

## **A COMPANY GUIDE TO PLUS**



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## Foreword

Welcome to PLUS – the independent UK equity market dedicated to small and mid cap companies.

Whether you are a director of a company seeking to raise equity based finance, or a director of an existing quoted company in the UK and elsewhere, we operate a range of company services for you. This guide is intended to provide you with comprehensive information about those services, including what it means to seek and enjoy the benefits of being traded on our primary and secondary market.

PLUS is owned and operated by PLUS Markets Group plc, itself a public company (ticker: PMK) largely owned by its customers, who constitute the heartland of the UK smaller company community. It is regulated by the Financial Services Authority and conforms fully to the UK's accepted standards of regulation.

There are two aspects to the PLUS Markets which this guide explains in detail:

- a primary market regulatory framework dedicated to the needs of smaller companies; and
- a secondary market trading platform which offers a quote-driven execution venue for both listed and unlisted equity securities.

We hope you find this Company Guide to PLUS useful and informative. In addition, [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com) provides a wealth of information about our services and companies trading on our market. If you have any questions, or if you would like to meet a member of the PLUS team in person, please do get in touch.

**Nemone Wynn-Evans**

Director, Business Development

October 2006

## **Section 1 – About PLUS**

# 1. Who is PLUS Markets Group?

## PLUS Markets Group today

PLUS Markets Group (PMG) is an independent UK provider of primary and secondary equity market services and currently trades over 800 small and mid-cap company shares, representing a combined market capitalisation of over £145bn.

Its primary market specialises in smaller companies, domestic and international, representing a wide range of sectors and all stages of development. At the time of publication of this document there are currently circa 180 companies quoted on the primary market with a combined market cap of over £2.4bn.

Its secondary market trading platform is based on a quote-driven trading model, which PMG believes is the most efficient and effective system by which shares in small and mid-cap companies may be traded. Market makers commit their own capital to the market, playing a key role in providing both price formation and liquidity.

There are three routes to PLUS:

- PLUS-quoted companies.
- PLUS-traded AIM companies
- PLUS-traded main market (Official List) companies

Located in the heart of London, the world's banking and Europe's main business centre, PMG seeks to provide equity market participants with trading flexibility, embracing innovation and providing choice and effective competition through:

- on-going investment in leading-edge technology; and
- a commitment to provide the highest standards of regulation.

PMG responds to the fast-moving financial services industry by listening and reacting to the needs of the customers it serves.

## History of the company

PLUS Markets Group plc was born in November 2004, when the holding company was renamed following a refinancing and the appointment of a new Board and management team. The new team were given a mandate to reform the underlying primary market and also broaden its range of services. Its future was assured by the financial support of the UK smaller companies investment community and its market participants. PMG now benefits from a supportive shareholder base and is managed by a dedicated team with a track record in the smaller companies public market community.

## 2. Key features of the PLUS market

Authorised and regulated by the FSA, PLUS is an independent market for small and mid-cap companies. It is a self-regulated market and this enables it to dovetail its regulation to meet the needs of both investors and entrepreneurial growing companies. It is a flexible market, with broad appeal to companies, their professional advisers and those institutional and retail investors wishing to invest in smaller companies.

The PLUS market has two aspects:

**The primary market** – The conduct of PLUS-quoted companies is governed by our Rules for Issuers, which has been publicly endorsed by a number of leading institutional investors. The Rules are designed to increase investor confidence in disclosure standards while retaining flexible and cost-effective regulation. Equally, the Rules aim to simplify and streamline the regulatory responsibilities of PLUS-quoted companies in order to enhance the market's appeal.

**The secondary market** – The PLUS trading platform was built in 2005 and is a quote-driven system for publicly traded securities. It has been developed in direct response to demand from leading financial institutions and brokers and provides market participants with a choice of execution venues, bringing true competition to the equity trading marketplace.

### The PLUS primary market

The PLUS primary market is characterised by its clear and straightforward admission process, helping to ease companies into the transition to the public market arena. It is also a cost-effective way for companies to raise money because our regulation offers a flexible approach towards adviser due diligence.

PLUS allows companies to raise funds, either on debut or subsequently, from a deep capital pool of both institutions and private investors. To date over £1.3bn has been raised, £262m through primary issues and £1.1bn through secondary issues.

