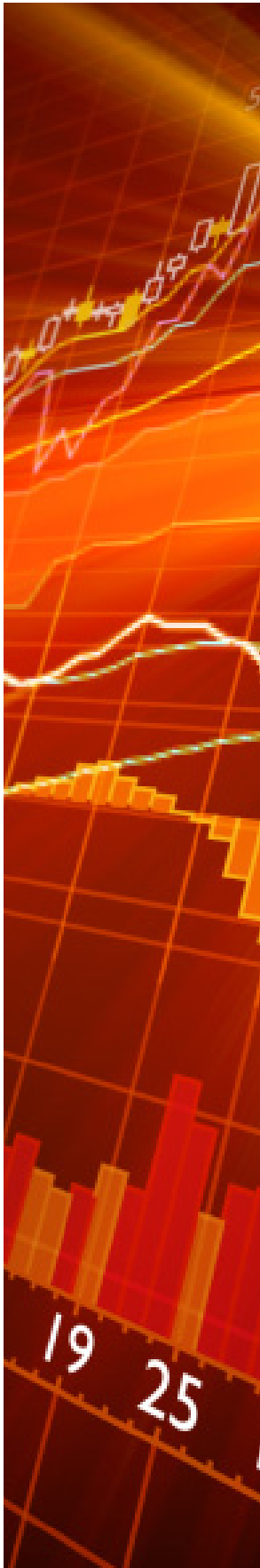




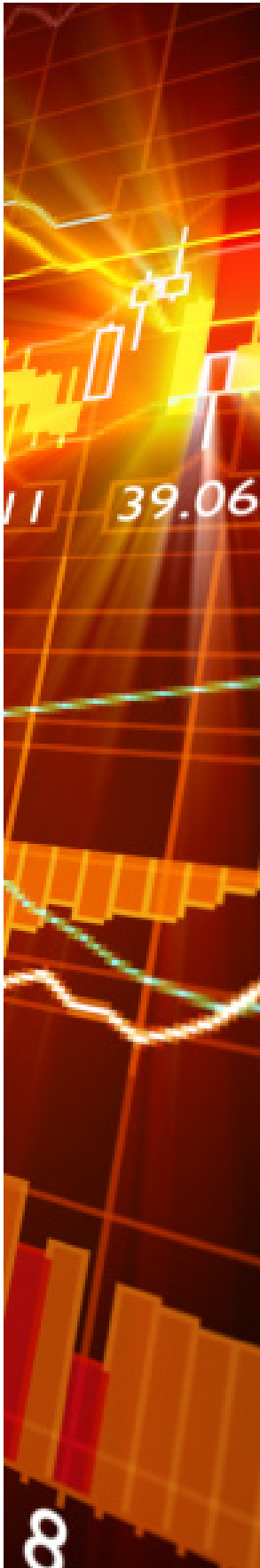
Indicative US IPO Timetable – Public SEC Review Process

We believe the following represents a useful indicative US IPO timetable assuming a public filing of the Form S-1/F-1 registration statement as part of the regular, public SEC review process and a reasonably fast overall process. Of course, this requires a high level of preparedness by the company and no material or unusually extensive SEC comments. Following the formal kick-off meeting. Of course, a company will normally have to spend significant time and effort on getting ready for an IPO before the formal kick-off meeting. See “Getting Ready” above.

Week	Public SEC Review Process
0	<ul style="list-style-type: none"> • Kick-off Meeting • Discuss timing and marketing mechanics
1	<ul style="list-style-type: none"> • Perform due diligence
2	<ul style="list-style-type: none"> • Draft S-1/F-1
3	<ul style="list-style-type: none"> • Continue due diligence • Continue drafting S-1/F-1 • Draft underwriting agreement • Draft comfort letters • Draft legal opinions • Draft stock exchange application • Select co-managers/syndicate • Obtain board approval
4	<ul style="list-style-type: none"> • Finalize due diligence • Continue drafting underwriting agreement • Continue drafting comfort letters • Continue drafting legal opinions • File S-1/F-1 with SEC • File with FINRA
5	<ul style="list-style-type: none"> • Prepare free writing prospectus
6	<ul style="list-style-type: none"> • Prepare road show materials
7	<ul style="list-style-type: none"> • Finalize underwriting agreement • Finalize comfort letter • Finalize legal opinions • Co-manager due diligence • Obtain lock-ups
8	<ul style="list-style-type: none"> • Receive and prepare to respond to SEC comments
9	<ul style="list-style-type: none"> • Respond to SEC comments and file Amendment No. 1
10	<ul style="list-style-type: none"> • File Amendment No.1 with FINRA and respond to FINRA comments, if any • Finalize free writing prospectus • Finalize road show materials



Week	Public SEC Review Process
11	<ul style="list-style-type: none"> • Receive SEC comments on Amendment No. 1 • Finalize valuation, determine price range • Respond to SEC comments and file Amendment No. 2 • Print Red Herrings
12	<ul style="list-style-type: none"> • Commence roadshow • Salesforce meetings • Send FWP to accounts electronically (with link to 10(a) prospectus) • File FWP with SEC
13	<ul style="list-style-type: none"> • Receive SEC comments on Amendment No. 2 • Respond to SEC comments and file Amendment No. 3
14	<ul style="list-style-type: none"> • Roadshow continues
15	<ul style="list-style-type: none"> • Clear SEC • Clear FINRA • Clear stock exchange • File Forms 3 (if U.S. domestic issuer) • Declare S-1/F-1 “effective” • Bring down due diligence • Pricing • Sign underwriting agreement • Deliver comfort letter • File 424 prospectus with SEC
16	<ul style="list-style-type: none"> • Bring-down due diligence call • Close and settle IPO



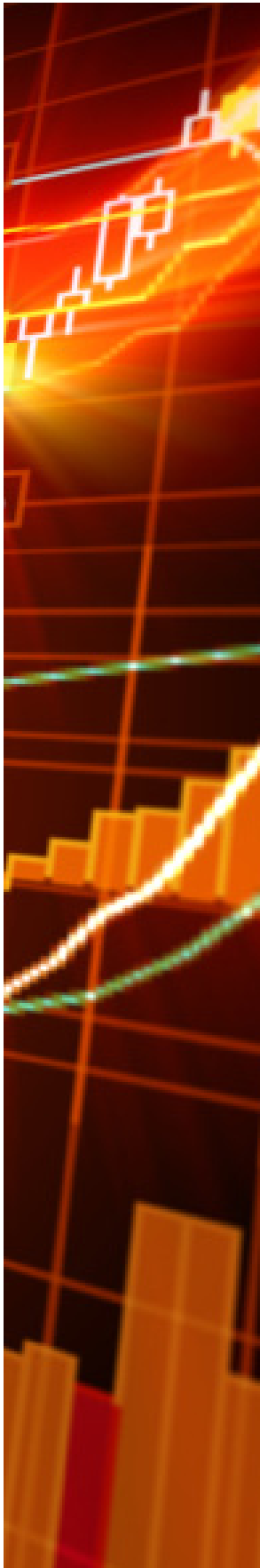
Indicative US IPO Timetable – Confidential SEC Review Process

The expected timeline under the confidential SEC review process would not be substantially different from the timeline for the regular (public) SEC review process outlined above. However, under the confidential SEC review process, the (public) roadshow for the IPO could not commence until the registration statement has been formally filed with the SEC, although the company and any authorized person acting on its behalf may engage in so-called “test-the-waters” communications with potential investors that are “qualified institutional buyers” (as defined in Rule 144A) or institutions that are “accredited investors” (as defined in Rule 501), assuming the company qualifies as an “emerging growth company” (EGC). See also “Certain Securities Law Considerations-U.S. Securities Law Considerations-SEC-Registration/U.S. Listings-SEC Registration Process” above.

