Introduction to London Stock Exchange Capital Markets
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London Stock Exchange Group is a diversified international exchange Group that sits at the heart of the world’s financial community. Following the merger with Borsa Italiana, the Group is Europe’s leading equities business, with around 50 per cent of the FTSEurofirst 100 by market capitalisation and the most liquid order book by value and volume traded.

This guide provides an overview of some of the key offerings from London Stock Exchange’s Capital Markets, which are highlighted at the Greater China Forum 2014.

200 Asian equity issuers listed on London Stock Exchange Markets

Over 60 growing companies from China have raised a total of £2 billion from London Markets

Over 1/3 of the 206 issuers in the IOB DR markets are from Asia

FTSE was the first index provider to create a comprehensive range of China indices covering the full spectrum of Chinese share-types and asset classes

ETFs and funds tracking the FTSE China A50 Index and FTSE China 25 Index have respectively $11.25 billion and $6.2 billion of Assets Under Management*

19 Dim Sum bonds on London Stock Exchange’s Markets

RMB and HKD trading currency lines offered for ETFs trading service.

* as at 2 May 2014

Access to trade Europe’s most liquid securities
London Stock Exchange is home to about 2,500 companies and offers a choice of four markets: the Main Market, the Professional Securities Market (PSM), the Specialist Fund Market and AIM, reflecting our responsiveness to the differing needs of companies from around the world, and across all sectors.

**Benefits for issuers**

— Fundraising opportunities on a wide choice of public markets to suit issuers of different sizes, development status, etc
— Cost-efficient access to a deep liquidity pool featuring the most international and diverse investor base
— Increased visibility and profile alongside an international peer group
— A pragmatic approach of principle based regulation and the highest standards of corporate governance
— High-quality services by a strong community of experienced and sophisticated financial professionals.

**Main Market**

The Main Market is our flagship market for larger, more established companies.

London Stock Exchange is home to some of the world’s largest and most dynamic global companies. Underpinned by London’s balanced and globally-respected standards of regulation and corporate governance, the Main Market represents a badge of quality for every company admitted and traded on it and an aspiration for many companies worldwide. There are different routes to market catering for a range of businesses and securities:

**Premium**

Corporations in the Premium segment are constituents of the FCA’s Official List and are subject to the highest standards of regulation and governance.

**Standard**

Open to shares, depositary receipts and debt securities, the Standard segment is subject to EU minimum standards and is also part of the Official List.

**High Growth Segment**

This segment has been specifically designed for equity securities of high growth, revenue generating businesses that are over time seeking to become Premium listed companies.

**Joining the Main Market**

— UK Listing Authority (UKLA), a division of the Financial Conduct Authority (FCA) to approve the prospectuses and admission of companies to the Official List
— London Stock Exchange to admit companies to trading on the Main Market.

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**Capital raisings by our issuers**

Money raised USDm

Index points

Graph key

- New issues
- Follow on issues
- FTSE 100 Index
AIM

AIM is regarded by advisers, investors and companies as the most successful growth market in the world, having helped thousands of ambitious companies raise the capital they need to fund their growth and development. With the support of a dedicated community of advisers, AIM has grown from ten UK companies in six sectors to over 1,000 companies worth over £68 billion operating in more than 90 jurisdictions across 40 sectors.

Preparing to join AIM

Once you have decided that being a public company on AIM is the right option for your company’s future growth, you should consider the following points:

Business strategy

As a prospective AIM company you should have a clear vision and well-thought-out business plan showing how you will deliver growth and shareholder value.

Appropriate board structure

Company directors must be appropriate and capable of acting on a board of an AIM company. They will be responsible for ensuring your company’s compliance with the AIM Rules at admission and on a continuing basis. Your company’s board must consist of executive directors, managers of the business and non-executive directors serving as representatives of all shareholders. Non-executive directors can be an invaluable resource providing your company with a wealth of industry and financial markets experience and contacts.

Corporate structure

Your business will need to have an appropriate legal structure in place, allowing external investors to buy a share of the business. The structure of a sole trader or a partnership is not suitable for a public market.

Appoint a Nomad and other key advisers

The Nomad will be the main adviser to your company during the admission process and throughout life on market. Other advisers also perform critical roles in the admission process and in supporting your company. They include a broker, a reporting accountant, legal advisers, public relations and investor relations firms.