Further to the Chancellor's Budget 2006, Venture Capital Trust (VCT) and Enterprise Investment Scheme (EIS) funding has been reduced from £15m to £7m. As a result, this is likely to reduce the size for fund-raising that are undertaken by companies seeking VCT investment, as typically such fund-raising will probably be confined to less than £2-3m. PLUS now offers a credible cost-effective way of investing in companies for VCTs

Our unique disclosure-based regulatory framework is designed to balance the needs between smaller companies and investors alike. The Rules for Issuers allows proper investor protection together with commercial flexibility for companies.

The effective and robust market making system provides an independent valuation, an opportunity for existing shareholders to realise value in their investments, a basis for employees' shares schemes, and

not least, a currency for future acquisitions for smaller companies. All PLUS-quoted companies have a minimum of two market makers providing liquidity and commitment to our market. As PLUS is wholly dedicated to the needs of smaller companies, a PLUS-quoted company can “punch above its weight” in terms of profile, investor attention and market maker support, compared to some other markets. Companies can access profiling opportunities through the PLUS Markets Group website, [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com), the free company newswire service, Newstrack PLUS, and through all leading market data vendors.

There are significant tax benefits for investors in PLUS-quoted companies including the Enterprise Investment Scheme (EIS), Inheritance Tax, Venture Capital Trusts (VCTs), Capital Gains Tax and since 6 April 2006, Self Invested Personal Pensions (SIPPs). Companies planning to join the PLUS market need to be aware of the criteria required to guarantee the availability of investor tax reliefs. This is of particular importance for companies looking to raise money to ensure they appeal to investors for whom reliefs may be a consideration. A copy the Tax Benefits Guide can be found on the website.

## The PLUS secondary market

In 2005, PLUS Markets Group launched an extended service for trading listed and unlisted securities with a quotation elsewhere in London. Combining independent price discovery, based on a quote-driven system, with free trade reporting, PLUS brings competition and choice to the UK equity market. As a direct result of the PLUS initiative, Squaregain (one of the UK’s largest retail stockbrokers) now provides both online and telephone share dealing services in PLUS-quoted securities.

PLUS-traded companies benefit from a wider, deeper pool of liquidity at no extra cost. Companies can maximise the benefit of their listing by maintaining full investor access for the UK retail investor market.

The competing market making trading system is particularly effective for trading shares in smaller companies and trading activity on PLUS is wholly transparent through the PLUS website and through leading information vendors. PLUS is being wholly driven by customer demand from leading small cap UK brokers and market makers, who use the PLUS trading service to trade on behalf of their clients.

### 3. What does it mean to have my company's shares traded on PLUS?

There are two routes companies can access the PLUS market and each route is explained in greater detail later in this section:

**a) PLUS-quoted companies** - companies who have their quotation on the PLUS primary market. Companies seeking a PLUS-quotation will need to appoint and retain a PLUS corporate adviser who will make an application to join the PLUS market on your behalf. A list of corporate advisers can be found on our website: [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com).

A detailed explanation on floating on PLUS can be found in Section B of this Guide.

**b) PLUS-traded companies** - companies who are either listed or quoted on a market elsewhere can have their shares traded on PLUS.

- Companies listed on another market wishing to have their shares traded on PLUS are eligible providing that they have two market makers.
- AIM companies seeking to have their shares traded through PLUS will need to complete an Issuer Disclosure Agreement form to ensure an open line of communication for 'orderly market' purposes.

#### Being a PLUS-quoted company

Companies seeking to become a quotation on PLUS need to fulfil our admission criteria before being admitted to our market.

A company is required to appoint and retain at all times a corporate adviser. Once you have been admitted to PLUS, your corporate adviser will continue to give you advice on your ongoing continuing obligations. There is no requirement to retain a broker, however, those that are committed to investor relations and are likely to use the market for raising further funds, are encouraged to do so.

You will need to demonstrate appropriate levels of corporate governance which in practice, means that a company should have at least one independent non-executive director.

You must ensure you have published audited reports and accounts no more than nine months prior to the date of admission to trading.

Directors will be required to show – in their opinion - adequate working capital for at least twelve months from the date of admission. This will help reassure investors that the company will be a long-term success, deliver value and be able to achieve its objectives.