The following indicative timetable assumes that the company (following consultation with the underwriters for the IPO) would make its first public filing of the IPO registration statement once (i) the bulk of SEC comments have been resolved through the confidential review process and there is a strong expectation that it will be possible to complete the review process and finalize the registration statement in short order and (ii) the underwriters advise the company that market conditions are favourable for a successful IPO and that it is advisable to commence the roadshow for the IPO.

The following indicative timetable further assumes that the company would make its first public filing in week 12 to permit commencement of a public roadshow, consistent with the indicative timetable for the regular, public SEC review described above.

Week	Confidential SEC Review Process
0	<ul style="list-style-type: none"> • Kick-off Meeting • Discuss timing and marketing mechanics • Decide on either Option A or Option B
1	<ul style="list-style-type: none"> • Perform due diligence
2	<ul style="list-style-type: none"> • Draft S-1/F-1
3	<ul style="list-style-type: none"> • Continue due diligence • Continue drafting S-1/F-1 • Draft underwriting agreement • Draft comfort letters • Draft legal opinions • Draft stock exchange application • Select co-managers/syndicate • Obtain board approval
4	<ul style="list-style-type: none"> • Finalize due diligence • Continue drafting underwriting agreement • Continue drafting comfort letters • Continue drafting legal opinions • Initial confidential submission of draft Form S-1/F-1 to SEC • File with FINRA

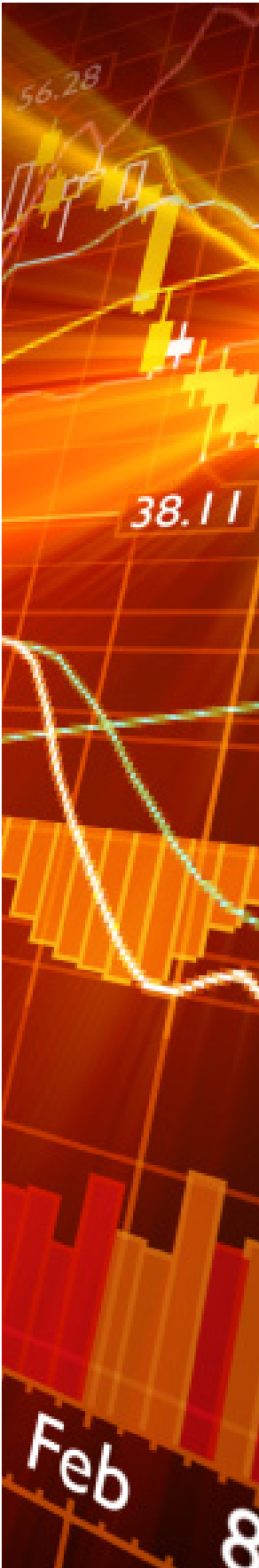


Week	Confidential SEC Review Process
5	<ul style="list-style-type: none"> • Prepare free writing prospectus • Prepare road show materials • Finalize underwriting agreement • Finalize comfort letter • Finalize legal opinions • Co-manager due diligence • Obtain lock-ups
6	
7	
8	<ul style="list-style-type: none"> • Receive and prepare to respond to SEC comments
9	<ul style="list-style-type: none"> • Respond to SEC comments and confidentially submit Amendment No. 1 • File Amendment No.1 with FINRA and respond to FINRA comments, if any • Finalize free writing prospectus • Finalize road show materials
10	
11	<ul style="list-style-type: none"> • Receive SEC comments on Amendment No. 1 • Finalize valuation, determine price range • Respond to SEC comments and file Amendment No. 2 (FIRST PUBLIC FILING OF IPO REGISTRATION STATEMENT) • Print Red Herrings
12	<ul style="list-style-type: none"> • Commence roadshow • Salesforce meetings • Send FWP to accounts electronically (with link to 10(a) prospectus) • File FWP with SEC
13	<ul style="list-style-type: none"> • Receive SEC comments on Amendment No. 2 • Respond to SEC comments and publicly file Amendment No. 3
14	<ul style="list-style-type: none"> • Roadshow continues
15	<ul style="list-style-type: none"> • Clear SEC • Clear FINRA • Clear stock exchange • Declare S-1/F-1 “effective” • Bring down due diligence • Pricing • Sign underwriting agreement • Deliver comfort letter • File 424 prospectus with SEC
16	<ul style="list-style-type: none"> • Bring-down due diligence call • Close and Settle IPO



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ANNEX I:

Minimum Disclosure Requirements for the Share Registration Document

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ANNEX I

**Minimum Disclosure Requirements for the Share Registration Document
(schedule)****1. PERSONS RESPONSIBLE**

- 1.1. All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
- 1.2. A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. STATUTORY AUDITORS

- 2.1. Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).
- 2.2. If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.

3. SELECTED FINANCIAL INFORMATION

- 3.1. Selected historical financial information regarding the issuer, presented for each financial year for the period covered by the historical financial information, and any subsequent interim financial period, in the same currency as the financial information.

The selected historical financial information must provide the key figures that summarise the financial condition of the issuer.

- 3.2. If selected financial information for interim periods is provided, comparative data from the same period in the prior financial year must also be provided, except that the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information.

4. RISK FACTORS

Prominent disclosure of risk factors that are specific to the issuer or its industry in a section headed 'Risk Factors'.

5. INFORMATION ABOUT THE ISSUER

- 5.1. *History and development of the issuer*
 - 5.1.1. The legal and commercial name of the issuer
 - 5.1.2. The place of registration of the issuer and its registration number

▼ C1

- 5.1.3. The date of incorporation and the length of life of the issuer, except where indefinite
- 5.1.4. The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office)
- 5.1.5. The important events in the development of the issuer's business.
- 5.2. *Investments*
- 5.2.1. A description, (including the amount) of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the registration document
- 5.2.2. A description of the issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external)
- 5.2.3. Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments.

