

Introduction

In November 2014, the London Stock Exchange Group (LSE) and the Nigeria Stock Exchange (NSE) signed a 2 year co-operation agreement designed to support companies dual-listing in London and Lagos.

The agreement also extended to settlement and post-trade mechanisms aimed at facilitating cross-listing and settlement of ordinary shares, recognising that the listing is the beginning of the life for the dual-listed company.

Whilst the initial take up has been slow, probably, in no small part, due to the economic difficulties across a wide range of commodities, opportunities exist across a range of sectors to access the pools of capital both in London and Nigeria.

"As the world's most international exchange, LSEG looks forward to building on the success of existing dual listings in Nigeria and London and partnering with the NSE to showcase developments in Nigeria's economy and capital markets."

- Xavier Rolet, CEO, London Stock Exchange

Press release, Nigerian Stock Exchange, June 2015

A comparative guide to listing on the LSE and NSE

How to use this guide

There are a number of combinations of listings on the LSE and NSE. In this guide, Berwin Leighton Paisner and Ajumogobia & Okeke look at how the markets compare across eligibility, listing documents and continuing obligations, in order to provide issuers with an overview of what would be expected of them.

Eligibility

Eligibility criteria will be fundamental in choosing which markets to list on. Section 2 sets out the key requirements across each of the markets.

In practice, the size of the company, its track record and the control it exerts over its assets, will determine which market or markets to choose. Often smaller, earlier stage companies will look at alternative securities markets in the UK and Nigeria (AIM and ASeM). However, in London, the Standard listing route offers a more flexible route to listing and is often a popular choice for dual listed companies given it avoids many of the super-equivalent standards of other forms of London listing.

Listing documentation

Once eligibility is determined and the appropriate market or markets are selected, the actual listing process needs to be compared. Companies will prepare a single admission document or prospectus for listing which will then include the highest level of information required by the relevant markets, as set out in Section 3.

Continuing obligations

Finally, as the listing is the start of the company's obligations, we look at the requirements of the various markets, to enable an issuer to identify which applicable market has the most onerous continuing obligation requirement for each area, as set out in Section 4.

If you would like to discuss the opportunities of a London and Lagos listing, or have any questions, then please contact any one of us.

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THE MARKETS



London Stock Exchange

Main Market – Premium Segment

A Premium Listing is only available to equity shares issued by trading companies and closed and open-ended investment entities. A Premium Listing means the company is expected to meet the UK's highest standards of regulation and corporate governance – and, as a consequence, may enjoy a lower cost of capital through greater transparency and through building investor confidence.

Main Market – Standard Segment

Standard Listings cover issuance of shares, Global Depository Receipts (GDRs), debt and securitised derivatives that are required to comply with EU minimum requirements. A Standard Listing allows issuers to access the Main Market by meeting EU harmonised standards only rather than the UK 'super-equivalent' requirements. Prior to 2009 this was the secondary listing route.

AIM

AIM is the LSE's international market for smaller growing companies. A wide range of businesses including early stage, venture capital backed, as well as more established companies join AIM seeking access to growth capital.



Nigeria Stock Exchange

Main Board

The NSE's Main Board gives companies from diverse sectors the opportunity to raise funding from the public. Admittance to this board is based on profitability or market capitalization criteria, which also determines whether a company will be listed in either Standard A, Standard B or Standard C.

Premium Board

The Premium Board was launched in 2015 and is the listing segment for the elite group of issuers that meet the NSE's most stringent corporate governance and listing standards. In order to qualify for listing on this platform, the Issuer must already be listed on the Main Board of the NSE.

Alternatives Security Market ("ASeM")

This is the NSE's specialized board for emerging businesses. Small and medium sized companies with high growth potential are given the opportunity to raise long-term capital from the capital market at a relatively low cost, thereby enabling them to grow and institutionalize. There is no limit to the amount of capital a company listed on ASeM can raise, provided that the company meets all the regulatory requirements, including those of the Securities and Exchange Commission (SEC) and the Corporate Affairs Commission (CAC).

