ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΩΣ

ΤΜΗΜΑ ΝΑΥΤΙΛΙΑΚΩΝ ΣΠΟΥΔΩΝ

ΠΡΟΓΡΑΜΜΑ ΜΕΤΑΠΤΥΧΙΑΚΩΝ ΣΠΟΥΔΩΝ ΣΤΗ ΝΑΥΤΙΛΙΑ

SHIPPING IPO AT NYSE, NASDAQ, LSE AND OSLO BORS: THE WINNER IS NYSE.

Φωτεινή Μπομπότη

Διπλωματική Εργασία

που υποβλήθηκε στο Τμήμα Ναυτιλιακών Σπουδών

του Πανεπιστημίου Πειραώς ως μέρος των

απαιτήσεων για την απόκτηση του Μεταπτυχιακού

Διπλώματος Ειδίκευσης στη Ναυτιλία

Πειραιάς

Οκτώβριος, 2014

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Η καθοδήγηση και υποστήριξη του Καθηγητή και Διευθυντή του Μεταπτυχιακού Προγράμματος στη Ναυτιλία κ. Ελευθέριου Θαλασσινού ήταν καθοριστική ώστε να ολοκληρώσω την έρευνα και μελέτη αυτού του τόσο σύνθετου, απαιτητικού για τις δυνατότητές μου και ταυτόχρονα "καυτού" για τη ναυτιλιακή αγορά παγκοσμίως θέματος. Τίποτε δεν θα είχε επιτευχθεί εάν δεν είχε προηγηθεί η παράδοση από τα υπόλοιπα Μέλη ΔΕΠ επί δύο χρόνια μαθημάτων τα οποία έθεσαν τις βάσεις στις οποίες στηρίχθηκα για την εκπόνηση της παρούσας εργασίας. Οφείλω δε να ευχαριστήσω και το Διοικητικό Προσωπικό του Τμήματος για την κατανόηση που επέδειξε και τη συνδρομή του σε ό,τι χρειάστηκα προσωπικά τα υπέροχα αυτά δύο χρόνια.

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Περίληψη

Η ναυτιλιακή επιχείρηση ως κατ' εξοχήν εντάσεως κεφαλαίου δραστηριότητα απαιτεί, αρκετές φορές, μεγάλα κεφάλαια για τη διεξαγωγή των επιχειρηματικών δραστηριοτήτων της και την επιβίωσή της στην παγκόσμια αγορά. Μία από τις μεθόδους άντλησης κεφαλαίων είναι και η είσοδος σε οργανωμένη αγορά (IPO). Εξετάζονται η διαδικασία εισόδου και οι προϋποθέσεις εισόδου της ναυτιλιακής επιχείρησης στις χρηματιστηριακές αγορές NYSE, NASDAQ, LSE και OSLO BORS και συνάγεται ότι η πρώτη, παρά τη σύνθετη διαδικασία εισόδου, τις αυστηρές προϋποθέσεις εισόδου και το υψηλό κόστος παραμένει πρώτη επιλογή των ναυτιλιακών επιχειρήσεων παγκοσμίως.

Summary

The shipping company is of capital-intensive character and most of the times it requires major capital for conducting its business and surviving in the global market. One of the capital sources it might exploit is through an IPO. The IPO process and the requirements mandated by NYSE, NASDAQ, LSE and OSLO BORS are examined. Concluding, NYSE, besides the complex IPO process, the stringent requirements and the high cost remains the first choice among shipping companies worldwide.

Preamble

From an international economy perspective, international shipping transports about 90 per cent of global trade to peoples and communities all over the world and remains the most efficient and cost-effective method of international transportation facilitating the shift of industrial production to emerging countries[1]. From a corporate finance perspective on the other hand, the shipping industry is by far one of the most capital-intensive and highly-leveraged industries[2]. It has utilized a wide spectrum of capital sources in order to finance its business and strategic plans, the acquisition of newbuilding vessels and the purchase of second hand vessels constituting the most important ones[3].

The present paper shall analyze the IPO procedure and requirements for certain major stock markets preferred by shipping and shipping related companies: NYSE, NASDAQ, London Stock Exchange (Main Market and AIM) and Oslo Stock Exchange (OSLO BORS and OSLO AXESS).

A. SHIP FINANCING

The financing of shipping, in general, differs from other "asset-based industries such real estate and aircraft", as shipping companies are unable to provide "predictable earnings, well-defined corporate structures, high levels of disclosure and well-defined ownership"[4]. These differences along with the unpredictability the shipping business carries along make bankers worried and hesitant as they are not guaranteed any of the above, at least not to the extent the aforementioned businesses do. Investors, on the

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[1] http://www.imo.org/About/Pages/Default.aspx

[2] Drobetz W., Gounopoulos D., Merikas A., Schröder H., "Capital structure decisions of globally-listed shipping companies", TRANSPORTATION RESEARCH PART E: LOGISTICS AND TRANSPORTATION REVIEW, Vol. 52, June 2013, pp. 49-76. http://www.sciencedirect.com/science/journal/13665545

[3] Grammenos C., Papapostolou N., "Ship Finance: US Public Equity Markets", THE BLACKWELL COMPANION TO MARITIME ECONOMICS, Chapter 20, Wayne K. Talley, ed., Wiley-Blackwell, 2012.

[4] Stopford Martin, *Maritime Economics* (3rd edition, Routledge, 2009) ch 7.

other hand, are looking for consistent growth and high yields[5]. Given the volatility of the shipping business and the state at which the shipping and economic cycles are each time examined, it is impossible for a shipping business to guarantee consistent growth and high yields. An investment in shipping is not at all "safe", but merely a "speculation", Moody's have classified it as "exotic" finance[6].

Even from a legal point of view, an investment in shipping is simply an investment on a moving vehicle, the owning company of which may move or be transferred to third parties at any given time. That is one of the reasons why maritime liens (claims *in rem*) have emerged: to protect the claimant. The concept of the maritime lien (as defined in *The Bold Buccleugh*[7]) means "*a claim or privilege upon a thing to be carried into effect by legal process… that process to be a proceeding in rem… This calim or privilege travels with the thing into whatsoever possession it may come. It is inchoate from the moment the claim or privilege attaches, and, when carried into effect by legal process by a proceeding in rem, relates back to the period when it first attached*".

Under English law, the claims recognised as giving rise to maritime liens are restricted to the following[8]:

i. damage done by ship
ii. salvage
iii. seamen's wages
iv. master's wages and disbursements
v. bottomry bonds

Claims arising from lending banks and investors do not therefore give rise to maritime liens even if the parties contractually agree to it. That leaves them exposed to the ordinary instruments provided for claiming against any other obligor, thus they lose the benefit of pursuing *in rem*, i.e. against the ship regardless of who is the owner or not.

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5 Stopford Martin, *Maritime Economics* (3rd edition, Routledge, 2009) ch 7.
6 Ibid.
7 *The Bold Buccleugh* [1851] 7 Moo PC 267, p 284.
8 Mandaraka-Sheppard Aleka, *Modern Maritime Law and Risk Management* (2nd edition, Informa London, 2009).

Ship financing first appeared centuries ago, but, for the purposes of the present dissertation, it will be examined for the past 50 years and only.

One–ship company & charter-backed finance in the early 1970s

Most ship owning companies are traditionally, even today, one-ship companies with no other assets, therefore there is not much in favor of the claimants, other than a mortgage on the ship's hull and possibly a time-charter[9]. In the past, in the early 1970s, bankers achieved very high leverage rates and thus did not mind about the lack of financial transparency and loose organizational structures. This type of financing, including the appointment of a time-charter to back the building or the purchase of a ship, is known as charter-backed finance. Over the past decades, it is being used less and less primarily because by the 1970s there was no more need for large vessels and furthermore because shipowners found themselves trapped in small profit margins eaten by inflation[10].

Asset-backed finance in the 1970s & 1980s

Lending banks started in the early 1970s to secure their loans against not a long-term time charter, but relying on the first mortgage of the hull. The charter-backed finance period was diminishing, yet first mortgage, as explained herein above, does not provide what a maritime lien does at all, i.e. priority and *in rem* pursuit. The petrodollars that flooded the shipping market in the early 1970s as well as the recession the shipping industry experienced in the early 1980s led to the shipowners selling their feet to raise cash[11].

Financing asset play in the 1980s

Self liquidating funds emerged and the Norwegian K/S limited partnership re-emerged in the 1980s, right when the opportunity to make profit from the distress the shipping market appeared[12]. The former eventually lead to loss for investors because when the market started to rise again, they ended up raising money to buy ships at the top of the cycle. The re-emergence of the Norwegian K/S limited partnership had been a success

[9] Stopford Martin, *Maritime Economics* (3rd edition, Routledge, 2009) ch 7.
[10] ibid.
[11] ibid.
[12] ibid.

primarily owed to the Norwegian banks willing to make advances despite their unconventional structure. This will be further analyzed below in Chapter B.

Corporate finance in the 1990s

The most significant part of this new era was the rediscovery of syndication of shipping debt that during the recession had disappeared. Furthermore, in Germany, many KG companies were established to finance containerships by way of providing cost-effective and secure 'off balance sheet' finance for containership operators. The pollution caused by major accidents that period (amongst others the Amoco Cadiz and the Exxon Valdez) lead to public outcry and the entry into force of the US Oil Pollution Act 1990[13]. The response of major shipping companies was the adoption of a more corporate approach as means of protection and their operation in a more sophisticated way by way of financing their business. Bond issuance and other complex securitizations became more and more common for shipping companies and the first major IPOs took place (Teekay, Frontline and General Maritime). Shipyards also started to shipbuilding credit in order to attract shipowners, but nevertheless commercial bank debt continues to predominate.

In general, in ship financing there are four main categories of capital sources[14]:

- **Private funds**: cash generated by the business, loans and equity from friends, relatives or venture capitalists fall under this category. For start-up businesses this is probably the only available capital source.
- **Bank loans**: mortgage loans secured against the ship**,** corporate loans secured against the company balance sheet, shipyard credit and mezzanine finance fall under this category. Private placements with financial institutions are also included. As already described, commercial bank debt continues to dominate, because there is great flexibility in refinancing or restructuring.
- **Capital markets**: shipping companies acquire either equity through an initial public offering of shares (IPO) or debt by issuing bonds. This capital source works better with larger shipping companies, with "over $1 billion net worth".

[13] US Oil Pollution Act 1990, 33 U.S. Code Chapter 40 – Oil Pollution.
[14] Stopford Martin, *Maritime Economics* (3rd edition, Routledge, 2009) ch 7.

- **Special Purpose Vehicle (SPV)**: when shipping companies do not want the ships to appear on their balance sheet or when there are available tax allowances, they establish a SPV to typically own the ship and raise the equity (eg. UK tax leases and KG partnerships).

