



London Stock Exchange Annual Russia & CIS Conference

Premium / GDR (Standard) Listings in London

James Scoville
Debevoise & Plimpton LLP

I. Greater Interest in UK Premium Listings

- Evraz and Polymetal obtained Premium Listings in November 2011; RusPetro in January 2012 and Polyus Gold International Limited in June 2012
- Key benefits:
 - Inclusion in FTSE UK Series Indices
 - “Gold standard” disclosure and ongoing corporate governance requirements
 - More liquid trading platform (SETS versus IOB)

II. Comparison of Listing Requirements and Key Eligibility Criteria

		Premium Listing	Standard Listing
Status			
Regulated Market?		Yes (Official List)	Yes (Official List)
Applicable Indices		FTSE UK series, where eligible	N/A
Documentation/Rules			
Documentation required		Prospectus (for both admission to trading on Main Market and offer to the public)	Prospectus (for both admission to trading on Main Market and offer to the public)
Applicable rules		Admission and Disclosure standards	Admission and Disclosure Standards
Eligibility requirements			
Minimum free float?		Yes – 25%	Yes – 25% (for GDRs, tested against issued GDRs)
Minimum Market capitalization?		Yes - £700,000	Yes - £700,000
Three year revenue earning track record?		Yes	No
Twelve month working capital statement		Yes	No (but working capital statement required in share prospectus)
Eligibility for electronic settlement?		Yes	Yes
Sponsor required?		Yes	No, unless moving up to Premium listing

III. Key Differences from Standard (GDR) Listing

- As a result of current Russian legal considerations, requires off-shore Topco to list shares abroad
 - Evraz: Russia → Lux (2004) → UK
 - Polymetal: Russia → Jersey (institutional share swap / MTO)
 - RusPetro: Cyprus → UK
 - Polyus Gold: Russia → Jersey (private exchange offer / MTO)
- Eligibility
 - 3 year audited track record or special rules for mineral and mining and technology companies
 - Last audited financial statements not more than six months old
 - Independence from major shareholders:
 - Relationship Agreement
 - 12 month working capital statement
- Sponsor required for Premium Listing

III. Key Differences from Standard (GDR) Listing

- Disclosure
 - Working capital statement (to cover next 12 months, but testing for next 18 months)
 - Company and each director takes responsibility for Prospectus
- Due diligence/preparation
 - Auditor’s “long form report”
 - “Financial Reporting Procedures” report
 - Sponsor sign-offs to UKLA

IV. Free Float

- Both Premium and Standard listings require 25% free float, but...
 - GDR free float measured against issued GDRs only (not total share capital)
 - Some possibility for UKLA derogation depending on size of market cap, liquidity
- FTSE free float rules: updated December 2011
 - Minimum 25% required (50% for non-UK), without scope for derogations
 - Test is different:

IV. Free Float

UKLA Free Float Test

Shares are not considered to be held in public hands if they are held, directly or indirectly by:

- A director of the applicant or any of its subsidiary undertakings;
- A person connected with a director of the applicant or of any of its subsidiary undertakings;
- The trustees of any employees' share scheme or pension fund established for the benefit of any directors and employees of the applicant and its subsidiary undertakings;
- Any person who under any agreement has a right to nominate a person to the board of directors of the applicant; or
- Any person or persons in the same group or persons acting in concert who have an interest in 5% or more of the shares of the relevant class.

FTSE Free Float Test

Shares not considered to count toward a company's free float are:

- Shares directly owned by State, Regional, Municipal and Local governments (excluding shares held by independently managed pension schemes for governments).
- Shares held by Sovereign Wealth Funds where each holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%.
- Shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies that they control.
- Shares held within employee share plans.
- Shares held by public companies or by non-listed subsidiaries of public companies.
- Shares held by founders, promoters, former directors, founding venture capital and private equity firms, private companies and individuals (including employees) where the holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%.
- All shares where the holder is subject to a lock-in clause (for the duration of that clause).
- Shares held for publicly announced strategic reasons, including shares held by several holders acting in concert.

V. Comparison of Continuing Obligations

	Premium Listing	Standard Listing
Continuing Obligations		
Sponsor required?	Sponsor required for certain transactions	No
Requirement to publish price sensitive/inside information as soon as possible?	Yes, DTR 2	Yes, DTR 2
Do Disclosure and Transparency Rules apply?	Yes	Yes
Corporate Governance standards	UK Corporate Governance Code	Corporate Governance statements, pursuant to DTR 7.2
Shareholder approval required for significant transactions?	Yes, LR 10	No
Shareholder approval required for related party transactions?	Yes, LR 11	No
Share dealing rules?	Yes, Model Code	N/A (but see Market Abuse Directive)
Pre-emption rights required?	Yes, Listing Rules	No (unless UK Company subject to the Companies Act 2006)
Prospectus/document required for further issues?	Yes, if more than 10% shares of same class admitted to trading	Yes, if more than 10% shares of same class admitted to trading (GDRs generally subject to “up to amount” listing rules)
Shareholder approval required for transfer between listing categories?	Yes, 75% shareholder approval	No
Shareholder approval required for cancellation of listing?	Yes, 75% shareholder approval	No

Thank you!

Questions?

Contacts



James Scoville

Tel.: +44 20 7786 9000

Fax: +44 20 7588 4180

E-mail: jscoville@debevoise.com

Tower 42
Old Broad Street
London, EC2N 1HQ, UK