6. BUSINESS OVERVIEW**6.1. Principal Activities**

- 6.1.1. A description of, and key factors relating to, the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information;
- and

- 6.1.2. An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development.

6.2. Principal Markets

A description of the principal markets in which the issuer competes, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information.

- 6.3. Where the information given pursuant to items 6.1 and 6.2 has been influenced by exceptional factors, mention that fact.
- 6.4. If material to the issuer's business or profitability, a summary information regarding the extent to which the issuer is dependent, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.
- 6.5. The basis for any statements made by the issuer regarding its competitive position.

7. ORGANISATIONAL STRUCTURE

- 7.1. If the issuer is part of a group, a brief description of the group and the issuer's position within the group.
- 7.2. A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.

▼C1**8. PROPERTY, PLANTS AND EQUIPMENT**

- 8.1. Information regarding any existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon.
- 8.2. A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets.

9. OPERATING AND FINANCIAL REVIEW**9.1. *Financial Condition***

To the extent not covered elsewhere in the registration document, provide a description of the issuer's financial condition, changes in financial condition and results of operations for each year and interim period, for which historical financial information is required, including the causes of material changes from year to year in the financial information to the extent necessary for an understanding of the issuer's business as a whole.

9.2. *Operating Results*

- 9.2.1. Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations, indicating the extent to which income was so affected.
- 9.2.2. Where the financial statements disclose material changes in net sales or revenues, provide a narrative discussion of the reasons for such changes.
- 9.2.3. Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.

10. CAPITAL RESOURCES

- 10.1. Information concerning the issuer's capital resources (both short and long term);
- 10.2. An explanation of the sources and amounts of and a narrative description of the issuer's cash flows;
- 10.3. Information on the borrowing requirements and funding structure of the issuer;
- 10.4. Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.
- 10.5. Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3 and 8.1.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

Where material, provide a description of the issuer's research and development policies for each financial year for the period covered by the historical financial information, including the amount spent on issuer-sponsored research and development activities.

▼ C1**12. TREND INFORMATION**

- 12.1. The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document.
- 12.2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.

13. PROFIT FORECASTS OR ESTIMATES

If an issuer chooses to include a profit forecast or a profit estimate the registration document must contain the information set out in items 13.1 and 13.2:

- 13.1. A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.

There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; the assumptions must be readily understandable by investors, be specific and precise and not relate to the general accuracy of the estimates underlying the forecast.

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- 13.2. A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated, and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer.

Where financial information relates to the previous financial year and only contains non-misleading figures substantially consistent with the final figures to be published in the next annual audited financial statements for the previous financial year, and the explanatory information necessary to assess the figures, a report shall not be required provided that the prospectus includes all of the following statements:

- (a) the person responsible for this financial information, if different from the one which is responsible for the prospectus in general, approves that information;
- (b) independent accountants or auditors have agreed that this information is substantially consistent with the final figures to be published in the next annual audited financial statements;
- (c) this financial information has not been audited.

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- 13.3. The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.
- 13.4. If a profit forecast in a prospectus has been published which is still outstanding, then provide a statement setting out whether or not that forecast is still correct as at the time of the registration document, and an explanation of why such forecast is no longer valid if that is the case.

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14. **ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**

14.1. Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer:

- (a) members of the administrative, management or supervisory bodies;
 - (b) partners with unlimited liability, in the case of a limited partnership with a share capital;
 - (c) founders, if the issuer has been established for fewer than five years;
- and
- (d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.

The nature of any family relationship between any of those persons.

In the case of each member of the administrative, management or supervisory bodies of the issuer and of each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information:

- (a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies;
- (b) any convictions in relation to fraudulent offences for at least the previous five years;
- (c) details of any bankruptcies, receiverships or liquidations with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (d) of the first subparagraph was associated for at least the previous five years;
- (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

If there is no such information to be disclosed, a statement to that effect is to be made.

14.2. **Administrative, Management, and Supervisory bodies' and Senior Management conflicts of interests**

Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 14.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.

Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 14.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management.

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Details of any restrictions agreed by the persons referred to in item 14.1 on the disposal within a certain period of time of their holdings in the issuer's securities.

15. REMUNERATION AND BENEFITS

In relation to the last full financial year for those persons referred to in points (a) and (d) of the first subparagraph of item 14.1:

- 15.1. The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person.

That information must be provided on an individual basis unless individual disclosure is not required in the issuer's home country and is not otherwise publicly disclosed by the issuer.

- 15.2. The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits.

16. BOARD PRACTICES

In relation to the issuer's last completed financial year, and unless otherwise specified, with respect to those persons referred to in point (a) of the first subparagraph of 14.1:

- 16.1. Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.
- 16.2. Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement.
- 16.3. Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.
- 16.4. A statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime(s). In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.

17. EMPLOYEES

- 17.1. Either the number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information up to the date of the registration document (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location. If the issuer employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year.

- 17.2. Shareholdings and stock options

With respect to each person referred to in points (a) and (d) of the first subparagraph of item 14.1. provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.

- 17.3. Description of any arrangements for involving the employees in the capital of the issuer.

▼ **C1****18. MAJOR SHAREHOLDERS**

- 18.1. In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest or, if there are no such persons, an appropriate negative statement.
- 18.2. Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.
- 18.3. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
- 18.4. A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

19. RELATED PARTY TRANSACTIONS

Details of related party transactions (which for these purposes are those set out in the Standards adopted according to the Regulation (EC) No 1606/2002), that the issuer has entered into during the period covered by the historical financial information and up to the date of the registration document, must be disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 if applicable.

If such standards do not apply to the issuer the following information must be disclosed:

- (a) the nature and extent of any transactions which are - as a single transaction or in their entirety - material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arms length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding;
- (b) the amount or the percentage to which related party transactions form part of the turnover of the issuer.

20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**20.1. *Historical Financial Information***

Audited historical financial information covering the latest 3 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. ► **M2** If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical information shall cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is the shorter. ◀ Such financial information must be prepared according to Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards for issuers from the Community. For third country issuers, such financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. If such financial information is not equivalent to these standards, it must be presented in the form of restated financial statements.

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The last two years audited historical financial information must be presented and prepared in a form consistent with that which will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.

If the issuer has been operating in its current sphere of economic activity for less than one year, the audited historical financial information covering that period must be prepared in accordance with the standards applicable to annual financial statements under the Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards where the issuer is an issuer from the Community. For third country issuers, the historical financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. This historical financial information must be audited.

If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least:

- (a) balance sheet;
- (b) income statement;
- (c) a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners;
- (d) cash flow statement;
- (e) accounting policies and explanatory notes.

The historical annual financial information must be independently audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view, in accordance with auditing standards applicable in a Member State or an equivalent standard.

20.2. *Pro forma financial information*

In the case of a significant gross change, a description of how the transaction might have affected the assets and liabilities and earnings of the issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported.