A.1 Historical Information on raising equity through an IPO

In corporate finance, several theories have been developed with regard to the sources of finance and which ones corporations tend to prefer over others[15]. It seems as though bank financing, as a mean of debt financing, has been dominating the shipping industry for a long time[16]. Initial public offerings (IPOs), up to 1995, had been preferred as an alternative financing solution only by large shipping companies (as described above: Teekay, Frontline and General Maritime), which, amongst others, were familiar with the concept of corporate structure and ownership[17] as well as capable of handling a complex and costly initial planning and preparation for a successful IPO and complying with the obligations it effected. Post 1995, IPOs faced a slight increase, but the great boom took place during the period 2003-2010. The market timing theory[18] seems to be more applicable during that seven-year period as the financial markets at the time experienced a wave of initial and secondary public offerings by shipping companies, while the number of high-yield bonds also increased[19]. Practically, this means that at the time, while taking into consideration the particularities of each shipping company as well as the economic and shipping cycles, shipping companies assessed the costs of equity and

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[15] Myers S.C., "The capital structure puzzle", (1984) JOURNAL OF FINANCE 39(3): 575-592; Myers S.C. and Majiluf N.S., "Corporate financing and investment decisions when firms have information that investors do not have", (1984) JOURNAL OF FINANCIAL ECONOMICS 13(2): 187-221 [**pecking order theory**]; Baker M. and Wurgler J., "Market timing and capital structure", (2002) JOURNAL OF FINANCE 57:1-32 [**market timing theory**]

[16] Grammenos C., "Bank Finance for Ship Purchase", (1979) BANGOR OCCASIONAL PAPERS IN ECONOMICS, 16, Cardiff: University of Wales Press; "Shipping Investment in capital markets within a dynamic international environment. American Stock Exchange Shipping Conference", (1989); "Capital markets as a source for shipping finance: equity and high-yield bond markets", (2010a) Shipping investment and finance, lecture notes, Cass Business School, City University London.

[17] Kariofyllidis I., "Shipping IPOs on the London Stock Exchange", Marine Money Offshore, www.marinemoneyoffshore.com/node/5074

[18] Baker M. and Wurgler J., "Market timing and capital structure", (2002) JOURNAL OF FINANCE 57:1-32 [**market timing theory**]

[19] Grammenos C., Papapostolou N., "Ship Finance: US Public Equity Markets", THE BLACKWELL COMPANION TO MARITIME ECONOMICS, Chapter 20, Wayne K. Talley, ed., Wiley-Blackwell, 2012

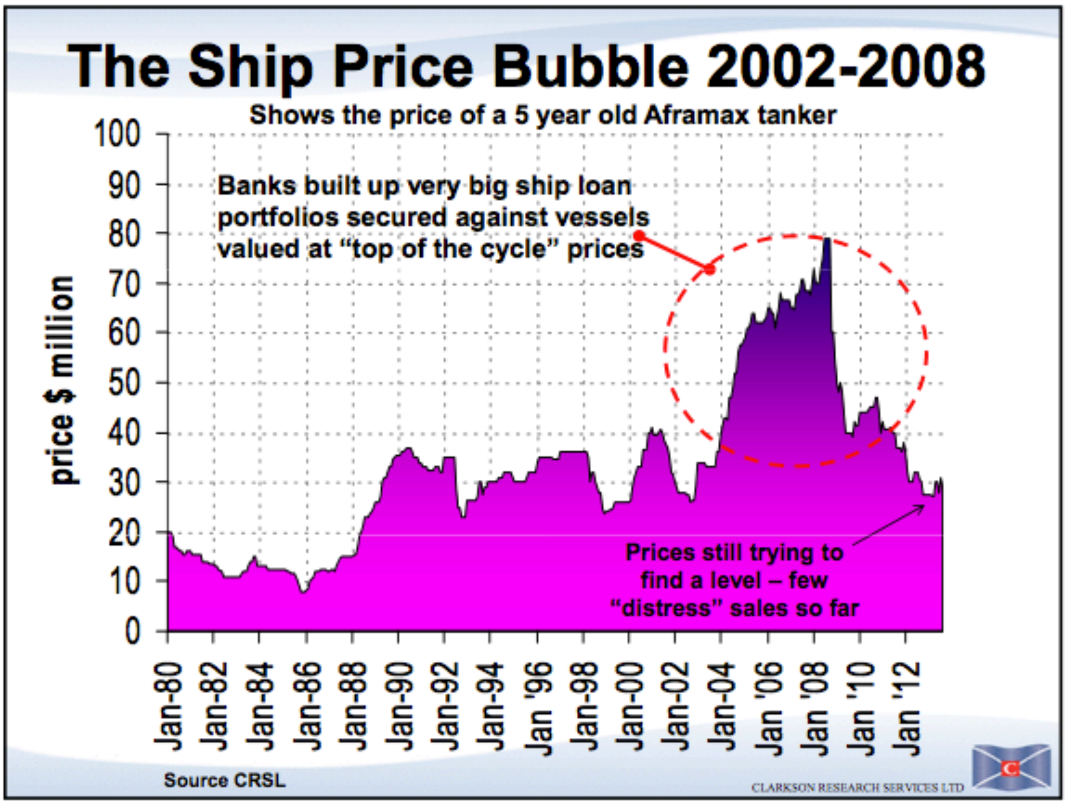
debt and chose to finance their investment utilizing equity instruments rather than debt instruments.

It should be noted that the world financial crisis in 2008-2009 greatly affected shipping debt financing as the availability of bank financing became very limited. An outlay of the main reasons why bank financing all of the sudden almost disappeared from the shipping companies finance portfolio follows:

- Lack of confidence among banks[20]. The fear and anxiety about credit risk was reflected on the TED spread in the period September/October 2008. At the time, the rising TED spread lead to a downturn in the U.S. stock market, as it indicated that liquidity is being withdrawn affecting undoubtedly the rest of the world economy.

[20] Grammenos C., Papapostolou N., "Ship Finance: US Public Equity Markets", THE BLACKWELL COMPANION TO MARITIME ECONOMICS, Chapter 20, Wayne K. Talley, ed., Wiley-Blackwell, 2012

- The Ship Price Bubble (2002-2008). Shipping companies eventually built up very big ship loan portfolios secured against vessels valued at "top of the cycle prices"[21].



[21] Stopford Martin, ICS Symposium, British Library, "The financial crisis: its impact on shipping", 11th September 2013.

• Vulnerability of shipping banks. Banks that traditionally serve shipping companies with regard to ship loans were greatly exposed to ship loans secured against vessels valued at “top of the cycle of prices” in 2008[22].

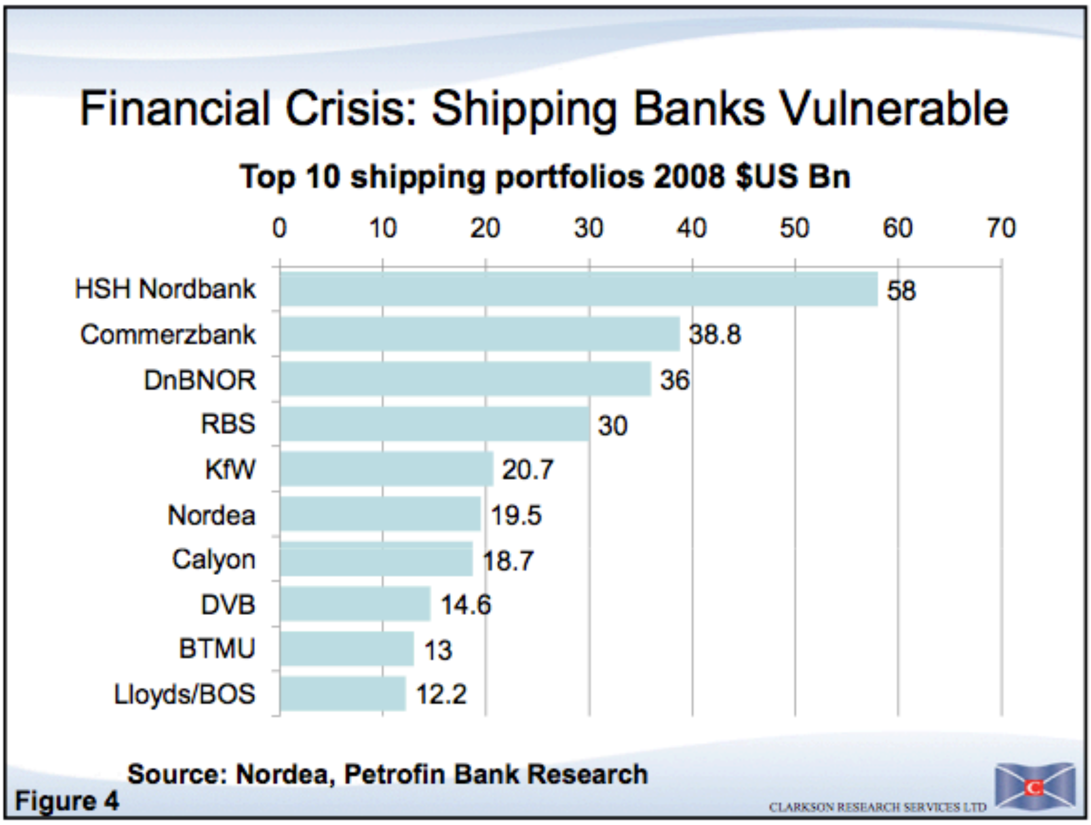
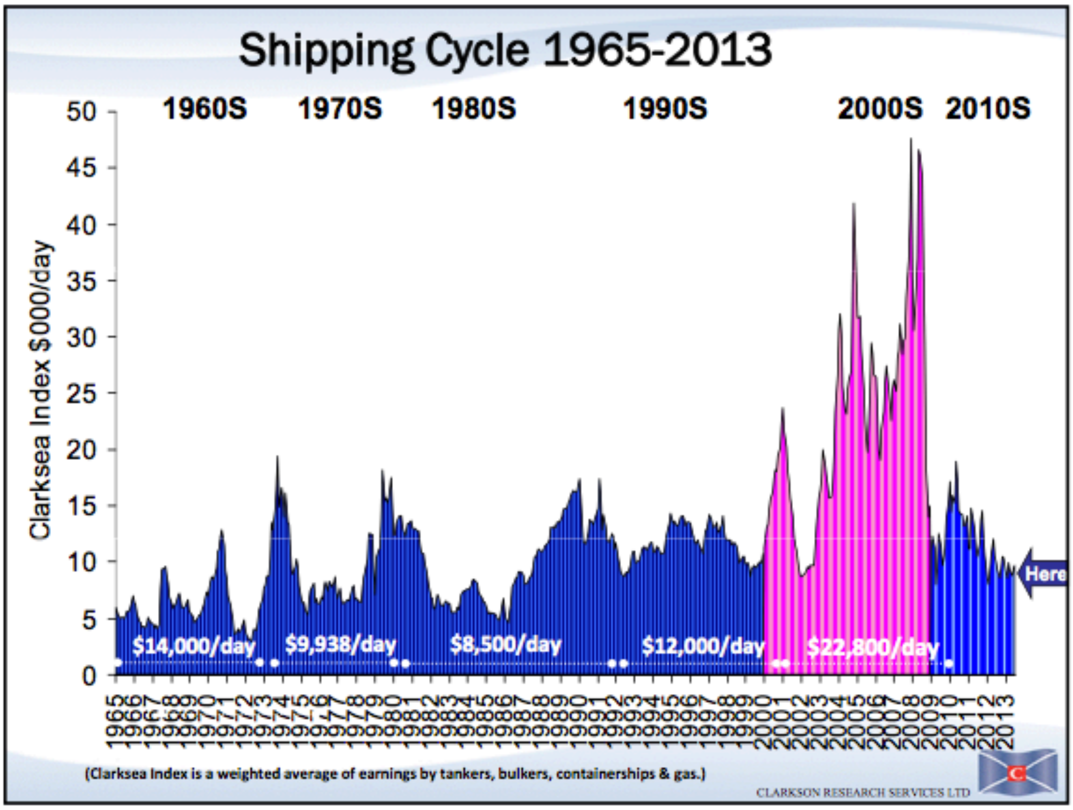


