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Regional Business Advisory Organisation



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Years

by your side

# FLOATING YOUR COMPANY ON THE CYPRUS STOCK EXCHANGE: THE EMERGING COMPANIES MARKET

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## Let's introduce ourselves...



### **Taking Care of Your Business for Over 40 Years**

2018 marked the 40th anniversary of Eurofast Ltd.

Eurofast started off as a small accounting agency working with local businesses in Cyprus and 40 years later counts 22 offices and over 200 employees in South East Europe & Middle East.

40 years of history, working with many global brands and leading Institutions, operating in the manufacturing, retail, airlines and professional services sector. Our clients are the vivid evidence that Eurofast is your trusted business advisor in EMEA.

## Why Cyprus?

- Corporation tax rate 12.5% - one of the lowest in Europe
- Profits and fair value gains of shares, bonds and securities are exempt from corporation tax.
- Dividend income from abroad are also exempt from corporation tax unless some conditions apply.
- Tax treaties with more than 60 countries.
- Income arising from IP's is currently taxed on the beneficial effective rate of 2,5%.
- Low operating costs.
- Tax Rulings
- Take advantage of tax incentives
- Effective tax structuring



# Substance

- **What is substance?**
- The level of genuine economic activity of the corporate structure
- **Statutory Substance:**
- So as to prove that the company is a real company and not a conduit, by paying its taxes, filing its tax returns, preparing audited financial statements and meeting all its statutory obligations
- **Physical Substance:**
- Includes an office, telephone facilities, employees, and qualified directors.
- **Economic Substance**
- Conducts actual commercial activity and demonstrates the effective role of a Company.



# The Emerging Companies Market

- The Emerging Companies Market (“ECM”) is the unregulated market of the Cyprus Stock Exchange (“CSE”).
- Launched on the 30<sup>th</sup> of September 2009.
- Companies listing their securities on the ECM are not required to comply with the mandatory provisions of regulated markets such as those of
  - listing requirements
  - size
  - number of shareholders/spread
  - continuous obligations
- Nominated Advisor (“NOMAD”) services are mandatory

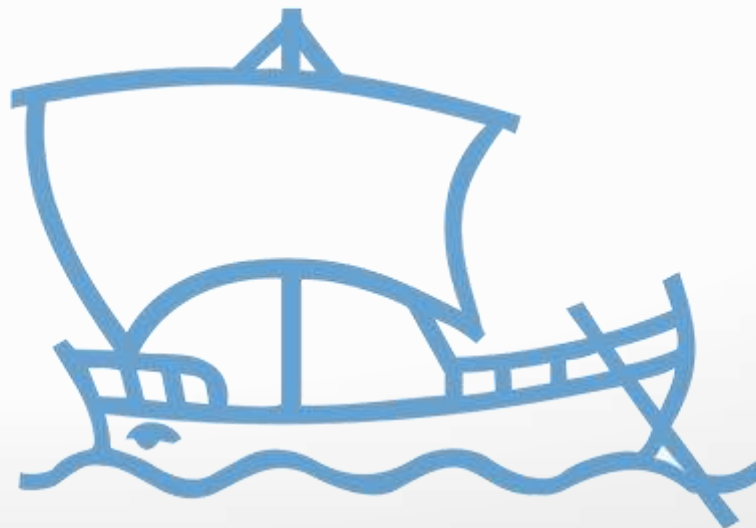


## Addressed to?

- Companies **seeking finance** and easy access to a secondary market
- Investors seeking **new ways of investment**
- Listed companies that are **unable or unwilling to take on the high costs** of remaining in a regulated market
- Companies seeking to float their securities in a **recognised market** of an EU member state.
- The ECM is an attractive alternative in raising capital and a strategic option signaling to potential investors that the company is active and forward looking and any transaction with it will be transparent.

