Public Listing

Marcus Stuttard, London Stock Exchange

Companies look to list at different stages depending on how they want to use the markets, how they want to grow and the access of finance they need.

We see some companies that are at a relatively early stage looking to raise growth finance. But equally we see companies that are quite mature, that may have been in private equity or venture capital ownership and are looking to join the public markets to raise further development capital or continue their growth.

An IPO is the term used when a company makes it's initial offering – the first time it comes to the market to raise finance. There are lots of advantages of being a public company. Clearly for most businesses, access to long-term finance is a big reason for considering an IPO. In addition there are lots of other benefits. Public companies often tend to have a higher profile and visibility – and often credibility with investors, customers and suppliers.

Being a public company also enables companies to use their shares to acquire other businesses. It also allows them to retain key members of staff also using their shares to incentivise key members of the management team and staff. So there are lots of benefits of being a public company including come of the obvious ones and also some of the softer benefits.

At the London Stock Exchange we operate a range of both equity and debt markets. From an equity market perspective - the market where companies issue shares to raise finance – we operate AIM, our market for smaller growing businesses. We also operate our main market, which has a number of segments.

- A premium segment
- Our standard segment, where levels of regulation are slightly lower.
- Our high growth segment, which sits between AIM and the main market for high growth markets that aren't ready yet for a full premium listing.

At the London Stock Exchange, we think it's really important to operate a range of markets so that companies and their investors have choice. The ongoing requirements for companies will differ depending on the market in which they are listed. The requirements for AIM, for example are slightly less restrictive than the main market. Broadly, however, the main requirement is for companies to keep shareholders and the market updated on a regular basis, both by producing half yearly and annual results.

I think there are many pros and cons to being a public rather than a private business. The key difference is being able to raise long-term equity capital from a very wide range of investors. There are lot of other benefits as well – such as a higher profile – which can help to raise capital as well as to win business, which can really help to underpin the company's ongoing development.