Figure 4

[22] Stopford, Martin. ICS Symposium, British Library, “The financial crisis: its impact on shipping”, 11th September 2013.

• Shipping cycle at its lowest. The past five years the shipping cycle has definitely reached the bottom, thus the banks already exposed to billions of dollars in ship loans under the aforementioned terms and conditions, have become reluctant and in many cases unwilling to take up new risky ship loans[23].



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23 Stopford, Martin. ICS Symposium, British Library, "The financial crisis: its impact on shipping", 11th September 2013.

• World GDP and Sea Trade. The credit crisis most shipping companies have been suffering from and the traditional shipping banks' unwillingness to take further risks has lead them to seek out alternative sources for financing their strategic plans or even their day-to-day credit needs[24].

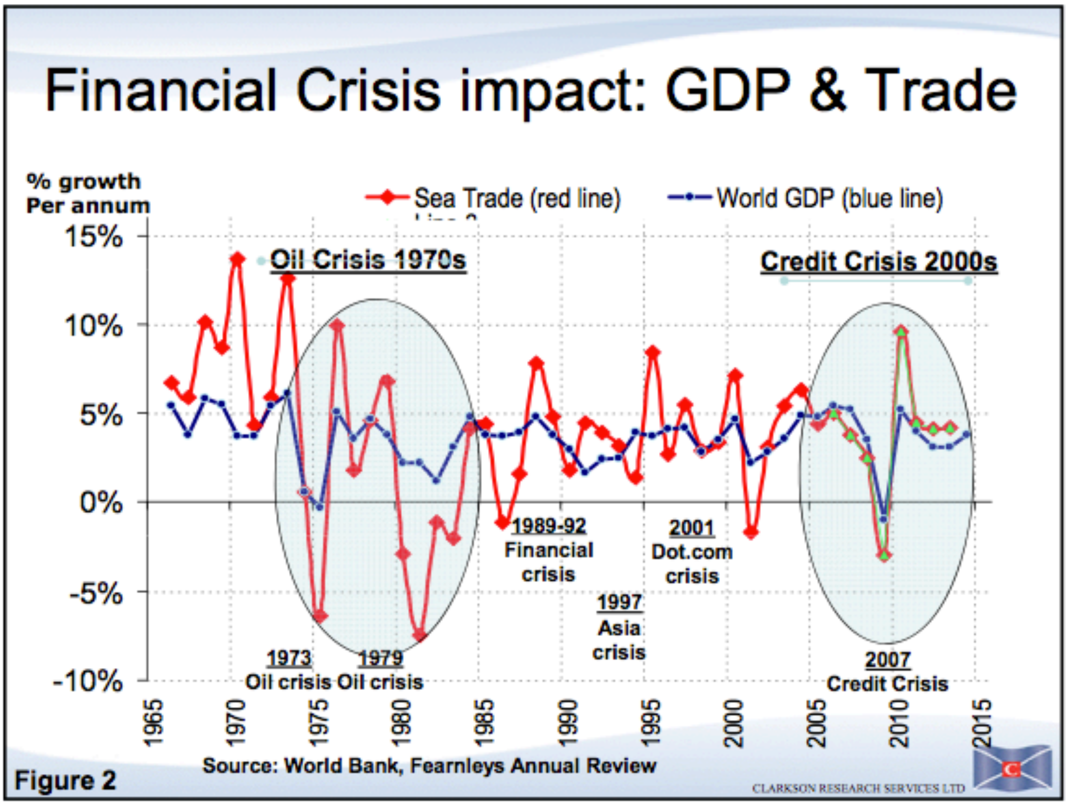
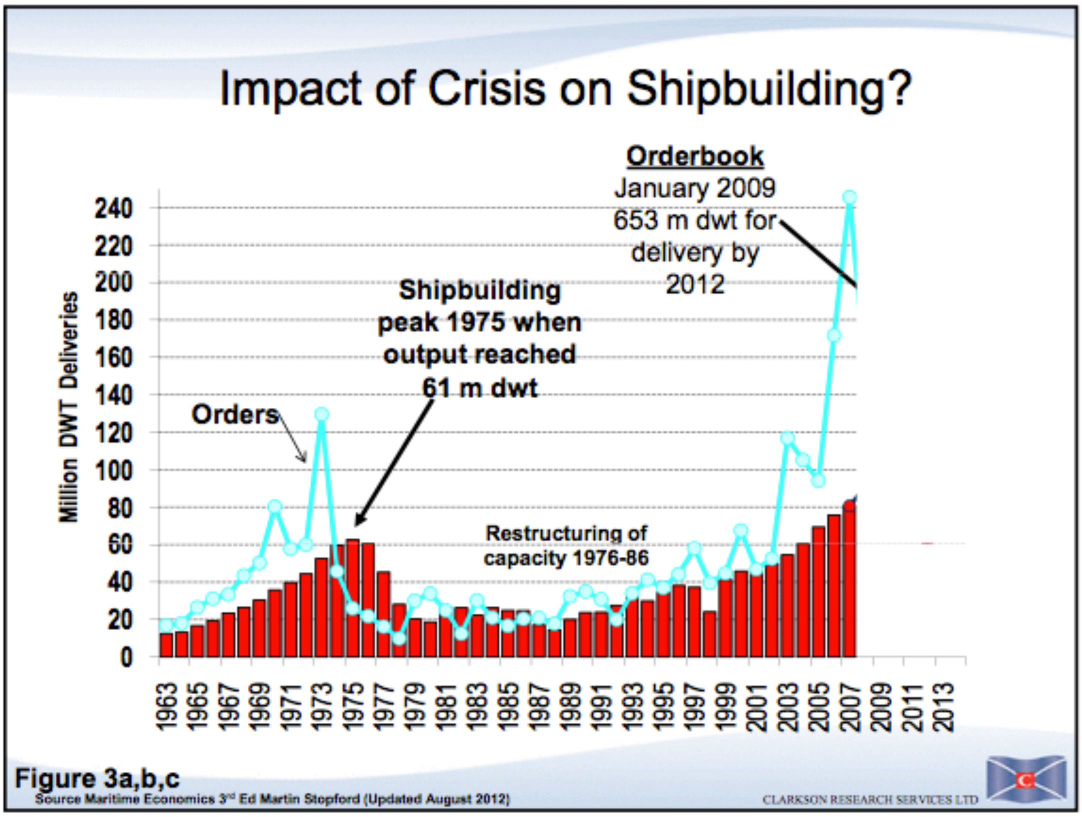


Figure 2

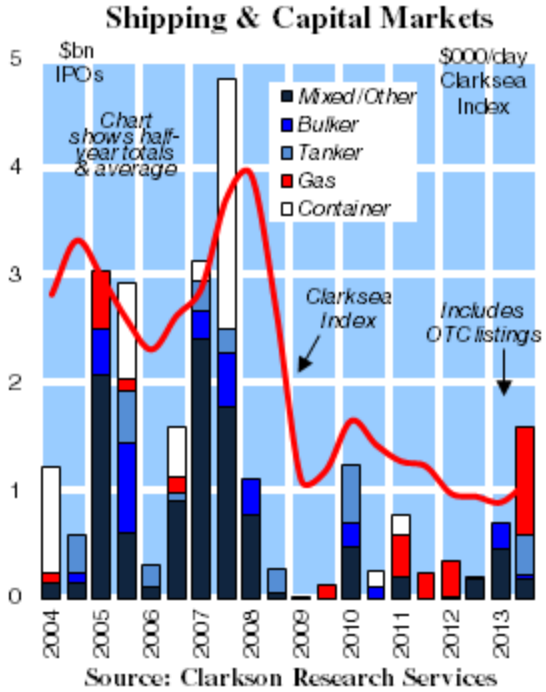
[24] Stopford, Martin. ICS Symposium, British Library, "The financial crisis: its impact on shipping", 11th September 2013.

- Shipbuilding order book. Orders for newbuildings were put prior to the credit crisis and given the 1-2 years construction time and the collapse of their prices, shipowners either cancelled their orders or sought out alternative ways of financing their business plan, whether that was expansion of their fleet or replacement of their ships[25].



[25] Stopford, Martin. ICS Symposium, British Library, "The financial crisis: its impact on shipping", 11th September 2013.

A.2 Why go public?



The steady increase in the number of shipping companies utilizing the capital markets and in particular the US capital markets, whether that be for the first time through an IPO process or through secondary offerings, can be explained by the following reasons[26]:

1. Twice in recent history banks failed to provide efficient and timely funds to shipping companies thus forcing the latter in looking for alternative financing instruments: during the banking crisis of 1982-1985 and the world financial crisis of 2008-2010.
2. The depletion of the equity base most shipping companies suffered from in the mid 1980s.
3. The large vessel replacement trend that emerged the past couple of decades.
4. The high vessel prices noted in both decades, 1990s and 2000s.
5. The trend in increasing the shipping companies' size.
6. The emergence of a new generation of shipowners, well educated, with better

[26] Grammenos C., Papapostolou N., "US shipping initial offerings: do prospectus and market information matter?", (2012), TRANSPORTATION RESEARCH PART E (48), pp. 276-295

understanding of the capital markets and more liberal philosophy.

