



**THE  
GLOBAL  
CITY**

# London's Equity Capital Markets Ecosystem

London and the UK's strengths  
as a listing venue

May 2021

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# Foreword



**Alderman William Russell**  
Rt Hon Lord Mayor of the City of London



**Catherine McGuinness**  
Policy Chair of the City of London Corporation

Following a turbulent year for capital markets globally, London has demonstrated immense resilience for raising equity. The ability to raise equity is a crucial building block for a vibrant economy, delivering much-needed funding for a range of businesses in the UK and across the world.

The UK Listing Review, chaired by Lord Hill, was launched by the Chancellor in November 2020 as part of a plan to strengthen the UK's position as a global financial centre. It highlighted areas of work to improve the capital's competitive

position. London will have a pivotal new role in attracting listings, so this is a good time to reflect on the strengths, opportunities and challenges that will ensure London's position as a premier listing venue.

The ecosystem that underpins London's success in raising equity consists of a densely connected network of advisers and specialists. They bring renowned expertise to listing companies and access to a deep and diverse pool of investors.

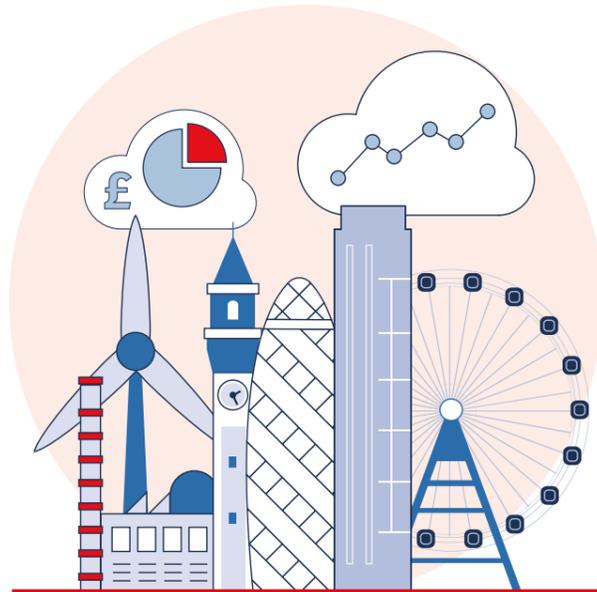
“  
London has valuable strengths as a listing venue forming a competitive offer for prospective issuers, to ensure a successful capital-raising journey.”



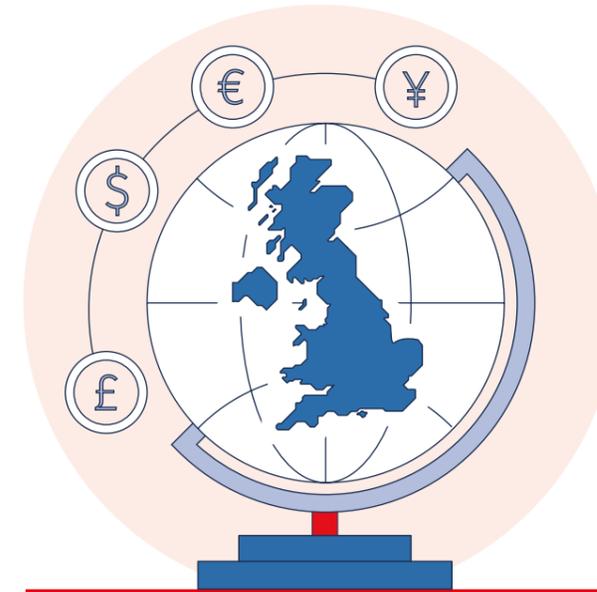
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# Key messages

## London and the UK's key strengths as a listing venue



A powerhouse for raising equity



The centre of global trading activity

1

**London is home to Europe's largest exchange**

The market capitalisation of London Stock Exchange (£5.1tn) is larger than Euronext (£4.1tn) and Deutsche Börse (£1.7tn). Even amid a turbulent year in 2020, London raised more than £9bn across 43 initial public offerings, more than three times the £2.4bn raised on Euronext.

2

**There are a range of options for listing firms**

The LSE's Main Market provides large firms with access to capital from a broad investor base. Its premium and standard listings cater to different capital requirements. AIM offers tailored support for smaller companies seeking high growth through its nominated adviser (Nomads) network and accommodates a broad range of firms.

3

**The presence of regional ecosystems bolsters the UK's capital markets offer**

The UK's nationwide offer includes deep pockets of regional equity-raising activity. UK AIM-listed companies outside of London account for nearly £70bn of market capitalisation.

4

**The world trades in London**

London stands in the middle of the world's trading day, overlapping with 27 markets globally. An advantageous time zone makes London a competitive listing venue for businesses across the world. London retained its position as Europe's most active market by value in 2020, with proceeds accounting for a third of the total proceeds raised across Europe.

5

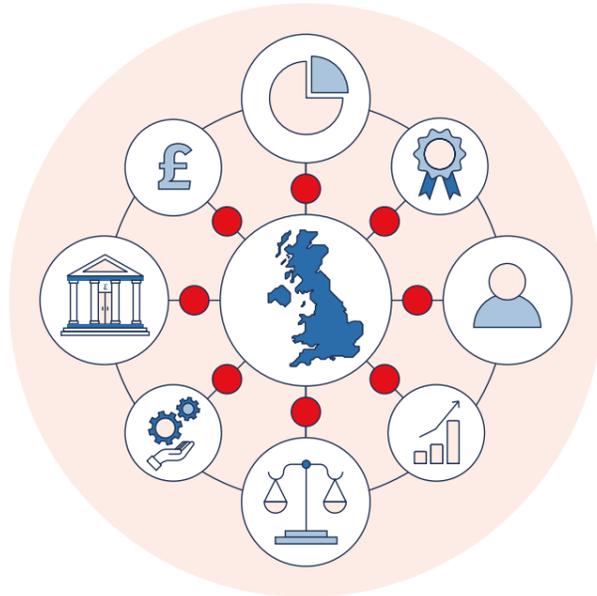
**Open and accessible markets have a truly international reach**

London is home to 756 international listings, well ahead of competing venues such as Nasdaq (409). International issuers are drawn to London because of the openness and accessibility demonstrated by the LSE, and markets that have a track record of global success. International issuers account for £2.8tn in market valuation on London's Main Market.

6

**London offers a large, international and diverse investor base**

Listing in London enables firms to access a broad range of investors, unique in diversity and global spread from around the world. Some 53% of investors in London are international, the most diverse investor base of any major global exchange.



Home to a densely connected ecosystem of professional and specialist support

- 7

**London has one of the world's densest clusters of supporting professionals**

The City of London, the centre of the equity capital markets ecosystem, accommodates 133,100 workers per km<sup>2</sup> in financial, professional and associated business services. Listing companies benefit from raising funds in a competitive market with a strong cluster of advisers, analysts and investor experience in a particular industry.
- 8

**Competitive pricing in an IPO**

The competition within London's ecosystem reduces the cost of raising capital compared with other markets. The underwriting fee, the largest direct cost in an IPO, is typically £700,000 in the UK, almost half the price in the US (more than £1.3m).
- 9

**Established support in a wide range of sectors**

With more than 300 years of experience, London has a well established reputation for successfully raising equity. Prospective issuers seeking to list in London can access a closely connected network of advisers who provide high-quality, tailored support in a wide range of sectors.
- 10

**A world-class regulator and innovative business environment**

London's reputation for stability, the rule of law and high standards of regulatory oversight attract international firms, particularly from emerging markets. In recent years, the LSE has been praised for launching the Green Economy Mark and the Environmental Social and Corporate Governance (ESG) Disclosure Score, cementing London's commitment to net-zero and sustainable investment innovation.

## Challenges and opportunities

### Challenges

- 1** Capturing tech listings that would otherwise go to the US
- 2** Increasing competition from other forms of finance
- 3** A shrinking market for smaller firms
- 4** Ongoing uncertainty around the EU-Exit
- 5** The costs of a more digitalised IPO process

### Opportunities

- 6** Learning from international competitors by mirroring rules in competing venues
- 7** Taking advantage of growing opportunities from emerging markets
- 8** Strengthening expertise in growing sectors
- 9** Leading on ESG investment
- 10** Capitalising on the benefits of a more digitalised IPO process

# Introduction

It is a pivotal year to reflect on London's capital markets for raising equity, given the publication of the highly anticipated UK Listing Review. The recommendations made in the review are paramount in shaping our global competitive offer.

Reviewing relevant reports, analysing data and conducting a programme of high-level stakeholder interviews highlighted London's strengths as a listing venue and the opportunities and challenges for raising equity in London.