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2 ELIGIBILITY COMPARED

Eligibility criteria	London Stock Exchange Main Market – Premium Listing (equity shares)	London Stock Exchange Main Market – Standard Listing (shares)	London Stock Exchange AIM	Nigerian Stock Exchange Main Board	Nigerian Stock Exchange Alternative Securities Market (“ASeM”)	Nigerian Stock Exchange Premium Board
Incorporation	Anywhere					
Regulation	Regulated Market (Official List)		Multilateral trading facility	Regulated Market		
Key Rules	Listing Rules Admission & Disclosure Standards Prospectus Rules		AIM Rules Prospectus Rules if public offer	NSE Listing Rules (Green Book) Securities and Exchange Commission Rules and Regulations 2013 Investment and Securities Act CAP I24 Laws of the Federation of Nigeria 2010		
Prospectus/ Admission Document	Prospectus		Admission Document Prospectus if offer to the public (e.g. retail)	Prospectus		
Minimum free float	25%		NOMAD assessment of suitability	20%	15%	20% or alternatively, NGN40m (c. US\$0.2m) or above ¹
Minimum market capitalisation	£700,000 (c. US\$1m)		NOMAD assessment of suitability	Standards A and B listings on the Main Board have a minimum market capitalization of NGN3m (c. US\$0.02m) and not less than NGN4m (c. US\$0.02m) at the time of the listing, calculated using the listing price and shareholders’ equity for Standard C.	No stipulated limit.	NGN200m (c. US\$1m) for listings on the Premium Board of the NSE.
Audited historical financial information	Three years ²	Three years or such shorter period		Audited accounts of the company and its subsidiaries for three financial years (if that old) immediately preceding the publication of the	Financial statements must be compliant with the applicable SEC rules and at the time of submission of the application shall not be more than	Audited accounts of the company and its subsidiaries for three financial years (if that old) immediately preceding the publication of the

¹ The Council of the NSE may grant a deferral or exemption from meeting the minimum public float requirement to large cap companies with market capitalization at IPO in excess of NGN500 billion (c. US\$2.5 billion).

² Mineral companies operating for a shorter period of time must have filed historical financial information since inception.

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				(cont.) prospectus together with all notes, certificates or information required by the Companies and Allied Matters Act 2004.	(cont.) nine months old.	(cont.) prospectus together with all notes, certificates or information required by the Companies and Allied Matters Act 2004.
Revenue earning	75% of business supported by revenue earning record for three year historic period ³	No requirement	No requirement but lock-in obligations will be required if the company has not been revenue earning and independent for at least two years.	<p><u>Standard A listings</u></p> <p>Pre-tax profit from continuing operations of not less than NGN300m (c. US\$1.5m) cumulatively for the last three fiscal years and a minimum of NGN100m (c. US\$0.5m) in two of these years.</p> <p><u>Standard B listings</u></p> <p>Pre-tax profit from continuing operations of not less than NGN600m (c. US\$3m) cumulatively for the last one or two fiscal years for Standard B.</p> <p><u>Standard C listings</u></p> <p>A minimum of three years’ operating track record; and where the Issuer does not have three years’ operating track record the Issuer shall provide evidence of a core investor who has a minimum of three years’ operating track record.</p>	No provision for pre-tax profits, however the company is required to provide a medium term (at least two years) comprehensive business plan.	No provision for pre-tax profits

³ Not applicable for mineral companies.

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Controls majority of its assets	For the three year historic period		No		N/A	
Transferability of shares	Freely transferable					
Working capital statement	Clean 12 month statement	Clean/qualified 12 month statement	Directors’ clean 12 month statement	Directors’ statement required. No specific duration for the statement required		
Adviser required	Sponsor	None	NOMAD	Sponsor who must be a dealing member of the NSE.	Designated Adviser required	Sponsor who must be a dealing member of the NSE.
Settlement	Eligible for electronic settlement			Eligible for electronic settlement through the Central Securities Clearing System Limited		



There are 9 Nigerian or Nigeria-focused companies quoted on London Stock Exchange, including six oil & gas explorers and three major Nigerian banks. They have a collective market capitalization of \$14.2 bn.

Press release, Nigerian Stock Exchange, June 2015

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3 LISTING DOCUMENT REQUIREMENTS COMPARED