7. The shipowners overcame their reluctancy to list their companies, because of their inability to provide stable profit and income streams to their investors. The containerization of the transported goods along with the long-term strategic co-operations with major world players might have also played a role in providing a stable investment-alike overview of the shipping industry.

The shift towards international equity markets can also be attributed to the internationalisation and integration of global capital markets, the deficiencies and consolidation of major banking players, the emphasis given on capital adequacy and "solvency ratios" by banks, shipping firms and investors, liquidity constraints and erosion of firm capital reserves, substantial funding requirements to replace ageing fleets, structural and cultural adjustment of shipping firms, partly induced by capital market requirements and investors' expectations, extrovert market approach and promotion of wider multi-shareholdership, market visibility and prestige towards institutional and private investors, emphasis on the concepts of corporate governance, social responsibility and business ethics[27].

This trend towards equity financing comes in contrast with the introvert, non-disclosure approach shipping companies tend to adopt in financing their investment plans[28] and the flexibility they are after by preserving concentrated ownership[29]. On the other hand, a large number of small shipping companies with concentrated ownership[30] do not have access yet to the capital markets, and thus debt has mainly been provided in the form of bank loans. Drobetz et at. prove this by presenting the annual bond and equity (including initial public offerings and seasoned equity offerings) issuing volumes of shipping companies in their work[31].

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[27] Grammenos C., "The handbook of Maritime Economics and Business", (2010) Lloyd's List
[28] Syriopoulos T., "Maritime Transport: The Greek Paradigm / Chapter 6: Financing Greek Shipping, Modern Instruments, Methods and Markets", Research in Transportation Economics, Vol. 21, pp. 171-219
[29] Tsionas M., Merikas A., Merika A., "Concentrated ownership and corporate performance revisited: the case of shipping", (2012) TRANSPORTATION RESEARCH PART E: 48, pp. 843-852.
[30] Stopford M., *Maritime Economics*, (3RD edition, Routledge, 2009)
[31] Drobetz W., Gounopoulos D., Merikas A., Schröder H., "Capital structure decisions of

B. Shipping and equity financing through listing (IPO)

IPO (initial public offering) is the first sale of a company's shares to the public, leading to a stock market listing, known as a flotation in the UK. This is practically done by listing the company's shares on a stock exchange. "Going public" is a very complex, costly and time-consuming process. As the company's shares become available for trade to investors, each country hosting a stock market imposes strict rules and regulations for the protection of the investors, thus requiring detailed disclosure of financial and other relevant information at the time of the execution of the IPO as well as post-IPO.

There are three factors that are taken into consideration when pricing a shipping IPO[32]: the market-adjusted net asset value (NAV), the enterprise value based on EBITDA and compared to similar listed companies and, in the case of offerings aimed at income funds and retail investors, the yields of comparable public companies. Except for IPOs taken place in very hot new issue market, the aforementioned factors develop the full value of the stock. In reality, an IPO is usually underpriced in order to ensure that the offer will be fully subscribed.

Most listed shipping companies are large in size and diversified[33], because one of the reasons why shipping companies are excluded from listing is their small size. Another reason they are excluded from this type of capital source is the volatility of their earnings and asset values. Investors look for consistent growth and earnings, characteristics that are out of the context of the traditionally opportunistic tramp shipping[34]. As it will be thoroughly analyzed below, corporate structures required by the equity markets might constitute impediments to decision-making at least to the extent shipowners have been used to conducting it. After all, "if a shipowner has the skill to become very wealthy, why should he share his success with equity investors when

globally-listed shipping companies", TRANSPORTATION RESEARCH PART E: LOGISTICS AND TRANSPORTATION REVIEW, Vol. 52, June 2013, pp. 49-76 http://www.sciencedirect.com/science/journal/13665545

[32] Stopford Martin, *Maritime Economics* (3rd edition, Routledge, 2009) ch 7.

[33] ibid.

[34] ibid.

cheap and flexible finance is available from commercial banks?”[35] That might have been true when Stopford wrote it, but nowadays lending from commercial banks has almost eliminated and thus considering an IPO has become a serious alternative, as it will be demonstrated below.

With regard to shipping and shipping-related companies the following markets categorized per examined country of establishment are examined:

- **USA**

With regard to shipping and shipping-related companies, the **New York Stock Exchange** (**NYSE**)[36] and the **National Association of Securities Dealers Automated Quotation** (**NASDAQ**)[37] are under examination. Where necessary, attention will be drawn to **NYSE MKT**, a marketplace for small cap companies[38], and **Nasdaq Global Select Market**, **Nasdaq Global Market** (formerly the Nasdaq National Market) and **Nasdaq Capital Market** (formerly the Nasdaq SmallCap Market). For a company to trade on the Nasdaq Stock Market, it must meet the listing requirements of at least one of these three market tiers (including meeting specified minimum thresholds for the number of publicly traded shares, total market value, stock price, and number of shareholders). The rules and regulations applicable to listings on the aforementioned stock markets can be found at the SEC Securities & Exchange Commission (Act of 1933 and Act of 1934), the Sarbanes-Oxley Act of 2002[39] and the Financial Accounting Standards Board (FASB)[40].

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[35] Stopford Martin, *Maritime Economics* (3rd edition, Routledge, 2009) ch 7.

[36] www.nyse.com/index

[37] www.nasdaq.com

[38] https://www.nyse.com/markets/nyse-arca

[39] Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat. 745.

[40] More details can be found at NYSE’s Listed Company Manual found on its official website http://nysemanual.nyse.com/lcm/ and NASDAQ’s official website https://listingcenter.nasdaqomx.com/Show_Doc.aspx?File=listing_information.html#forms; For the US federal law Sarbanes–Oxley Act of 2002 (Pub.L. 107–204, 116 Stat. 745, enacted July 30, 2002), also known as the 'Public Company Accounting Reform and Investor Protection Act' (in the Senate) and 'Corporate and Auditing Accountability and Responsibility Act' (in the House) and more commonly called Sarbanes–Oxley, Sarbox or SOX, please visit http://www.soxlaw.com; http://www.pwc.com/en_US/us/transaction-services/publications/assets/roadmap-to-an-ipo.pdf

- 1987-1992

During this period, seven newly established limited life shipping companies managed to raise funds in the US public markets, but very soon most of them failed, because they did not meet the expected targets or returns of investors. Those companies' goal was to exploit the expected rise of the shipping market, make operational profits and materialize capital gains by becoming liquidated as soon as the vessel's market value would increase[41].

- 1993-1997

Another small wave of US shipping IPOs took place this period.

- 2004-2007

This period has been characterized by an enormous uprise in the shipping IPOs and secondary offerings. Only in 2005, shipping companies raised US$3.35 billion, making that year the best in US shipping IPOs in terms of total amount raised.

- **UK**

The **London Stock Exchange** (**LSE**) comprises the **Main Market** and the **Alternative Investment Market** (**AIM**)[42]. Rules and regulations on listing on all these markets are found on the London Stock Exchange's admission and Disclosure Standards, the AIM Rules, the HGS Rulebook and the FCA Handbook.

A company, based on its characteristics and/or aiming goal, may join the Main Market by following one of the three possible routes: **Premium** listing, **Standard** listing or via the **High Growth Segment** outlined herein below[43]:

Premium	The Premium segment is only open to equity shares issued by trading companies and closed and open-ended investment entities. Issuers with a Premium Listing are required to meet the UK's super-

[41] Grammenos C., Papapostolou N., "Ship Finance: US Public Equity Markets", THE BLACKWELL COMPANION TO MARITIME ECONOMICS, Chapter 20, Wayne K. Talley, ed., Wiley-Blackwell, 2012
[42] www.londonstockexchange.com
[43] http://www.londonstockexchange.com/companies-and-advisors/main-market/main/market.htm

	equivalent rules, which are higher than the EU minimum requirements. As Premium Listed companies comply with the UK's highest standards of regulation and corporate governance, as a consequence they may enjoy a lower cost of capital through greater transparency and through building investor confidence.
Standard	The Standard segment is open to issuance of equity shares, Global Depositary Receipts (GDRs), debt securities, and securitised derivatives that are required to comply with EU minimum requirements. A Standard Listing allows issuers to access the Main Market by meeting EU harmonised standards.
High Growth Segment (HGS)	The new High Growth Segment is subject to the EU minimum standards and the HGS rulebook issued by London Stock Exchange. The segment is designed specifically for high growth, revenue-generating businesses incorporated in an EEA state, that over time are aspiring to the join the Premium segment.

Where necessary, differences regarding listing criteria among the three shall be reported.

- **NORWAY**

OSLO BØRS and **OLSO AXESS** shall be examined with regard to shipping and shipping-related companies wishing to list on the Oslo Stock Exchange. Where necessary, differences regarding listing criteria between the two shall be reported.
The OSLO Shipping Index includes a diverse range of quality companies involved in maritime logistics, transporting everything from crude oil, natural gas and chemicals through to cars, food products and cruise passengers[44]. Norway is currently the world's fifth largest maritime nation and Oslo, measured by the number of listed companies, is the largest securities marketplace for shipping in Europe, and the second largest globally. Norway's success and dominance in the shipping sector is not a random fact, but goes back to the 1980s when the K/S partnership structures grew as "vehicles for

[44] http://www.oslobors.no/ob_eng/Oslo-Boers/Listing/Energy-shipping-and-seafood/Shipping/Listing-a-shipping-company-on-Oslo-Boers-and-Oslo-Axess

financing speculative investment in second-hand ships" and the enormous growth of the Norwegian banks[45]. The K/S partnership structures were very attractive to private investors because the profits made were tax-free as long as they were reinvested. Many of them invested in these partnership structures in order to buy ships. Norwegian banks at the same time provided finance and made advances to the K/S companies leading to growth of their shipping portfolio from $1bil in early 1980s to $6-7bil in 1989. After a series of losses in the early 1990s, private investors lost their interest in the K/S companies[46].