This requirement will normally be satisfied by the inclusion of pro forma financial information.

This pro forma financial information is to be presented as set out in Annex II and must include the information indicated therein.

Pro forma financial information must be accompanied by a report prepared by independent accountants or auditors.

20.3. *Financial statements*

If the issuer prepares both own and consolidated annual financial statements, include at least the consolidated annual financial statements in the registration document.

20.4. *Auditing of historical annual financial information*

- 20.4.1. A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.

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20.4.2. Indication of other information in the registration document which has been audited by the auditors.

20.4.3. Where financial data in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.

20.5. *Age of latest financial information*

20.5.1. The last year of audited financial information may not be older than one of the following:

(a) 18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document;

(b) 15 months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document.

20.6. *Interim and other financial information*

20.6.1. If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited, the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.

20.6.2. If the registration document is dated more than nine months after the end of the last audited financial year, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year.

The interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet.

20.7. *Dividend policy*

A description of the issuer's policy on dividend distributions and any restrictions thereon.

20.7.1. The amount of the dividend per share for each financial year for the period covered by the historical financial information adjusted, where the number of shares in the issuer has changed, to make it comparable.

20.8. *Legal and arbitration proceedings*

Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.

▼C1**20.9. Significant change in the issuer's financial or trading position**

A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or provide an appropriate negative statement.

21. ADDITIONAL INFORMATION**21.1. Share Capital**

The following information as of the date of the most recent balance sheet included in the historical financial information:

21.1.1. The amount of issued capital, and for each class of share capital:

- (a) the number of shares authorised;
- (b) the number of shares issued and fully paid and issued but not fully paid;
- (c) the par value per share, or that the shares have no par value;
- and
- (d) a reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10 % of capital has been paid for with assets other than cash within the period covered by the historical financial information, state that fact.

21.1.2. If there are shares not representing capital, state the number and main characteristics of such shares.**21.1.3. The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer.****21.1.4. The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.****21.1.5. Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital.****21.1.6. Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.****21.1.7. A history of share capital, highlighting information about any changes, for the period covered by the historical financial information.****21.2. Memorandum and Articles of Association****21.2.1. A description of the issuer's objects and purposes and where they can be found in the memorandum and articles of association.**

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- 21.2.2. A summary of any provisions of the issuer's articles of association, statutes, charter or bylaws with respect to the members of the administrative, management and supervisory bodies.
- 21.2.3. A description of the rights, preferences and restrictions attaching to each class of the existing shares.
- 21.2.4. A description of what action is necessary to change the rights of holders of the shares, indicating where the conditions are more significant than is required by law.
- 21.2.5. A description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called including the conditions of admission.
- 21.2.6. A brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer.
- 21.2.7. An indication of the articles of association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed.
- 21.2.8. A description of the conditions imposed by the memorandum and articles of association statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law.

22. MATERIAL CONTRACTS

A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding publication of the registration document.

A summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which is material to the group as at the date of the registration document.

23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

- 23.1. Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document.
- 23.2. Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.

▼C1**24. DOCUMENTS ON DISPLAY**

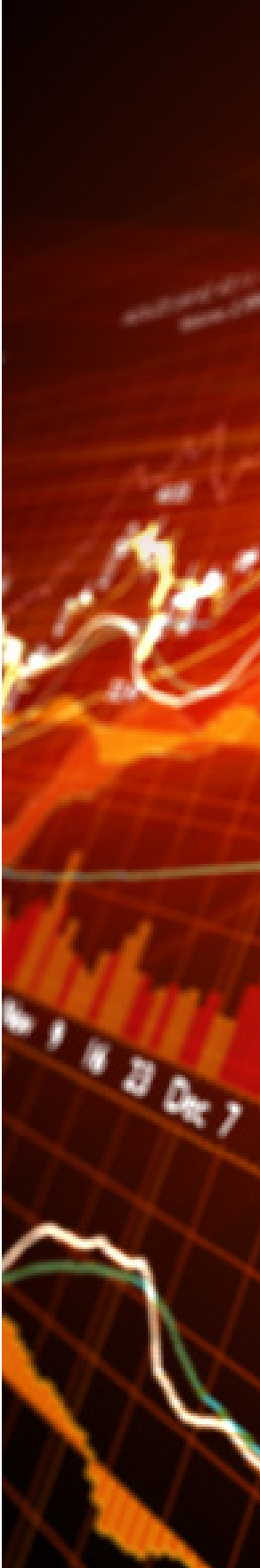
A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:

- (a) the memorandum and articles of association of the issuer;
- (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
- (c) the historical financial information of the issuer or, in the case of a group, the historical financial information for the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.

An indication of where the documents on display may be inspected, by physical or electronic means.

25. INFORMATION ON HOLDINGS

Information relating to the undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.



ANNEX II:

Pro Forma Financial Information Building Block

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ANNEX II

Pro forma financial information building block

1. The pro forma information must include a description of the transaction, the businesses or entities involved and the period to which it refers, and must clearly state the following:
 - (a) the purpose to which it has been prepared;
 - (b) the fact that it has been prepared for illustrative purposes only;
 - (c) the fact that because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.
2. In order to present pro forma financial information, a balance sheet and profit and loss account, and accompanying explanatory notes, depending on the circumstances may be included.
3. Pro forma financial information must normally be presented in columnar format, composed of:
 - (a) the historical unadjusted information;
 - (b) the pro forma adjustments;
 - and
 - (c) the resulting pro forma financial information in the final column.

The sources of the pro forma financial information have to be stated and, if applicable, the financial statements of the acquired businesses or entities must be included in the prospectus
4. The pro forma information must be prepared in a manner consistent with the accounting policies adopted by the issuer in its last or next financial statements and shall identify the following:
 - (a) the basis upon which it is prepared;
 - (b) the source of each item of information and adjustment.
5. Pro forma information may only be published in respect of:
 - (a) the current financial period;
 - (b) the most recently completed financial period;
 - and/or
 - (c) the most recent interim period for which relevant unadjusted information has been or will be published or is being published in the same document.
6. Pro forma adjustments related to the pro forma financial information must be:
 - (a) clearly shown and explained;
 - (b) directly attributable to the transaction;
 - (c) factually supportable.

In addition, in respect of a pro forma profit and loss or cash flow statement, they must be clearly identified as to those expected to have a continuing impact on the issuer and those which are not.
7. The report prepared by the independent accountants or auditors must state that in their opinion:
 - (a) the pro forma financial information has been properly compiled on the basis stated;
 - (b) that basis is consistent with the accounting policies of the issuer.



ANNEX III:

Minimum Disclosure Requirements for the Share Securities Note

▼C1*ANNEX III***Minimum disclosure requirements for the share securities note (schedule)****1. PERSONS RESPONSIBLE**

- 1.1. All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
- 1.2. A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. RISK FACTORS

Prominent disclosure of risk factors that are material to the securities being offered and/or admitted to trading in order to assess the market risk associated with these securities in a section headed 'Risk Factors'.

