

# The Stock Exchange Corner

## Listing on the Stock Exchange

*by George Edwards*

We have been focusing on the investors/shareholders for the past few weeks. This week we shall look at the benefits to be gained by a Company listing on the Stock Exchange. There would, of course, be benefits to the owners of shares in a listed company e.g. higher share values.

*What does "Listing" mean?*

"Listing" literally means being admitted to the Stock Exchange Official List. This indicates that the stocks and shares that are listed are freely transferable and validly issued, not forged or otherwise tainted. It also means that the issuer meets the requirements of the law and regulation in the management of its affairs and in the submission of adequate, timely and accurate information about its business to investors.

*How can the Exchange enhance a company's access to new capital?*

Listing makes companies more credit-worthy and reduces the cost of borrowing. Listing also permits institutional investors who are not permitted to hold unlisted securities to buy a stock. Listing also increases the visibility of a company.

*Why should companies want to be "listed"?*

"Listing" is a seal of approval; it is good for a company's image; it may reduce its cost of borrowing from banks; it may make it eligible to be invested in by major financial institutions like certain US mutual funds which are only permitted to buy listed securities. Listed shares are usually more highly valued than unlisted; this usually makes the cost of new finance for listed companies lower than for unlisted.

*Benefits of Listing*

1. Listed companies would benefit by the ease of raising equity against that of an unlisted issuer.
2. Listed companies are more attractive to overseas and institutional investors.
3. A listed company index attracts more publicity than that of an unlisted company.
4. Investors will have more confidence in listed issues.
5. Listed companies can use their position to enhance their image for both internal and external markets.
6. Listed companies tend to enjoy higher share prices than unlisted companies.

7. Only listed companies can be cross-listed on regional exchanges.
8. By listing it shows that the company has satisfied the requirements of GASCI rules.
9. Listed companies will be featured on GASCI website.

### *How to List*

Issuers (that is companies that are Reporting Issuers) seeking the admission of securities to the Official List must submit through a member of GASCI, a written application.

### *Listing Requirements*

Suitability for admission to the Official List depends primarily on meeting the requirements set out in GASCI Rules - for example:

- The issuer must be incorporated under the Companies Act 1991 and be registered with the Guyana Securities Council under section 57 of the Securities Industry Act.
- A new applicant must have an adequate trading record.
- A new applicant must produce audited accounts for 3 financial years prior to application for admission to the Official List.
- There must be an open market in the securities for which admission to the Official List is sought.
- The minimum percentage of securities in public hands must be 20%, with a minimum of 100 shareholders; or
- The issuer's market value or shareholders' funds must be not less than 500 million dollars, with not less than 100,000 shares held by a minimum of 50 shareholders.
- There must be no conflict between the interests of the shareholders of the issuer and any private or competing interests of its directors.
- There must be independence of the directors.
- The securities for which admission to the Official List is sought must be freely transferable.
- The application must relate to all securities of that class issued or proposed to be issued;

### *Assistance*

GASCI is willing to assist any company considering raising capital through a new listed issue, including a review of a prospectus or providing information to potential investors through notice on this website.

### **Next week: Market Capitalization**

**N.B. – More information may be accessed on our website: [www.gasci.com](http://www.gasci.com)**