B.1 IPO process

- **NYSE / NASDAQ**

The actual length of this period depends on primarily whether the company has prepared itself for going public and the market conditions. A typical IPO execution process, from the time the company decides to go public until it receives the proceeds from an offering, can take about 6-12 months. Nevertheless, the steps needed to be taken are the following in chronological order[47]:

	NYSE / NASDAQ IPO process
Day 1 to 60	• **Holding of all-hands meeting by all members of registration team** (company management, independent auditors, accounting advisors, underwriters and attorneys from all sides) • **Choice of registration form** (in particular Form S-1 for small reporting companies or Form S-1 for all other companies) • **Preparation of the registration statement** (Form S-1 for small reporting companies or Form S-1 for all other companies)

[45] Stopford Martin, *Maritime Economics* (3rd edition, Routledge, 2009) ch 7.
[46] ibid.
[47] PriceWaterhouseCoopers, (2011), "Roadmap for an IPO: A guide to going public", pp 34-53

	• **Filing of the registration statement** (Part I: INFORMATION REQUIRED IN THE PROSPECTUS: prospectus summary, risks associated with the business, use of proceeds, dividend policy and restrictions, capitalization, dilution, underwriting and distribution of securities, information about the company's business, financial information, pro forma, information about the company's offices, directors and principal shareholders, executive compensation, MD&A Part II: INFORMATION NOT REQUIRED IN THE PROSPECTUS: disclosures regarding the expenses associated with the issuance and distribution of the securities, the indemnification of directors and officers acting for the company, any sales of unregistered securities within the last three years, undertaking representations made by the company acknowledging that it will keep the registration statement and prospectus current, various exhibits (such as certain material contracts entered into by the company, articles of incorporation and bylaws, and the underwriting agreement) and various financial statement schedules) • **Due diligence procedure** (in order to provide a reasonable ground for belief that, as of the effective date, the registration statement contains no significant untrue or misleading information and that no material information has been omitted)
Day 61 to 90	• **Pre-filing conference with the SEC** • **Filing and SEC review** • **Waiting for SEC's response period**
Day 91 to 100	• **Responding to the SEC letter of comment and preparing the amended registration statement** • **Commencing the selling effort** • **"Red herring" and tomstone ads** • **"Road shows"**

	• **Negotiation and signing of the price amendment and the underwriting agreement**
The offering	• Delivery of the registered securities to the underwriter • Payment for the issue to the company (usually within three (3) to five (5) business days after the pricing of the offering)

- **LONDON MAIN MARKET / LONDON AIM**

The IPO process for listing on the London Stock Market includes the appointment of a sponsor, who is a person or organization approved by the FSA and responsible for taking the company through the whole complex IPO process. This way, companies wishing to list on the London Stock Market have to face another cost, that of the sponsor's fee, but at the same time they save a lot of time as someone familiar with the process takes them through the IPO process on a timely and organized way. More specifically, the following procedure is followed:

PRIVATE PHASE	
Day 1 to 84	• **Appointment of a sponsor** (co-ordinates all stakeholders and submits an eligibility letter to the UKLA with regard to the company wishing to list) • **Execution of kick-off meeting** (the sponsor provides a detailed organization book going through all issues pertaining to the IPO process, timetables and so forth) • **Drafting the company's prospectus** (containing the company's strengths, strategy and market opportunity, sponsor responsible for submitting drafts of it before UKLA and receiving reviews until the filing of the final prospectus during the public phase) • **Due diligence** (assuring the accuracy, truthfulness and completeness of the company's prospectus and other matters associated with the

	company and the investors)
PUBLIC PHASE	
Day 85 to 119	• **Announcement of intention to float (AITF)** (the marketing process begins) • **Drafting and passing around to possible investors the Pathfinder prospectus** (not the final version of the company's prospectus, as it includes all company's details except for the precise size of the IPO and the subscription price of the new shares to be offered) • **"Roadshows"** • **Completion and pricing meeting** (after the completion of the roadshow and the pricing of the IPO this meeting takes place where everything is reviewed in its final form)

- **OSLO BØRS / OSLO AXESS**

Once again, the actual length of the IPO process depends on primarily whether the company has prepared itself for going public and the market conditions. There are three routes to listing available by the Oslo Stock Market (OSLO BORS and OSLO AXESS):

1) the standard listing process, which takes eight (8) weeks from the introductory meeting to OSLO BORS' approval for listing,
2) the flexible track listing process, which also takes eight (8) weeks from the introductory meeting to OSLO BORS' approval for listing, but the issuer is granted the opportunity to submit his application just prior to listing and
3) the fast track listing process, which takes four (4) weeks from the introductory meeting to OSLO BORS' approval for listing, but this process is extremely demanding and costly.

Nevertheless, the steps needed to be taken are the following in chronological order[48]:

[48] PriceWaterhouseCoopers, (2014), "A guide to going public: Executing a successful IPO in Oslo", pp 19-20

<table>
<tr><th></th><th>OSLO BORS
Standard
IPO process</th><th>OSLO BORS
Flexible
IPO process</th><th>OSLO BORS
Fast track
IPO process</th></tr>
<tr><td>Pre-IPO process</td><td colspan="2">• its duration depends exclusively on the time needed by each company to prepare all the relevant documentation and draft the introductory report
• filing of an introductory report
(contains all the info required by the OSLO BORS in order to examine whether the company satisfies the conditions for admission to listing)</td><td rowspan="2">Same procedure as with the standard and the flexible tailored to the needs of each company restricted to as little as 28 days only.</td></tr>
<tr><td>Day 1 to 28</td><td colspan="2">• introductory meeting
(presentation before the OSLO BORS of company’s activities, financial situation, management and Board of Directors, issues related to financial reporting and compliance with the other listing rules – at this meeting the company may raise any exception from listing requirements and other relevant issues queries should there be any)</td></tr>
<tr><td>Day 29 to 56</td><td>• due diligence review
(its conduction might start earlier than day 29)
• compliance meeting
(presentation of the result of a due diligence review)
• filing of the listing</td><td>• due diligence review
(its conduction might start earlier than day 29)
• compliance meeting
(presentation of the result of a due diligence review)
• filing of an</td><td></td></tr>
</table>

	application (OSLO BORS administration reviews the application and presents its recommendations to the OSLO BORS Board of Directors who consider the application in either a regular or an extraordinary board meeting depending on the chosen listing process – standard, flexible, fast track)	**updated introductory report** (only four (4) weeks before the board meeting the OSLO BORS administration confidentially reviews an updated version of the introductory report filed by the company)	
Day 56	• **approval of the application**	• **filing of the application for listing just three (3) trading days before an extraordinary meeting of the Board of Directors** • **approval of the application**	
Day 56 to 101	• **strict deadline for company to list and produce a listing prospectus**		

B.2 Distinction between Domestic and International companies under stock markets' rules and regulations

Most listed shipping companies are incorporated in states other than the US, UK and Norway, whose stock markets are assessed[49]:

Tax Domicile	Shipping Companies Incorporated	Total Market Cap of Shipping Companies (USD Million)	Headquarters	Exchange
Marshall Islands	34	$24,601	Greece (20), US (4), Bermuda (4), UK (2), Canada (1), Monaco (1), Hong Kong (1), Ireland (1), Marshall Islands (1)	NYSE (18), NASDAQ (13), OTC, Pink Sheets (2), London (1)
Bermuda	14	$13,229	Hong Kong (6), Bermuda (5), Greece (1), UK(1), Monaco (1)	Hong Kong (4), Oslo Bors (3), Singapore (1), NYSE (4) and NASDAQ(2)
China (incl Hong Kong)	13	$18,913	China (including Hong Kong) (13)	Shanghai (6), Hong Kong (6),Shenzhen (1)
United States	11	**$70,235**	US (8), Viet Nam (1), Hong Kong (1), Monaco (1)	NYSE (5), NASDAQ (2), OTC, Pink Sheets (4)
Norway	10	$1,691	Norway (15)	Oslo Bors (9), Norway OTC (1)
Singapore	9	$2,773	Singapore (9)	Singapore (8), London (1)
Malaysia	9	$8,396	Malaysia (9)	Bursa Malaysia (9)
India	8	$1178	India (8)	Mumbai (8)
Indonesia	4	$237	Indonesia (4)	Jakarta (4)
Japan	2	$5,128	Japan (8)	Tokyo (2)

Source: CapitalIQ; data reflected above was for a sample size of 177 of the 264 total shipping companies identified

- **USA: foreign private issuer (FPI) v domestic private issuer (DPI)**

The US federal securities laws[50] make a distinction between a "domestic private issuer" (DPI) and a "foreign private issuer" (FPI). If a company does not qualify as a FPI, it is subject to the same registration and disclosure requirements applicable to domestic US entities. To that end, any corporation or other organization incorporated or organized under the laws of any foreign country shall be considered a FPI, unless:

i. More than 50% of the issuer's outstanding voting securities are held directly or indirectly of record by residents of the US; and

ii. Any of the following applies:

- The majority of the issuer's executive officers or directors are US citizens or residents;
- More than 50% of the issuer's assets are located in the US; or

[49] PriceWaterhouseCoopers, (2014), "Capital Markets: Shipping industry", pp 13
[50] Securities Act (1933) / Regulation C / Rule 405 and Securities Exchange Act (1934) / Rule 3b-4.

- The issuer's business is administered principally in the US.

Most shipping companies are registered, or at least administered principally, in tax friendly states (eg. Marshall Islands) or other than the US states and thus enjoy the following benefits of being a FPI:

- flexibility in financial statement preparation as they can choose to use either US GAAP, IFRS or local GAAP,
- flexibility in presenting their financial statements in any currency they consider appropriate,
- dispensation from the obligation tp prepare and submit quarterly reporting on Form 10-Q and current reporting on Form 8-K
- exemption from proxy rules, certain aspects of the Sarbanes-Oxley Act and Regulation FD
- more time to file annual report
- ability to disclose only the aggregate amount of remuneration paid to the FPI's officers and directors, while domestic issuer is subject to comprehensive executive compensation disclosures by S-K 402
- possibility to omit interim unaudited financial statements if a registration statement becomes effective less than nine (9) months after the end of the last audited financial year (unless more current financial information has been published
- permission to use home country corporate governance practice in lieu of most of the NYSE's or NASDAQ's corporate governance standards, if an issuer:

i. has an audit committee that meets requirements (including independence requirements) of the Securities Exchange Act of 1934 Rule 10A-3

ii. provides prompt notification of non-compliance with the applicable provisions of NYSE's or NASDAQ's corporate governance rules and

iii. if NASDAQ, issuer must execute a listing agreement on the form designated by NASDAQ; or furnish the NYSE with a written certification from independent counsel in the FPI's domicile as to whether or not the non-complying practices are prohibited by home country law, if NYSE;

- chance to submit registration form to SEC staff on a confidential basis.

Another advantage for non-US companies that wish to raise capital in the USA is that they can offer securities to certain Qualified Institutional Buyers (QIBs)[51] without registering with the SEC. Through this private offering, they can raise capital without having to meet the reporting requirements associated with a SEC registration[52]. Many companies make use of the private offering not just as an alternative mean of raising capital in the USA, but also as an interim step to going public[53]. This, though, shall not be analysed any further in the present paper as it does not relate to the IPO as such.

When the Sarbanes-Oxley Act was passed, there was a lot of criticism, primarily because it was argued that the exceptions traditionally recognized for foreign issuers were almost diminished[54]. It has been proven, though, that the Act as such has not lead to U.S. stock markets losing issuers to London and other markets, but rather lead to harmonized ineternational standards[55].

