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Raising Finance: a Practical Guide

Abstract: The purpose of this article by Peter Savage of Cobbetts is to give a brief introduction to the methods used by companies to raise money by both debt and equity financing methods, primarily on the public markets in the City of London, and to set the background to the involvement of lawyers in the process.
Keywords: corporate finance; law firms

Background

Royal Bank of Scotland recently hit the headlines with the announcement and completion of a £12bn rights issue. While this scale of fundraising captures the eye of journalists, it also highlights the importance to a vast range of companies of the need to raise additional money to meet their business aims.

Not all fundraisings are on anything even approaching this scale. In fact, the range is from small, low-key loans and issues of shares in small owner-managed private companies, up to the huge rights issues and initial public offerings on the world's largest stock exchanges.

Peter Savage

Overview of options for raising money

Reasons for fundraising

There are as many reasons for companies to raise money as there are ways for them to seek the funds themselves. Probably the two most common are to raise working capital to continue or expand an existing business, or to provide funds for an acquisition.

The Royal Bank of Scotland ("**RBS**") situation demonstrates both of these: the bank's lead participation in the acquisition of Netherlands bank ABN Amro for £49bn left a large dent on the RBS balance sheet. This was exacerbated by the general unwillingness of banks to lend money to each other during the credit crunch, leaving RBS requiring additional capital to continue current levels of business.

The reason for needing capital is sometimes more clear-cut. For example, Bradford & Bingley plc recently confirmed that it had agreed to issue shares in a private placing with private equity firm TPG, giving it a 23% stake in the bank, securing an extra £179m in addition to a rights issue to raise £220m. All the money raised (after paying an estimated £37m of fundraising costs) will support a balance sheet and cash flow stream weakened by the credit crunch and loss of confidence.

Debt versus Equity

Although companies have many ways of raising cash, including sales of assets and divisions, the usual methods of fundraising divide into the use of either debt or equity financing (raising finance by the issue of shares). Although there is (as ever) a grey area between the two, not least in the issue of preference shares (see glossary), a broad comparison between them can be seen in the table overleaf.

The ideal financial profile will vary from company to company, but shareholders at any stage in a company's development will expect management to use all resources available to the company so as to maximise profits and long term value. In most cases the first port of call for cash would be to seek ordinary debt financing from the company's bank, rather than the shareholders being forced to face a choice between providing additional funds or seeing new shareholders coming in and diluting their percentage holding. This ratio between equity and debt is known as 'gearing' and the exploitation of debt referred to as "leveraging."

Both debt and equity funding can be provided on a private basis (including providing equity through business angels, venture capital or private equity investment and debt from commercial bank lending) or through the stock exchanges and other public markets. It is the public arena which will be the focus of the remainder of this article.

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Debt	Equity
Must be repaid or refinanced at its term, even if publicly traded.	Usually kept permanently (or traded on a stock market).
Requires regular interest payments.	No payment requirements. May receive dividends, but only out of retained earnings.
Security (charges or mortgages over assets) must usually be provided.	No collateral required.
Debt providers cannot share any upside or profits. Therefore, they are risk averse and want to eliminate all possible loss or downside risks.	Equity providers accept downside risks because they also fully share the upside.
Interest payments are tax deductible.	Dividend payments are not tax deductible.
Debt has little or no impact on control of the company.	Equity requires shared control of the company, particularly when complying with public market conditions and may impose restrictions.
Debt allows leverage of company profits.	Shareholders share the company profits.

Types of fundraising

Raising equity by an Initial Public Offering

The various stock markets around the world offer a huge pool of capital to privately-owned companies whose owners (including owner-managers, venture capitalists or private equity providers and government bodies) are willing to allow their shareholdings to be diluted. In return, the shareholders will see a cash injection into the company and an opportunity for the shareholders to create a market to sell their shares, either in the future or immediately as part of the arrangements.

An IPO or Initial Public Offering is the process by which a company obtains a first listing for its securities on an investment exchange, and offers securities to the public for the first time. In strict usage this means offers to the public at large (including individual "retail" investors). However, it is often (including in this article) more generally used for a company's first fundraising on admission to an exchange, even where the shares are only offered to a limited number of investors in a placing.