▼M6**3. ESSENTIAL INFORMATION****▼C1****3.1. *Working capital Statement***

Statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed.

3.2. *Capitalisation and indebtedness*

A statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as of a date no earlier than 90 days prior to the date of the document. Indebtedness also includes indirect and contingent indebtedness.

3.3. *Interest of natural and legal persons involved in the issue/offer*

A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.

3.4. *Reasons for the offer and use of proceeds*

Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed. Details must be given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness.

▼ C14. **INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING**

- 4.1. A description of the type and the class of the securities being offered and/or admitted to trading, including the ISIN (international security identification number) or other such security identification code.
- 4.2. Legislation under which the securities have been created.
- 4.3. An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.
- 4.4. Currency of the securities issue.
- 4.5. A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights.
 - Dividend rights:
 - fixed date(s) on which the entitlement arises,
 - time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates,
 - dividend restrictions and procedures for non-resident holders,
 - rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments.
 - Voting rights.
 - Pre-emption rights in offers for subscription of securities of the same class.
 - Right to share in the issuer's profits.
 - Rights to share in any surplus in the event of liquidation.
 - Redemption provisions.
 - Conversion provisions.
- 4.6. In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.
- 4.7. In the case of new issues, the expected issue date of the securities.
- 4.8. A description of any restrictions on the free transferability of the securities.
- 4.9. An indication of the existence of any mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities.
- 4.10. An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.
- 4.11. In respect of the country of registered office of the issuer and the country(ies) where the offer is being made or admission to trading is being sought:
 - information on taxes on the income from the securities withheld at source,
 - indication as to whether the issuer assumes responsibility for the withholding of taxes at the source.

▼C1**5. TERMS AND CONDITIONS OF THE OFFER****5.1. *Conditions, offer statistics, expected timetable and action required to apply for the offer***

- 5.1.1. Conditions to which the offer is subject.
- 5.1.2. Total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.
- 5.1.3. The time period, including any possible amendments, during which the offer will be open and description of the application process.
- 5.1.4. An indication of when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.
- 5.1.5. A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.
- 5.1.6. Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).
- 5.1.7. An indication of the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription.
- 5.1.8. Method and time limits for paying up the securities and for delivery of the securities.
- 5.1.9. A full description of the manner and date in which results of the offer are to be made public.
- 5.1.10. The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

5.2. *Plan of distribution and allotment*

- 5.2.1. The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.
- 5.2.2. To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.
- 5.2.3. Pre-allotment disclosure:
 - (a) the division into tranches of the offer including the institutional, retail and issuer's employee tranches and any other tranches;
 - (b) the conditions under which the clawback may be used, the maximum size of such claw back and any applicable minimum percentages for individual tranches;
 - (c) the allotment method or methods to be used for the retail and issuer's employee tranche in the event of an over-subscription of these tranches;

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- (d) a description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups;
 - (e) whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by;
 - (f) a target minimum individual allotment if any within the retail tranche;
 - (g) the conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest;
 - (h) whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.
- 5.2.4. Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.
- 5.2.5. Over-allotment and 'green shoe':
- (a) the existence and size of any over-allotment facility and/or 'green shoe'.
 - (b) the existence period of the over-allotment facility and/or 'green shoe'.
 - (c) any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.
- 5.3. *Pricing*
- 5.3.1. An indication of the price at which the securities will be offered. If the price is not known or if there is no established and/or liquid market for the securities, indicate the method for determining the offer price, including a statement as to who has set the criteria or is formally responsible for the determination. Indication of the amount of any expenses and taxes specifically charged to the subscriber or purchaser.
- 5.3.2. Process for the disclosure of the offer price.
- 5.3.3. If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.
- 5.3.4. Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons.
- 5.4. *Placing and Underwriting*
- 5.4.1. Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.

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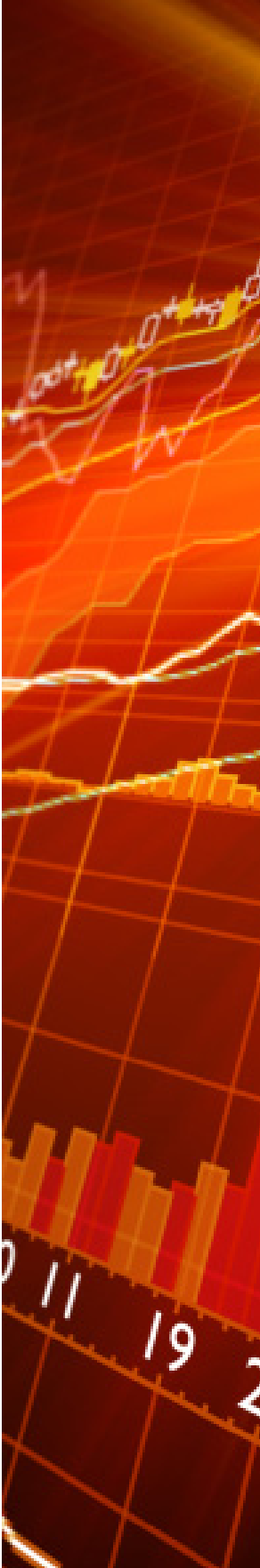
- 5.4.2 Name and address of any paying agents and depository agents in each country.
- 5.4.3. Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.
- 5.4.4. When the underwriting agreement has been or will be reached.

6. **ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

- 6.1. An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.
 - 6.2. All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.
 - 6.3. If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate.
 - 6.4. Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.
 - 6.5. Stabilisation: where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offer:
 - 6.5.1. The fact that stabilisation may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time,
 - 6.5.2. The beginning and the end of the period during which stabilisation may occur,
 - 6.5.3. The identity of the stabilisation manager for each relevant jurisdiction unless this is not known at the time of publication,
 - 6.5.4. The fact that stabilisation transactions may result in a market price that is higher than would otherwise prevail.
- ## 7. **SELLING SECURITIES HOLDERS**
- 7.1. Name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer or any of its predecessors or affiliates.

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- 7.2. The number and class of securities being offered by each of the selling security holders.
- 7.3. Lock-up agreements
 - The parties involved.
 - Content and exceptions of the agreement.
 - Indication of the period of the lock up.
- 8. **EXPENSE OF THE ISSUE/OFFER**
- 8.1. The total net proceeds and an estimate of the total expenses of the issue/offer.
- 9. **DILUTION**
- 9.1. The amount and percentage of immediate dilution resulting from the offer.
- 9.2. In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.
- 10. **ADDITIONAL INFORMATION**
- 10.1. If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.
- 10.2. An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.
- 10.3. Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the Securities Note.
- 10.4. Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.