*London's equity capital markets are a driving force for the UK economy, providing access to a deep pool of capital and specialist expertise, enabling innovation and facilitating growth across the UK.*

London's equity-raising ecosystem is comprised of a network of highly specialised professionals who support listing and trading activities and are located close to each other. They include advisers, brokers, lawyers, accountants, financial public relations specialists and regulators. There are also experienced market infrastructure providers, including the LSE and clearing and settlement services providers. The concentration of capital markets expertise brings significant direct benefits to the UK in terms of employment, gross domestic product and tax.

Companies listed on London's AIM segment, London's market for smaller companies seeking high growth, supported more than 900,000 jobs, including direct, indirect and induced employees.<sup>1</sup> Induced employees accounting for the wider employees of AIM companies and their suppliers as they spend their wages in the wider economy. Between 2015 and 2019, the direct economic contribution made by AIM companies has grown by 35%, from £24.8bn to £33.5bn. And the overall economic contribution of AIM was £67.2bn gross value added (GVA) in 2019, as detailed in the charts to the right.

About three million employees work for small and medium-sized quoted companies listed on the LSE's Main Market and AIM, while a total of 7.2 million people are employed by LSE-listed companies.<sup>2</sup>

Table 1. GVA and Employment Contribution of AIM 2019



### Sources

1 Grant Thornton (2020) Economic impact of AIM.

2 Hardman & Co (2019) How small and mid-cap quoted companies make a substantial contribution to markets, employment and tax revenues.



**Above:**  
Paternoster Square,  
City of London

**Sources**

3 Grant Thornton (2020) Economic impact of AIM.

4 Hardman & Co. 2019. How small and mid-cap quoted companies make a substantial contribution to markets, employment and tax revenues. This report focuses on a larger cohort of firms than the Grant Thornton (2020) study, with small and mid-size companies representing 93% of all the companies quoted on the London Stock Exchange, as opposed to close to 80% listed on AIM included in the Grant Thornton study.

5 LSE data. FY2020 data.

6 LSE Data. FY2020 data.

7 LSE Data. FY2020 data.

As for tax contributions, AIM-listed firms alone contribute around £3.2bn.<sup>3</sup> Small and mid-sized caps listed on both AIM and the Main Market amounted to £26.5bn in 2017/18.<sup>4</sup> The direct contributions and benefits to the UK economy of London's equity-raising platform are clearly significant.

Equity-raising is particularly important as the UK recovers from Covid-19. London's markets have remained open and accessible. They raised more than twice as much further issuance than any other exchange in Europe in 2020, equivalent to £41.8bn. (The second highest raised was by Frankfurt, operated by Deutsche Börse, at £17bn).<sup>5</sup>

There were high volumes of issuance towards companies that could help in a global pandemic. This included 57 follow-on deals recorded in sectors such as healthcare and medtech, raising a total of £2bn between March and December 2020.<sup>6</sup>

The breadth of follow-on deals and the issuance of company shares after initial public offerings (IPOs) in a time of global uncertainty indicate that companies already listed were able to effectively use London's capital markets to raise much needed equity.

Across 2020, £51.2bn in equity capital was raised on the LSE, representing 6% of global equity capital raised during this period.<sup>7</sup> Given that the UK's population is only 67 million people and accounted for 3% of global GDP in 2019, it is clear that London's equity capital markets will be a key player in driving the economic recovery.

The UK Listing Review helps address some of the factors that have been affecting London's equity capital markets. These include recent US successes in capturing valuable tech listings against a backdrop of a decline in listings globally.

The recommendations made in the Listing Review will shape the direction of raising equity in London. In this report, we aim to highlight London's underlying strengths as a listing venue, and the opportunities and challenges the City faces as it looks to bolster its position as a competitive listing venue.

We reviewed existing reports and analysed data provided by the LSE and businesses (FAME). We interviewed senior figures from a range of financial and professional services firms and market infrastructure providers. We also spoke to companies that listed in the immediate wake of the Covid-19 pandemic (see Appendix for a full list of interviewees).

**£51.2bn**

**£51.2bn in equity capital was raised on the London Stock Exchange representing 6% of global equity capital raised during this period.**



# London and the UK's strengths as a listing venue

“

The ecosystem in London has a high degree of transparency and we find that success breeds success. In other words, the larger and more liquid an organisation you are, the larger and more liquid you can become simply because you have that ability to attract expertise in markets and capital raising. And that kind of virtuous circle allows you to create a global centre of excellence.

**Marco Schwartz**  
Formerly Head of Equity Capital Markets Advisory, KPMG.

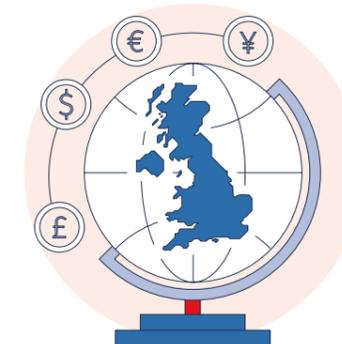


## Key strengths for raising equity in London and across the UK:



### A powerhouse for raising equity

- 1 Home to Europe's largest exchange
- 2 There are a range of options for listing firms
- 3 The presence of regional ecosystems bolsters the UK's capital markets wider offer



### At the centre of global trading activity

- 4 The world trades in London
- 5 Open and accessible markets have a truly international reach
- 6 There's access to a large, international and diverse investor base



### Home to a densely connected ecosystem of supporting professionals and specialists

- 7 It has one of the world's densest clusters of supporting professionals
- 8 These professionals offer competitive pricing in an IPO
- 9 Listing in London comes with established support in a wide range of sectors
- 10 Listings are safeguarded by a world-class regulator and innovative environment

Left:  
View of City of London from Bank



## A powerhouse for raising equity

### Sources

8 LSE data (2021); and World Federation of Exchanges (2021). Statistics, January 2021. Total Equity Market, Market Capitalisation. USD currency conversion to sterling using average exchange rate.

9 LSE Data (2021).

10PWC, IPO Watch Europe 2020, 2021

11 World Bank GDP figures (2019).

12 World Bank GDP figures (2019).

13 Market capitalisation per person figures use country population figures from 2019. Deutsche Börse local population defined as Germany. Euronext local population defined as Amsterdam, Brussels, Dublin, Lisbon, London, Oslo and Paris.

## 1 Home to Europe's largest exchange

London is home to the London Stock Exchange, Europe's largest exchange by market capitalisation (£5.1tn), above Euronext (£4.1tn) and Deutsche Börse (£1.7tn).<sup>8</sup> Market capitalisation of exchanges provides an indication of size, through the total value of company shares. In this regard, London stands head and shoulders above Europe.

In 2020, London raised more than £9bn (43 IPOs), larger than the £7.2bn raised in 2019 (36 IPOs)<sup>9</sup> and more than three times the £2.4bn raised on Euronext.<sup>10</sup> The market capitalisation of companies on the LSE is almost 1.5 times the size of UK GDP.<sup>11</sup> This compares to Deutsche Börse, which represents just over half of the GDP of Germany.<sup>12</sup>

London is a powerhouse for raising equity, largely as a result of the supporting professionals who make up the capital markets ecosystem. More widely, the LSE represents nearly £76,500 worth of market capitalisation for every person in the UK. This is more than three times the value per person than Euronext (£19,900) and Deutsche Börse (£18,500) and more than eight times as significant as China (£9,500) when combining the three exchanges of Shanghai, Hong Kong and Shenzhen.<sup>13</sup>



## 2 A range of options for listing firms



London's key strength is that it offers options.

### Inigo Esteve

Partner at White & Case.

The Main Market provides large firms with access to capital from a broad investor base, and its premium and standard listings cater to different capital requirements. AIM offers tailored support to growing businesses through its Nomad adviser network and accommodates a diverse range of firms in terms of sector and nationality. See Appendix 2 for the range of options for listing firms.



Because of the size of the US market, firms need to be significant to get attention. US tech firms too small to list on Nasdaq might find scaleup-focused markets such as London's AIM a more suitable home.

### Linda Main

Partner at KPMG.



Above:  
City of London aerial

Similarly, Tom Attenborough, Head of International Business Development at London Stock Exchange Group (LSEG), noted:

“ The London market attracts a broad array of international companies. The majority of our activity in the Americas is supporting small and medium-sized companies that believe they are too small to be noticed and attract investor interest by listing in New York. From emerging markets, activity has been concentrated in larger companies that cannot access sufficient demand on their home market. And in Asia we attract firms that might get retail investor interest but which need access to institutional capital to realise their ambitions.

