

Guide to Listing on the Sierra Leone Stock Trading Facility

The Benefits of Listing on the Stock Exchange

Listing means admittance of a company to the Stock Exchange or such Facility for trading of its securities. The Interim Stock Trading Facility of Sierra Leone is a regulated public market. The decision to list on a public market is one of great significance for any company, and there are many reasons why a company might choose to list its shares on the Stock Trading Facility.

Listing is most commonly seen as an opportunity to raise money to finance growth in the company by selling shares to the public.

This money might be invested in capital projects such as the building of a new factory, or perhaps to buy new machinery. Or, a company may wish to raise funds and use them to grow through acquisition. Others might use them to fund research and development projects.

However, not all companies will want to raise money on coming to the market for the first time. Some may list simply to give existing shareholders an opportunity to sell their shares, and especially to give family and founding shareholders an exit route. Off-exchange it can be very difficult to find a buyer for shares and especially difficult to put a price on those shares.

When a company's shares are traded on a stock market it helps the company to broaden its shareholder base, and allows shareholders to achieve a fair price by bringing together all potential buyers and sellers in one place. It also allows the company to place a value on its business.

Whether or not it chooses to raise cash on first coming to market, a well performing company has the option of returning to the market at a later stage to raise funds.

There are other advantages in becoming a publicly listed company.

- ◆ By complying with the exchange's admission rules, the company's management gives a clear signal to its customers, its employees,

suppliers and competitors that it is serious and that it is investing for growth. It also gives reassurance through management's willingness to comply with the Exchange's disclosure rules.

- ◆ Listed companies may find that their public profile is increased through increased press coverage. In turn, a heightened profile may help to promote investor interest, and liquidity in the company's shares.

The Listing Process

Of course, the benefits of listing do not come without responsibilities. Companies that are listed are dealing with public money. Therefore they must be able to demonstrate that they are well established and financially stable, and they must be prepared to comply with the ongoing disclosure requirements set by the Exchange. The prime requirement is to disclose all price sensitive information to the public.

Any company wishing to list on the Sierra Leone Stock Trading Facility must apply through a registered member of the Facility, who will guide them through the application process and will also market any new shares being issued to help ensure a successful fund raising.

In their application to the Facility, companies must provide the following information:

- i. History of the company
- ii. Last 3 years' audited financial statements
- iii. Products and Services produced and marketed by the company
- iv. Names of the Directors and their business profiles
- v. Names and share holdings of shareholders who hold more than 10% of shares of the company
- vi. Directors' shareholdings in the company
- vii. Size of existing capital and amount of funds proposed to be raised
- viii. Detailed plan for the utilization of such funds
- ix. A projected cash flow, income statement and balance sheet for the next 5 years
- x. Risk factors
- xi. Due diligence certificate by a Dealing Member

A company may **NOT** be listed on the Sierra Leone Interim Stock Trading Facility if:

- i. The company is not registered as a public limited company in Sierra Leone
- ii. The issued and paid up capital of the company is less than Le 100,000,000
- iii. Accumulated loss, if any, is more than the paid up capital
- iv. The company has been in operation for less than three years

The Dealing Members of the Interim Stock Trading Facility are ready to assist professionally all companies that wish to go public and list. You can contact them at:

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