- **UK: home member state**

If a company is incorporated in the UK, then its home member state is the UK.

If a company is incorporated in the EEA, then the state where it has its registered office shall be considered its home member state. In case the company is not incorporated in the EEA, then it can choose its home member state from:

- member state where securities are intended to be offered to the public or
- member state where the application for admission to trading on a regulated market is made.

[51] Section 201(a) of the JOBS Act requires the Commission to revise Rule 144A to provide that securities sold pursuant to Rule 144A may be offered to persons other than QIBs, including by means of general solicitation, provided that securities are sold only to persons that the seller and any person acting on behalf of the seller reasonably believe are QIBs.
[52] SEC Rule 144A
[53] PriceWaterhouseCoopers (2010), “Listing in the US: A guide to a listing of equity securities on NASDAQ and NYSE”, pp 5
[54] Shin, Soo-Jeong, “The effect of the Sarbanes-Oxley Act of 2002 on foreign issuers listed on the U.S. capital markets”, 3 N.Y.U Journal of Law and Business 701 2006-207
[55] ibid.

For non-EEA entities seeking a listing in London, their home member state shall generally be the UK, because the home member state can be either the member state in which their securities are intended to be offered to the public for the first time or the member state in which they make their first application for admission to trading on a regulated market in the EEA. However, it is not uncommon for non-EEA groups to establish a non-UK EEA-incorporated holding company (for example, in Cyprus, Luxembourg or the Netherlands), in which case the issuer's home member state will be the state of incorporation of that holding company[56].

Identification of the home member state is important as it affects the IPO process. More specifically, under the Prospectus Directive[57], each issuer is allocated a "home member state", which determines which authority in the EEA will be responsible for the approval of the relevant issuer's prospectus. In case UK is not the home member state but another EEA member state, then once the latter's competent authority approves the prospectus, the issuing company can use its prospectus for public offers and the admission of securities to trading on regulated markets throughout Europe. In cases like that, FSA is not responsible for the approval of the prospectus, but remains responsible, in the context of a Main Market IPO, for the purposes of determining eligibility and approving the application for admission to the Main Market.

- **NORWAY: "home state"** v **"host state"**

A company applying for listing on OSLO BORS needs to determine whether Norway – or any other country within the EEA- is its "home member state". It is common practice for Norwegian companies and companies established outside the EEA to choose Norway as their home member state. EEA established companies usually appoint the country of their establishment as their home member state. In that case, Norway is considered their "host state". There are many practical implications of this distinction

[56] Witty S. and Cotton D. (Freshfields Bruckhaus Deringer LLP), (2010), "The legal framework for an IPO", A GUIDE TO LISTING ON THE LONDON STOCK EXCHANGE, London Stock Exchange, ch. 5, pp 38

[57] Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (Text with EEA relevance)

involving amongst others reporting requirements, prospectus approval, take-over limitations and notifications of large shareholdings[58].

C. LISTING AND ELIGIBILITY REQUIREMENTS

C.1 Pre-commercial companies

- **NYSE**

Although it is not explicitly excluded for companies with no commercial activity to list on NYSE, it is evident from all the relevant legal framework that it is necessary for a company to have commercial activity (eg. obligation to present revenue from business activities for a certain period of time – please see relevant section herein below).

- **NASDAQ**

Same as herein above applies to NASDAQ.

- **LONDON Main Market**

Same as herein above applies to LONDON Main Market.

- **LONDON AIM**

Same as herein above applies to LONDON AIM.

- **OSLO BØRS**

It is provided that the company applying for listing must be considered commercial except for special circumstances. More specifically, it is a general rule that at the time of application for admission to stock exchange listing, the main part of the company's activities must not be in a pre-commercial phase. When assessing whether the main part of the company's activities are in a pre-commercial phase, consideration will be given to factors such as the character of the activities and the extent to which the company has

[58] PriceWaterhouseCoopers, (2014), "A guide to going public: Executing a successful IPO in Oslo", pp 11

earned operating revenue from the main part of its activities[59]. Under special circumstances, OSLO BORS may grant a dispensation from this rule[60].

If the company applies to be exempt from the requirements set out herein above, it must demonstrate in its listing application that it has certain access to sufficient liquidity to continue its business activities in accordance with their planned scale of operation for at least 18 months from the planned listing date[61] by way of providing an account of planned cash flow and financing for that period[62].

- **OSLO AXESS**

Regardless whether the company is commercial or not (there is no such provision whatsoever that a company with no commercial activity at the time of applying cannot list), a suitability assessment based on liquidity assets shall apply (please refer to relevant paragraph herein below).

C.2 Financial information reporting requirements

- **NYSE**

As a basis of financial statement preparation, DPIs shall use strictly US GAAP, while FPIs may choose among US GAAP, IFRS (in its original IASB version) or other (i.e. local GAAP)[63]. The following table presents the accounting standards per DPI or FPI as well as the time period they cover accordingly, which should be read in conjunction with the table after demonstrating the differences between small reporting companies and all other:

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[59] OSLO BORS Listing Rules section 2.3.4(1)
[60] OSLO BORS Listing Rules section 2.3.4(2)
[61] OSLO BORS Listing Rules section 2.2.3(2)
[62] OSLO BORS Template for Introductory Report/Listing Application p. 6
[63] NYSE Listing Manual, Section 107.01, "*Accounting Standards*"; SEC Release (2007) Nos. 33-8879; 34-57026; International Series Release No.1306; File No. S7-13-07, "*Acceptance from FPIs of financial statements prepared in accordance with IFRS without reconciliation to US GAAP*"

NYSE / NASDAQ	Financial Statements in Registration Statement[64]			
	DPI		FPI	
	Balance Sheet	**Statements of income, cash flow and changes in stockholders' equity, comprehensive income**	**Balance Sheet**	**Statements of income, cash flow and changes in stockholders' equity, comprehensive income**
A. Audited annual financial statements				
US GAAP	2 years	3 years	2 years	
IFRS	n/a	n/a	2 years	3 years
Home country GAAP	n/a	n/a	2 years reconciled to US GAAP	3 years with the 2 most recent years reconciled to US GAAP
B. Unaudited interim period financial statements[65]				
US GAAP	As of interim date no more than 134 days (for non-accelerated filers, or 129 days for	For a period from the latest fiscal year-end to the interim balance sheet date, and for the	At least as of the end of the first six (6) months	For a period from the latest fiscal year-end to the interim balance sheet date, and for the

[64] PriceWaterhouseCoopers (2010), "Listing in the US: A guide to a listing of equity securities on NASDAQ and NYSE", pp 9-10

[65] If the registration statement is more than nine (9) months after the end of the last financial year, it should contain consolidated interim financial statements, which may be unaudited, covering at least the first six (6) months of the financial year.

	accelerated and large accelerated filers) before effectiveness or mailing	corresponding period in the prior fiscal year. Except for statement of cahnge in stockholders' equity which has to be for period from the latest fiscal year-end to the interim balance sheet date only		corresponding period in the prior fiscal year
IFRS or home country GAAP			At least as of the end of the first six months	For a period from the latest fiscal year-end to the interim balance sheet date, and for the corresponding period in the prior fiscal year

A small reporting company[66] is obliged to submit Form S-1 indicating it is a small reporting company, for which the financial and other requirements are less stringent. The following table[67] demonstrates these differences between smaller reporting companies and all other companies:

[66] SEC Rule 12b-2 for definition of "*small reporting company*".
[67] PriceWaterhouseCoopers, (2011), "Roadmap for an IPO: A guide to going public", pp 42

	Form S-1 (all other companies)	Form S-1 (small reporting companies)
Income statement	3 years	2 years
Balance sheet	2 years	2 years
Statement of shareholders equity	3 years	2 years
Earnings per share	3 years (corresponding to income statement)	2 years (corresponding to income statement only), except for 5-year dates and quarters
Selected financial data	Required – 5 years of historical selected financial data	Not required

- **NASDAQ**

Same as herein above applies to NASDAQ[68].

- **LONDON MAIN MARKET**

All financial statements published on the company's prospectus and submitted along with the Listing Application shall be audited in accordance with the International Financial Reporting Standards ("IFRS"), covering the latest three financial years or such shorter period that the issuer has been in operation. Non-UK, yet EU issuers are bound to prepare accounts under IFRS by the EU. Non-EU issuers enjoy greater flexibility, as they are free to use certain other, approved, Generally Accepted

[68] SEC Release (2008) No. 34-57445; File No. SR-NASDAQ-2007-090*), "Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, to Accept Financial Statements Prepared in Accordance with International Financial Reporting Standards, as Issued by the International Accounting Standards Board, for Certain Foreign Private Issuers, Consistent with Commission Rules"*

Accounting Standards ("GAAP") that are "considered to be equivalent to IFRS"[69].

- **LONDON AIM**

The company incorporated in an EEA country must prepare and present these accounts in accordance with International Accounting Standards (IAS). Where, at the end of the relevant financial period, such company is not a parent company, it may prepare and present such accounts either in accordance with IAS or in accordance with the accounting and company legislation and regulations that are applicable to that company due to its country of incorporation[70].

- **OSLO BORS**

Issuers shall prepare financial reports audited according to IFRS or GAAP equivalent to IFRS[71].

- **OSLO AXESS**

Same as herein above applies to OSLO AXESS.

C.3 Audited track record

- **NYSE**

The company shall provide audited financial information covering at least three (3) years[72].

- **NASDAQ**

Same as herein above applies to NASDAQ.

- **LONDON MAIN MARKET**

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[69] Witty S. and Cotton D. (Freshfields Bruckhaus Deringer LLP), (2010), "The legal framework for an IPO", A GUIDE TO LISTING ON THE LONDON STOCK EXCHANGE, London Stock Exchange, ch. 5, pp 37
[70] AIM Rules for Companies (May 2014), Rule 19
[71] Norwegian Securities Trading Regulation, Section 5-11, "*Other recognised accounting principles equivalent to IFRS*"
[72] NYSE Listed Company Manual, Section 102.00 (DPIs) and Section 103.00 (FPIs)

For a primary listing, the company shall file or publish financial information covering at least three (3) years[73]. For a standard listing or a listing via the High Growth Segment it shall file or publish financial information covering three (3) or less[74].

- **LONDON AIM**

The company shall file the annual accounts published pursuant to rule 19 for the past three (3) years or since admission, whichever is the lesser, and all half-yearly, quarterly or similar reports published since the last annual accounts pursuant to rule 18[75].

- **OSLO BORS**

The company shall provide audited annual accounts and annual reports for the last three (3) years as well as an interim report for the most recent quarter before the application for admission to listing is submitted. The company may be exempt from the latter obligation if the most interim period is part of the period covered by the audited annual accounts[76].

