

Guide to the Euro MTF Market*

Luxembourg Stock Exchange:
A prime location for listing



*connectedthinking

Euro MTF: Market Presentation

The Euro MTF market was created in July 2005 and has since been operated by the Luxembourg Stock Exchange. It is a Multilateral Trading Facility (MTF) as defined in the MiFID Directive. Its name is a direct reference to this new category of markets recognised by the EU legislation.

The Euro MTF market is not an EU-Regulated Market as defined in the European Directive 2004-39-EC and published on the list of the regulated markets in the Official Journal of the European Union.

This market is however under the prudential supervision of the CSSF (*Commission de Surveillance du Secteur Financier*).

The trading and functioning rules, the listing conditions (admission to trading and admission to the official list of the Luxembourg Stock Exchange) and the disclosure obligations applicable to issuers (prospectus, financial reporting) are contained in the Rules and Regulation of the Luxembourg Stock Exchange.

The trading system and market rules are identical to the one used for trading on the main market named “Bourse de Luxembourg”. It functions with a central order book and trades are executed with the use of Euronext’s NSC trading platform.

Approval procedure and disclosure the admission to trading

The Luxembourg Stock Exchange is responsible for the approval of prospectuses prior to a listing of securities on the Euro MTF market.

The request for the approval of a prospectus and the application for admission to trading may be submitted by the issuer or a company designated by the issuer to support him in the process (listing agent, law firm or advisor).

Key characteristics and why companies seek listing on the Euro MTF market?

An “exchange-regulated market”

- Issuers benefit from a one-stop shop for the approval of the prospectus and admission to trading, ensuring rapidity and reasonable direct and indirect costs of listing.
- The Euro MTF is outside the scope of some EU regulations such as the IAS Regulation, the Prospectus and Transparency Directives, hence issuers having securities admitted to trading on the Euro MTF are bound by less costly and less stringent requirements for financial reporting.
- In particular, the Luxembourg law implementing the Transparency Directive does not apply to securities admitted to trading on the Euro MTF market.
- Non-EU issuers do not have to determine a local competent authority for debt securities with individual denomination of less than EUR 1,000.
- Difference of regime for incorporation by reference.
- The Rules and Regulations of the Luxembourg Stock Exchange do not necessarily require (i) audited financial statements for issuers that are special purpose vehicles, (ii) financial statements for each of the guarantors in case of high yield bond issuance, (iii) issuer’s cash flow statements.
- Prospectuses drafted according to US rules and for GDR issues fit well in the Rules and Regulations of the Lux Stock Exchange.
- There are no “super equivalent rules” applicable to equity issuers.

Disclosures obligations for

The required supporting documents are:

- a draft prospectus in accordance with the Rules and Regulations of the Luxembourg Stock Exchange or with Commission Regulation (EC) No 809/2004;
- signed application forms (available on the website www.bourse.lu);
- articles of incorporation of issuer (and guarantor, if applicable);
- annual reports for the latest 3 years (and/or guarantor, if applicable).

Eligibility for investment

The Euro MTF is:

- Eligible to the Eurosystem operation (ECB).
- Eligible for investments made by Luxembourg funds (UCITS).
- A recognised market for listing by UK entities for certain tax treatments.

Trading on the Euro MTF:

- The Euro MTF market was designed as a trading platform as defined in the MiFID Directive and not only as a listing place.
- All securities may be traded on exchange and not only through negotiated deals. The order book is active during the trading hours for all listed securities, thus offering a possible execution venue compliant with the best execution obligation.
- The market supervision aims to prevent market manipulation.
- Pre and post transparency information is disclosed in compliance with the relevant provisions of the MiFID Directive for all listed securities.

All types of securities for a large range of issuers

More than 4,360 securities of different types have been admitted to the Euro MTF, including:

- 3,014 Bonds;
- 1,177 Warrants;
- 139 Shares (incl. GDR);
- 38 UCI's.

(as of February 29, 2008)

A large range of issuers have chosen the Euro MTF, including:

- **Banks:**
BNP Paribas, UBS, Citibank, Deutsche Bank, Dresdner Bank, Fortis, Goldman Sachs, Kaupthing Bank, KBC, Lehman Brothers, Nomura, Rabobank, RBS, ...
- **Agencies:**
Fannie MAE and Freddie Mac
- **Corporate issuers:**
British Telecommunications, Coca-Cola, Levi Strauss & Co., Bayer AG, Virgin Media, Bombardier, Nestlé S.A., Deutsche Bahn, ...
- **Sovereign issuers:**
Brazil, Colombia, Mexico, Panama, Pakistan, Peru, Philippines, Province of Mendoza, Province of Nova Scotia, City of Detroit, ...
- **GDR issuers:**
Samsung, Benq, Reliance, China Steel, Kotak, Mahindra Bank, Hindalco Industries, Powerchip Semiconductor, ...

The Euro MTF ranked among the top 3 European exchange regulated markets in 2007 (by IPO offering value) (source: PricewaterhouseCoopers IPO watch 2007).

Timeline for listing process

The timeline related to the listing may encompass the following tasks and processes.



Indication of the review timeframe¹ of the file:

- Up to 3-5 days after initial submission of the prospectus. The review time can be reduced to 1-2 days for frequent issuers or for standardised documentation.
- Up to 3 days for each additional draft. May also be reduced to 1-2 days for frequent issuers or for standardised documentation.

¹ This timeframe may vary depending on the complexity of the file.



Continuing obligations and Financial Reporting

Security events

Without prejudice to the other continuing obligations imposed by the issuer's national regulations, the issuer shall communicate to the Luxembourg Stock Exchange as early as possible any information relating to events affecting the securities admitted to trading, including but not limited, to:

- Amendments affecting the rights of the securities.
- Any new issue or subscription of securities.
- Any change of transfer or paying agent.
- Announcements of any dividend distribution.
- Any other event or information which, on the date of its publication by the issuer or on its behalf, is likely to influence the price of the securities.

Other useful information for investor protection

The issuer shall communicate all other information that it deems useful for the protection of investors or for the due and proper operation of the market.

Financial reporting obligations

The financial reporting can be prepared under IFRS or other accounting standards.

Shares/Units

- Make available to the public in Luxembourg as soon as possible its latest audited financial statements and latest management report prepared in accordance with the issuer's national legislation.
- Make available to the public in Luxembourg, within the four months of the end of the first semester, a semi-annual report on the issuer's activities and results, except where a semi-annual report is not required by the issuer's national legislation.

Debt Securities

Only for issuers of bonds with a denomination per unit below EUR 50,000 make available to the public in Luxembourg as soon as possible its latest financial statements and its latest management report, the publication of which is mandatory in accordance with the issuer's national law.

PwC Luxembourg Capital Markets Group

PricewaterhouseCoopers Luxembourg's Capital Markets Group assists clients in accessing capital markets with innovative tailored solutions. A multi-disciplinary approach enables companies to benefit from a team of tax, regulatory, advisory and audit experts. Our broad range of services to companies in connection with capital market transactions includes:

- Advice on the structure of financial vehicles and products
- Guidance on market opportunities
- Advice on the most tax efficient listing structure
- Advice on stock exchange admission to trading
- Due diligence
- Advice on the coordination of your listing projects throughout the process

Our professionals have a vast experience in dealing with Luxembourg regulations and market practices, which enables them to anticipate and iron out difficulties in public offers, admission to the Official List and admission to trading and private placements, both locally and internationally. They are part of PricewaterhouseCoopers' global network of capital markets specialists, which gives them the opportunity to refer to and leverage the experience and best practices developed in other leading financial centres.

Should you require further information on services provided by **PricewaterhouseCoopers Luxembourg Capital Markets Group**, please contact:

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Further information

Information on the listing procedures is available on the website of the **Luxembourg Stock Exchange**:

www.bourse.lu or at

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