

First choice listing platform

Issues to consider when listing at Deutsche Börse

By Thomas Stewens, Corporate Strategy and Communication, and Ralf Hellfritsch, Corporate Project Management, BankM

As one of the fastest growing banks in Germany, when it comes to supporting foreign issuers with valuations ranging from EUR 5 million to EUR 7 billion, BankM is approached by many companies seeking a listing in Germany. Frequently and increasingly, the issuers are looking to the Deutsche Börse international listing platform as their first and primary listing venue. These listings are executed with the Deutsche Börse “one-stop shop solution” for foreign issuers and accompanied by a German banking partner. This article creates transparency for foreign issuers and explains the most important aspects when seeking a primary listing in Europe.



Thomas Stewens



Ralf Hellfritsch

Xetra – the ideal trading platform

Deutsche Börse, with its internationally successful Xetra trading platform, a standardized European legal framework, economic stability and long standing technological proof, provides the ideal infrastructure for companies seeking efficient and high quality listings. In addition, compared with the UK and the US, the fees of Deutsche Börse and the fees for legal advice in Germany are relatively low, reducing dramatically the recurring costs of being listed. As always, however, there are some technical developments Deutsche Börse will have to realise in order to maintain the character of a truly efficient platform for access to the European equity markets for non-European issuers in a competitive environment.

Depository of “Global Share Certificates”?

With regard to any international company that is to be traded properly, the clearing and settlement of the shares traded must be guaranteed. The issuer, with Deutsche Börse as its first and primary listing venue, together with its German banking partner can engage Clearstream Banking for custody services, which combine the safekeeping of the issuer’s shares and the settlement of new issues. All necessary services for a listing at Deutsche Börse are provided in a one-stop shopping solution from Deutsche Börse and its subsidiary Clearstream Banking.

Clearstream provides custody services in 45 markets around the world via a network of custodians and sub-custodians through one harmonized gateway. The network includes 27 markets in Europe, five in the Americas, 12 in the Asia Pacific region, and one in Africa. Foreign issuers outside these network areas do not yet benefit from a direct account connection, the so-called CSD (Central Securities Depository) link and need an additional banking partner in their home country, which is connected to the local CSD in addition to a banking partner in Germany, who executes the listing process and supports the stock in the market. Market participants have developed the necessary structures which facilitate efficient access correspondingly.

Trading shares internationally

If a foreign issuer expects the trading community for the shares to develop in Europe, the electronic trading system Xetra provides an ideal solution, clearly beating any other system in terms of investor reach, efficiency, pricing and costs. If, however, the company expects to have its trading community outside Europe, while still seeking the primary listing at Deutsche Börse, the supporting bank has to create further channels, enabling the domestic shareholders of the foreign

issuers to participate in the electronic trading. The settlement of placements as well as executed orders can be channelled and organized by an experienced German lead bank.

With regard to the US, certain companies have expressed an interest in listing their securities at Deutsche Börse in conjunction with offerings made in reliance on the safe harbor provisions of REG S without simultaneous registration under the Securities Act for Category 3 issuers (primary listing of US companies outside the US). Deutsche Boerse is currently working on a solution to develop procedures and arrangements that are designed to meet the underlying investor protection concerns of REG S Securities and provide reasonable procedures to prevent public distribution and flow-back of REG S Securities to the US within the restricted period of one year.

The offering is planned for 2010, targeting smaller, privately-held, non-reporting, growth-oriented companies with a strong European business focus.

Integrating international interfaces

Deutsche Börse offers a variety of advantages over other listing venues and represents a globally leading listing platform and provider of infrastructure for primary markets. With a highly efficient European infrastructure in place, we now need to intensify efforts to meet the growing demand for internationally integrated interfaces, becoming a truly global "one-stop shop" for issuers worldwide.

Conclusion

In general, the German Financial Supervisory Authority ("BaFin"), Deutsche Börse AG and the German market makers (designated sponsors, specialists) offer a leading, high quality and extremely effective infrastructure for international listings. Foreign companies planning a listing should take into consideration the fact that the interfaces to the home market in terms of online trading, legal standardization and the issuance of the global share certificates, however, can create challenges that often require the profound support of capital market experts such as the Deutsche Börse Listing Partners, in order to carefully evaluate the individual listing potential of a foreign company.

Volume 14

Robert Labas: Communication success factors in Investor Relations: An analysis based on presentations of the DAX-30 companies, volume 14, June 2009, paperback, EUR 39,--



YES, ORDER FORM
1 ORDER PLUS EUR 3,50 SHIPPING



ROBERT LABAS

Communication success factors in Investor Relations: An analysis based on presentations of the DAX-30 companies
DIRK Research series, volume 14,
EUR 39,--

.....
name/first name

.....
postcode/city/country

.....
street/number

.....
date/signature

Please coupon to send in:
GoingPublic Media AG
Hofmannstr. 7a, 81379 München
Tel. +49(0)89-2000 339-0
www.goingpublic.de/buecher
buecher@goingpublic.de

FAX-ORDER
+49(0)89-2000 339-39