The company's shares must be eligible for electronic settlement, ie CREST.

Your corporate adviser will be able to assess whether your company is suitable for the market and will explain the PLUS Rules for Issuers to you and your directors. A copy of the Rules can be found on our website [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com)

Unlike the UK Main Market, there are no requirements relating to minimum trading record, minimum free float or minimum market capitalisation. In addition, PLUS-quoted companies are not required to produce circulars and seek shareholder approval for large transactions up to the point of a reverse takeover – in other words, the UKLA “class tests” do not apply.

Once you have complied with the above and your application has been successful you are admitted to market and your shares will then become tradeable on PLUS.

## Being a PLUS-traded company

Companies whose shares are already trading on other markets are eligible for admittance to the PLUS trading platform. A company is admitted to the market either as a result of our customer's requirement, or in the case of AIM companies, as a result of your own consent.

Firms who trade as either broker dealer or market maker on PLUS are members of PLUS and adhere to the PLUS Rulebook.

For companies that are eligible for trading on PLUS, there is minimal associated impact as broker dealers or market makers will use the service to trade on behalf of their clients.

There are no further obligations imposed on listed companies and a company is not required to give consent. However, in the case of AIM companies, consent is required.

At no additional cost, companies can maximise the benefit of their listing by maintaining full investor access for the UK retail investor market.

Trading activity on PLUS is wholly transparent through our website, [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com) and through leading information vendors.

## Trading PLUS-quoted and PLUS-traded shares

Buying and selling shares in PLUS companies is supported by a quote-driven equity trading system. It is based on firm two-way prices quoted by competing market makers during trading hours, providing continuous liquidity and immediacy of trading. Market makers are required to register in the securities in which they wish to quote and are obliged to deal at the price and up to the size displayed. These prices are transmitted immediately to the market via the PLUS market data feed, providing full post-trade transparency.

The quote-driven system is favoured by many broker dealers, particularly in the retail sector as it can facilitate immediate execution and leads to less volatility in share prices. Competing market

makers can offer consistent and improved two-way prices in increased sizes for smaller companies, which are typically less liquid. Brokers accessing PLUS can ensure that they are offering their clients the best prices available across the UK equity markets.

It is important for smaller companies to bear in mind that although the majority of primary market fundraising may be institutional, retail investor trading is a critical factor of liquidity and price formation in the secondary market.

Securities admitted to PLUS are eligible for inclusion in certain tax efficient saving schemes such as SIPPs and, in the case of listed securities, ISAs.

*“Join the elite -  
where progressive small  
companies are achieving  
extraordinary levels  
of success”*



## **Section 2 – A quotation on PLUS**

## 1. Why go public on PLUS?

The most cited benefit of an admission to a public market is the ability to raise equity-based finance. PLUS has proved to be a successful source of such finance for young companies. In total, smaller growing ventures – based both in the UK and abroad – have raised in excess of £1.3bn.

Most importantly, the success of a public market is measured on the ability for existing issuers to be able to tap into the pool of capital and raise further funds to finance their growth. 80% of the funds raised on PLUS have been through “secondary issues”.

A quotation to a public market such as PLUS provides an independent valuation for the business, allowing traded companies to use their shares as a currency for acquisitions. This can be used for buying both private and quoted companies. It also enables easier exit strategies, for example, a trade sale can be accelerated by an independent valuation.

In addition, existing shareholders – whether they are family members, the founders or venture capitalists – are better able to realise the value of their investment by providing a trading facility in the company's shares. It also may form the basis for employee share schemes.

A public market in a company's shares is the first step to establishing employee share schemes and share options to incentivise, retain and attract new employees. Having a visible and independent value for the company's shares may stimulate employee participation and engender long-term commitment to the business. For small entrepreneurial and family businesses, this can be a significant part of the benefits package to attract new, highly skilled and motivated directors and senior employees.

A quotation on a public market can enhance a company's profile, in particular with potential new customers that may become aware of the company for the first time. It also provides confidence to the wider market that your company has gone through a scrutiny process. In addition, the disclosure requirements imposed on a PLUS-quoted company indicate that it has the appropriate systems and controls in place, has financial standing and has appropriate levels of management. This in turn may allow the company to conduct business on potentially more favourable terms with potential new partners or customers.

