

Access to the Frankfurt Stock Exchange for international companies



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I. Why choosing Frankfurt for listing?

The Frankfurt Stock Exchange ("FSE") is one of the world's leading international stock exchanges by revenue, profitability and market capitalization, offering excellent services and systems for listed companies and investors. It is owned and operated by Deutsche Börse AG.

The main advantages of the FSE for international companies are:

- direct and cost-efficient access to the European capital markets and additional liquidity in order to finance further growth;
- unique market segments based on international transparency and corporate governance standards;
- simple and cost-efficient listing;
- reduced exposure to inherent deficiencies in the legal systems of emerging markets.

The following information applies to international companies, especially from Emerging Markets (e. g. China, India or Russia/CIS) aiming to access the FSE either through a listing of shares or through a Depositary Receipt Programme. As well as the Frankfurt Depositary Receipt Programme (Frankfurt GDR), the ADR and GDR programmes may also be admitted to trading on the FSE.

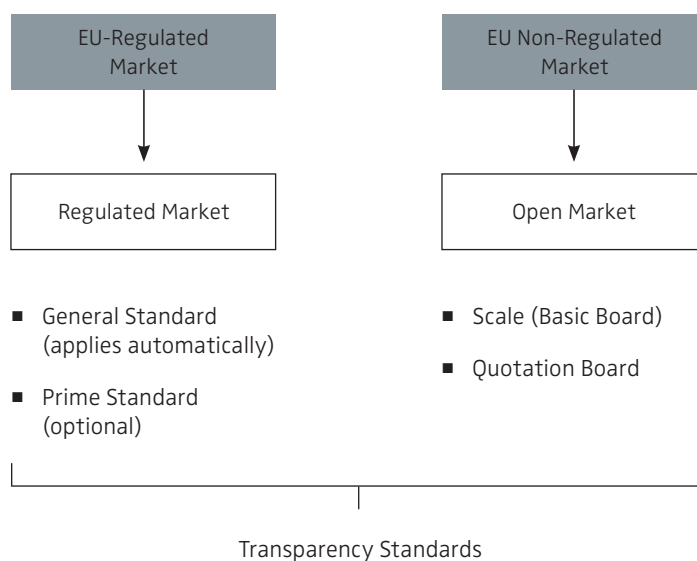
II. How is the market organised?

The FSE comprises two basic market segments:

- Regulated Market (*Regulierter Markt*) and
- Open Market (*Freiverkehr*).

The Regulated Market (Prime and General Standard) is subject to the regulatory provisions of the European Union (EU), whereas the Open Market is mainly being regulated by Deutsche Börse AG.

However, the choice of the specific market segment and the transparency standard at the FSE depends on the goals of the issuer. The Regulated Market (and in particular the Prime Standard) is more suitable for well-established large-scale and mid-sized enterprises, whereas the Open Market can be advisable for smaller companies or companies planning to "test water" at first and enter the Regulated Market as a second step. Each listed company is automatically included in the FSE indices. Some of these indices (such as DAX®, MDAX®, SDAX® and TecDAX®) include only those issuers, which are listed in the Prime Standard. The Open Market is divided into the segment Scale (Basic Board) for companies which are not yet listed on any other stock exchange recognised by the FSE and the segment Quotation Board for companies already listed at a FSE approved Stock Exchange.



III. What are the main listing and post-listing requirements?

The listing and post-listing requirements depend upon the market segment chosen by the issuer, as well as the applicable transparency standard. Scale provides for a lower set of requirements, whereas the Prime Standard sets forth the strictest transparency and ongoing compliance rules for issuers. Please note that most of the post-listing requirements are stipulated in the European Market Abuse Regulation which applies to issuers which applied for listing/trading in all

market segments. Only the shareholder transparency rules do not apply to shareholders of companies traded in the Open Market.

There are no restrictions as to the jurisdictions of incorporation an issuer may derive from.

One of the key documents, which are to be prepared in the course of the listing is the prospectus. A prospectus contains information material to potential investors, in particular on the business of the issuer and its financial standing. A prospectus must be approved by the German Financial Supervisory Authority (*BaFin*) or by another competent EU authority.

If international companies are obliged to draft a prospectus for listing on a Regulated Market on the FSE or a public offering of their securities, the historical financial information, which it is mandatory to incorporate into the prospectus, has to be prepared in accordance with IFRS or an equivalent accounting standard. Through Commission Regulation (EC) No. 1289/2008, the GAAP of the People's Republic of China, Canada, the Republic of Korea and the Republic of India were recognised as equivalent for financial years beginning prior to 1 January 2012, as well as Japanese and US GAAP.

Open Market Scale (Basic Board)

A prospectus is required for a successful placement in the Scale segment. In case of a private placement (no public offer and no prospectus needed), the minimum requirement is an inclusion document (i. e. an informational document, containing only the very basic data as to the issuer). Contrary to the prospectus, an inclusion document form does not have to be approved by BaFin.