ANNEX XXII:

Disclosure Requirements in Summaries

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ANNEX XXII

Disclosure requirements in summaries

GUIDE TO USING THE TABLES

1. Summaries are constructed on a modular basis according to the Annexes from this Regulation on which the prospectus has been based. For example, the summary for a share prospectus would disclose the information required for the Elements for Annexes I and III.
2. Each summary will be made up of five tables as detailed below.
3. The order of the sections A-E is mandatory. Within each of the sections the elements shall be disclosed in the order they appear in the Tables.
4. Where an element is not applicable to a prospectus the element should appear in the summary with the mention '*not applicable*'.
5. To the extent required by an element, descriptions should be brief.
6. Summaries should not contain cross-references to specific parts of the prospectus.
7. Where a prospectus relates to the admission to trading on a regulated market of non-equity securities having a denomination of at least EUR 100 000 in accordance with either or both of Annexes IX or XIII and a summary is required by a Member State in accordance with Articles 5(2) and 19(4) of Directive 2003/71/EC, or is produced on a voluntary basis, the disclosure requirements for the summary in relation to Annexes IX and XIII are as set out in the Tables. Where an issuer is not under an obligation to include a summary in a prospectus but wishes to produce some overview section in the prospectus, it should ensure that it is not titled '*summary*' unless it complies with all the disclosure requirements for summaries.

Section A — Introduction and warnings

Annexes	Element	Disclosure requirement
All	A.1	<p>Warning that:</p> <ul style="list-style-type: none"> — [this] summary should be read as introduction to the prospectus; — any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor; — where a claim relating to the information contained in [the] prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and — civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
All	A.2	<ul style="list-style-type: none"> — Consent by the issuer or person responsible for drawing up the prospectus to the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries. — Indication of the offer period within which subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use the prospectus is given. — Any other clear and objective conditions attached to the consent which are relevant for the use of the prospectus. — Notice in bold informing investors that information on the terms and conditions of the offer by any financial intermediary is to be provided at the time of the offer by the financial intermediary.

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▼ **M5***Section B — Issuer and any guarantor*

Annexes	Element	Disclosure requirement
1, 4, 7, 9, 11	B.1	The legal and commercial name of the issuer.
1, 4, 7, 9, 11	B.2	The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation.
1	B.3	A description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes.
1	B.4a	A description of the most significant recent trends affecting the issuer and the industries in which it operates.
4, 11	B.4b	A description of any known trends affecting the issuer and the industries in which it operates.
1, 4, 9, 11	B.5	If the issuer is part of a group, a description of the group and the issuer's position within the group.
1	B.6	In so far as is known to the issuer, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest. Whether the issuer's major shareholders have different voting rights if any. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control.
1	B.7	Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information. This should be accompanied by a narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.
1, 2	B.8	Selected key pro forma financial information, identified as such. The selected key pro forma financial information must clearly state the fact that because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.
1, 4, 9, 11	B.9	Where a profit forecast or estimate is made, state the figure.
1, 4, 9, 11	B.10	A description of the nature of any qualifications in the audit report on the historical financial information.
3	B.11	If the issuer's working capital is not sufficient for the issuer's present requirements an explanation should be included.
4, 9, 11	B.12	Use only the first paragraph of B.7, plus: — A statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements or a description of any material adverse change. — A description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information.
4, 9, 11	B.13	A description of any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.
4, 9, 11	B.14	B.5 plus: 'If the issuer is dependent upon other entities within the group, this must be clearly stated.'

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Annexes	Element	Disclosure requirement
4, 9, 11	B.15	A description of the issuer's principal activities.
4, 7, 9, 11	B.16	Use only the final paragraph of B.6
5, 13	B.17	Credit ratings assigned to an issuer or its debt securities at the request or with the cooperation of the issuer in the rating process.
6	B.18	A description of the nature and scope of the guarantee.
6	B.19	Section B information about the guarantor as if it were the issuer of the same type of security that is the subject of the guarantee. Therefore provide such information as required for a summary for the relevant annex.
7	B.20	A statement whether the issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed securities.
7	B.21	A description of the issuer's principal activities including a global overview of the parties to the securitisation program including information on the direct or indirect ownership or control between those parties.
7	B.22	Where, since the date of incorporation or establishment, an issuer has not commenced operations and no financial statements have been made up as at the date of the registration document, a statement to that effect.
7	B.23	Use only the first paragraph of B.7
7	B.24	A description of any material adverse change in the prospects of the issuer since the date of its last published audited financial statements.
8	B.25	<p>A description of the underlying assets including:</p> <ul style="list-style-type: none"> — confirmation that the securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities — a description of the general characteristics of the obligors and in the case of a small number of easily identifiable obligors, a general description of each obligor — a description of the legal nature of the assets — loan to value ratio or level of collateralisation — Where a valuation report relating to real property is included in the prospectus, a description of the valuation.
8	B.26	In respect of an actively managed pool of assets backing the issue a description of the parameters within which investments can be made, the name and description of the entity responsible for such management including a brief description of that entity's relationship with any other parties to the issue.
8	B.27	Where an issuer proposes to issue further securities backed by the same assets a statement to that effect.
8	B.28	A description of the structure of the transaction, including, if necessary, a structure diagram.
8	B.29	A description of the flow of funds including information on swap counterparties and any other material forms of credit/liquidity enhancements and the providers thereof.
8	B.30	The name and a description of the originators of the securitised assets.
10	B.31	<p>Information about the issuer of the underlying shares:</p> <ul style="list-style-type: none"> — B.1 — B.2 — B.3 — B.4 — B.5 — B.6 — B.7 — B.9 — B.10 — D.4

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Annexes	Element	Disclosure requirement
10	B.32	Information about the issuer of the depository receipts: — ‘Name and registered office of the issuer of the depository receipts.’ — ‘Legislation under which the issuer of the depository receipts operates and legal form which it has adopted under the legislation.’
15	B.33	The following information from Annex 1: — B.1 — B.2 — B.5 — B.6 — B.7 — B.8 — B.9 — B.10 — C.3 — C.7 — D.2
15	B.34	A description of the investment objective and policy, including any investment restrictions, which the collective investment undertaking will pursue with a description of the instruments used.
15	B.35	The borrowing and/or leverage limits of the collective investment undertaking. If there are no such limits, include a statement to that effect.
15	B.36	A description of the regulatory status of the collective investment undertaking together with the name of any regulator in its country of incorporation.
15	B.37	A brief profile of a typical investor for whom the collective investment undertaking is designed.
15	B.38	Where the main body of the prospectus discloses that more than 20 % of the gross assets of the collective investment undertaking may be: (a) invested, directly or indirectly, in a single underlying asset, or (b) invested in one or more collective investment undertakings which may in turn invest more than 20 % of gross assets in other collective investment undertakings, or (c) exposed to the creditworthiness or solvency of any one counterparty the identity of the entity should be disclosed together with a description of the exposure (e.g. counter-party) as well as information on the market in which its securities are admitted.
15	B.39	Where a collective investment undertaking may invest in excess of 40 % of its gross assets in another collective investment undertaking the summary should briefly explain either: (a) the exposure, the identity of the underlying collective investment undertaking, and provide such information as would be required in a summary note by that collective investment undertaking; or (b) where the securities issued by an underlying collective investment undertaking have already been admitted to trading on a regulated or equivalent market, the identity of the underlying collective investment undertaking.
15	B.40	A description of the applicant’s service providers including the maximum fees payable.
15	B.41	The identity and regulatory status of any investment manager, investment advisor, custodian, trustee or fiduciary (including and delegated custody arrangements).