### *International companies*

International companies are welcome on the PLUS market. Those looking to expand their activities and increase their profile should look to London as the gateway to the European capital. We can provide those international companies already listed in their home jurisdiction with a straightforward and simple admission process, as all the documentation required should already have been filed. Providing that these are up-to-date and that there has been no material change in the business, the corporate adviser will be able to use the existing filings as a basis for satisfying our admission requirements. For those international companies seeking their primary listing, the admission process will be the same as for a UK company.

## PLUS and other markets

Once the flotation objectives are established and the decision to float is taken, companies will have a choice of either a regulated market or a self-regulated market.

### *Regulated markets*

A company seeking to be admitted to trading on a regulated market must apply for its shares to be admitted to the Official List. It will need to appoint a sponsor that will file an application with the UK Listing Authority (UKLA) for approval. These markets have eligibility criteria, specifically:

- minimum market capitalisation of £700,000;
- minimum free float of 25%; and
- three-year financial track record.

A company on a regulated market must comply with the continuing obligations associated with that market. These reflect the protection requirements that investors – typically large institutions such as pension funds and life insurance companies – on such markets require. Specifically, these obligations include compliance with the “Model Code” on corporate governance and “class tests” which relate to seeking shareholder approval for significant transactions. The rules apply regardless of the size and stage of development of a company. Typically only larger companies seek to access regulated markets, because the cost of complying with the regulation and the associated management time may outweigh the benefits of admission for small and medium size companies.

### *Self-regulated markets*

Self-regulated markets are more suited to the needs of small, growing companies as they are disclosure-based markets, dovetailing their regulation to meet the needs of the companies they serve. These have no specific eligibility criteria, but companies are required to satisfy certain standards.

## Why choose PLUS?

PLUS is a self-regulated market, which means that we are able to dovetail our regulation to meet the needs of both equity capital investors and entrepreneurial growing companies. We recognise that for smaller companies, the cost and the management time needed to comply with the standards of being traded on a public market must not be to the detriment of managing a business effectively. It is this balance between flexibility and investor protection that makes our market so attractive to growing companies.

Unlike the Main Market, there are no requirements relating to minimum trading record, minimum free float or minimum market capitalisation. In addition, PLUS-quoted companies are not required to produce circulars and seek shareholder approval for large transactions up to the point of a reverse takeover – in other words, the UKLA “class tests” do not apply

Typical examples of companies that could benefit from joining the PLUS market include growing companies looking to raise up to £5m in equity capital with a likely market capitalisation of up to £20m, seeking profile and with a proven business plan.

PLUS offers profile, liquidity, an audience receptive to growth and an environment where management can devote as much energy as possible to doing what their shareholders want them to do – to run the business.

*“ Not so square mile - a new equity marketplace to nurture the future of small companies and deliver accelerated growth to all our members ”*

## 2. How do I get my company ready to seek a quotation on PLUS?

The decision to be admitted to trading on any public market should be based on whether or not the objectives of a flotation will help in achieving the company's business goals. In making such a decision, a company should also compare whether or not the business goals can be better achieved using alternative routes. A cost-benefit analysis might be undertaken and, in addition, the directors must also make an objective assessment of the company. This might include a review of its business plan and growth prospects, its stage of development, its management team and its internal procedures.

### *Your flotation objectives*

Surveys illustrate that the main reason for companies to seek an admission to trading on a public market is to raise equity-based finance. There are alternative sources of finance provided by venture capitalists, banks or through private equity. Companies that choose to raise funds on a public market will have the additional responsibility of having to comply with the ongoing continuing obligations of that market. This means that the company will be open to public scrutiny.

However, companies raising funds on a public market will have the additional benefits of an enhanced profile and also being able to use their traded shares as a currency for future acquisition. This is a key benefit over private equity, particularly if a small company is seeking to grow through acquisition.

There are also a number of family or owner-managed businesses that seek an independent valuation of their businesses. Providing a trading facility for the company's shares forms the basis for employee share schemes, option schemes and therefore retaining/attracting key employees. It also enhances a company's profile amongst existing and potential customers.