The principal equity markets in the United Kingdom are all based in the City of London. Best known is the main market of the London Stock Exchange ("LSE"). By more or less any measure this is the largest market in the UK and one of the largest and most respected in the world. It is also a recognised investment exchange ("RIE"), distinguishing its level of regulation from more junior markets and placing it on a par with the largest global markets, including the New York Stock Exchange and NASDAQ (National Association of Securities Dealers Automated Exchange). A company admitted to the main market is first required to be admitted to the Official List maintained by the Financial Services Authority in its capacity as the UK Listing Authority. The "Official List" is often referred to synonymously with the "Main Market" but this has never been technically accurate. Admission to the Official List is a pre-condition to the main market admission, but this is now even less accurate in practice with the advent of the "PLUS–listed" market (see below).

The LSE also owns and operates the junior AIM market (formerly the Alternative Investment Market). Since its launch in 1995 AIM has grown significantly to include over 1,600 companies, which come from around the globe as well as from the UK. This market does not have RIE status, which allows the AIM market more flexibility, limiting costs and allowing smaller companies access to investors. Unlike the Main Market, AIM does not require:

- A three year minimum trading history
- A minimum number of shares to be in wider public ownership
- A minimum level of market capitalisation
- UKLA pre-vetting of admission and other documents

A more recent rival to the LSE is continuing to develop in the PLUS group. PLUS in fact consists of two markets. The "PLUS-Quoted" market (formerly known as 'OFEX') is an equivalent to AIM as a largely self regulated market, while the newer 'PLUS-Listed' market has full RIE status and is seeking to rival the main market of the LSE.

Admission to each of the markets is governed by a variety of rules and regulations. This will vary according to the market and the jurisdiction in which the company is incorporated, but the process will always involve at least the following steps:

- **A core financial document.** Often a Prospectus or Admission document – see further below which will have the dual roles of outlining the company's details required to meet the market's admission and information disclosure criteria and as a marketing document to interest potential new investors;

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- **Appointment of a team of professionals**. Solicitors (whose role is discussed below) form only one part of a professional team which will usually also include:

    - **A regulated (and FSA authorised) firm:** which both project manages the IPO and takes certain responsibilities to the company and the market. In the case of the Main Market and PLUS-Listed, this will be a 'sponsor' who undertakes direct responsibility for the admission document and its approval. The adviser to an AIM company (the Nominated Adviser or 'Nomad') or a PLUS-Quoted company (the Corporate Adviser) must be retained at all times after the IPO and take responsibility to the market itself, rather than for the document. (For ease of reference I have used the generic term "financial adviser" to refer to one or more persons involved in this role, although this term does have other and wider meanings.)
    - **Investment banks or specialist stockbrokers:** one or more of these will be responsible for marketing the company and securing investors to buy the new or existing shares. This role, particularly in the case of AIM floats, may be undertaken (wholly or jointly) by the sponsor or nomad.
    - **Accountants:** will produce and approve necessary financial information (both historic and current reports) and will often be the company's existing and future accountancy and audit advisers.
    - **Registrars:** the sheer number of shareholders and processing of share transfers requires the specialist services of registrars to keep the company's shareholder records up to date (and in compliance with the Companies Acts).
    - **Financial PR advisers:** will assist the company with the presentation of information to the market and its impact on perception of the company.
    - **Printers:** will be responsible for setting, printing and distributing the prospectus/admission document.

Admission document or Prospectus

The content of the core corporate finance document relating to an IPO will vary according to whether the Prospectus Rules apply to the company and IPO. Broadly any admission to the Main Market or PLUS-Listed market will require a full *prospectus* containing all information in the Appendix to the Prospectus Rules themselves. The prospectus must also be approved by an FSA regulated person (usually the sponsor or financial adviser) and pre-vetted by the UKLA itself. If an admission to AIM or PLUS-Quoted market does not involve a public offer of shares valued in excess of €2.5 million (calculated over a rolling 12-month period) to more than 100 legal persons in each EU member state, then the admission document will only need to follow the AIM Rules or PLUS-Quoted Rules, as appropriate. To minimise the risks and costs involved in a float, it is usually possible to ensure that AIM and PLUS-Quoted floats will usually be structured to avoid the ambit of the Prospectus Rules.