Eligibility criteria	Main Market – Premium Listing (equity shares)	Main Market – Standard Listing (shares)	AIM	Nigerian Stock Exchange
Prospectus/Admission Document	Prospectus approved by the UK Listing Authority	Prospectus approved by the UK Listing Authority	Admission Document Prospectus if public offer (e.g. retail)	Prospectus approved by the Securities and Exchange Commission
Contents Rules	Prospectus Rules/Annexes to Prospectus Rules	Prospectus Rules/Annexes to Prospectus Rules	AIM Rules/ selected annexes to Prospectus Rules	Prospectus Rules/Annexes to Prospectus Rules
General Content Requirement	<p>Any information which is necessary to enable investors to make an informed assessment of:</p> <ul style="list-style-type: none"> (i) the assets and liabilities, financial position, profits and losses, and prospects of the issuer of transferable securities and of any guarantor; and (ii) the rights attaching to the transferable securities. 	<p>Any information which it reasonably considers necessary to enable investors to form a full understanding of:</p> <ul style="list-style-type: none"> (i) the assets and liabilities, financial position, profits and losses, and prospects of the application and its securities for which admission is being sought (ii) the rights attaching to those securities; and (iii) any other matter contained in the admission document. 	<p>Any information which it reasonably considers necessary to enable investors to form a full understanding of:</p> <ul style="list-style-type: none"> (i) the general nature of the business of the company or group and its subsidiaries; (ii) particulars of any mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities of the company and any of its subsidiaries; (iii) the financial and trading prospects of the company or group, including all special trade factors or risks; (iv) the authorised, issued and un-issued share capital together with the amount paid-up and description and nominal value of the shares; (v) the capital of the company or of any of its subsidiaries; (vi) commissions, discounts, brokerage or other special terms granted since the date to which the last published audited accounts of the company were made up in connection with the issue or sale of any capital of the company or of any of its subsidiaries, etc. 	

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Eligibility criteria	Main Market – Premium Listing (equity shares)	Main Market – Standard Listing (shares)	AIM	Nigerian Stock Exchange
Audited historical financial information	Three years ⁴	Three years or such shorter period		Financial statements prepared in compliance with the applicable Securities and Exchange Commission rules and covering the last 3 (three) fiscal years provided that the most recent statement at the time of submission of the application is not more than 9 months old.
Working capital statement	Clean 12 month statement	Clean/qualified 12 month statement	Directors' clean 12 month statement	Directors' statement required. No specific duration for the statement required.
Operating and Financial Review/MD&A	Yes		No	Yes
MER/CPR	Required if a mineral company		Required if a mineral company – see AIM Mining and Oil & Gas Note	Required if a mineral company

“The plans to get local firms to list both on The NSE and London Stock Exchange is part of our strategy of transforming Nigeria into an international financial centre that serves not only the Africa region but also the global market.”

- **Mr. Oscar N. Onyema, OON, CEO of The Nigerian Stock Exchange**
Press release, Nigerian Stock Exchange, June 2015

⁴ Mineral companies operating for a shorter period of time must have filed historical financial information since inception.

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4. CONTINUING OBLIGATIONS COMPARED

Criteria	Main Market – Premium Listing (equity shares)	Main Market – Standard Listing (shares)	AIM	Nigerian Stock Exchange
Prospectus/ Admission document for further issues of shares	Yes (unless <10% shares of same class admitted to trading in a 12 month period)		Only if public offer or a reverse takeover (RTO)	Only if made by way of a public offer.
Sponsor, NOMAD or key adviser required	Yes – certain transactions and circumstances only e.g. where a prospectus or Class 1 circular is required; or in connection with a RTO/related party transaction; or where breach of Listing Rules; or when transferring from investment company to a commercial company with Premium Listing status or vice versa (LR 8).	N/A Only required when transferring from a Standard Listing (shares) to a Premium Listing.	NOMAD required at all times.	Designated Adviser required for AseM Listings for the duration of listing on the ASeM.
Application of Takeover Code	Target incorporated in the UK, Channel Islands or Isle of Man – UK Takeover Code applies.		Target incorporated in the UK, Channel Islands or Isle of Man – UK Takeover Code applies.	Target in Nigeria – NSE Takeover Code will apply. Target outside Nigeria – NSE Takeover Code will apply.
	Target incorporated elsewhere in EEA – UK Takeover Panel will have shared jurisdiction.		Target incorporated elsewhere in EEA – UK Takeover Code will <u>not</u> apply.	
	Target incorporated outside the EEA – UK Takeover Code will <u>not</u> apply.		Target incorporated outside the EEA – UK Takeover Code will <u>not</u> apply.	
Significant transactions (Class Tests)	Transactions (other than ordinary course of business) which are significant in size (Class 1 acquisitions/disposals – exceeding 25% in class tests and RTOs – exceeding 100% in class tests) require shareholder approval and a circular (plus a prospectus if a RTO). Other non-ordinary course transactions require disclosure only.	N/A – except RTOs which require shareholder approval and a circular/prospectus.	RTOs (exceed 100% in class tests or fundamental change in business, board or voting control) and fundamental disposals (exceed 75% in class test) require shareholder approval and circular/admission document. Other non-ordinary course transactions require disclosure only.	Every merger, acquisition or external restructuring requires the prior review and approval of the Securities and Exchange Commission. Shareholder and Board approvals are also required.