### *Your business plan/track record*

Companies that join the PLUS market typically have a proven business plan, are revenue generating and have a clear path to profitability. Investors will consider the financial track record of the company before making an investment decision and will want a detailed analysis of the growth prospects. In the case of new enterprises a business plan will be required. Business plans are unique because each business is different. Nevertheless, it might generally contain:

- an executive summary
- a description of the business strategy
- background on the management team
- description of products and services
- the market for the business's product or service
- sales and marketing activities
- operations and productions
- resources including employees
- financials
- funding requirements
- risk factors

### ***Your management team (including non-executive directors)***

Investors will also consider the range and depth of a company's management team before making an investment decision. They will want to check that the Board and senior management has the relevant experience to develop the company and will be looking for extensive industry expertise.

In addition, changes to the Board may be necessary so that the company is managed appropriately and it can demonstrate suitable levels of corporate governance. Investors will want to fill in gaps that may appear in the management team of a company. For example, it is common practice to split the role of Chairman and Chief Executive Officer, to appoint a Finance Director and add non-executive directors to the Board.

The Institute of Directors ([www.iod.co.uk](http://www.iod.co.uk)) provides useful advice on corporate governance in the UK. Essentially, the role of the non-executive director "is to provide a creative contribution to the board by providing objective criticism". The functions of non-executive directors are to bring independence, impartiality, wide experience, specialist knowledge and personal qualities. They are expected to focus on Board matters, thus providing an independent view of the company that is removed from day-to-day running. They also determine the level of remuneration of executive directors.

### ***Your internal control procedures***

The flotation process and the on-going continuing obligations will require a publicly traded company to have strong disclosure and reporting procedures. This will mean that appropriate management information systems as well as compliance controls will need to be put in place. In particular, companies are required under the Rules for Issuers to produce at least annual audited financial statements and semi-annuals.

*“ The flexible market -  
offering simplicity,  
agility, choice and real  
value for money ”*

### 3. What is the admission process?

The admission process for companies seeking a quotation on PLUS is more flexible than other markets. However, a company will need to satisfy our requirements and:

- appoint and retain at all times a corporate adviser. Although there is no requirement to retain a broker, those companies committed to investor relations and are likely to use the market for further fund-raising, are encouraged to do so;
- demonstrate appropriate levels of corporate governance. In practice, this means that a company should have at least one independent non-executive director;
- have published audited reports and accounts no more than nine months prior to the date of admission to trading;
- have adequate working capital;
- have no restrictions on the transferability of shares; and
- have the shares eligible for electronic settlement.

The corporate adviser will act as the sponsor to the issue. These are typically corporate finance boutiques, investment banks, accountancy practices or law firms. Corporate advisers are approved by PLUS Markets Group and are required to be members of PLUS.

A number of other advisers will also need to be appointed to ensure the relevant documentation is produced, including solicitors, accountants, financial PR (if appropriate) and a registrar.

A company can come to market through a number of different routes, depending on the flotation objectives:

**Introduction** – companies not looking to raise any funds but simply looking to raise their profile or obtain an independent valuation of their business for employee share schemes, for example, can join by way of introduction. This is the most straight-forward and cost-effective way of joining the market as the corporate adviser only has to file an admission announcement together with completed application forms.

**Private Placement** – a private placement is a fund-raising to a select number of potential investors, without requiring a full prospectus. Following the introduction of the Prospective Directive in July 2005, this can be to a maximum of 100 people. The corporate adviser files a private placement memorandum for the shares to be admitted to trading. As the placing memorandum is not for public release, it does not have to go into as much detail as a full prospectus, the cost of coming to market in this way will be less than an IPO.

**Initial Public Offering** – if a company wishes to raise money from the widest pool of investors available, a prospectus will need to be produced unless the offering is less than Euro 2.5m. Due to the detail and verification work that goes into producing a prospectus, an IPO is the most expensive and time-consuming way of joining a public market. However, joining PLUS can be more cost-effective than other markets particularly for those companies looking to raise funds on debut of up to £5m.

Admission costs by any route will depend on the “readiness” of your company for a public market, ie whether it requires restructuring, additional board members, Ltd to plc status, etc. To obtain an accurate cost estimate, companies considering joining the PLUS market should speak to a number of corporate advisers.