The structure and targets of marketing an IPO will vary according to its aims, but can usually be categorised into:

- ***Public Offers:*** this involves an offer of shares to the public at large and will result in the widest of shareholder bases following admission. It can consist of either the issue of new shares, or the transfer of existing shares to new shareholders, or a mixture of both.

- ***Placing:*** a placing occurs where only a defined list of potential investors are approached (rather than the public at large, particularly for a company wishing to avoid the Prospectus Rules when seeking admission to AIM). This is therefore the usual method of seeking only institutional investors.

- ***Introduction:*** a company will on occasion join a market without issuing any new shares and therefore without raising capital. This is known as an "introduction" of the shares to the market. The reason is often to provide long-term exits and liquidity to an already wide shareholder base (for example a company listed on another market overseas seeking a dual listing, or a large company spinning off a subsidiary by distributing shares as dividends to its current shareholders).

In any case, it is only the issue of new shares, whether on a public offer or placing, which raises money for the company itself. When issuing shares, investors will pay their subscription monies to the company. For the share transfer, the proceeds are paid only to the selling share-holder – this is a useful investment exit for the pre-IPO shareholders, but does nothing to raise immediate finance and still leaves the company with the IPO costs!

The amount of funds raised on an IPO can therefore vary enormously, depending upon the chosen market, the company, and the reasons for the float. In May 2008 a total of 12 companies were admitted to the Main Market or AIM. The funds raised ranged from nil (for example in the case of Dominos Pizza UK, who were simply moving from AIM to the Main Market by way of introduction as part of their overall growth and development plans) to £1.3billion in the case of the public offer for subscription in shares in New World Resources NV (a Central European coal producer now listed in London, Prague and Warsaw).

Equity subscription by secondary issues

A company which is already admitted to its market of choice can continue to raise finance by ongoing share

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issues. The various methods which can be employed are usually generically referred to as "secondary issues".

The four most usual forms of secondary issue are:

- ***Rights issues:*** a rights issue involves holders of shares being given the right by the company to apply for new shares in proportion to their current holdings. The consideration for the issue is paid in cash but the subscription price is usually at a discount (i.e. less than the market price of the existing shares), to induce the shareholders to subscribe for the shares.
- ***Placings:*** as for an IPO placing, a secondary placing involves an offer of the shares, not to the public at large, but to specific persons, usually institutional investors identified by the financial adviser, broker or investment bank assisting in the placing. Unlike a rights issue, the offer is not made on a pre-emptive basis to existing shareholders. Care therefore needs to be taken not to breach corporate governance limits (discussed below) by excessively diluting the existing shareholders' investment.
- ***Open offers:*** Similar to rights issues, an open offer is an invitation to the existing shareholders to subscribe or purchase further shares in proportion to their existing shareholdings. However, unlike a rights issue, an open offer is not made on a provisional allotment letter and there is no period of "nil paid dealings." Open offer is a quicker method of raising money for the issuer than a rights issue.
- ***Vendor placings:*** A vendor placing takes place where a company wishes to acquire the share capital of another company where the seller will only accept cash and refuses to take the shares in a Plc as part payment. The Plc issues new shares to the vendors but the shares are not retained by them. Instead, the shares are placed by the Plc's broker or investment bank with other investors, realising cash which is paid to the vendors as part-payment for the purchase of shares.

In order to ensure a strong uptake of the offer, rights issues and open offers (and occasionally placings) are usually made at a discount to the market value of the shares (often between 4% to 10% in the case of an open offer and 15% to 40% for rights issues). The more difficult the market conditions, the greater the discount - anything over 40% discounted being referred to as a "deep discount".

The options can also be combined. In the recent Bradford and Bingley example referred to earlier, shares were issued with TSG in a placing (at a discount of around 37.5% to the last closing price) and the company will pursue its rights issue at the same share price and discount.

Some of the considerations in structuring and executing both IPOs and secondary issues are discussed below in the context of the solicitor's role.