The success of London's market AIM, for companies seeking high-growth, currently attracts businesses from 75 countries. Over its 25 years, these companies have raised £121bn – 38% at admission and 62% through further fundraising – highlighting the long-term nature of support provided by investors to companies on the market.<sup>14</sup> Our observations of the market include the following:

- AIM-listed tech firms are more than 20 times as likely to hold patents than the average for tech firms.<sup>15</sup>
- AIM-listed technology and financial services companies experienced turnover growth higher than the average for the industry.<sup>16</sup>
- AIM-listed companies are comfortable with internationally facing business models having grown their overseas sales from £7bn in 2010 to £12.4bn in 2019.<sup>17</sup>
- AIM-listed companies have been found to be more productive than the national average – £77,700 GVA per job compared with £56,387.<sup>18</sup>
- AIM scaleups have been found to experience larger turnover rates than their private counterparts – in excess of £500m annually. They also employ more people – an AIM scaleup is 24% more likely to employ more than 250 staff than a private scaleup in 2019.<sup>19</sup>

**Sources**

14 LSEG (2021) London Always Global. Key messages and statistics.

15 Based on patents data from the Intellectual Property Office matched with data on all LSE-listed tech and telecoms companies and FAME registered tech firms in the UK. The percentage refers to the share of firms that are active in patenting.

16 For tech (information and technology SIC code) AIM-listed firms' turnover data used FAME, whereas the average for the sector is based on ONS (2019), Annual Business Survey (ABS) data 2017 revised results. Financial services, used FAME turnover data for both AIM-listed firms and the average for the sector (as the ABS does not cover this sector).

17 LSEG, AIM 25. Celebrating 25 years. Ambition Growth Resilience.

18 Grant Thornton (2020) Economic impact of AIM.

19 Companies with 250 or more employees make up 47% of AIM scale-ups, and 23% of private scale-ups. Beauhurst, 2020, The scaleup index.

20 LSE 2021 data. AIM factsheet and FAME. Data excludes Channel Islands and Republic of Ireland.

**Sources**

20 LSE 2021 data. AIM factsheet and FAME. Data excludes Channel Islands and Republic of Ireland

**3 The presence of regional ecosystems bolsters the UK's capital markets offer**

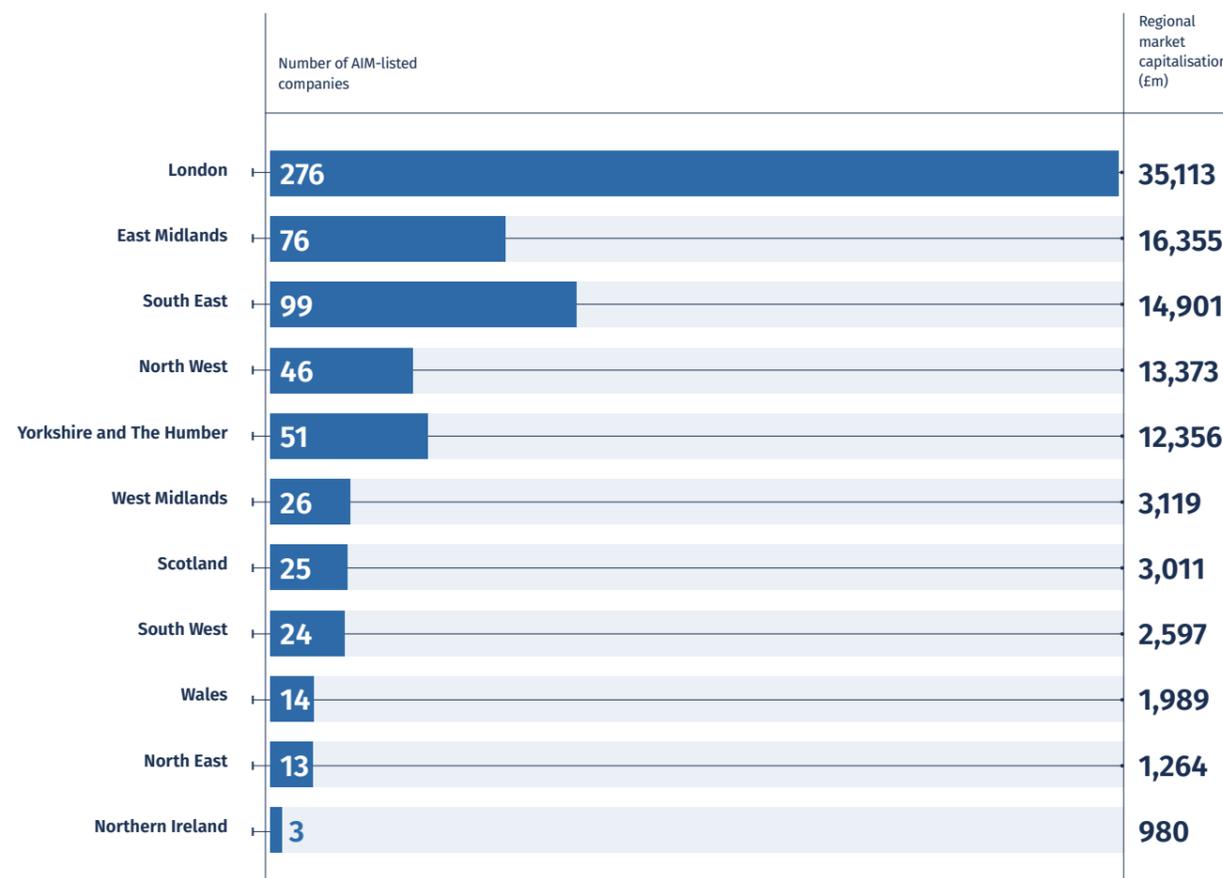
Our interviewees made an important distinction between London as part of a global equity capital markets ecosystem and the presence of local ecosystems driven by UK-based listings. Marco Schwartz, formerly Head of Equity Capital Markets Advisory, KPMG, highlighted several brokers and Nomads, such as Zeus Capital and Spark Advisory Partners, which specialise in SMEs seeking to list on AIM but are based outside London in cities such as Leeds, Birmingham, Manchester and Sheffield. In fact, more than half (58%) of AIM listings are outside London (see table 1).<sup>20</sup> The East Midlands alone accounts for more than one-fifth of the total market capitalisation of UK AIM-listed companies outside of London.

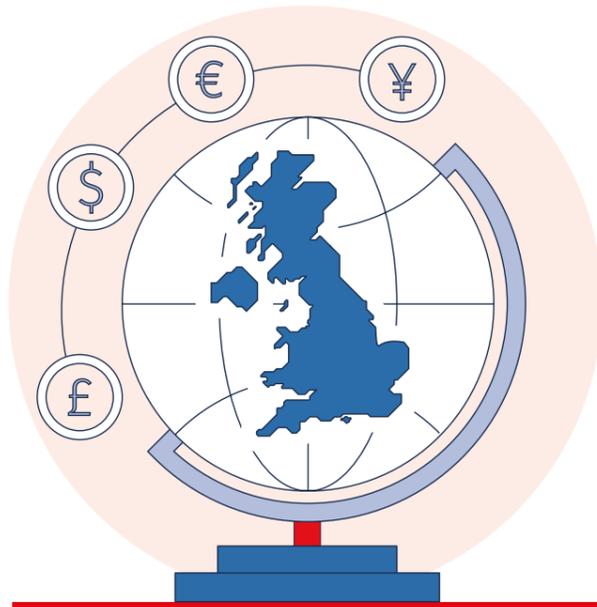
UK AIM-listed companies outside London account for nearly £70bn (£69.9bn) of market capitalisation in 2021. Although London is the centre of the capital markets ecosystem, the UK has deep pockets of regional equity-raising activity that shape a nationwide offer.

**£70bn**

**UK AIM-listed companies outside London account for nearly £70bn (£69.9bn) of market capitalisation in 2021.**

Table 1. Regional AIM-listings, 2021





## London is at the centre of global trading activity

### Sources

- 21 LSE data (2021).
- 22 LSEG (2021) London Always Global. Key messages and statistics.
- 23 LSEG (2021) London Always Global. Key messages and statistics.
- 24 LSE data as of 4 January 2021.
- 25 LSEG (2021) London Always Global. Key messages and statistics.
- 26 LSE data as of 1 February 2021.
- 27 LSE data as of 1 February 2021.
- 28 LSEG (2021) London Always Global. Key messages and statistics.

### 4 The world trades in London

London retained its position as Europe's most active market by value in 2020, with proceeds accounting for a third of the total proceeds raised across Europe.<sup>21</sup> In January 2021, more than 23 billion shares were traded, more than on any other European exchange.<sup>22</sup> This demonstrates the depth and liquidity of London's capital markets.