## The Role of the Advisers

### *The Corporate Adviser*

The corporate adviser is a regulated member of PLUS and is authorised to bring companies to the market. The adviser has an obligation to ensure that:

- the company is suitable for the market; and
- to provide advice on the eligibility and disclosure obligations of our rules.

There are two categories of advisers, those with fund-raising capabilities and those without. If a company is seeking to raise funds when joining the market, it may want to choose an adviser with a broking facility in order to minimise costs.

A list of corporate advisers and brokers can be found at the end of this guide and can be accessed directly from [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com). From the website, a company can see which advisers operate in which sectors, who has been most recently active in bringing companies to the market, and how much they have raised on behalf of PLUS-quoted companies. In addition, from the fund-raising documents, a company can find out more detail about costs involved in the admission process. These vary from company to company, but usually amounts to 5-10% of funds raised.

When choosing a corporate adviser, we recommend that the company meets with a number of advisers to discuss their approach to flotation, fee structures and what access they have to investors. It is also important that the company develops a close working relationship with their appointed corporate adviser as a great deal of time will be spent together, both before the float and after.

The adviser will also organise the roadshow to potential investors where the company will be required to present itself to people who are potentially interested in investing.

Once the corporate adviser has been chosen and instructed, and when you are ready to sign an engagement letter, you may be required to pay an upfront deposit/instruction fee relating to the costs of flotation and to confirm the start of your relationship. A further fee will relate to a successful completion of the flotation process.

Thereafter, you will be charged an annual retainer fee by your corporate adviser for their continuing advice on complying with the Rules for Issuers.

### ***The Solicitor***

The role of the solicitor is key through all stages of the process, and their advice includes preparing for the company the terms of engagement for the advisory team and advises on the preparation of the prospectus or private placement memorandum. The solicitor may also advise on any necessary constitutional changes of the company (such as limited to plc status, review of the articles of association etc), and on any changes that need to be made to the Board.

In addition, the solicitor will carry out any necessary legal due diligence into the company and will oversee the verification process of any public document. It is this due diligence, in conjunction with the work carried out by the company's auditors, that will bring the necessary comfort to the adviser that the company is suitable for trading on a public market.

In a flotation, the solicitor often fulfils two roles, acting both on behalf of the company and also on behalf of the corporate adviser, for example preparing the placing agreement between the adviser and the company that governs any fund-raising process.

### ***The Reporting Accountant***

The accountant is responsible to both the company and the corporate adviser, and will carry out the financial due diligence on the company for the corporate adviser.

The reporting accountant's role is to express an opinion as to whether the financial information included in the admission document, for which the issuer is responsible, is a true and fair view. The principal documents that the accountant will prepare are the Working Capital Report, Long Form Report and possibly a Pro Forma Statement of Net Assets.

The Working Capital Report is a private document and is a review of the financial projections that are prepared by the company for the period following admission to trading. It supports the directors' statement made in the prospectus on the sufficiency of working capital for at least a twelve month period from the date of admission to PLUS.

The Long Form Report is a review of the historical activities of the company. The extent of the investigation and the level of detail required in the Long Form Report will be decided by the corporate adviser on the basis of their knowledge of the company, although it may include the following:

- Corporate history and commercial activities
- Organisational structure and employees
- Trading results
- Assets and liabilities
- Cash flows
- Taxation
- Accounting policies and audit issues
- Management information and control systems

A Pro Forma Statement of Net Assets may be necessary, if there is an acquisition or restructuring at the same time as the admission, in order to provide meaningful information for investors. This illustrates the effect on the assets and liabilities of the new group as if the acquisition or restructuring had already happened.

In addition to the above, the accountant could provide advice and assistance in respect of other matters, such as taxation and corporate structuring, and will liaise with the other professional advisers involved in the transaction to ensure its smooth progress.

### **The Registrar**

The registrars will have input into the application section of the prospectus and establish the share register. During the fundraising it will also receive applications and monies submitted. Once a company joins the market, it maintains a record of the share register on an ongoing basis.

### **The PR firm**

Effective communications are indispensable to any company's success in achieving operational gains, raising profile and winning recognition for effective corporate strategies. Good company-to-investor communications have become not only a reliable benchmark for current investment audiences to judge how a business performs overall, but also how future investors, employees and competitors view the business.