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Criteria	Main Market – Premium Listing (equity shares)	Main Market – Standard Listing (shares)	AIM	Nigerian Stock Exchange
Related party transactions	<p>Independent shareholder approval required and “fair and reasonable” statement where transaction exceeds 5% or more in the Class Tests</p> <p>Enhanced disclosure and “fair and reasonable” (not shareholder approval) where less than 5% but more than 0.25%</p>	N/A	Disclosure and “fair and reasonable” statement only where transaction exceeds 5% in the class tests	<p>Announcements and formal disclosure in their accounts and to the NSE.</p> <p>In some instances, formal approval from securities holders and prior notification and consultation with the NSE is required.</p> <p>Issuers are also required to make disclosures in their accounts and to the NSE about any interested person transaction of a value equal to, or more than, 5% of the group's latest audited net tangible assets. Where the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 5% or more of the group's latest audited net tangible assets, the Issuer shall immediately make an announcement of the latest transaction and all proposed transactions to be entered into with that same interested person during that financial year.</p> <p>Issuers are also required to obtain securities holders' approval for any interested person transaction of a value equal to, or more than (a) 5% of the Issuer or its group's latest net tangible assets or (b) 5% of the Issuer or its group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested persons during the same financial year. Or (c) 5% of the issued share capital.</p>

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Criteria	Main Market – Premium Listing (equity shares)	Main Market – Standard Listing (shares)	AIM	Nigerian Stock Exchange
Obligation to publish annual and half-year financial reports and interim management statements (IMS)	Yes (DTR 4) Annual report within 4 months of year end Half yearly within 2 months or period end.		Yes but not IMS Annual report within 6 months of year end. Half yearly within 3 months or period end.	Required to publish Annual Report and Financial Statement at the end of every financial year and submit same to the NSE.
Obligation to publish inside information and insider lists	Yes (DTR 2)		Yes (insider lists – n/a)	Yes
Major shareholder notification regime applies	Yes (DTR 5) from 3% or 5%, depending on country of incorporation.		Yes (AIM Rule 17 & DTR 5 if UK issuer) from 3%.	Yes – transactions which involve 5% of the issued share capital of the company.
Director/senior manager dealing disclosures	Yes (DTR 3) – all dealings		Yes (AIM Rule 21) – all dealings	Yes, Dealing Members Rules and Regulations
Corporate governance	UK Corporate Governance Code (LR9) and corporate governance statement (DTR 7.2). Overseas company comply with DTR 7.2 if no equivalent rule (LR 9.8.7A) and “comply or explain” against the UK Corporate Governance Code (LR 9.8.7).	DTR 7.2 applies to UK and extended to overseas companies if no equivalent rule (LR 14.3.24).	Market practice is to comply with UK Corporate Governance Code or Quoted Companies Alliance Corporate Governance Guidelines.	Code of Corporate Governance for Public Companies 2014 ⁵ .
Listing Principles	Yes (LR 7)	LP 1 and LP 2 only	n/a	Yes
Share dealing code	Yes (LR 9)	n/a	Yes (AIM Rule 21)	Yes (ISN) – restrictions can apply to directors, PDMRs (Persons Discharging Managerial Responsibility) or advisors dealing in certain circumstances.
Pre-emption rights for existing holders	Yes ⁶ (LR 9)	No. Local company law only	No. Local company law only	No

⁵ The Code of Corporate Governance for Public Companies 2014 covers matters which include the responsibility, duties and composition of the board, risk management committee, remuneration committee, audit committee and board committee, relationship with shareholders and other stakeholders, risk management and audit, accountability and reporting.

⁶ An overseas company with a Premium Listing must offer pre-emption rights unless it has shareholder approval to disapply such rights. If it has no equivalent rule of law to LR 9.3.11 (pre-emption rule), an overseas company applying for a Premium Listing must provide for equivalent rights in its constitution (LR 6.1.25) as qualified by LR 9.3.12.

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Berwin Leighton Paisner profile

Berwin Leighton Paisner is an international law firm with over 850 fee earners, including more than 200 partners. Active in nine major sectors and across a range of industries, we have an established global footprint and last year we worked or had clients in 130 countries worldwide. Our clients' business is global and so are we. In addition to thirteen wholly owned offices across three continents, we have flexible, proactively managed relationships with more than 100 leading 'preferred firms' in over 65 countries. We have completed award winning, multi-disciplinary assignments for clients across a range of sectors and industries including FTSE 100 companies and financial institutions, major multinationals, the public sector, entrepreneurial private businesses and individuals.