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Annexes	Element	Disclosure requirement
15	B.42	A description of how often the net asset value of the collective investment undertaking will be determined and how such net asset value will be communicated to investors.
15	B.43	In the case of an umbrella collective investment undertaking, a statement of any cross liability that may occur between classes or investment in other collective investment undertaking.
15	B.44	B.7 plus: — ‘Where a collective investment undertaking has not commenced operations and no financial statements have been made up as at the date of the registration document, a statement to that effect.’
15	B.45	A description of the collective investment undertaking’s portfolio.
15	B.46	An indication of the most recent net asset value per security (if applicable).
16	B.47	A description of the issuer, including: — The legal name of the issuer and a description of the issuer’s position within the national government framework. — The legal form of the issuer. — Any recent events relevant to the evaluation of the issuer’s solvency. — A description of the issuer’s economy including its structure with details of its main sectors.
16	B.48	A description/the key facts of public finance and trade information for the 2 fiscal years prior to the date of the prospectus. With a description of any significant changes to that information since the end of the last fiscal year.
17	B.49	A description of the issuer, including: — The legal name of the issuer and a description of the issuer’s legal status. — The legal form of the issuer. — A description of the issuer’s purpose and functions. — The sources of funding, guarantees and other obligations owed to the issuer by its members. — Any recent events relevant to the evaluation of the issuer’s solvency.
17	B.50	Selected key historical financial information covering the latest 2 financial years. This should be accompanied by a description of any significant changes to the issuer’s financial position since the last audited financial information.

Section C — Securities

Annexes	Element	Disclosure requirement
3, 5, 12, 13	C.1	A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.
3, 5, 12, 13	C.2	Currency of the securities issue.
1	C.3	The number of shares issued and fully paid and issued but not fully paid. The par value per share, or that the shares have not par value.
3	C.4	A description of the rights attached to the securities.

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Annexes	Element	Disclosure requirement
3, 5, 12, 13	C.5	A description of any restrictions on the free transferability of the securities.
3	C.6	An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded.
1	C.7	A description of dividend policy.
5, 12, 13	C.8	C.4 plus: — ‘including ranking’ — ‘including limitations to those rights’
5, 13	C.9	C.8 plus: — ‘the nominal interest rate’ — ‘the date from which interest becomes payable and the due dates for interest’ — ‘where the rate is not fixed, description of the underlying on which it is based’ — ‘maturity date and arrangements for the amortisation of the loan, including the repayment procedures’ — ‘an indication of yield’ — ‘name of representative of debt security holders’
5	C.10	C.9 plus: — ‘if the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident’
5, 12	C.11	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question.
8	C.12	The minimum denomination of an issue.
10	C.13	Information about the underlying shares: — C.1 — C.2 — C.3 — C.4 — C.5 — C.6 — C.7
10	C.14	Information about the depository receipts: — C.1 — C.2 — C.4 — C.5 — ‘Describe the exercise of and benefit from the rights attaching to the underlying shares, in particular voting rights, the conditions on which the issuer of the depository receipts may exercise such rights, and measures envisaged to obtain the instructions of the depository receipt holders – and the right to share in profits and any liquidations surplus which are not passed on to the holder of the depository receipt.’ — ‘Description of the bank or other guarantee attached to the depository receipt and intended to underwrite the issuer’s obligations.’
12	C.15	A description of how the value of the investment is affected by the value of the underlying instrument(s), unless the securities have a denomination of at least EUR 100 000.

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Annexes	Element	Disclosure requirement
12	C.16	The expiration or maturity date of the derivative securities – the exercise date or final reference date.
12	C.17	A description of the settlement procedure of the derivative securities.
12	C.18	A description of how the return on derivative securities takes place.
12	C.19	The exercise price or the final reference price of the underlying.
12	C.20	A description of the type of the underlying and where the information on the underlying can be found.
13	C.21	Indication of the market where the securities will be traded and for which prospectus has been published.
14	C.22	Information about the underlying share: — ‘A description of the underlying share.’ — C.2 — C.4 plus the words ‘... and procedure for the exercise of those rights’. — ‘Where and when the shares will be or have been admitted to trading.’ — C.5 — ‘Where the issuer of the underlying is an entity belonging to the same group, the information to provide on this issuer is the information required by the share registration document. Therefore provide such information required for a summary for Annex 1.’

Section D — Risks

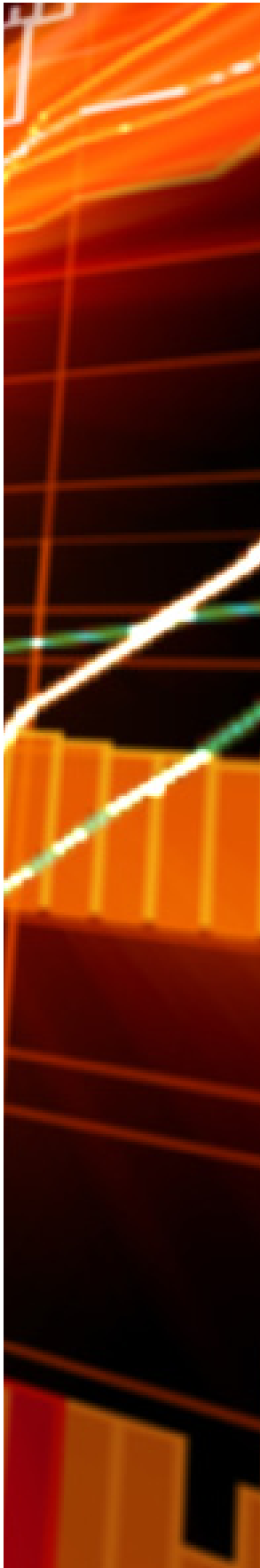
Annexes	Element	Disclosure requirement
1	D.1	Key information on the key risks that are specific to the issuer or its industry
4, 7, 9, 11, 16, 17	D.2	Key information on the key risks that are specific to the issuer.
3, 5, 13	D.3	Key information on the key risks that are specific to the securities.
10	D.4	Information about the issuer of the underlying shares: — D.2
10	D.5	Information about the depository receipts: — D.3
12	D.6	D.3 plus: — ‘This must include a risk warning to the effect that investors may lose the value of their entire investment or part of it, as the case may be, and/or, if the investor’s liability is not limited to the value of his investment, a statement of that fact, together with a description of the circumstances in which such additional liability arises and the likely financial effect.’