In the past it was typical for larger listed companies to retain the services of a financial Public Relations (PR) and Investor Relations (IR) consultancy. PR accurately communicates the benefits of a business and its stock to investment audiences through the media; with IR focused on developing company-to-shareholder relationships.

In recent times, however, as competition in the growth market arena has become more prevalent and opportunity for coverage and recognition has tightened, the need for small companies to look to the advice and help of a communications consultancy has become an absolute necessity.

The best PR consultancies should have an excellent understanding of the growth company arena, your business model and ambitions, as well as having key media and City contacts UK-wide. Above all else, a good communications consultancy should have a myriad of case studies highlighting successes to date. Services you should expect from a PR adviser includes:

- A proactive approach
- Financial calendar reporting
- Contact building programmes
- Board, brand, reputation and strategy profile building
- Internal communications
- Ghost journalism and story planting
- Website and literature maintenance

## 4. What will life be like as a PLUS-quoted company?

Joining PLUS will be a means to an end for your company and should not be viewed as an end in itself. This is not least because although “impact day” may end one chapter in the company’s development, it is the start of another. Once the diversion of the flotation process has ended and you return to the day-to-day management, you cannot now run the company as you did before.

Your advisers should already have made you aware of the legal/regulatory duties involved in being a director of a PLUS-quoted company. This broadly relates to ongoing compliance with the Rules relating to continuing obligations, but also to the wider regulatory picture which applies to companies listed on all UK markets.

In addition to these requirements, you will want to ensure that you make the most of your quotation and gain the maximum benefit from it, through undertaking additional market-driven activities, broadly relating to the area of investor relations.

### *Continuing obligations*

Companies admitted to the PLUS primary market must comply with the Rules for Issuers and ensure that the market is kept informed of any developments or any information that may have an impact on the financial situation of the company. All information must be disseminated via Newstrack PLUS, which is free of charge. The company’s directors, in conjunction with the corporate adviser, are responsible for ensuring that the company complies with its continuing obligations.

### *Making the most of your admission to PLUS*

Once a company is admitted to PLUS, it would be wrong to assume that merely being on the market is enough to automatically attract investors and stimulate high levels of liquidity in the shares. To achieve this, it is essential that the company continues to raise its profile following the flotation, among existing shareholders and the wider investment community, and continues to update the market of any developments in the company.

It is worth bearing in mind that to whatever level of sophistication you may wish to take your investor relations efforts, there is no substitute for delivering a business growth strategy for the benefit of shareholders. Keeping investors informed is essential if you are want to ensure that you achieve maximum benefit from being on a public market and that your flotation is a success.

Transparency is key and as a minimum, the on-line Newstrack PLUS service will provide PLUS-quoted companies with an effective tool to disseminate news to the investment community. As mentioned above, it is worth considering whether your company might benefit from the services of a financial PR adviser.

Companies seeking to be acquisitive or those that will require further funds from the market, should also consider retaining a broker on an on-going basis. By acting as another voice in the market on your company’s behalf, the broker can help the company promote itself to potential new investors to gain the most from being traded on a public market.

[www.plusmarketsgroup.com](http://www.plusmarketsgroup.com)

PLUS companies also benefit from a company profile that can be accessed via the PLUS website. Each PLUS-quoted company has dedicated investor relations pages containing information such as a description of the business, real-time price information, report and account downloads, charts and a news filing system.

Companies are encouraged to make the most of their investor relations pages by linking them into their own website. The PLUS IR pages could also act as stand-alone websites in their own right providing a cost-effective way to promote your company to the online community.

For a nominal charge, your company can have its PLUS IR page built into your own website. This is a cost-effective way to reach your investors and is not offered by any other market.

*“ PLUS has become a force to be reckoned with, and as our influence grows, so do the benefits to our members ”*

## Further information

More information can be found on our website: [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com)  
Including the list of corporate advisers and brokers, statistics on PLUS and its companies.

You can also contact the Business Development team on 020 7553 2010 or  
[businessdevelopment@plusmarketsgroup.com](mailto:businessdevelopment@plusmarketsgroup.com) if you would like to discuss joining PLUS.