Debt issues on the public markets

In the same way as publicly traded shares offer companies access to a wider range of equity investors than their original private company base, the public markets also allow a company to issue debt securities to a wider base of investors than simply their bank. Debt issues are all variations on the same theme: some form of bond or note, addressed to its holders from time to time, is issued by the company. This will also specify any interest and (rarely) security applicable to the debts. Certificates are issued to certify the initial holders of the debts (although the certificates will usually be later *dematerialised* (See glossary). The certificate and the repayment of the debt is a right which can then be traded on a relevant exchange (in London usually either the Main Market of the London Stock Exchange or the PLUS-Listed market). Not all debt instruments will be traded on an exchange - a company may simply allow the debts to be traded between institutions away from a public market.

By spreading the debts among many investors, and allowing them to be traded on a market, the company may be able to obtain more funds and at a lower rate of interest than from its bank alone.

The form of bonds and debt issues can vary enormously, and some of the most common features include:

- ***Interest:*** this can be either at a fixed rate throughout the life of the bond, at a floating rate (linked to a base rate, such as LIBOR), variable (a pre-determined rate at different times in the life of the bond), or with no interest, but issued at a discount to the ultimate repayment price, giving a capital gain (rather than interest) upon redemption.
- ***Equity-linked:*** to provide additional benefits and security to investors, the bonds may carry some share-linked rights. Often they may be convertible into shares, either on certain events (potentially on default), or at any time, at a pre-determined price per share. Alternatively they may carry a separate warrant, or option to buy new shares in the company, for new cash.
- ***Repayment schedule***: although interest will usually be paid at fixed periods, overall repayment is usually on a final maturity date. This may be short or long term, from one year up to 30 years for long term government bonds (gilts). A length of repayment which would not be attractive in a bank funding is of less concern where there is a market within which the lender can trade some or all of their participation.

The issuing process for bonds and other debt instruments is broadly similar to an equity issue, involving publication of a prospectus or listing particulars approved both by the sponsor and the UKLA before admission.

It is not just companies who use the debt capital markets to raise finance. National governments and other

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public (national and supra-national) agencies often issue long-term gilts or short-term bills to fund their own borrowing requirements.

The role of lawyers in public markets

Solicitors to…?

There is very often more than simply a firm of lawyers involved in a public markets transaction. The company will certainly have its own firm of legal advisers, but the financial advisers also need to ensure that their own transactional risk is managed and will appoint a separate firm of solicitors.

This is the case in both IPOs and secondary fundraisings – for example in the RBS rights issue - the bank was advised by Linklaters LLP, while Freshfields Bruckhaus Deringer advised the joint financial advisers/ sponsors Merrill Lynch and Goldman Sachs. It is also usually the same regardless of the size of the transaction (other than for smaller PLUS Quoted admissions). The smallest IPO fundraising on AIM in May, Mortice Limited (who raised £5 million), were advised by Fladgate LLP and Lawrence Graham LLP advised the Nomad and broker.

Additional firms may be involved in different roles. For example, if a company listing on a London market is incorporated outside England and Wales, a lawyer in that jurisdiction will be instructed to ensure that local laws have been complied with and that appropriate due diligence (see below) has been carried out. These lawyers may be asked to provide a formal legal opinion regarding the company and/or its business, assets and contracts.

Planning

As noted above, solicitors are a part of a team of professional advisers and, because it is usually larger companies involved in public market transactions, are often only brought in once the parameters of a fundraising have been established and the transaction needs to be put in place. The company will normally have set out its plans and calculated the amount of money it needs to realise these in advance. The company itself, or existing advisers, may then suggest the public markets as the appropriate source of funding. The detailed role of planning the transaction – including deciding upon the merits of debt and equity issues, the market to be used, detailed timescales and who to approach as potential investors - will usually then be undertaken by the financial adviser and broker/ investment bank.

This is not, however, always the case. Where a close relationship has been established with the solicitors, or where complications to a proposed structure are anticipated (possibly for legal, financial or tax reasons), advice may be sought at an earlier date and the lawyers will more directly impact upon the transaction planning and structure.