Section E — Offer

Annexes	Element	Disclosure requirement
3, 10	E.1	The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror.
3, 10	E.2a	Reasons for the offer, use of proceeds, estimated net amount of the proceeds.
5, 12	E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks.
3, 5, 10, 12	E.3	A description of the terms and conditions of the offer.

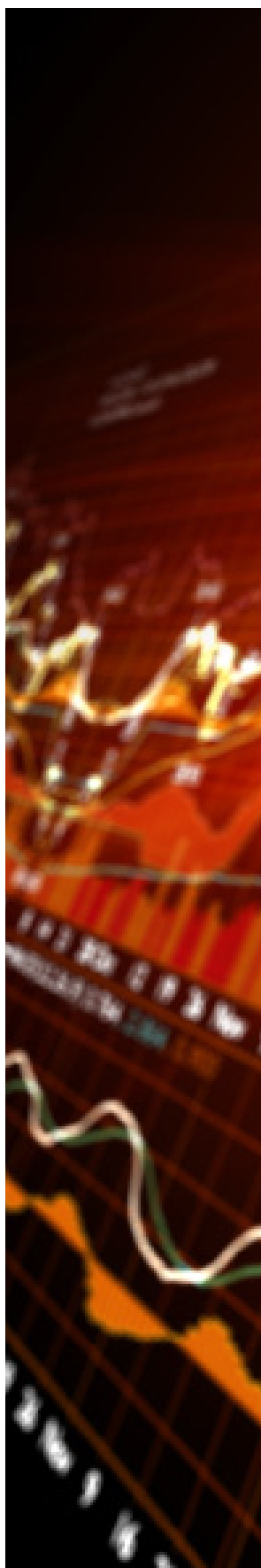
▼ **M5**

Annexes	Element	Disclosure requirement
3, 5, 10, 12, 13	E.4	A description of any interest that is material to the issue/offer including conflicting interests.
3, 10	E.5	Name of the person or entity offering to sell the security. Lock-up agreements: the parties involved; and indication of the period of the lock up.
3, 10	E.6	The amount and percentage of immediate dilution resulting from the offer. In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.
All	E.7	Estimated expenses charged to the investor by the issuer or the offeror.

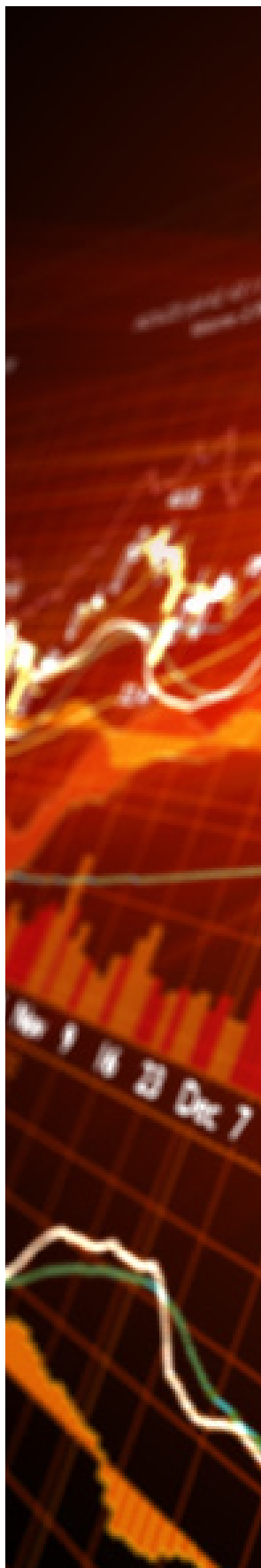


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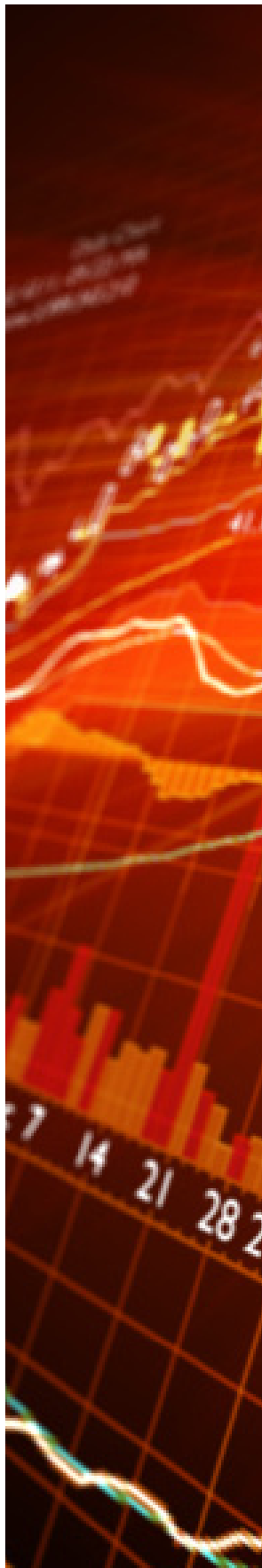
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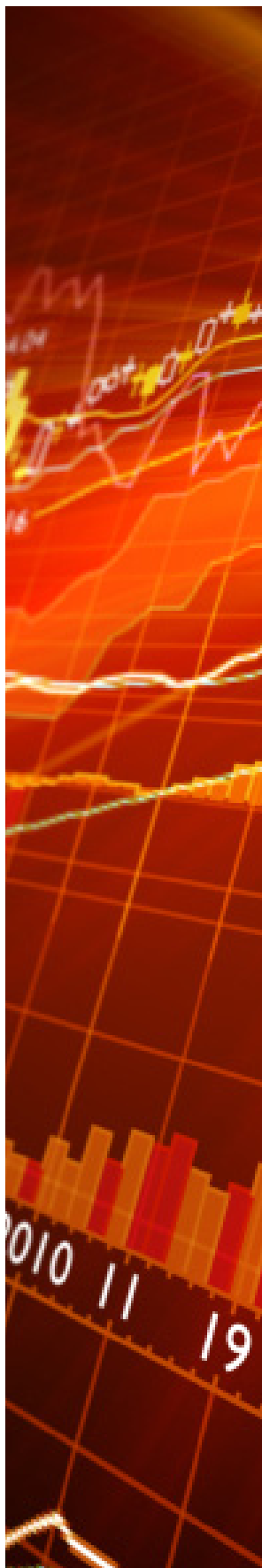
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