Offices: London, Abu Dhabi, Beijing, Berlin, Brussels, Dubai, Frankfurt, Hong Kong, Manchester, Moscow, Paris, Singapore and a representative office in Tel Aviv.

Expertise in equity capital markets

BLP has more than 65 corporate finance specialists of whom over 20 are experts in equity capital markets transactions, giving you peace of mind that you would be working with lawyers who know this area of law inside out, and our team of capital markets lawyers are supported by our industry specialists.

We have extensive experience of advising on company-side mandates, in addition to working with a strong and growing portfolio of investment banks, nominated advisers, fund promoters and managers, capitalising on the firm's deep market presence and our industry sector strengths. We cover the full range of equity markets transactions, including international and domestic IPOs on AIM, main market, secondary offerings, private placements, share buybacks and tender offers.

In the last five years, we have advised on over 100 deals with aggregate value of £3bn in the London market. We are currently working on a number more. You have the comfort that you are dealing with a firm that has a recognised track record in ECM transactions, both with issuers and with the financial advisory community, with 10 years of consistent top-tier rankings for IPOs (Legal 500).

Expertise in Africa

BLP's Africa Group is able to offer investors and businesses the services of a team of specialists in equity & debt capital markets, finance, project finance, M&A, information technology and outsourcing, and dispute resolution who have expertise in the key industry sectors driving growth in Africa – mining, oil & gas, financial institutions, hotels & leisure, infrastructure, IT & telecommunications and real estate. With our years of hands-on experience and close connections with local law firms, we are able to combine international legal expertise with specialist local knowledge so as to manage and minimise legal risks in the frontier markets in Africa.

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Ajumogobia & Okeke Firm Profile

Ajumogobia & Okeke is a leading commercial law firm with offices in three cities in Nigeria - Lagos, Port Harcourt, Abuja with a strong Africa network and international relationships. A&O currently has thirty nine lawyers organised into practice groups and it combines local knowledge and international experience to transactions and client solutions. Our dedicated practice groups give us the scale, depth and capacity to handle complex and broad ranging transactions.

A&O is one of Nigeria's oldest continuing partnerships built on relationship focused service provided to corporate & private clients. With experience in the public sector, the firm's personnel bring an added dimension to providing legal services to multi-national corporations, international banks, and major public companies and multilaterals including non-government entities.

The firm has established a reputation for cutting-edge legal advice using modern and local solutions that enable clients to capitalise on business opportunities and manage change effectively. Sector specialisation is central to our effectiveness. A&O's commitment is to acquire a profound understanding of our clients' industry sectors, to enable us to provide a full range of advice based on this extensive knowledge.

Our Banking and Finance team represents numerous domestic and foreign banks and other financial institutions including insurance companies in both general advisory (banking and insurance regulation) and transactional capacities. We regularly represent clients in a broad spectrum of syndicated and non-syndicated financing transactions, including secured and unsecured loans, liquidity facilities for structured finance transactions, commercial paper back-up facilities, senior and subordinated credit facilities, acquisition credit and leveraged buy-outs involving both public and private companies and asset based loans to middle market companies. A&O banking and finance lawyers also offer expertise in securitisation and international capital markets projects, asset finance, syndicated and bilateral lending, debt conversion, global depositories and collective investments securities and trade finance.

As a leading commercial law practice, the convergence of varied experience and robust skillset is essential in our interrelated areas of expertise, namely: Commercial Litigation and Arbitration, Corporate and Commercial, Mergers, Acquisitions & Divestitures, Securities and Capital Market Transactions, Telecommunications, Intellectual Property, Restructuring of Private Companies and Joint Venture Arrangements, Public Utilities & Public Private Partnerships, Privatisation and Public Finance, Intellectual Property, Banking and Finance, Trade Finance, Debt Conversion, Taxation and Foreign Investment, Corporate Governance, Maritime and Shipping Law, Aircraft and Aviation Law, Entertainment Law, Energy, Resources and Infrastructure, Environment, Project Financing, Regulatory & Compliance Advisory, Security and Securitization of Assets and Commercial and Business Crime.

Getting in touch

If you would like to talk through your project or discuss solutions to your legal needs, please get in touch.

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