- **OSLO AXESS**

The company shall provide at least one (1) audited annual or interim report that will apply to the company's annual accounts following admission to listing. It shall also provide an interim report for the most recent quarter before the application for admission to listing is submitted. The company may be exempt from the latter obligation if the most interim period is part of the period covered by the audited annual accounts[77].

[73] Financial Conduct Authority (FCA), LR6(1) and on, "*Additional requirements for premium listing (commercial company)*"
[74] Financial Conduct Authority (FCA), PR App 3.1.1, Annex I, 20.1, "*Historical financial information*"
[75] AIM Rules for Companies (May 2014), Rule 26
[76] OSLO BORS Listing Rules section 2.2.4(1)(2)(3)
[77] OSLO Axess Listing Rules section 2.2.4(1)(2)(3)

C.4 Financial requirements stricto sensu

Each stock market and sub-market or "route" to market requires from companies to achieve and present different sets of financial data or undergo certain "tests". It is impossible, though, for each financial margin or index to be cross-examined and compared with such provided by another stock market. Key financial requirements are presented per stock market and listing standards herein below:

- **NYSE / NYSE AMEX**

	NYSE Listing Standards (DPIs & FPIs)	**NYSE Alternate Listing Standards for FPIs[78]**	
		Worldwide	**Domestic**
A. Minimum distribution of shares and market value standards (mandatory)			
Round-lot holders[79]	400	5,000	a. 400 US round-lot shareholders or b. 2,200 total shareholders and 100,000 shares monthly trading volume (most recent six (6) months) or c. 500 total stockholders and one 1 mil shares monthly trading

[78] The Alternate Listing Standards apply to FPIs only where there is a broad liquid market for the company's shares in a state other than the USA (see NYSE Listed Company Manual, Section 102.00 thereof); NYSE shall determine which set of standards, Worldwide or Domestic, shall apply to each company (see NYSE Listed Company Manual, Section 103.01 thereof)

[79] "*Round-lot holders*" shall be considered the holders of 100 shares or more or of a unit of trading if less than 100 shares. The number of beneficial holders of stock held in "street name" will be considered in addition to the holders of the record (eg. brokerage firm).

			volume (most recent twelve (12) months)
Publicly held shares	1.1 mil	2.5 mil	1.1 mil
Aggregate market value of publicly held shares[80]	US$ 40 mil for IPOs	US$ 100 mil	US$ 40 mil for IPOs
B. Stock or IPO price (mandatory)			
Stock price or price at the time of initial listing	US$ 4	US$ 4	
C. Financial standards (mandatory) (must meet either one of the requirements applied by the following tests)			
C1. Earnings Test Aggregate pre-tax income from continuing operaions and sfter minority interest, amortization and equity in the earnings or losses of investees –subject to certain adjustments- for the past three (3) fiscal years must total or be at least:			
	1. US$ 10 mil in the aggregate pre-tax income for the past three (3) fiscal years, 2. US$ 2 mil in each of the two (2) most recent fiscal years and	1. US$ 100 mil in the aggregate pre-tax income for the past three (3) fiscal years and 2. US$ 25 mil in each of the two (2) most recent fiscal years	1. US$ 10 mil in the aggregate pre-tax income for the past three (3) fiscal years and 2. US$ 2 mil in each of the two (2) most recent fiscal years

[80] Shares held by directors, officers or their immediate families and other concentrated holding of 10% or more are excluded in calculating the number of publicly held shares and their aggregate market value.

	3. positive amounts in all three (3) years -alternatively- 1. US$ 12 mil in the aggregate pre-tax income for the past three (3) fiscal years, 2. US$ 5 mil in the most recent fiscal year and 3. US$ 2 mil in the next most recent fiscal year		3. positive amounts in all three (3) years -alternatively- 1. US$ 12 mil in the aggregate pre-tax income for the past three (3) fiscal years, 2. US$ 5 mil in the most recent fiscal year and 3. US$ 2 mil in the next most recent fiscal year
C2. Valuation / Revenue / Cash flow test The issuer must meet at least the following requirements:			
	1. US$ 500 mil in global market capitalization, 2. US$ 100 mil in revenues during the most recent 12-month period, 3. US$ 25 mil in aggregate cash flows for the past three (3) fiscal years and 4. positive amounts in all aggregate cash	1. US$ 500 mil in global market capitalization, 2. US$ 100 mil in revenues during the most recent 12-month period, 3. US$ 100 mil in aggregate cash flows for the past three (3) fiscal years and 4. US$ 25 mil	1. US$ 500 mil in global market capitalization, 2. US$ 100 mil in revenues during the most recent 12-month period and 3. US$ 25 mil in aggregate cash flows for the past three (3) fiscal years 4. positive amounts

	flows for the past three (3) fiscal years (subject to certain adjustments)	minimum cash flows in each of the two (2) most recent fiscal years (subject to certain adjustments)	in aggregate cash flows for the past three (3) fiscal years (subject to certain adjustments)
C3. Pure Valuation / Revenue test The issuer must meet at least the following requirements:			
	1. US$ 750 mil in global market capitalization and 2. US$ 75 mil in revenues during the most recent fiscal year		
C4. Assets / Equity test The issuer must meet at least the following requirements:			
	1. US$ 150 mil in global market capitalization[81], 2. US$ 75 mil in total assets and 3. US$ 50 mil in stockholders' equity (subject to certain adjustments)	n/a	n/a
C5. Affiliated company test This test shall apply to new entities with a parent or affiliated company already listed on the NYSE and in good standing, where parent or affiliate company retains control of the entity or is under common control with the entity. The issuer must meet at least the following requirements:			
	1. US$ 150 mil in global market capitalizaton, 2. 12 months of	1. US$ 500 mil in global market capitalizaton, 2. 12 months of operating history	

[81] "Global market capitalization" is represented by the valuation of the company as represented by, in the case of an IPO, the as-priced offering in relation to the total company's capitalization.

	operating history	

	NYSE Amex Original Listing Standards			
	Standard 1	**Standard 2**	**Standard 3**	**Standard 4**
Pre-tax income[82]	US$ 750,000	n/a	n/a	n/a
Market capitalization	n/a	n/a	US$ 50 mil	US$ 75 mil -alternatively- 1. US$ 75 mil in total assets and 2. US$ 75 mil in revenues
Market value of publicly held shares	US$ 3 mil	US$ 15 mil	US$ 15 mil	US$ 20 mil
Minimum stock price	US$ 3	US$ 3	US$ 2	US$ 3
Operating history	n/a	2 years	n/a	n/a
Stockholders' equity	US$ 4 mil	US$ 4 mil	US$ 4 mil	n/a
Distribution	1. 800 public shareholders and 2. 500,000 shares publicly held -alternatively- 1. 400 public shareholders and			

[82] Required for at least the latest fiscal year or alternatively for two (2) of the three (3) most recent fiscal years.

	2. 1 mil shares publicly held -alternatively- 1. 400 public shareholders, 2. 500,000 shares publicly held and 3. average trading volume of 2,000 shares for previous six (6) months

- **NASDAQ Global Select / NASDAQ Global Market / NASDAQ Capital Market**

	NASDAQ Global Select Market Listing Standards			
	Standard 1	**Standard 2**	**Standard 3**	**Standard 4**
A. Liquidity requirements (mandatory)				
Round-lot shareholders or total shareholders	450 or 2,200			
Publicly held shares	1.25 mil			
Market value of publicly held shares	US$ 45 mil			
B. Other financial and qualitative requirements (mandatory)				
Total revenue in the previous fiscal year	n/a	US$ 110 mil	US$ 90 mil	n/a
Average market capitalization	n/a	US$ 550 mil	US$ 850 mil	US$ 160 mil

at the time of listing				
Bid price	US$ 4			
Market makers	3 or 4			
Corporate governance rules	apply			
Other	1. Income from continuing operations before income taxes of: i. US$ 11 mil over the prior three (3) fiscal years in aggregate and ii. US$ 2.2 mil in each of the two (2) most recent fiscal years 2. positive income from continuing operations before income taxes in each of the prior three (3) fiscal years	1. US$ 27.5 mil cash flow over the prior three (3) fiscal years in aggregate 2. positive cash flows in each of the prior three (3) fiscal years	n/a	1. US$ 80 mil of total assets and 2. US$ 55 mil of stockholders' equity in the most recent publicly reported financial statements

	NASDAQ Global Market Listing Standards			
	Income	**Equity**	**Market Value**	**Total Assets / Total Revenue**
Stockholders' equity	US$ 15 mil	US$ 30 mil	n/a	n/a
Bid price	US$ 4			
Market makers	3		4	
Corporate governance rules	apply			
Round-lot shareholders	400			
Publicly held shares	1.1 mil			
Market value of publicly held shares	US$ 8 mil	US$ 18 mil	US$ 20 mil	
Other	US$ 1 mil of income from continuing operations before income taxes in latest fiscal year or in two (2) of last three (3) fiscal years	2 years of operating history	US$ 75 mil of market value of listed securities	1. US$ 75 mil of total assets in latest fiscal year or in two (2) of last three (3) fiscal years and 2. US$ 75 mil of total revenue in latest fiscal year or in two (2) of last three (3) fiscal years

	NASDAQ Capital Market Listing Standards		
	Net income	**Equity**	**Market value of listed securities**
Stockholders' equity	US$ 4 mil	US$ 5 mil	US$ 4 mil
Bid price	US$ 4		
Market makers	3		
Corporate governance rules	apply		
Round-lot shareholders	300		
Publicly held shares	1 mil		
Market value of publicly held shares	US$ 5 mil	US$ 15 mil	
Other	US$ 750,000 of net income from continuing operations in latest fiscal year or in two (2) of past three (3) fiscal years	2 years of operating history	US$ 50 mil of market value of listed securities

- **LONDON MAIN MARKET / LONDON AIM**[83]

	LONDON MAIN MARKET			**LONDON AIM**
	Premium	Standard	HGS	

[83] http://www.londonstockexchange.com/companies-and-advisors/main-market/companies/primary-and-secondary-listing/premiumstandardandaimcomparison.pdf

Domicile	n/a	n/a	EEA incorporated	n/a
Profits	n/a			
Assets / Equity	n/a			
Operating profit	Some requirements			Minimal requirements
Pro forma financial information	Some requirements			Minimal requirements
Free float	25%		10% with a value of £ 30mil	Nomad assessment of suitability
Market capitalization	£ 700k		n/a	Nomad assessment of suitability
Revenue earning	75% of business supportd by revenue earning record for historic three (3) year period	n/a	20% CAGR in revenues over three (3) year historic period	n/a
Control over majority of assets for the three (3) year period	Control over majority of assets and at least over three (3) year historic period	n/a	Control over majority of assets from the point of admission	n/a
Working capital statement	LR6	PR Annex III (3.1)		AIM Rules – Schedule 2 (c)