Documentation

It is the mainstay of the solicitor's role to ensure that all legal documentation is prepared properly and with the best interests of the client in mind. Some of the principal documents may include:

- ***Admission document:*** as discussed above, this may take the form of a simple admission document or a full prospectus under the Prospectus Rules. In either case, the lawyer will ensure that it is compliant with the relevant rules, and has been fully verified as to its accuracy (as discussed below).
- ***Nomad or Sponsorship agreement:*** there will usually be terms of engagement or a full contract between the company and its financial advisers (nomad, sponsor, broker, investment bank), which will often be the subject of significant drafting discussion and commercial negotiation. Given that the fee charged by an investment bank or broker can often be as much as 5% of the amount of money raised, it is particularly important that these terms are both accurate and legally binding, with sufficient certainty that all parties know their rights and obligations.
- ***Placing agreement:*** where there is a placing, either on a secondary fundraising or IPO, there will be a separate placing agreement between the investment bank/broker and the company dealing with the payment of commissions and the apportionment of certain risks arising out of the transaction. This will often involve the company and its directors giving warranties to assure the broker/bank as to the state of the company and its business.
- ***Lock-in agreement:*** major shareholders in the company may (either as a matter of necessity under the Listing Rules or equivalent, or as the result of a request from the broker), be required to sign a lock-in agreement preventing sales of their shares (for a certain period of time) from completion. This ensures that new shares are not quickly flooded onto the market (inevitably damaging the share price) and prevents those linked with the company from making a quick exit if the flotation is not an immediate success.
- ***Bond instrument:*** in the case of debt issues there will be a core bond (or similar) instrument and certificates which confirm the terms upon which the debt is issued, held and repaid.

Other documents may include directors' service agreements, due diligence reports, accountants and other

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specialist reports and consents from parties who are named in the admission document.

Legal and regulatory compliance

The solicitors, both to the company and to any other advisers, will have a key role in ensuring that both the documents and the process itself comply with the various statutory and other regulatory rules regarding public market admissions. Some of the key points are listed below.

Depending upon the market chosen, the specific rules as to the content of the core admission document/ prospectus, and the manner of its preparation and presentation to the market and investors, must be followed (see above "admission document or prospectus"). The transaction undertaken by the company must also (assuming the latter is incorporated in England and Wales) comply with the Companies Acts. There are a few company law restrictions regarding issue of debt securities which principally ensure that the memorandum and articles of association of the company permit the relevant borrowing to be made.

In the case of an equity issue, or indeed a debt security which is convertible into equities, the lawyers must ensure that the company has sufficient authorised share capital (Section 121 CA 1985); authority to allot the requisite number of shares (Section 80 CA 1985); and waiver of pre-emption rights to permit allotment of shares other than proportionately to existing shareholders (Section 85 CA 1985). Clearly this last point would not be relevant in the case of a rights issue or open offer where shares are offered to existing shareholders proportionately to their shareholdings.

Other aspects of the Companies Act which may need to be taken into consideration may include the authority of a PLC to commence trading having met share capital requirements (Section 761 and 762 CA 2006); issue of shares for non-cash consideration pre IPO (Section 103 CA 1985); and substantial property transactions with directors (Section 190–196 CA 2006). Whilst these are specific points which are often relevant either in due diligence or the share transaction itself, it is important that any quoted company continues to comply with all laws whether under companies legislation or otherwise.

The solicitors will work closely with other advisers to ensure that the transaction complies with all relevant aspects of the applicable financial services legislation. The extent of applicability will depend on the structure of the fundraising adopted. For example, in the case of an IPO on the AIM market, the terms of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 will be particularly relevant. If the application of the Prospectus Rules can be avoided, it is also important to ensure that the Admission Document is not a financial promotion under the regulations which would need approval by an FSA authorised person. This is usually achieved if the only recipients of the document are either institutional investors (e.g. banks, pension funds, hedge and other investment funds), or certain exempt persons, principally 'high net worth individuals' (regulation 48) or sophisticated investors (regulation 49), rather than there being a wider 'retail' offering.