London's advantageous time zone makes it a competitive listing venue for businesses across the world. London stands in the middle of the world's trading day. It is open from when the Asian markets close, right through to the opening and trading on the American markets. London's markets are open for longer (LSE: 8am-4.30pm) than the US (NYSE and NASDAQ: 9.30am-4pm) and Asian markets (HKSE: 9.30am-4pm; SSE: 9.30am-4pm). London overlaps with 27 markets globally. More than 70% of all trades take place during the overlap between London and the US.<sup>23</sup>

While the overlapping time zones are a key reason for international firms to list in London, it is the professionals who are based here that give international audiences confidence about London's international reach. Our interviewees cited the benefits of London's time zone and its openness to different cultures as crucial advantages, particularly for international IPOs primarily handled by London-based supporting firms.

### 5 Open and accessible markets with a truly international reach

London is home to 756 international listings, well ahead of competing venues such as Toronto (549) and Nasdaq (409) for international issuance.<sup>24</sup> Around 35% of London's issuers are international and in 2020, 52% of new proceeds raised on the LSE were for international companies.<sup>25</sup> International issuers from more than 100 countries are drawn to raising equity in London. However, it is the size and scale of international issuers that set London apart as a world-leading international listing venue.

Large international issuers are prevalent in London. Eight out of 10 of the largest issuers on the Main Market are international, accounting for nearly £1,100bn of market capitalisation.<sup>26</sup> And £2.8tn of market valuation is found on London's Main Market from international issuers alone.<sup>27</sup> For cross-border IPOs, London was the primary destination in 2020 outside of the US. Since 2017, London has seen the largest percentage of cross-border IPO capital raised in Europe, accounting for 25% of the world's cross-border IPO capital in 2020.<sup>28</sup>

International issuers are drawn to London because of its openness and accessibility, and its exchange and markets' track record of success in raising capital. London is considered one of only two full-scale



### 6 Access to a large, international and diverse investor base

Listing in London enables firms to access a broad range of investors from around the world. Some 53% of investors in London are international, the most diverse investor base of any major global exchange.<sup>29</sup> London's investor base is unique in its diversity and global spread.

As a result, issuers can access a deep pool of capital and an environment that is comfortable with companies who build internationally facing business models.

### Sources

- 29 LSE data as of 4 January 2021.
- 30 LSEG (2021) London Always Global. Key messages and statistics.

international financial services hubs globally and home to more than 250 international banks and branches. The international connectivity found in London draws issuers in to widen their reach.



**London investors have a global outlook. You can list successfully in London if you haven't got a UK business, whereas that's not true in the US.**

**Linda Main**  
Head of UK Capital Markets KPMG.

Having this large and diverse investor base is one of London's key strengths, which is difficult to replicate elsewhere. The concentration of investors in London was also cited by our interviewees as an advantage when prospective issuers are seeking to attract interest in the lead-up to an IPO.

The preference towards international activity is well represented within the FTSE 100, one of the barometers of the global economy, with more than 70% of revenues generated by FTSE 100 companies from outside the UK.<sup>30</sup>



London is home to a densely connected ecosystem of professional and specialist support

**Sources**

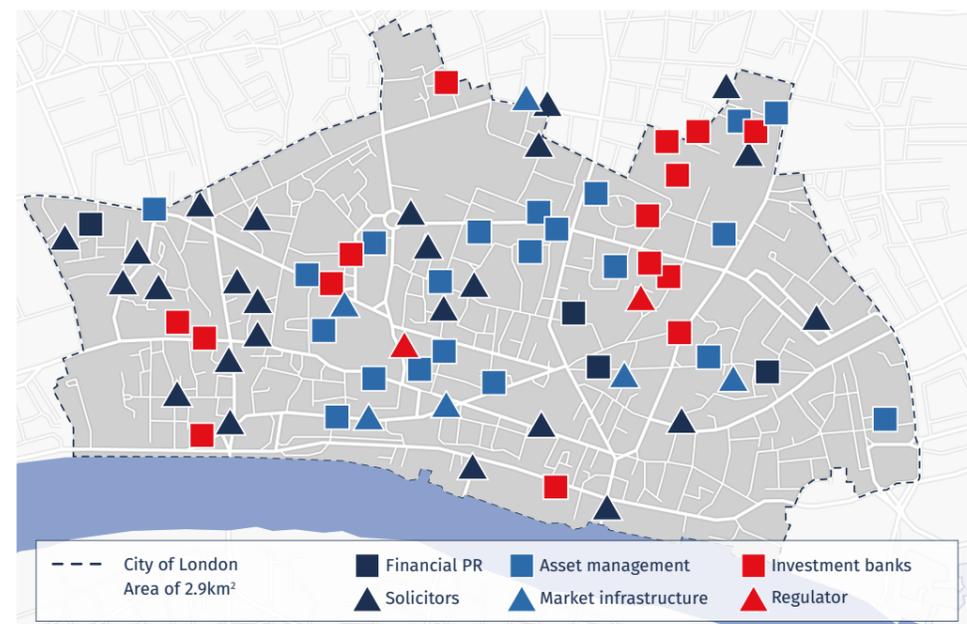
31 Nomis, Business Register and Employment Survey. ONS. 2019. SIC codes K, M & N.

**7 One of the world's densest clusters of supporting professionals**

The City itself, the centre of the equity capital markets ecosystem, accommodates 133,100 financial, professional and associated business services professionals per square kilometre.<sup>31</sup> This is one of the densest clusterings of such workers in the world.

Many of the players involved in raising equity are found within this dense environment. These include supporting professionals such as advisers (or Nomads in the case of AIM), lawyers, accountants, financial public relations specialists, underwriters/brokers, investors, market infrastructure and regulators. See Appendix 1 for further details. The map illustrates the density of the equity capital markets ecosystem in the City of London.

Map 1: Equity capital markets ecosystem in the City of London



The nature of the work in the lead-up to an IPO requires highly skilled professionals. These are in abundance in the City, where 72% of workers are classified as highly skilled.<sup>32</sup> The benefits of having concentrations of such workers in an area are well established – each individual's productivity is enhanced by the presence of or collaboration with other workers.<sup>33</sup> The City's specialist professionals are well equipped to help prospective issuers come to market.

**8 Competitive pricing in an IPO**

In London, listing firms are confident that they are able to raise capital at competitive prices. Our interviewees highlighted the advantages to the IPO process of the dense pool of specialists who support listing and trading activities. This strong cluster of advisers, analysts and investor experience helps listing companies achieve higher valuations and reduces the cost of raising capital compared with other markets.<sup>34</sup>

**72%**

of workers are classified as highly skilled

Underwriting fees generally constitute at least half of all direct IPO costs. For an issuance of £20m, the typical underwriting fee in the UK would be £700,000 (3.5%), compared with the average price in the US of more than £1.3m (6.5%).<sup>35</sup>

Other costs associated with meeting regulatory or corporate governance requirements have been found to be higher in the US than London.<sup>36</sup> The depth of capital on offer in London is made more attractive by a competitive price. If London were not a major financial centre, UK firms wanting to undertake an IPO would likely face a choice of higher local prices or the costs of listing overseas.

**Sources**

32 City of London. City Statistics Briefing. (2021).

33 Sari Pekkala Kerr, William Kerr, Çağlar Özden, Christopher Parsons. High-Skilled Migration and Agglomeration. National Bureau of Economic Research, 2016. Working Paper 22926; and Charles I Jones. R&D-based Models of Economic Growth. Journal of Political Economy, vol. 103, no. 4, 1995, pp. 759-784. JSTOR.

34 Oxera (2006). The cost of capital: an international comparison

35 Oxera (2018). The cost of raising capital: an international comparison.

36 Oxera (2018). The cost of raising capital: an international comparison.



Above:  
London skyline

## 9 Established support in a wide range of sectors

With more than 300 years of experience, London has a well established reputation for successfully raising equity. Malika Shermatova, Founder and Managing Director of MINERVA PR, identified the “expertise and knowhow” of London professionals as a major attraction for non-UK issuers.

The Main Market serves a range of sectors, including financial firms, reflecting London’s pre-eminence in this field. Mike Wang, Partner at international law firm King & Wood Mallesons, pointed to London’s finance expertise as a key factor attracting finance firms from across the globe to list in London. In addition, our interviewees highlighted the importance of expertise in emerging markets. “Arguably, London understands the risks of emerging markets better than places such as New York,” said Katya Kuznetsova, Director, Capital Markets, at PwC.