Communicating with investors

Becoming a quoted company will involve changes in the way your company is run. Outside shareholders will receive a stake in your business in return for the capital they provide and will expect the business to be run for the benefit of all shareholders. Clear communication with investors will create an awareness and understanding of your company and help your company gain access to capital, increase liquidity in the company’s shares and achieve a fair valuation.

At a glance

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of AIM companies</td>
<td>1,090</td>
</tr>
<tr>
<td>International AIM companies (by country of incorporation)</td>
<td>231</td>
</tr>
<tr>
<td>Aggregate market value</td>
<td>£69 billion</td>
</tr>
<tr>
<td>Total number of admissions since launch</td>
<td>3,427</td>
</tr>
<tr>
<td>— UK</td>
<td>2,817</td>
</tr>
<tr>
<td>— International</td>
<td>610</td>
</tr>
<tr>
<td>Total capital raised since launch</td>
<td>£36 billion</td>
</tr>
<tr>
<td>— New</td>
<td>£46 billion</td>
</tr>
<tr>
<td>— Further</td>
<td></td>
</tr>
<tr>
<td>Transfers to Main Market</td>
<td>160</td>
</tr>
<tr>
<td>Number of admissions in 2013 YTD</td>
<td>66</td>
</tr>
<tr>
<td>Total capital raised in 2013 YTD</td>
<td>£2.2 billion</td>
</tr>
<tr>
<td>— New</td>
<td>£0.6 billion</td>
</tr>
<tr>
<td>— Further</td>
<td>£1.6 billion</td>
</tr>
<tr>
<td>Number of Nomads</td>
<td>47</td>
</tr>
<tr>
<td>Value traded in 2013 YTD</td>
<td>£21 billion</td>
</tr>
<tr>
<td>Number of bargains in 2013 YTD</td>
<td>3.5 million</td>
</tr>
<tr>
<td>Number of Market Makers</td>
<td>53</td>
</tr>
</tbody>
</table>

Source: London Stock Exchange statistics – September 2013
London Stock Exchange trading services are designed to maximise liquidity for all participants, including 364 member firms. Four key trading services are available.

**SETS**

SETS is London Stock Exchange’s flagship electronic order book, trading FTSE 100, FTSE 250, FTSE Small Cap index constituents, Exchange Traded Funds and Exchange Traded Products as well as liquid AIM, Irish and London Standard Listed securities.

— Underpinned by the provision of Market Makers’ electronically executable quotes throughout the trading day, providing liquidity in at least one Exchange Market Size (EMS)
— Ability to participate in the price formation process through placing order types such as ‘limit’ and ‘immediate or cancel’ directly onto the order book
— Opportunity to trade at the day’s actual closing price through the provision of the closing auction and the follow-up Closing Price Crossing Session.

**SETSqx**

SETSqx (Stock Exchange Electronic Trading Service – quotes and crosses) is a trading service specifically designed for securities less liquid than those traded on SETS. SETSqx combines a periodic electronic auction book with standalone non-electronic quote-driven market making providing guaranteed liquidity in at least one Exchange Market Size (EMS) throughout the trading day.

— Suitable for less liquid instruments that are more reliant on Market Makers’ quotes
— Possibility to participate in the closing formation
— Process by trading in the closing auction
— Choice of trading in either the quote-driven or order book auction service
— Auctions are scheduled at 8.00am, 11.00am, 3.00pm and 4.35pm. Electronic orders can be named or anonymous on submission and, for most securities, order book executions will be centrally cleared
— Closing price is set by the mid of the Market Makers collective Best Bid Offer, where there are no matched closing auctions orders.

**SEAQ**

London Stock Exchange’s non-electronically executable quotation service that allows Market Makers to provide firm quotes in AIM securities that are not traded on SETS or SETSqx. It is not available for new securities.

— Liquidity provided by Market Makers
— Provision of two-way prices in at least one EMS
— Suitable for less liquid instruments that would be more reliant on Market Maker quotes
— Only registered Market Makers can directly participate on-screen in the price formation process
— No maximum spread regime or CCP provision.

<table>
<thead>
<tr>
<th>Equity securities by trading service</th>
<th>A: SETS</th>
<th>B: SETSqx</th>
<th>C: SEAQ</th>
<th>D: IOB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average daily turnover on London Stock Exchange equities (also includes IOB)</td>
<td>£4 bn</td>
<td>881</td>
<td>1056</td>
<td>586</td>
</tr>
<tr>
<td>Over £4 bn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>as of February 2014</td>
<td></td>
<td></td>
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</tbody>
</table>
International Order Book

London Stock Exchange operates the International Order Book (IOB), which offers cost-efficient, secure and transparent access to invest in some of the world’s fastest growing markets.

