

THE NINE STAGES OF PUBLIC QUOTATION

1. CONSULTATION/DISCUSSION STAGE

- ◆ Internal Initiative – company contacts bankers, issuing house(s), stockbrokers.
- ◆ External Initiative – Issuing House, Stockbroker contacts company.
- ◆ Explain benefits of public quotation
 - ✓ Enhanced profile
 - ✓ Raising of Capital
 - ✓ Acquisition opportunities
 - ✓ Exit route for existing owners (Offer for Sale)
- ◆ All questions answered & fear of loss of control allayed

2. DECISION MAKING/MANDATE STAGE

- ◆ Board meeting to resolve decision to go public
- ◆ Amendments to MEMAT:
 - ✓ Change name from “Ltd” to “Plc”
 - ✓ Remove restrictive clauses
 - ✓ Increase authorized share capital
 - ✓ Empower directors
- ◆ Form a team: team effort crucial to success
- ◆ Appoint professional advisers that will add value:
 - ✓ Issuing House
 - ✓ Stockbroker
 - ✓ Reporting Accountant
 - ✓ Solicitor to the Issue
 - ✓ Registrar to the Issue
 - ✓ Receiving Banker
 - ✓ Underwriter

ADDITIONAL PARTIES IN A BOND ISSUE

- ◆ Trustee – administers the Trust Deed setting out the contractual obligations of the issuer of bond. Features include:
 - ✓ The covenant, i.e. restrictions imposed on issuer
 - ✓ Assets pledged as security
 - ✓ Creditors protection re: future borrowings
 - ✓ Principal repayment terms



- ✓ Coupon rate and due dates
- ✓ Creditors' rights in case of default
- ◆ Solicitor to the Trustee

OTHER PARTIES TO AN ISSUE

- ◆ Company Secretary
- ◆ Auditors to the company
- ◆ Solicitor to the company

Others NOT parties to issues

- ◆ NSE
- ◆ SEC
- ◆ Receiving Agents
- ◆ Public Relations Consultants,
- ◆ Printers etc.

3. DOCUMENTATION/PACKAGING STAGE

- ◆ First All-Parties Meeting
- ◆ Allocation of functions
- ◆ Draw time-table for the issue
- ◆ Prepare documentations
- ◆ Second all parties meeting?
- ◆ Certificate of Incorporation & evidence of attaining "PLC" status – Company Secretary/Solicitor to Issue
- ◆ MEMAT – Company Secretary/Solicitor to Issue
- ◆ Certified Copies of Board Resolutions – Company Secretary
- ◆ Audited Accounts – Company Secretary
- ◆ Accountants Report on Historical Financials and Forecasts – Reporting Accountant
- ◆ Draft & Abridged Prospectus – Issuing House
- ◆ Pricing Memorandum – Issuing House
- ◆ Underwriting Agreement – Solicitor to the Issue
- ◆ Offer Time Table – Issuing House
- ◆ Estimated cost of issue schedule – Issuing House
- ◆ Draft Trust deed – Solicitors to the Company & Trustees
- ◆ A copy of every report, valuation, resolution etc extracted or referred to in Prospectus – Company Secretary
- ◆ Consent letters – All parties to the Issue
- ◆ Updated List of Receiving Agents – Issuing House
- ◆ Listing Fee – Stockbroker/Issuer



- ◆ Detailed application – Stockbroker
- ◆ Abridged application - Stockbroker

4. NSE QUOTATIONS APPROVAL/SEC REGISTRATION STAGE

- ◆ Stockbroker submits application to NSE
- ◆ Liaison maintained between stockbroker & Listings Regulation to clarify grey areas
- ◆ Convene Quotations Committee of Management for approval/denial
- ◆ An approval /denial letter is issued to companies through the Stockbroker to the issue
- ◆ Issuing House applies to SEC for registration

5. COMPLETION BOARD MEETING STAGE

- ◆ Meeting where all parties hold selves responsible for their roles in the issue
- ◆ All documents/agreements related to offer are signed
- ◆ To be held after issue is approved by NSE & SEC
- ◆ Certificate of Exemption required to allow company issue abridged prospectus
- ◆ Documents to be submitted with application for C of E
 - ✓ Letter of indemnity
 - ✓ Proof prints of Prospectus (full & abridged)
 - ✓ Proof prints of advertisements & posters
 - ✓ Updated offer time-table & cost of issue
- ◆ Timely request for C of E important

6. DISTRIBUTION/MARKETING STAGE

- ◆ Issuing Houses supervises distribution of application forms
- ◆ Effective marketing key to successful issue
- ◆ Key success factors:
 - ✓ Good price
 - ✓ Good timing
- ◆ Road shows to sensitize investors
- ◆ Any need for extension of the closing date for the application must receive prior approval of both NSE & SEC

7. RANGE ANALYSIS/ALLOTMENT STAGE

- ◆ **Case of Over-subscription**
 - ✓ Registrar prepares range analysis
 - ✓ Allotment proposal filed with SEC



- ✓ Monies re: unsuccessful/rejected applications returned

◆ **Under-subscription**

- ✓ Under 25% subscription – abort issue
- ✓ 25% or more – Full allotment to all subscribers
- ✓ Any standby underwriting crystallizes

- ◆ Basis of allotment published
- ◆ E-allotment /certificates
- ◆ Commission to receiving agents/proceeds to issuer

8. GENERAL UNDERTAKING/DECL. OF COMPLIANCE

- ◆ Application for listing supported by:
 - ✓ Copy of approved allotment proposal
 - ✓ Newspaper cutting of announcement of the allotment
 - ✓ Executed “General Undertaking” (Appx. III)
 - ✓ Declaration of Compliance
- ◆ General Undertaking & Declaration of Compliance to be signed by a director & Company Secretary under seal (Appx. IV)

9. LISTING STAGE

- ◆ Listing preceded by a “Pre-Listing Briefing”
- ◆ Mandatory for MD, ED’s, Co. Sec., Head of Finance, Registrar & Trustees.
- ◆ Optional for Chairman, Non-Exec Directors and other Management Staff
- ◆ Purpose:
 - ✓ Emphasize importance of Company’s Secretary.
 - ✓ Importance of Covenant company enters with The Exchange (The General Undertakings)

CONCLUSION

- ◆ The public quotation process does not end on listing day
- ◆ The company must keep to the Covenant:
 - ✓ Prompt submission of results
 - ✓ Prompt notification of The Exchange on important developments
 - ✓ Changes in directorate
 - ✓ Prior approval before certain publications
 - ✓ Fact-behind-the-figures, etc.
- ◆ Need a Stockbroker to keep watch