## Further publications

The Rules for Issuers  
The Tax Benefit Guide  
Newstrack PLUS

## Other sources of information

APCIMS (Association of Private Client and Investment Managers & Stockbrokers)  
114 Middlesex Street  
London E1 7JD  
[www.apcims.co.uk](http://www.apcims.co.uk)

British Business Angels Association (BBAA)  
5th Floor, 52-54 Southwark Street  
London SE1 1UN  
[www.bbaa.org.uk](http://www.bbaa.org.uk)

Financial Services Authority (FSA)  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
[www.fsa.gov.uk](http://www.fsa.gov.uk)

Institute of Directors  
116 Pall Mall  
London SW1Y 5ED  
[www.iod.com](http://www.iod.com)

Quoted Companies Alliance (QCA)  
6 Kinghorn Street  
London EC1A 7HW  
Tel: 020 7600 8288  
[www.qcanet.co.uk](http://www.qcanet.co.uk)

Securities & Investment Institute  
Centurion House  
24 Monument Street  
London EC3R 8AQ  
[www.sii.org.uk](http://www.sii.org.uk)

## Glossary of terms used on PLUS

**Admission** – the admission by PLUS of the securities of an issuer to trading on the PLUS market.

**Flotation** – when a company's shares are admitted to trading on the market.

**Broker Dealer** – investors seeking to deal in PLUS-traded securities on the secondary market need to retain the services of an FSA regulated stockbroker which has been admitted to membership of PLUS.

**Corporate Adviser** – an important role is played by the corporate adviser on the primary market, who ensures that companies seeking admission to PLUS are suitable. They also provide ongoing advice on complying with the Rules. All companies wishing to join the PLUS primary market need to appoint and retain a corporate adviser at all times.

**FSA** – the Financial Services Authority

**Issuers** – are companies whose shares have been admitted to trading on the PLUS market. PLUS-quoted companies are subject to local company legislation. For UK companies, this includes: the Companies Acts 1985 and 1989 as amended, legislation relating to prospectuses, the Criminal Justice Act 1993 (in particular the Insider Dealing Provisions in Part V), and the Financial Services and Markets Act 2000 (in particular the Market Abuse and Financial Promotions regimes). In addition, the City Code on Takeovers and Mergers includes PLUS-quoted companies within the scope of the Takeover Code and the Substantial Acquisition Rules.

**Market Maker** – provide liquidity to the secondary market by displaying firm bid and offer prices to broker dealers in a size. Market makers registered to make markets in PLUS securities.

**Membership structure** – we operate a membership structure across both the primary and secondary markets, based on three categories: corporate advisers, broker dealers, and market makers.

**Newstrack PLUS** – the in-house newswire service providing a secure, fast and effective way for PLUS-quoted companies to disseminate regulatory news and information to the investment community.

**Ofex** – the roots of PLUS Markets Group lie in a market formerly known as Ofex, which was founded in 1995 as a facility for trading shares in unlisted companies. The Market Abuse regime that came into effect with the implementation of the new Act in December 2001 covered – and still covers - all securities traded on the Ofex market. In 2002, Ofex became a prescribed market under Section 118 of the Financial Services & Markets Act 2000, authorised and regulated by the Financial Services Authority, and Ofex plc took over the operation of the market. In 2003, Ofex Holdings plc – by then the holding company – itself became a quoted company.

**PLUS** – the new name for the Ofex market as of 23 October 2006.

**PLUS-quoted** – companies who have their shares quoted on the PLUS primary market.

**PLUS traded** – companies who are traded on the PLUS trading platform, but have their quotation on another market.

**Primary market** - where a newly issued security comes to the market for the first time. All subsequent trading of this security is carried out in the secondary market.

**Secondary market** – the marketplace in which securities are traded after they are initially offered in the primary market.

**Securities** - stocks and shares issued to investors by the company, also called equities.

**Stockbroker** – a securities firm which provides advice and dealing services to the public and which can deal on its own account.

**Tax benefits** – there are a number of tax benefits associated with holding PLUS-quoted securities, including capital gains tax and inheritance tax reliefs, eligibility for Venture Capital Trusts and Enterprise Investment Schemes. From 6 April 2006, PLUS-quoted securities are eligible for inclusion in Self Invested Pension Plans (SIPPs). For further details, please refer to the Tax Benefit Guide for PLUS-quoted securities.

**UK Listing Authority** – the Financial Services Authority (FSA) acting in its capacity as the United Kingdom Listing Authority.