Due diligence, checklists and verification

The publication of a fundraising document of any nature carries a degree of risk to the company's directors, who are legally responsible for ensuring its accuracy and compliance with the relevant regulations. To a lesser degree, the accountants and financial adviser may also share some of this responsibility and risk.

It is therefore vital to ensure that the documents are both comprehensive and accurate. The solicitors to the company will conduct three stages of business and document review:

- ***Due diligence:*** at an early stage the solicitors will ask a range of legal, business and company-focused questions regarding the company, with a view to all parties understanding the business and identifying possible areas of business and transactional risk. This will feed into the drafting of some parts of the fundraising document and there may also be a formal due diligence report from the solicitors to the financial advisers and brokers/banks. There may be little or no due diligence required on a secondary issue where the company is already quoted and much of the information is already a matter of public knowledge.
- ***Compliance checklist:*** the solicitors are also generally responsible for a point-by-point review of the document against the relevant rules (Prospectus and Listing Rules, AIM Rules or PLUS Rules) to ensure that the relevant content requirements are met.
- ***Verification:*** as investment decisions of many millions of pounds are made in reliance on the documents (and subsequent announcements and reports), it is critical that they are fair and accurate. To assist with this, the solicitors will review the document line-by-line alongside the directors and other advisers to ensure that each statement of opinion is fair and reasonable and that all statements of fact are true and accurate. This process is known as verification. Notes are prepared confirming each statement and its manner of verification, with a supporting bundle of documents, and are signed off by the directors.

Corporate governance

Companies who have offered their shares to the public are expected to abide by certain minimum standards of behaviour to ensure that the interests of the investors are protected. These requirements, collectively referred

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to as 'corporate governance' standards are enshrined in a range of materials published by a variety of institutional investor bodies. The key document is the Combined Code which must be complied with (or any non-compliance explained) by all listed companies (i.e. Main Market and PLUS Listed) and are usually followed by companies quoted on the junior markets. Additional guidelines are published by institutional shareholder investment committees (including the Association of British Insurers, the National Association of Pension Funds and Pensions Investment Research Consultants). These give guidance to the shareholders as to which company proposals to support, indirectly requiring the company to comply if it wishes to pass the requisite resolutions, or to succeed in obtaining funds from the shareholders in a rights issue.

The company's lawyers will assist with compliance with these requirements in respect of all transactions, but some aspects (such as the issue of new shares other than on a pre-emptive basis) will be particularly relevant to fundraising.

Conclusions

The London financial markets allow companies from around the world access to billions of pounds of potential new investment. The need to access this money is as varied as the manner of its seeking and the investments being made. One thing is certainly a constant – a team of advisers, each with their specialist area of work, and what we do know is that behind each of these teams lies a successful team of information and knowledge management staff!

Glossary

Admission document	A document to be published by a company seeking admission of its securities to a public market, particularly AIM.
AIM	A market of the London Stock Exchange which allows smaller companies to float shares with a more flexible regulatory system than is applicable to the Main Market.
Bond	The generic name for a tradable loan security issued by governments and companies as a means of raising capital.
Combined Code	The key source of corporate governance recommendations for UK listed companies. It is available on the website of the Financial Reporting Council. The Listing Rules require annual financial reports to state how the company has applied the principles, and to note where it has complied with the Combined Code and where it has not.
Convertible bonds	A debt instrument convertible (generally during a specified period of time) into ordinary shares of the issuer at a pre-determined conversion price.
Dematerialised	Shares which are no longer evidenced by share certificates but are held electronically in a depositary system such as CREST.
Equity	The risk-bearing part of the company's capital. Contrasts with debt capital which is usually secured in some way and which has priority over shareholders if the company becomes insolvent and its assets are distributed.
Financial Services Authority (FSA)	The replacement regulating body for the Securities and Investment Board (SIB) carrying all regulatory responsibilities for the UK financial services industry. Also operates as the United Kingdom Listing Authority (UKLA), responsible for maintaining the Official List.

Continued

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Gearing and leverage	The ratio of bank debt to the amount of equity investment in the company. A highly leveraged transaction will involve a proportionately large amount of bank debt.
Institutional investors	An organisation whose purpose is to invest its own assets or assets held in trust for others.
IPO or Initial Public Offering	The process by which a company obtains a first listing for its securities on an investment exchange and offers securities to the public for the first time. In strict usage this refers to offers to the public at large (including individual "retail" investors). It is often more generally used for a company's first fundraising on admission to an exchange, even where the shares are only offered to a limited number of investors in a placing.
LIBOR	The London Interbank Offered Rate - the interest rates at which banks borrow funds in marketable sizes in the London Interbank market.
London Stock Exchange	A stock exchange located in London.
Main market	The market for larger companies of the London Stock Exchange.
Market capitalisation or Market cap	One way in which the value of a listed company may be measured. The market capitalisation of a listed company is determined by multiplying the number of shares in issue by the price at which such shares are traded.
Official List	The Financial Services Authority's list of securities that have been admitted to listing. As the competent authority, the FSA must maintain the Official List in accordance with Part VI of the Financial Services and Markets Act 2000.
PLUS Listed	A market operated by PLUS Group which deals with listed securities. It is a regulated market and a recognised investment exchange.
PLUS quoted	A market operated by PLUS Group which deals with unlisted securities and is an exchange regulated market.
Preference shares	Shares which rank ahead of other shares either as to dividends or capital or both, but which carry limited or no voting rights.
Prospectus	The document which companies have to publish before issuing new shares to the public. It sets out the company's business, its financial history, performance, capital structure and future prospects, and the content has to comply with the Listing Rules.
Public Offers	An offer of securities to the public, subject to certain geographical limitations which do not allow for them to be offered or sold within the United States of America, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland.
Recognised investment exchange or RIE	An investment exchange which meets the requirements for recognition under the Financial Services Act 1986 and is approved by the Financial Services Authority (FSA).

Resources for Public Market Lawyers

Takeover Code – Set of statutory rules and general principles that regulate the conduct of UK public takeovers, as well as certain takeovers where there is a shared jurisdiction between the UK and other EEA countries.

UKLA Listing Rules – Rules relating to admission to the Official List, which is a list maintained by the FSA who act in their capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000.

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AIM Rules – The rules published by the London Stock Exchange which set out the rules and responsibilities in relation to companies admitted to AIM.

Companies Acts 1985 and 2006 – The Companies Act 2006 received Royal Assent on 8 November 2006. When fully implemented by late 2009 the majority of the 1985 Act will have been repealed.

Combined Code – The corporate governance recommendations for UK listed companies, available on the website of the Financial Reporting Council.

Prospectus Rules – Implement the Prospectus Directive and set out the initial disclosure obligations for issuers of securities that are offered to the public or admitted to trading on a regulated market in the EU.

PLUS Rules for Issuers – Set out the admission and disclosure responsibilities of companies on the PLUS-quoted segment of the market.

FSA Handbooks – A publication by the Financial Services Authority which sets out all the rules and guidance made by the FSA under the Financial Services and Markets Act 2000.

Biography

Peter Savage is an associate in the corporate finance team in the London office of national law firm Cobbetts LLP. He advises in all areas of corporate practice including private and public company mergers and acquisitions and AIM and other flotations.

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Maritime Law Sources

Abstract: This article by Janice Clarke of Holman Fenwick Willan covers the basic materials required for a shipping law library (both hard copy and online) and then addresses how to answer some of the queries most frequently received by the shipping law librarian. The emphasis is on specialised sources.
Keywords: shipping law; information sources; law firm libraries

Introduction

In 1995 I prepared a piece on sources of information in international maritime law and it is interesting to consider how practitioners' needs have changed in those 13 years. My conclusion is that the needs have changed little, but the means of satisfying them have changed a lot. It will come as no surprise that electronic resources, which are now used by even the most technophobic lawyer, featured little in 1995. At that time, they tended to be a tool used by the librarian on behalf of the rest of the firm. In 2008, the shipping lawyer wants a soft copy of everything, to make it easier to forward to colleagues and clients, but the die-hard still likes to read something from paper.

In this article I shall first cover the basic materials for a shipping law library (both hard copy and online) and

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