### Sources

37 LSEG. 2021. AIM – Information for Advisors.

Recently, London has proven attractive to scaling fintechs. These have included San Francisco-based mobile payments platform Boku Inc, Kazakhstan mobile app Kaspi.kz and Czech cybersecurity firm Avast. With a growing specialism in biotech, businesses such as Sensyne Health and Renalytix AI have also joined AIM. Linda Main, Partner and Head of UK Capital Markets at KPMG, identified a “burgeoning crop of biotech scaleups that have chosen to list in London”. And with the Listing Review positioned to unveil London’s potential to capture more listings in the coming years, the pipeline for diverse IPO activity looks promising.

One of the communities that is unique to London is found on AIM – the 27 nominated advisers, or Nomads. These financial services firms offer an advisory role shepherding prospective issuers onto AIM during the admission process and throughout their life on the market. The success of AIM since its launch in 1995 has been attributed to these Nomads, a closely connected network of advisers who provide high-quality advice and tailored support for raising equity.<sup>37</sup>

## 10 A world-class regulator and innovative business environment

London’s reputation for stability, the rule of law and high standards of regulatory oversight attracts international firms.

“  
International firms perceive London’s rules and regulations to be of a high standard, but very fair and balanced in terms of treating companies and investors.

**Tom Attenborough**  
LSEG.

George Hudson, a Founding Partner of PR company J&H Communications, said foreign issuers, especially those from emerging markets, value the ‘rubber stamp’ of quality that a firm gets from abiding by UK regulator rules. London’s professional services network reinforces confidence among listing companies that blue-chip professionals are underpinning their business proposition.

### Sources

38 Duff & Phelps. Global Regulatory Outlook 2021.

39 LSEG. (2021). London Always Global. Key messages and statistics.

40 LSEG. (2021). London Always Global. Key messages and statistics.

41 Environmental Finance. June 2020. Stock exchange of the year: London Stock Exchange.

The perception of the UK’s regulatory framework among financial services executives remains world-leading in 2021. Survey results on the most favourable regulatory regimes for financial services rank the UK (31%), ahead of the US (25%), Singapore (25%), Hong Kong (7%), Germany (2.5%) and France (1.2%).<sup>38</sup> Listing companies can also be reassured by London being home to the world’s first regulatory sandbox. The Financial Conduct Authority has provided a safe space for businesses and regulators to collaborate and help companies meet their regulatory requirements.

In recent years, London has been a driving force for innovation within the green space. The LSE launched the Green Economy Mark in 2019, a world-first, data-driven green classification for equity issuers. There are currently 90+ Green Economy Mark issuers, with a combined market cap of more than £140bn.<sup>39</sup> In 2020, companies within the cohort outperformed the FTSE All-Share by 42%. Since the launch of the Mark, the number of London-listed companies with majority green revenues has grown 26%.<sup>40</sup> Also in 2019, the LSE launched the ESG Disclosure Score, a data-driven tool that provides clarity and support for issuers and investors on key quantitative ESG metrics. This resulted in the LSE being named Stock Exchange of the Year in the Environmental Finance Sustainable Investment Awards 2020, for the breadth and depth of its sustainable investment innovation.<sup>41</sup>

# 31%

Survey results on the most favourable regulatory regimes for financial services rank the UK top at 31%

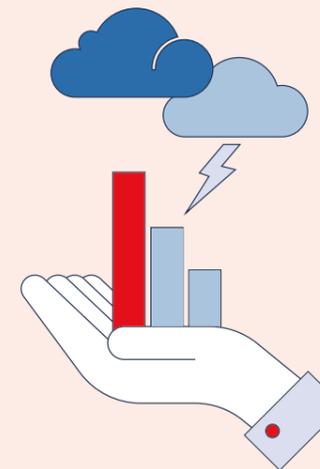


# Future challenges and opportunities



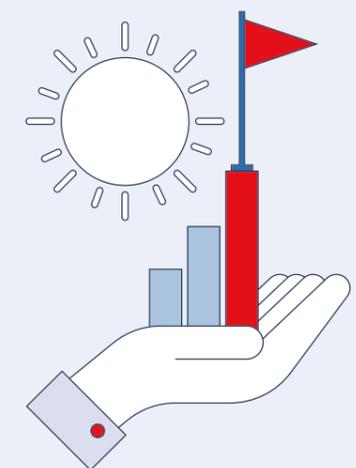
Looking ahead, interviewees identified 10 areas of opportunities and challenges, and made suggestions to ensure London remains a leading global trading venue:

## Challenges



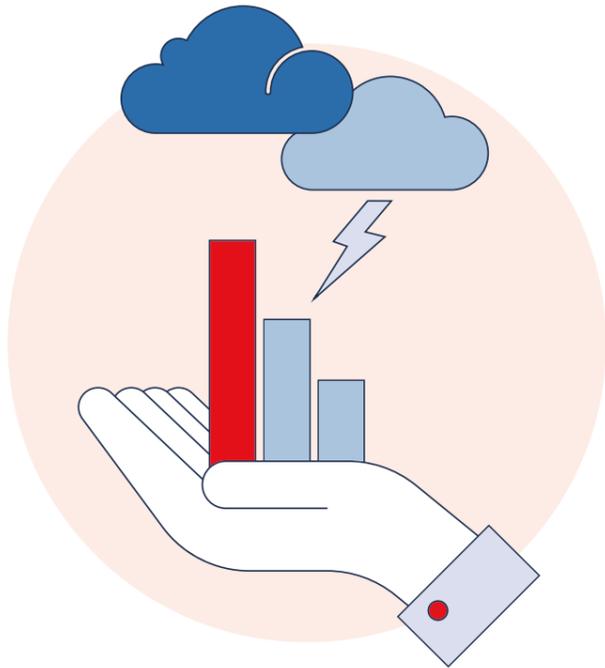
- 1 Capturing tech listings that would otherwise go to the US
- 2 Rising competition from other forms of finance
- 3 A shrinking market for smaller firms
- 4 Ongoing uncertainty around the EU-Exit
- 5 The costs of a more digitalised IPO process

## Opportunities



- 6 Learning from international competitors by mirroring rules in competing venues
- 7 Taking advantage of growing opportunities from emerging markets
- 8 Strengthening expertise in growing sectors
- 9 Leading on ESG investment
- 10 Capitalising on the benefits of a more digitalised IPO process

Left:  
City of London skyline from Broadgate



## Challenges



### Sources

42 World Federation of Exchanges (2021). Statistics, December 2020. Total Equity Market, Market Capitalisation. USD currency conversion to sterling using average December exchange rate.

43 KPMG analysis. US accounting for Nasdaq and NYSE. UK accounting for LSEG. Major stock exchanges: Euronext, LSE, ASX, TSE, SHSE, NYSE, NASDAQ, NYSE.

44 Kalifa Review of UK Fintech. 2021.

45 New Financial. 2021. The wider context on UK public equity markets.

46 New Financial. 2021. The wider context on UK public equity markets.

47 The World Bank. GDP figures in US\$. 2018 figures. Accessed January 2021.

48 Kalifa Review of UK Fintech. 2021.

### 1 Capturing tech listings that would otherwise go to the US

Over the past decade, the US has demonstrated success for raising large volumes of equity against a backdrop of a decline in listings globally. No other exchange is even half the size of the NYSE (£19.5tn) or Nasdaq (\$14.2tn) by market capitalisation.<sup>42</sup> The disparity between the US and UK has only been growing in recent years.

Of the 3,787 IPOs from the world's major stock exchanges between 2015 and 2020, the US accounted for 39%, while the UK accounted for 4.5%.<sup>43</sup> Despite London's strengths, the number of listed companies in the UK has declined by 45% since 1997.<sup>44</sup> And more recently, since 2015, the value of IPOs in the UK has declined by more than 55%, while the market in the US has more than quadrupled.<sup>45</sup> Overall in 2020, the US market was more than 20 times larger than the UK, whereas in 2015 it was twice as big.<sup>46</sup> One of the reasons for the US's equity success story has been its attractiveness for valuable tech IPOs.

The value of tech IPOs is best illustrated by the pinnacle valuation of Apple on Nasdaq at more than \$2tn market capitalisation at the end of 2020, larger than the GDP of Mexico, Indonesia, Netherlands, Saudi Arabia or Switzerland.<sup>47</sup> The Kalifa Review spotlighted that, across major stock exchanges, the US accounted for more than half (53%) of fintech IPO listings, while London accounted for 6.7%.<sup>48</sup> This disparity is a key reason for the publication of the UK Listing Review.

# 53%

**of Fintech IPO listings are on US Stock exchanges.**

### 2 Rising competition from other forms of finance

Interviewees mentioned increasing competition for public equity from bonds, bank lending and private equity. Structural and regulatory factors – including long-running low interest rates and the preferential tax treatment of debt over equity – currently favour bonds and bank lending. More onerous regulatory reporting requirements and the cost of underwriting can be more expensive for an IPO than for private equity.

That said, some of our interviewees argued that different forms of finance remain complementary. Several interviewees stressed that although financing options have increased over time, the majority of successful companies will consider going public at some point in their life cycle.

### 3 A shrinking market for smaller firms

Others noted that reviewing the tax differential between debt and equity could help make equity more attractive. This could include relief on capital gains tax or allowing the costs of listing to be offset against tax.

There is a worrying trend that smaller companies are finding it increasingly difficult to raise funding. One interviewee said the growing concentration of the UK's asset management industry, the rise of passive investing and regulatory changes have not helped. The goal of MiFID II was to allow for more scrutiny by separating expenditure on research from trading commissions. However, this has meant that asset managers are paying for the cost of research themselves rather than passing it on to the end investors.<sup>49</sup> As a result, research spending, particularly for smaller and mid-sized companies, has been significantly reduced, given that it is more profitable to focus on larger companies.

This trend has been exacerbated by a recent decline in the number of Nomads who help companies list on AIM, the market most suited to smaller firms seeking high

growth. There were as many as 84 Nomads in 2007, but this has fallen to 27 in 2021. The decline in Nomads coincides with fewer listings on AIM and the tightening of regulatory measures and associated costs. These advisory firms provide the life blood to AIM and action should be taken to reverse this.

The increasing difficulty for smaller firms to raise equity capital has concerning implications for the wider economy. This is particularly the case in light of the Government's 'levelling up' agenda to reduce regional disparities, given that many smaller, high-growth listed companies are located outside London.

This discussion is now relevant in light of TheCityUK's findings given that equity financing for SMEs is comparatively low in volume and tends to be raised for companies located in London. The lack of equity financing options is one reason why UK SMEs are estimated to have incurred more than half the total of unsustainable lending arising from Covid-19 in Q1 2021 (£50bn-£56bn).<sup>50</sup>

Tim Ward, Chief Executive of the Quoted Companies Alliance, identified several measures that could improve the attractiveness of capital markets for SMEs:

- The need to address the tax differential between equity and debt.
- Introducing VAT relief for brokers paid to do research on small firms to incentivise further coverage of smaller firms.<sup>51</sup>
- Leadership and resources to protect and expand capital markets, including the introduction of a government growth fund to match-fund investment in smaller companies.
- Promotional campaigns to highlight the advantages of permanent equity over temporary bank debt among firms, the wider public and MPs.

More widely, Tom Attenborough at the LSE suggested that technology could help to bring down the costs for smaller companies of accessing equity capital markets.



#### Sources

49 FT (2019) Alphaville, MiFID II: research, reductions and revolution. 4/7/2019.

50 TheCityUK, Recapitalisation group - interim update, June 2020.

51 QCA (2018) Public consultation on building a proportionate regulatory environment to support SME listing.



**We see great opportunities in technology to streamline processes over time and therefore to bring down the cost for companies of raising capital, while technology developments may also make capital markets more accessible for earlier stages companies.**

**Tom Attenborough**  
LSEG.

#### Sources

52 New Financial. December 2020. EU capital markets on the other side of Brexit. The UK accounts for 26% of all IPO issuance, 27% of all secondary issuance and representing 25% of the total stock market value of European activity.

53 ESMA issuing guidance such as: granting equivalence to three UK CCPs until June 2022. The transparency opinion on third-country trading venues. Assessment of third-country venues under MiFID II and MiFIR (europa.eu); and how the EU-Exit will affect the application of MiFID II/MiFIR. Impact of Brexit on the application of MiFID II/MiFIR.

54 FCA issuing guidance on: the HM Treasury equivalence for EEA market access decisions; and detailing how the rules apply following the end of the transition period FCA.

55 London Stock Exchange plc Brexit Implementation Assessment. 18th June 2020

#### 4 Residing EU-Exit uncertainty

As detailed in London's strengths, London has a prominent role in European equity markets.<sup>52</sup> However, while interviewees were confident about the long-term standing of London as a leading global trading venue, lingering political uncertainties were identified. Interviewees highlighted uncertainties around how international firms located in London as part of a global equity markets ecosystem would react if London loses some of its role as the gateway to the EU. Others expressed concerns that the cosmopolitan atmosphere of London and the openness that attracts global talent could be tarnished as a result of the EU-Exit.

Markets have made the first and most difficult steps out of the transition, with reassurances in place, largely from the European Securities and Markets Authority (ESMA)<sup>53</sup> and the FCA.<sup>54</sup> The LSE itself has issued guidance with a detailed impact assessment citing that the ecosystem is well placed to manage the exit from the transition period.<sup>55</sup> Although the longer-term impacts from the EU-Exit remain unclear, Linda Main, Partner and Head of Capital Markets at KPMG, observed:



**The key thing will be maintaining the large pool of investors in London because the investors are here, the money's here, the companies will come here. If that pool of investors moves somewhere else, for whatever reason, that will become a big issue for London.**

**Linda Main**

Partner and Head of Capital Markets at KPMG.

Ensuring London preserves this large and diverse investor base, and its attractiveness as a listing venue, is critical. Recent increased flows of business and trading towards Amsterdam suggests that competition will not only be found in Asia or the US but elsewhere in Europe in the coming years.

Many interviewees stressed that London needs to remain open and welcoming to guarantee its future success as an international financial centre. As the transition period comes to an end and the UK regains full responsibility for its financial services regime, the Listing Review has used this opportunity to reflect on London's markets and the changes that could be adopted going forward to secure more listings.

**Sources**

56 Berenberg Investment Banking. Berenberg ECM Survey. What will IPO 2.0 look like after Covid-19? May 2020. 50 institutional investors.

57 Berenberg Investment Banking. Berenberg ECM Survey. What will IPO 2.0 look like after Covid-19? May 2020. 50 institutional investors.

**5 The costs of a more digitalised IPO process**

As the world adjusted to the impact of Covid-19, the lack of personal interaction in a new era of video calls was overwhelmingly cited by interviewees (71%).<sup>62</sup> Face-to-face meetings are still considered an important part of the business ecosystem. Building trust and relationships online can be made more challenging because it is less easy to make new connections in the virtual environment.

The example below highlights our engagement with the first company to launch an IPO on AIM in the wake of the Covid-19 pandemic, illustrating the depth of investor understanding can be different in-person compared to online.



The extent to which investors understood our business and us, as people, may have been greater if we were doing the presentations in person. Investors have since wanted to meet face to face and have even come into our offices. They want to personally connect with us and the business to get a better understanding of who we are and our vision. The power of face-to-face conversation is incomparable. There is no better way of building trust and relationships.

**Stephen Newton**  
Founder and CEO of Elixirr International Plc.

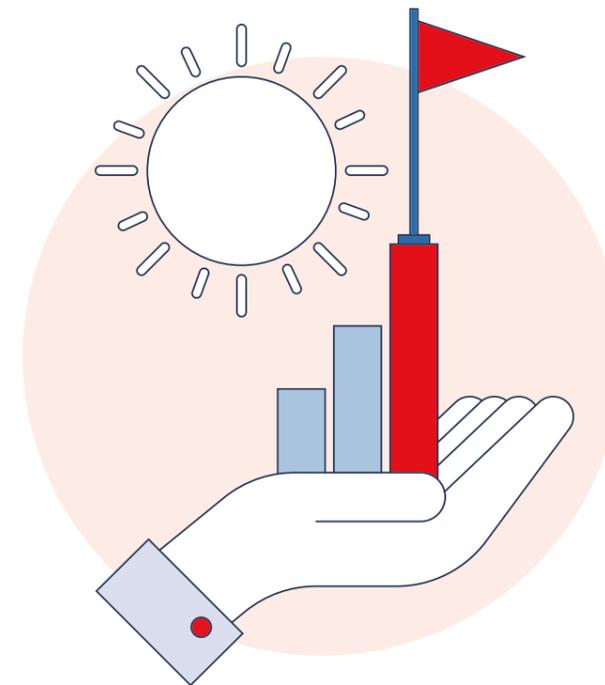
Many investors still seek the depth of understanding that comes from in-person interactions. This is highlighted by a survey participant whom, when questioned whether they would be able to commit capital to an IPO without seeing the management face to face, stated “Yes, but it may impact the amount of capital I would be willing to commit”.<sup>57</sup>



It is harder to read emotions virtually. During our IPO, we were fortunate to have established some of the key relationships before going into lockdown. Companies having to establish new relationships will struggle to find a true substitute for face-to-face conversations. You cannot really build a wholly new network that relies on trust through online channels alone. There’s something about having a network of people that I have shaken hands with. It’s difficult to replicate those connections online.

**Stephen Newton**  
Founder and CEO of Elixirr International Plc.

An IPO can be an emotive journey and having to undertake a placing is something that many founders may only do once. Having trust and meaningful connections with people helps to smooth out the listing process. While established relationships can be maintained through virtual channels, new ones may still need to be developed face to face. London must continue to confirm itself as the place to be when building new relationships within its capital market ecosystem.



# Opportunities

**6 Learning from international competitors by mirroring rules in competing venues**

The City of London welcomes the UK Listing Review recommendations to make London the global destination for listings. The publication, following the Kalifa Review, provides a strong signal that the UK is ready to adapt to attract new listings. These recommendations aim to address the disparity between listings in the US and the UK as detailed in the challenges section above, bolstering the UK’s competitive offer by improving its attractiveness to prospective issuers.<sup>58</sup> Two proposals in the review were largely supported by our interviewees:

**1) Dual-class share structures for listing on the premium segment**

Having a common stock in a company often refers to the principle of having one share and one vote. This principle is a corporate governance standard, whereby a person who invests money in a company has one vote per share of the company they own. With multiple class share structures, one share class can be offered to the public, while another can be offered to company founders or executives. The class offered to

the general public can have limited voting rights. Dual-class share structures are prevalent across all major stock exchanges and are particularly well established in the US. Their popularity is largely because founder-led tech companies generally prefer to retain more of their shareholding in a listing than that available under common stock.

When we think of successful tech IPOs, we often think of the founders behind them: Elon Musk and Tesla (\$628bn); Mark Zuckerberg and Facebook (\$826bn); Steve Jobs and Apple (more than \$2tn) to name a few.<sup>59</sup> Investors are often willing to trust the founders or CEOs as investable figureheads or key assets in listings.

**Sources**

58 UK Listing review. 3 March 2021.

59 Market capitalisation (USD) as of 19 March 2021.

60 Preqin Fintech Survey. Released 7 December 2019. Carried out between 15 November and 6 December 2019. 52 VC and PE fund managers respondents from North America, with aggregate asset under management of \$96bn.

Our own survey found that the founder is viewed as the second most critical factor in a fintech investment decision (61%), second only to its business model and strategy (63%).<sup>60</sup> Interviewees said the Premium Market could be more flexible to accommodate founder-led tech firms and their preferences towards retaining a greater shareholding in their companies that would otherwise be available in the US.

**2) More flexible free float requirements for all listings**

The free float of an issuer is the proportion of shares that are in public hands and freely tradable. Currently, prospective issuers need to ensure they have a 25% free float upon admission to premium.<sup>61</sup> This rule is largely to ensure sufficient liquidity on markets. However, other venues, such as in the US, have greater flexibility around the thresholds for prospective issuers coming to market. The Listing Review recommends lowering the free float to 15% and increasing the choice for companies of different sizes. The Kalifa Review, targeting recommendations towards attracting new tech firms, has recommended lowering the free float to 10% for a limited time post-IPO. Our interviewees welcomed the proposal of a reduction that would bring greater flexibility.

Such proposals aim to make listing more appealing in the UK and to capture issuers who are considering rival venues such as in the US. London will need to adopt new measures and combine them with London's traditional strengths to close the listings gap. At a time when the US has become more attractive to prospective issuers, the recommendations outlined in the UK Listing Review are paramount in shaping the competitive offer for London's equity capital markets. The FCA aims to publish a consultation paper in response to adopting the proposals this summer.<sup>62</sup>

**7 Taking advantage of growing opportunities from emerging markets**

Many large firms in emerging economies such as China are interested in the reputational advantages of listing on a well-established exchange and expanding their reach to Western markets. London's longstanding emerging markets expertise, its diverse talent pool speaking more than 300 different languages<sup>63</sup> and its advantageous time zone offer opportunities to benefit from this trend.

London-based expertise and capital have already been leveraged in innovations such as the Shanghai-London Stock Connect. The project allows global investors to benefit from China's growth through London, while LSE listed companies have access to Chinese investors directly. However, some of our interviewees working with Chinese clients suggested this could be deepened and move faster by, for instance, bringing smaller capitalisation companies to each other's markets. Interviewees also highlighted the need to do more promotional work, such as visits and seminars, to position London's strengths in a wide range of sectors. These include the tech sector, as many Chinese firms still perceive London mostly as a centre of expertise for financial services issuances.

**Sources**

61 Listing Rule 6.14 Shares in public hands.

62 UK Financial Conduct Authority Welcomes Lord Hill's Listing Review. 2021.

63 GLA (n.d.) 20 facts about London.



Above: City of London skyline

**8 Strengthening expertise in growing sectors**

“Until recently, if you wanted to IPO in the tech and biotech sectors you'd go to the US. But over the past few years that is slowly changing.”

**Marco Schwartz**  
formerly Head of Equity Capital Markets Advisory, KPMG.

London needs to maintain momentum in expanding an investor base in these key growth sectors currently dominated by the US.

One of our interviewees stressed the need to continue strategic conversations in this area, which have somewhat stalled since the EU-Exit.

“I think there is promise in that combination of international/emerging markets expertise and tech/fintech expertise. There have been some good success stories to build on.”

**Katya Kuznetsova**  
Director of Capital Markets at PwC.



**10 Capitalising on the benefits of a more digitalised IPO process**

Interviewees agreed that London is set to be at the forefront of changes in the IPO process brought about by the pandemic. An appetite has emerged for greater digitalisation, particularly in parts of the IPO process that have traditionally required extensive travel time and face-to-face meetings, such as the investor roadshow. The investor roadshow being a series of presentations made in various locations leading up to an IPO with the intention of drumming up interest in the upcoming public offer. Survey results indicate that investors find video calls more efficient and a better use of time (68%) and would prefer to have more investor roadshows online going forward (64%).<sup>66</sup> In fact, 82% of participants said they would be able to commit capital to an IPO without seeing a business's management face to face.

The significant efficiency and productivity gains in a virtual environment are summarised below:

1. **Less travel time** Less need to spend as much time travelling between offices for presentations and investor engagement
2. **A quicker pathway to placing** Key individuals throughout the process, such as lawyers, can be more readily available
3. **A streamlined process** Less need for the majority of documents to be sent back and forth in physical form

The pandemic has accelerated technological efficiencies within parts of the IPO process. The benefits of a more digitalised IPO were identified by May 2020, when a company listing on the Oslo Stock Exchange stated it had saved 1,720 hours of travel time due to an online roadshow.<sup>67</sup> We spoke to the first company to list on AIM in the wake of the pandemic, which said it had completed its IPO process in four months – the industry norm is six to 12 months.



We held 49 online investor presentations over eight days, which would have been impossible to achieve if we had to travel between offices. In normal conditions, we would have expected to complete only 30 presentations in the same timeframe.

**Stephen Newton,**  
Founder and CEO of Elixir International Plc.

Such efficiency and productivity gains mean prospective issuers can reach more potential investors and shareholders as part of a digitalised roadshow. Digitalised IPOs can increase investor exposure to London, which is set to be at the forefront of the benefits from these new processes alongside the US.

**Leading on ESG investment**

There is an increasingly important trend towards sustainable investment, and this has intensified in recent years. According to the UK Sustainable Investment and Finance Association, more investors are considering ESG factors in investment decisions. This practice is particularly well developed in the UK, Europe's largest market for sustainable and responsible investment.<sup>64</sup> Over time, UK regulators have stepped up efforts to promote sustainable finance.

As detailed in the section on London's strengths, the LSE launched the Green Economy Mark and ESG Disclosure Score in 2019. In 2020, 20 new issuers qualified for the Green Economy Mark and the number of London-listed companies with majority green revenues have grown 26% since its introduction.<sup>65</sup> These movements in sustainable finance have been praised globally and London has the capacity to lead the world in this area.



There is an opportunity to continue to develop rules to promote ESG – the hot topic at the moment. So I'm sure the LSE is thinking about what else it can do there in terms of rules and further development of an ESG code.

**Fergus Shaw**  
Partner at Cerno Capital.

**Sources**

<sup>64</sup> UKSIF (2018) New Study: UK leads Europe in sustainable and responsible investment.

<sup>65</sup> LSEG. (2021). London Always Global. Key messages and statistics.