Eligible for electronic statement	Admission & Disclosure Standards (1.7)	Admission & Disclosure Standards (1.7)		AIM Rule 36
Designated Advisor	Listing Sponsor required	n/a	Key Adviser required	Nomad required
Admission Documentation	Prospectus & Eligibility Letter to UKLA under the Listing Rules	Prospectus to UKLA	Eligibility Letter to Exchange under HGS Rules & Prospectus to UKLA	AIM admission Document and Nomad declaration of suitability

- **OSLO BORS / OSLO AXESS**

	OSLO BORS	OSLO AXESS
General requirements	• Shares issued by Norwegian public limited companies (ASA) or equivalent foreign companies are eligible for admission to listing if the sahres “are assumed to be of public interest and are likely to be the object of regular trading” • Shares must be registered with Verdipapirsentralen (the Norwegian Central Securities Depository) before admission to listingcan take place • OSLO BORS will review and evaluate the company’s general financial consition	
Spread	25%	
Nr of shareholders each holding shares with a value of at least NOK 10,000	500	100

Market capitalization	NOK 300 mil	NOK 8 mil
Operating profit	n/a	
Price per share	NOK 10	NOK 1

D. CONCLUSIONS

A listing of a shipping company on any of the examined stock markets comes with several regulatory, disclosure, accounting and taxation obligations. Several shipping companies worldwide have successfully managed to list their on the examined stock markets over the years. Their choice of stock market has depended upon primarily the following requirements/factors:

D.1 Compliance with specified financial standards and disclosure of relevant information.

By adopting specified financial standards and disclosing certain information, the listed company manages to create a more reputable profile against its creditors, investos and clients. Given the large scale and of great value transport nowadays, it is not surprising that certain information about the transporter are necessary for the other party's risk assessment. It is evident that NYSE and NASDAQ require most disclosure, although they provide certain exemptions based primarily on whether the company is considered domestic or not. The latter does come in conformity with the fact that shipping companies are usually established abroad and their shares are in the hands of Non-US entities under the relevant provisions (eg. Marshall Islands), therefore they can benefit from this exception. Nevertheless, certain sensitive areas of disclosure that will ultimately be available to competitors, customers, creditors and employees include:
1) extensive financial information (e.g., financial position, sales, cost of sales, gross profit, net income, business segment data, related-party transactions, borrowings, cash flows, major customers, and assessment of internal controls);
2) the compensation of officers and directors, including cash compensation, stock option plans, and deferred compensation plans; and

3) the security holdings of officers, directors, and major shareholders (insiders).

The LONDON STOCK EXCHANGE and the OSLO BORS on the other hand provide for less stringent financial requirements as evidenced above. Moreover, although all stock markets examined require the filing and publishing of audited financial information for approximately three (3) years (and less under certain circumstances), OSLO AXESS offers to companies with no pre-commercial activities the opportunity to list, whereas one (1) interim report would suffice. It is provided for pre-commercial companies to raise equity by listing on the stock market when the following take place:
a) in the case of OSLO BORS a suitability assessment involving primarily stringent liquidity requirements in order for the dispensation to be granted and
b) in the case of OSLO AXESS pre-commercial and non-commercial companies can by default apply for listing as long as their liquidity assets are found adequate.

This regime established by the OSLO Stock Market provides an opportunity for start-up companies to raise capital and grow their business. It is hard, though, to imagine how a shipping company can benefit as such, given the large financial scale of shipping activities and the risks associated with them.

With regard to reporting requirements, GAAP and IFRS are recognized and accepted by all stock markets under circumstances. NYSE and NASDAQ require IFRS except for FPIs and the LONDON Stock Market seems to favor IFRS over GAAP. Given that most shipping companies are established in non-EEA states, they are exempt as long as they use GAAP that are “considered to be equivalent to IFRS”. If a shipping company is not exempt it really needs to assess on a cost-benefit basis whether it can comply with the IFRS criterion. OSLO BPRS and OSLO AXESS are flexible on this.

D.2 Dilution of control and corporate performance

Theoretically, in countries with strong investor protection, like the US and the UK, ownership is diffuse. *Tsionas et al,*[84] however, provide evidence to the contrary with regard to the shipping industry: "*despite strong investor protection laws, ownership remains concentrated in the Anglo-American stock exchanges*". Their findings come in absolute contrast with what has so far been analyzed in theory and empirically recorded as they further prove that a change in share ownership does not necessarily lead to a change (whether for better or worse) in the firm's performance. Therefore, ship owners can enjoy the benefits of listing in a major US capital market along with all the obligations embedded without necessarily missing out on the concentrated ownership they are after and foremost their company's performance. On the other hand, given shipping companies have been characterized by an introvert, non-disclosure approach in financing their investment plans[85] and flexibility by preserving concentrated ownership[86] this might make some of them reluctant in listing in an Anglo-Saxon capital market. *Tsionas et al*. have argued that, although dilution of control does take place once listed, corporate performance does not deteriorate, but tends to improve.

These findings might explain, along with other factors, why stringent corporate performance rules imposed by the SEC do not constitute, or better not as much, an impediment to listing on NYSE or NASDAQ.

D.3 Corporate Governance

Although abiding by corporate governance rules seems very harsh, it might prove at the same time to be a great way to establish a strong public picture especially for the company's investors and creditors with regard to managerial control and practices. Both the NYSE and NASDAQ address certain corporate governance listing standards

[84] Tsionas M., Merikas A., Merika A., "Concentrated ownership and corporate performance revisited: the case of shipping", (2012) TRANSPORTATION RESEARCH PART E: 48, pp. 843-852.

[85] Syriopoulos T., "Maritime Transport: The Greek Paradigm / Chapter 6: Financing Greek Shipping, Modern Instruments, Methods and Markets", Research in Transportation Economics, Vol. 21, pp. 171-219

[86] Tsionas M., Merikas A., Merika A., "Concentrated ownership and corporate performance revisited: the case of shipping", (2012) TRANSPORTATION RESEARCH PART E: 48, pp. 843-852.

including, amongst others, board composition, nomination, structure and process, compensation schemes including stock-based compensation, loans to company executives as well as the establishment of a code of business conduct and ethics for employees and directors, the establishment of an audit committee and internal controls for companies listed on the NYSE, and approval of related-party transactions for companies quoted on NASDAQ (covered by the Sarbanes-Oxley Act of 2002).

The LONDON Stock Market is governed by the UK Corporate Governance Code, but only a Premium listed company is required to comply with the Code, or explain the reasons for non-compliance in its annual report. The Code itself contains a number of rules governing the composition and operation of the board of directors and board committees of a listed company.

On the other hand, the major measures implemented by Oslo Børs (for both markets) to promote good corporate governance include
1) a confirmation embedded in the application that the company complies with the Norwegian Code of Practice for Corporate Governance, or the equivalent code of practice in the company's home state or the country in which it has its primary stock exchange listing. If for some reason the company does not comply in full with such a code of practice, it must explain why it deviates from the code.
2) The composition of a company's board, as provided in the Norwegian Code of Practice for Corporate Governance or in the home country's relevant code/regulation, is reviewed very carefully as part of the process of admission to listing, and may play a role in deciding whether the company is considered suitable for listing.
3) All companies listed on Oslo Børs and Oslo Axess must publish a comprehensive annual corporate governance report.

There is a trend worldwide in strengthening corporate governance rules especially after the debt crisis that revealed major inadequacies in companies' and their managers' performance. It is difficult to say whether the rules from one country significantly differ from the other to the extent that the stock markets established in each of them are more preferable.

D.4 NYSE / NASDAQ: the most stringent, yet shipping companies' first choice to list

On NYSE and NASDAQ the largest by far number of shipping companies' shares are traded. This is somewhat bizarre, given the stringent rules applied by the SEC. The truth is that they remain the markets with the largest amount of capital raised per IPO. Some find it tough for US emerging growth companies to raise capital at NYSE and NASDAQ[87]. Other than these cases, NYSE and NASDAQ seems to be the ultimate choice, although shipping companies have to meet the following special requirements:

- Classification of liabilities and equity in financial statements. Certain financial instruments (warrants, preferred stock etc.) that were previously classified as "mezzanine" in the balance sheet may now be required to be classified as a liability. With regard to the mandatorily redeemable shares, the Financial Accounting Standards Board ("FASB") requires that securities meeting their definition[88] be reported as liabilities in financial statements. FASB's definition of mandatorily redeemable differs from that of the SEC's. Accordingly, a mandatorily redeemable security that does not require liability classification under FASB's rules guidance may require separate classification and accounting under the SEC's rules. The rules can be complex and the rules can vary significantly based on the preferred stock redemption provisions. The SEC also checks the assumptions used to determine the fair value of the instrument, the changes in the evaluation over time and the variation of the valuation of the instrument from the valuation of the common stock valuation.

- Beneficial conversion feature of preferred stock and debt. When a company issues convertible preferred stock and debt securities a year before the filing of an initial registration statement before the competent authority and at price below the expected IPO price, then the SEC staff consider this to be a valuation issue similar to the issue of

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[87] Akin Gump Strauss Hauer & Feld, Partner Anthony J Renzi, "All abroad: Many US emerging growth companies find it hard to raise capital at home. Here's why London and Oslo may provide good alternatives", 31 International Financial Law Review, 30 2012-2013.

[88] FASB "Accounting for certain financial instruments with characteristics of both liabilities and equity" (issued 5/03) http://www.fasb.org/summary/stsum150.shtml

cheap stock and in some cases they have required the IPO price be used as the market price of its common stock in measuring the beneficial conversion feature (BCF). Convertible securities issued within one year prior to the filing of an initial registration statement at a conversion price below the initial offering price are presumed to contain an embedded BCF. In order to overcome this obstacle the registrant has to provide sufficient, objective and verifiable evidence to support its assertion that the accounting conversion price represented fair value at the issuance (commitment) date. If the SEC determines that there is a BCF, the "in the money" portion would be reduced from the net income available to common shareholders, lowering earnings per share.

- Employee notes receivable. Section 402 of the Sarbanes-Oxley Act prohibits publicly traded companies from providing personal loans to directors and executive officers. Furthermore, with regard to notes issued for stock, the recourse or nonrecourse nature of the notes, both in legal substance and in form, needs to be evaluated to determine whether the transaction is substantive.

- Revenue recognition. As complex as the transactions might have become, they still have the attention of SEC. Particularly complicated are considered the following transactions:

a) Software revenue recognition
b) Revenue arrangements with multiple deliverables
c) