FUTURE *listings*

Expected growth in emerging market exchanges has been reined in, according to a survey of global executives' expectations by the Economist Intelligence Unit and PwC. Are developed market exchanges more resilient than we thought?

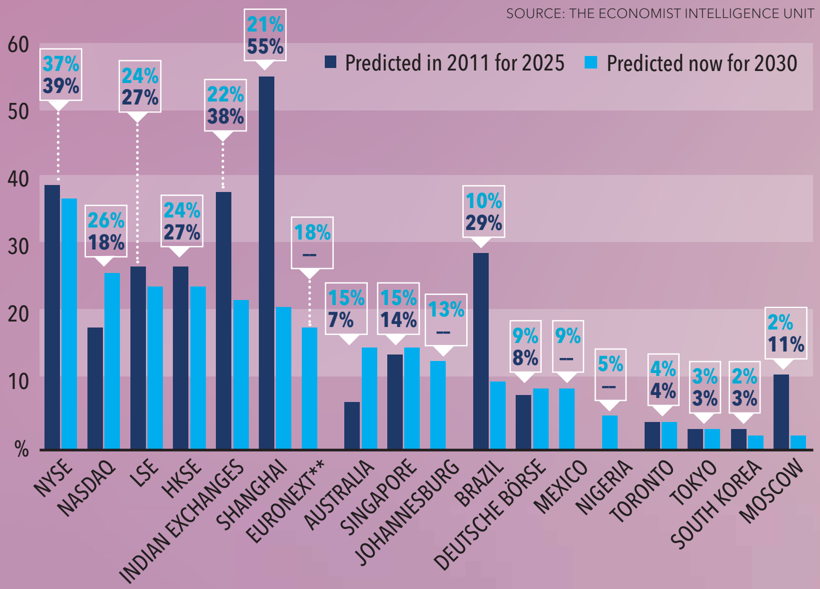
Which exchanges do you think issuers will consider (beyond their home exchanges) when contemplating an IPO in 2030?

***Ross Hunter** PwC IPO centre leader, partner:*
"There's been a significant re-ordering in how respondents think about future cross-border issuance. In 2011, respondents predicted that the Shanghai market would be the leading exchange globally by 2025, with India and Brazil third and fourth. Our current survey places these exchanges in sixth, fifth and 11th places respectively.

"New York maintains its lead and the Nasdaq has increased in popularity from 18%-26%, perhaps as a reflection of technology sector dominance. Shanghai's popularity on the other hand has fallen from 55% to 21%, and India has also become less attractive, despite its strong levels of activity over the past couple of years. London remains a top IPO destination despite the uncertainty that surrounds Brexit. Investors don't think that IPOs will dramatically shift to Euronext or the Deutsche Börse."

EXCHANGES ISSUERS WILL CONSIDER WHEN PLANNING AN IPO

SOURCE: THE ECONOMIST INTELLIGENCE UNIT



** IN 2011 SURVEY EURONEXT WAS INCLUDED WITH NYSE (ITS PARENT COMPANY)

***Nik Colbridge** Dentons corporate partner, specialising in capital markets:*
"This downward revision could be because of a mix of economics and regulatory issues. When you consider regulatory, one would immediately think of the gradual drift in China from an approval-based IPO system to something more akin to Western-style listings, based on an IPO registration system. Currently piloted, this change in itself will give greater confidence to investors in execution and transparency of the Chinese IPO process. So, one would consider regulatory to be less of a reason for downplaying the continued prominence of such markets.

"Current macro-economic factors play a significant part in forming outlook. Whereas the 2011 report "reflected a degree of post-financial crisis optimism", it wouldn't be difficult to connect some of the largest recent capital outflows from the emerging markets and rising global trade tensions to a dimmer view on liquidity of emerging market exchanges in the long run."

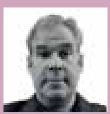
"London remains a top IPO destination despite uncertainty that surrounds Brexit"

From which country will most issuers originate in 2030?

Nik Colbridge
"Geopolitics is significant in choosing an exchange. States will use requirements as to listing venues for various reasons: for example, as a way to manage foreign ownership, retain businesses onshore, develop local markets and even implement foreign policy. Shift in geopolitical sentiment can make a difference to this.

"Geopolitics and nexus is important, but often the local exchange simply doesn't have the depth of liquidity to support an offering. That's often why, at the very least, the local regulator would lobby for a dual listing, combined with a listing on a developed market exchange. Lots of central Asian and CEE privatisations, where geopolitics would be significantly in play, look for a dual listing with London.

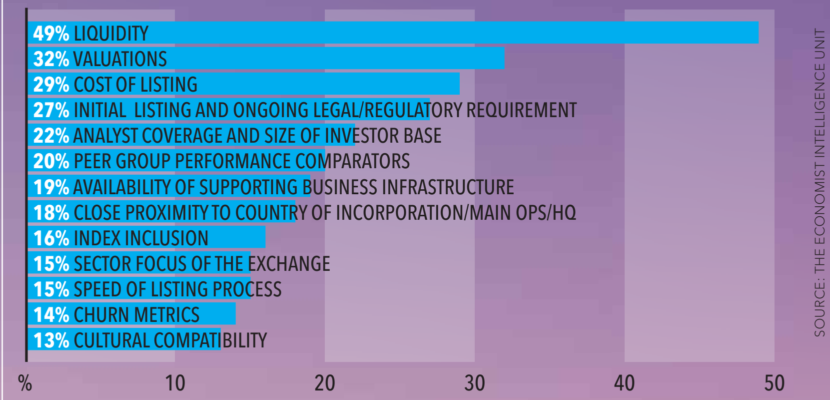
"The mere existence of the dual listing can, in and of itself, provide liquidity through traders seeking to arbitrage the competing stock prices. As a result, this isn't always seen as a no-win scenario for the local exchange."



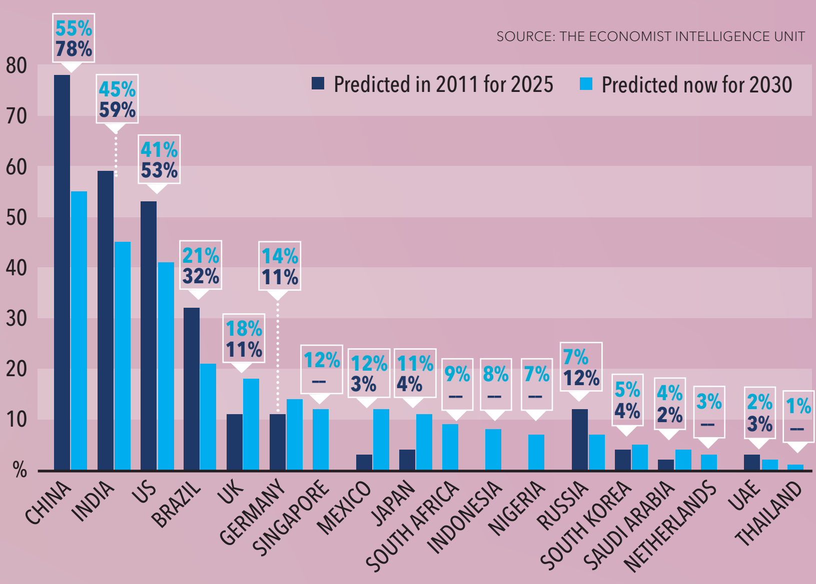
David Erickson senior fellow and lecturer in finance at the Wharton School, University of Pennsylvania:
"In China, there's a lot of individual wealth. It has a population of 1.4bn people, and 10 years ago they couldn't even buy an equity mutual fund, as such funds didn't yet exist in China.

"With 300 million domestic retail accounts investing in Chinese stocks, the pot of retail money is now huge.

FACTORS WHEN CHOOSING A STOCK EXCHANGE FOR AN IPO



COUNTRIES ISSUERS WILL ORIGINATE FROM



"If market participants proved too exuberant about emerging market prospects in 2011, they are perhaps too pessimistic now"

"Restrictions on IPOs in Chinese mainland markets designed to control volatility in 2015, as well as large Chinese companies - such as Alibaba - listing in the US potentially explains why the capitalisation gap between China and the US has widened, which could be colouring expectations."

Ross Hunter
"If market participants proved too exuberant over emerging market prospects in 2011, they are perhaps too pessimistic now. Equity markets are late cycle and emerging markets have experienced significant volatility and outflows. Risk and governance concerns will naturally be more prominent in such conditions, playing to the perceived strengths of developed markets - established legal framework, tried and tested structures and deep liquidity."

Nikhil Rathi chief executive of the London Stock Exchange:
"Although there's a cost of changing regulation, this doesn't mean costs over the long-term will rise. The Shanghai-London Stock Connect should make it easier for companies and investors on both sides to raise capital and invest. Likewise, technology is making documentation easier and faster.

"Any company at the time of an IPO will be worried about valuations. They worry about whether they'll be valued too low and, conversely, investors will always worry that they pay too much. I don't think we are seeing a particular shift in the market because of where participants believe we are in the cycle. Good companies in attractive sectors will always be able to attract long-term capital." ●