<sup>66</sup> Berenberg Investment Banking. Berenberg ECM Survey. What will IPO 2.0 look like after Covid-19? May 2020. 50 institutional investors

<sup>67</sup> Odd Sverre Ostlie, CEO of Pexip, a Nordic videoconferencing company. Financial Times. IPO 'roadshows' from home cause bankers to question the old ways. 25th May 2020.

# Appendix



## Appendix 1: Primary and Secondary Market Players Primary Market

|  | Type of participant        | Examples of participants in the UK                 | Their roles   |
|--|----------------------------|--|---|
| <b>1 Listing firms</b>                 | Listing company            | Crossword Cybersecurity Plc                        | Employs a range of professionals to prepare and successfully carry out the IPO, and to meet the ongoing obligations of a public company.  |
| <b>2 Supporting professionals</b>      | Advisors/<br>Nomads        | KPMG/JP Morgan Securities                          | Helps establish the readiness of the firm to IPO, and guides the listing firm throughout the IPO process, including suggesting and coordinating the professional partners in the process, and assisting the listing firms in fulfilling stock exchange rules and obligations. |
|  | Lawyers                    | White & Case                                       | Performs due diligence on the listing firm's business, including verifying ownership of assets. Advises the firm on legal aspects of the listing process.   |
|  | Accountants/<br>Audit      | PwC  | Reviews and reports on key aspects of the listing firm's financial position. Ensures this information is disclosed to investors in an appropriate way.  |
|  | Financial public relations | FTI Consulting                                     | Helps the listing firm communicate its messages to investors, media and other interested parties. It then often manages the listing firm's media relations on an ongoing basis.   |
| <b>3 Underwriters/<br/>brokers</b>     | Underwriters/<br>brokers   | JP Morgan Securities                               | Advises the listing firm on the best initial price to set for its shares, assesses the level of investor interest for the company's shares at the time of listing, and then sells shares to investors.  |
| <b>4 Stock exchange infrastructure</b> |                            | London Stock Exchange                              | Creates a market for issuers and investors of securities and derivatives.   |
| <b>5 Regulators</b>                    | Listing Authority          | Financial Conduct Authority (UK listing authority) | Responsible for the approval of prospectuses and admission of companies to the official list. Approves IPO documentation.   |

Left: Broadgate, City of London

## Appendix 1: Primary and Secondary Market Players

### Secondary Market

|  | Type of participant                     | Examples of participants in the UK  | Their roles   |
|--|---|---|---|
| <b>1 Listing firm and related players</b>              | Listing firm                            | Crossword Cybersecurity Plc   | Listed firms may raise additional funding through secondary issuance. The existence of a secondary market is vital for the effectiveness of the primary market, as a newly listed security's first batch of investors will only be interested in buying these securities if they know that they can resell them to other investors in the secondary market. |
| <b>2 Supporting professionals</b>                      | Accountants                             | KPMG  | Provides ongoing support to listed firms – for example, reporting.  |
|  | Lawyers                                 | White & Case  | Provides ongoing support to listed firms – for example, advice on regulatory matters.   |
|  | Financial PR                            | FTI Consulting  | Provides ongoing support to listed firms – for example, ongoing company results announcements.  |
| <b>3 Nomad, brokers, investors and related players</b> | Nomads/brokers                          | JP Morgan Securities  | Provides ongoing support to listed firms – for example, organising quarterly investor calls.  |
|  | Investors                               | A wide range of UK and international investors                              | Provide sources of funding.   |
|  | Asset management firms/investment banks | Citibank  | Makes investment decisions on investors' behalf/makes trades for their own accounts and client accounts.  |
|  | Custodian banks                         | BNY Mellon  | Holds customers' securities for safekeeping. Most custodians also offer other services, such as account administration, transaction settlements, the collection of dividends and interest payments, tax support and foreign exchange.   |
| <b>4 Stock exchange infrastructure</b>                 | Stock market                            | London Stock Exchange   | Provides a secure and regulated environment where market participants can transact in shares, and ensures price transparency, liquidity, price discovery and fair dealings in trading activities.   |
|  | Clearing house                          | LCH.Clearent Group  | Clearing houses set up a central counterparty system that legally substitutes the buyer and the seller in order to ensure the completeness of transactions.   |
|  | Central securities depository (CSD)     | Crest Co  | The settlement process secures the physical exchange of the securities versus. The CSD is responsible for registering every single existing security, hence making sure at any time that the number of issued shares booked on the issuer account corresponds to the total amount of shares owned by its participants.                                      |
|  | Settlement services provider            | CHAPS Clearing Co Ltd   | A cash settlement centre operating as a technical platform that handles the settlement of large amounts between international finance companies.  |
|  | IT services providers                   | IT infrastructure connected to London Stock Exchange                        | Provides backbone support to all financial market infrastructure activities.  |
|  | Data services providers                 | London Stock Exchange, private market data provider such as Bloomberg       | Provide data to aid participant decision-making.  |
|  |   |   |   |
| <b>5 Regulators</b>                                    | Regulator                               | Financial Conduct Authority/Bank of England/Prudential Regulation Authority | Ensure orderly function of secondary market, coordinate with international regulators to ensure financial market alignment.   |

## Appendix 2: Listing options in London

### Landscape for listing options by entry requirements

| Market Segment            | Main Market   |   |  | AIM   |
|---------------------------|---|---|--|---|
|                           | High Growth Segment   | Standard Main Market                                      | Premium Main Market  |   |
| <b>Purpose</b>            | Designed for innovative, high-growth companies allowing additional flexibilities  | Core European listing standards for international issuers | The highest listing standards for the world's leading companies, with potential to join the FTSE UK Index Series | Designed for small and medium size growth companies in need of access to capital to realise their growth and innovation potential |
| <b>Domicile</b>           | UK or EEA incorporated  | Any   | Any  | Any   |
| <b>Admission</b>          | Eligibility letter to London Stock Exchange under HGS rules and prospectus to FCA | Prospectus to FCA   | Prospectus and eligibility letter to FCA under listing rules   | AIM admission document and nominated adviser declaration of suitability   |
| <b>Adviser</b>            | Key adviser at admission and to seek advice for certain events                    | n/a   | Listing sponsor at admission and for transactions  | Nominated adviser at all times  |
| <b>Minimum free float</b> | 10% with a minimum value of £30m  | 25%   | 25%  | Part of nominated adviser assessment of appropriateness   |
| <b>Revenue criteria</b>   | 20% compound annual growth rate on revenues over three-year period                | n/a   | 75% of business supported by revenue earning record of 3 years   | n/a   |

## Appendix 3:

### List of interviewees

*We would like to thank all interviewees and reviewers of this report who kindly gave us their time to participate in this study.*

**Alei Duan**

Chairman, Abridge Capital

**Fergus Shaw**

Partner Portfolio Manager, Cerno Capital Partners

**George Hudson**

Partner, J&H Communications

**Inigo Esteve**

Partner, White & Case LLP

**James Cunningham**

Senior Advisor, Public Policy, BNY Mellon

**John Lane**

Partner, Linklaters

**John McLean**

Chairman, Starcrest Education; Chairman, Carers Trust

**Jonathan Haynes**

Senior Consultant, Oxera Consulting LLP

**Julia Smithers Excell**

Partner, White & Case LLP

**Katya Kuznetsova**

Director of Capital Markets, PwC

**Linda Main**

Partner, Transaction Services, KPMG

**Malika Sheratova**

Founder and Managing Director, MINERVA PR

**Marco Schwartz**

formerly Head of Equity Capital Markets Advisory, KPMG

**Marcus Stuttard**

Head of AIM and UK Primary Markets, London Stock Exchange Group

**Mark Lewellen**

Managing Director, Head of DCM Origination, EMEA, Deutsche Bank

**Mike Wang**

Partner, King & Wood Mallesons

**Peter Bevan**

Partner, Linklaters

**Peter Wheelan**

Senior Equity Advisory, PwC

**Stephen Newton**

Founder and CEO, Elixir International Plc

**Tim Ward**

Chief Executive, Quoted Companies Alliance

**Tom Attenborough**

Head of International Business Development, Primary Markets, London Stock Exchange Group

**William Wright**

Managing Director, New Financial LLP

## About the Global City campaign:

The Global City campaign is The City of London Corporation's overarching initiative to promote the UK as a world-leading international financial centre. It showcases the UK as a great place for financial and professional services firms to invest, locate and grow.

[theglobalcity.uk](http://theglobalcity.uk)



**THE  
GLOBAL  
CITY**

## About the City of London Corporation:

The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK.

We aim to:

- Contribute to a flourishing society
- Support a thriving economy
- Shape outstanding environments

By strengthening the connections, capacity and character of the City, London and the UK for the benefit of people who live, work and visit here.

[www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk)