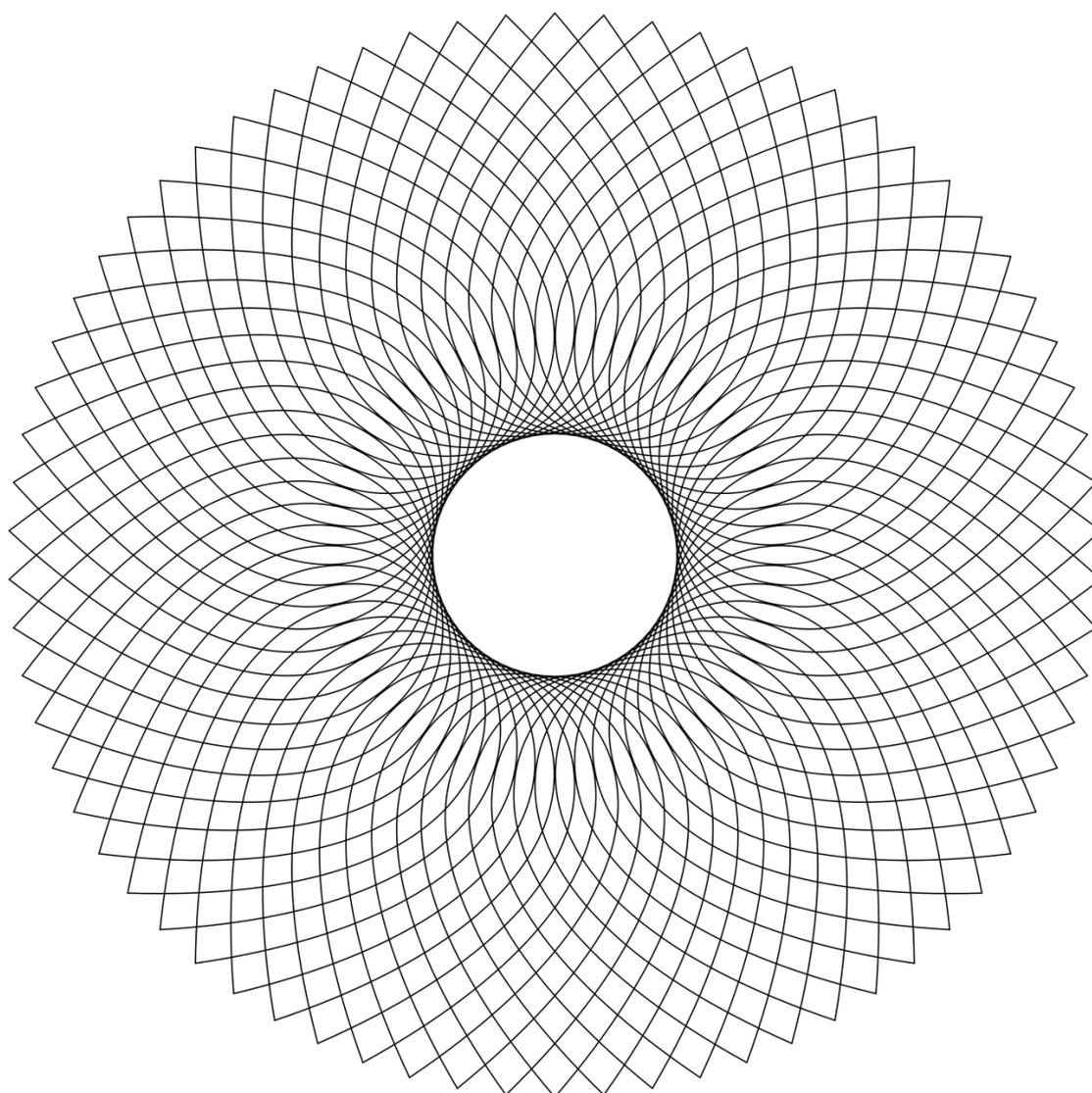


Cyprus Emerging Companies Market (ECM)



Terminology and Types of listing under the Emerging Companies Market

The Emerging Companies Market (ECM) of the Cyprus Stock Exchange (CSE) is considered as a Multilateral Trading Facility (MTF) operated, controlled and regulated by the CSE and is an alternative to the regulated/main market. Small and emerging companies can be benefited through the listing of the simplified regulatory environment of ECM Market.

ECM is addressed to companies which are seeking funding and access to the secondary market, to investors which are seeking alternative types of investments and for companies seeking to be listed in a market with less cost.

The following types of listing exist under the ECM:

Public offer

Offer that is higher than €2,5 million and is addressed to more than 100 investors. For public offers, a prospectus and approval from the Cyprus Securities and Exchange Commission are required. Also, the admission document must be approved by the Cyprus Stock Exchange.

Private placement

Offer that refers to institutional investors or the funds raised are less than €2,5 million or is addressed to less than 100 investors. For private placement, no prospectus is required, only an admission document which needs no approval from the Cyprus Securities and Exchange Commission.

Hybrid listing

Listing by combining public offer and private placement.

Why go listing under the Emerging Companies Market

Companies can be benefited by going listed under the ECM. The major advantages are the following:

- Company's reputation can be promoted and potential investors' interest can be attracted through listing
- Lower cost than regulated markets
- No requirement for daily volume
- No maximum ownership rule. The equity owners can hold up to 99% of the company's equity shares
- No minimum capitalisation criteria. No risk of exiting from the CSE if the value of the shares declines
- Possibility of electronic trading of shares through online trading platforms
- Investing in projects in any country with no further explanations such as origin and ownership of funds, due to company's listing in a EU recognised market

- Ability to raise funds from Pension Funds and other regulated funds.

Listing requirements and continuing obligations, for ECM companies

Listing requirements

- Audited financial statements for the 2 years preceding the application for listing
- New companies must provide sufficient information to the CSE that would help the potential investors to accurately assess the value of the shares
- An admission document must be prepared and submitted
- The issuer must be a public company with a number of investors in accordance with the legal requirements
- Nominated Advisor (NOMAD*) registered with the CSE must be appointed and retained.

Continuing obligations

Companies listed in the ECM are entitled to several ongoing obligations. The main requirements are set out below:

- Annual audited financial statements must be signed and published to the CSE within four months of the year end
- Half year unaudited financial statements must be published to the CSE within two months of the period end
- Announcement to the CSE of certain material decisions like:
 - Distribution of profits
 - Payment of dividends
 - Approval and publish of the financial statements
 - Company's capital structure changes
 - Changes of board members, chairman, statutory auditors, senior personnel, etc.
 - Change of Nominated Advisor (NOMAD*).

Note

*NOMAD: Every listed company must appoint a Nominated Advisor (NOMAD) which is responsible for ensuring that the company is eligible for listing under the ECM and that the CSE/ECM regulations are followed on an ongoing basis.