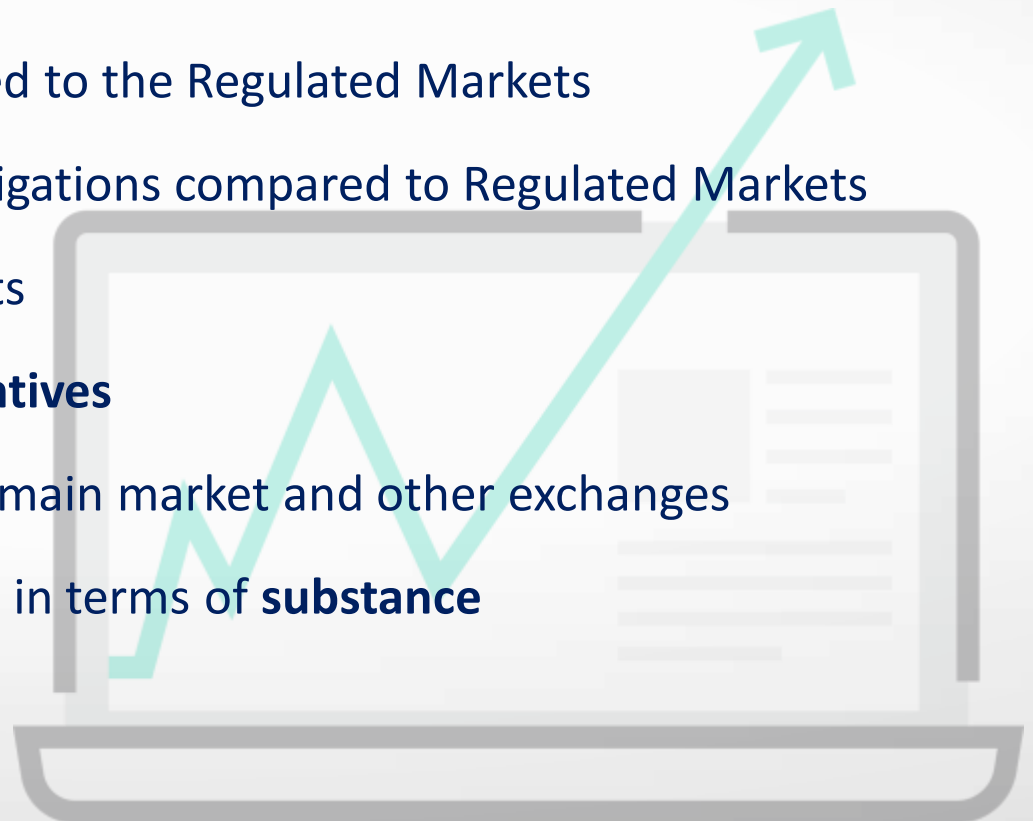
## Products traded on the ECM

- Shares traded on the Emerging Companies Shares Market
- Corporate bonds traded on the Emerging Companies Bond Market
- Warrants
- Rights
- Convertible Bonds
- Non- Convertible Bonds



## Benefits of listing on the ECM

- **Fast, simple** and flexible procedure
- **Lower** cost of listing compared to the Regulated Markets
- **Lower** cost of continuous obligations compared to Regulated Markets
- **No daily** volume requirements
- Taking advantage of **tax incentives**
- A **stepping stone** for the CSE main market and other exchanges
- **An alternative** for companies in terms of **substance**





## Methods of floatation on the ECM

- **By Public Offer:** raising funds by issuing shares to the public
- **By Private Placement:** raising funds by selling securities to selected investors (banks, funds, insurance companies)
- **A Combination of the abovementioned methods or Through the listing of existing shares**



# Admission document

The Admission Document requires the following information to be submitted amongst others:

- Issuer and issuance details
- The conditions of issue
- The Board of Directors and the main shareholders
- The development of the issuer since the last publication of the Prospectus
- The funding of operations, intended use of the capital to be raised
- Risk analysis and business risks



## The listing process

- ✓ Preparation & review of the Admission Document by a “NOMAD”
- ✓ Submission corporate document along with the Admission Document to the Cyprus Stock Exchange
- ✓ Receipt of feedback from the “CSE” and application of relevant adjustments by the issuer.
- ✓ Re-submission for approval
- ✓ Approval receipt by the CSE and listing of the issuer

## General listing requirements

- ☐ The Company must be legally established and operational
- ☐ Has been converted to a public company
- ☐ Has the ability to issue securities to the public
- ☐ Has the power to issue shares, based on the instrument of incorporation & the articles of association or any other relevant document.
- ☐ The issuance applies to all titles of the same category issued or of those issued in the future.
- ☐ It proposes the introduction of securities whose transfer is free of charge.

## Financial reporting post listing

- Publication of annual audited and semi-annual financial statements.
- Publication of the free float statements on the last working day of each calendar year.
- Any decision in relation to
  - dividend
  - profit distribution
  - interest payment
  - bonds
  - acquisition or liquidation of assets
  - changes in the corporate or capital structure





## Timeframe

Preparation &  
submission of the  
Admission Document

Opening of  
broker  
accounts

Estimated time of listing

Up to 3 months  
Feedback from CSE

Up to 6 months  
Listing can be  
made within a  
few weeks



## How will Your Company be represented?

Eurofast has been acting as a Nominated Advisor since the introduction of ECM and is approved by the Cyprus Stock Exchange.

Our NOMAD services:

- Evaluation and introduction of the issuer to the CSE ensuring that the listing and compliance requirements are met.
- Preparation and submission of the application for listing
- Assisting with the preparation of the admission document
- Monitoring and assisting towards the fulfilment of the ongoing obligations even after the flotation period

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Years  
1978-2018

# Thank You

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Firm  
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South East Europe

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South East Europe

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South East Europe

2015

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Tier One Tax  
Transactional  
Practice in Cyprus

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European  
Transfer Pricing  
Firm of the Year  
Second

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NAA  
Tax Firm  
of the Year

2014

Ranked  
Top Tax  
Advisor  
in Cyprus

2013

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Transactional  
Practice in Cyprus

2012

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World Tax  
Association

2012

Ranked  
Tier One Tax  
Planning  
Advisor

2012

Cyprus  
Tax Firm  
of the Year

2011

Cyprus  
Tax Firm  
of the Year