— Direct access to depository receipts from 44 countries including Russia, Central and Eastern Europe, Asia and the Middle East
— Largest market in Russian instruments outside of Moscow
— Growing sharing of trading on Asian securities including Samsung Electronics, Hyundai Motors, Reliance Industries and State Bank of India

— Deep pool of liquidity and Central Counterparty clearing service for approximately 100 members
— Member firms can register as Market Makers in any IOB security
— Provides a deep and liquid market through the similar underlying technology infrastructure found on SETS.

44 countries represented

IOB issuers by country as of incorporation as of end 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>Code</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Russian Federation</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>B: India</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>C: Taiwan</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>D: South Korea</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>E: Egypt</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>F: Cyprus</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>G: Turkey</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>H: Greece</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>J: Rest of the world</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>J: Kazakhstan</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
Over 100 member firms from over 20 countries, 23 registered Market Makers and more than 400 brokers connected to London Stock Exchange’s order book have access to trade Exchange Traded Funds and Exchange Traded Products.

Trading ETFs/ETPs

— 691 ETFs available as 1,046 lines through multi-currency offerings and 352 ETPs available as 401 lines through multi-currency offerings
— Possibility to trade each ETF or ETP in up to five currency lines (GBP, GBX, EUR, USD, HKD or RMB)
— All ETFs and ETPs on London Stock Exchange are supported by at least one Market Maker committed to providing two-way prices within maximum specified spread and minimum quote size
— Market transparency through the reporting of all order book trades as well as off-book trades in London Stock Exchange ETFs and ETPs
— OTC Trade Reporting allowing the printing of non-London Stock Exchange listed European ETFs.

Key facts of LSE’s ETFs/ETPs offerings

— Leading exchange for emerging market ETFs, fixed income ETFs and Exchange Traded Commodities (ETCs) in Europe
— 7 of top 10 European ETFs ranked by annual inflows were listed on London Stock Exchange
— More than 145 fixed income ETFs listed on LSE
— More than 52 emerging market ETFs listed on LSE
— 797 Equity ETFs across 30 countries, 16 regions and 25 sectors
— 16 issuers of ETFs
— 8 issuers of ETPs.
Overview of introducing ETFs into the UK

Issuers have a choice of two routes to market:
— Apply to the UKLA for a London listing and to London Stock Exchange for admission to trading on the Main Market
— Apply to London Stock Exchange for admission to trading on the Main Market based on an existing EEA listing utilising a recognised scheme.

The below diagram gives an overview of two main routes to market using the most common scheme UCITS.

A typical admission: 2–8 weeks
There are currently 19 Dim Sum bonds listed on London Stock Exchange’s markets with a combined outstanding amount of almost CNY 14 billion.

Benefits of listing debt in London
— Listing on highly visible market allows companies to raise their profile with investors globally
— Extreme flexibility for issuers, in terms of bond structuring and currencies
— Choice of two routes to market – Main Market listing or Professional Securities Market (PSM)
— A single gateway to access European and global investors
— Competitive listing cost – London Stock Exchange does not charge an annual fee to debt issuers.

Listing debt in London – a two-stage process

Key milestones

17 June 2010
First RMB denominated bond listed by European Bank for reconstruction and development on London Stock Exchange’s markets.

May 2012
For the first time, an RMB denominated bond in London in retail denomination and made available for trading on London Stock Exchange’s electronic trading platform.

January 2014
Bank of China bond issued the largest RMB bond issue outside Greater China so far.

March 2014
International Finance Corporation in London issued first benchmark Dim Sum bond by an international financial institution, demonstrating the interest from international investors in London’s RMB markets.

Dim Sum bond issues in 2014

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Issue date</th>
<th>Issue size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of China</td>
<td>17 January 2014</td>
<td>CNY 2,500 million</td>
</tr>
<tr>
<td>Lloyds Bank</td>
<td>17 January 2014</td>
<td>CNY 200 million</td>
</tr>
<tr>
<td>BP Capital Markets</td>
<td>28 February 2014</td>
<td>CNY 1,000 million</td>
</tr>
<tr>
<td>IFC World Bank</td>
<td>11 March 2014</td>
<td>CNY 2,000 million</td>
</tr>
</tbody>
</table>

Access the most liquid debt market in Europe
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