Below are some of the key conditions of Scale:

- minimum two years of corporate existence (under certain circumstances this requirement may be waived by the Management of the FSE);
- application of the issuer together with an Deutsche Börse Capital Markets Partner;
- estimated minimum market capitalisation of EUR 30 million at the time of the inclusion into trading;
- free-float requirement of at least 20 percent (at least one million free float shares);
- fulfillment of at least three of the following criteria / performance indicators:
 - turnover of at least EUR 10 million;
 - earnings of the year at least EUR 0;
 - equity capital more than EUR 0;
 - number of employees of at least 20 people;
 - cumulated, equity capital before IPO of at least EUR 5 million.

The post-listing obligations of the issuers in Scale are lower as compared to the Regulated Market and are as follows:

- submission to Deutsche Börse AG of the audited annual financial statements including the management report within six months after the expiration of the reporting period;
- submission to Deutsche Börse AG of the half-year financial statements including the interim management report within four months after the expiration of the reporting period;
- continuing updates and submission to Deutsche Börse AG of the corporate calendar;
- analysts conferences at least once a year;
- submission of information needed for the generation of research reports updates to the research provider mandated by Deutsche Börse AG within the given period;
- ad hoc disclosures, directors dealings, insider lists, insider trading prohibitions, market abuse rules as well as notification of Deutsche Börse AG about significant changes concerning the issuer or included securities;
- contractual relationship with a supporting Deutsche Börse Capital Market Partner during the overall duration of the inclusion;
- the information has to be submitted in German or English.

Open Market (Quotation Board)

The main listing requirements for the Quotation Board are:

- listing at an FSE approved stock exchange in Germany or another country (however not any open market of these exchanges);
- application for an inclusion by a trading participant on request of international company.

Post listing obligations for the quotation board depend on the regulations of the FSE approved stock exchange in Germany or another country where the company has its first listing. However, ad hoc disclosures, directors dealings, insider lists, insider trading prohibitions and market abuse rules are applicable to all Open Market segments.

Regulated Market (General and Prime Standard)

The General and Prime Standard provide for a greater level of transparency and set forth higher listing requirements for the issuer, in particular:

- minimum three years of corporate existence (under certain circumstances this requirement may be waived by the Management of the FSE);

- minimal prospective market value of the securities to be admitted no less than EUR 1,250,000 (at least 10,000 (underlying) shares);
- requirement of a minimum "free-float" of the outstanding securities (under certain circumstances this requirement may be waived by the Management of the FSE);
- minimum three years of reporting history (i. e. publication of the financial statements).

The post-listing requirements of the General Standard are much broader as compared to the Scale and the Quotation Board and relate in particular to the issuer's compliance with a number of continuing obligations and reporting requirements, in particular:

- publication of its annual accounts (not later than four months after the end of the financial year);
- publication of half-yearly financial reports (not later than two months after the half-year end) and interim management statements;
- notification of shareholdings.

In connection with Depositary Receipt Programmes for third country issuers, certain exemptions from the four months (annual reports) and two months (half-yearly financial reports) are available.

The listing in the Prime Standard implies additional post-listing requirements, which are aimed at a greater transparency of the issuers, including in particular:

- publication of quarterly statements;
- annual publication of a calendar regarding major corporate events;
- holding at least one analyst presentation per year.

IV. What are the main steps for the listing?

The procedure for listing on the FSE generally comprises the following main steps:

- completion of a Due Diligence investigation (legal, financial, business);
- drafting of the Prospectus / issuer data form;
- receipt of the BaFin approval regarding the Prospectus (if any);
- set-up of a DR (Depositary Receipts) programme (if any);
- underwriting and offering (if any);
- admission to listing / inclusion to trading from FSE;
- commencement of trading.

V. What is the timing for an FSE-IPO?

The average time to obtain a listing from the beginning of the Due Diligence to the admission of the securities for trading at the FSE takes from four to six months for the Regulated Market and from four to five months for a listing with a prospectus and from one to two months for a listing with an inclusion document form for Scale.

VI. What are the costs?

Basically, the issuers should take into account the following IPO-related costs:

- underwriting fees;
- legal fees;
- accountants' fees;
- BaFin fee (in case the listing is made with a prospectus);
- admission fee;
- introduction fee;
- annual listing fee.

The respective fees depend upon the specific segment and the transparency standard of the FSE. Presently, they are as follows:

Regulated Market

- EUR 3,000 (admission fee)
- EUR 2,500 (listing fee)
- EUR 11,700 (General Standard) and EUR 12,700 (Prime Standard) + variable inclusion fee depended on market capitalisation (annual fee)

Open Market (Scale)

- At least EUR 20,000 + variable inclusion fee depended on market capitalisation (maximum EUR 69,000)
- EUR 5,000 Basic Board (annual fee)

Open Market (Basic Board)

- EUR 750 (introduction fee)
- additional EUR 750 for issuer data form
- EUR 5,000 (annual fee)



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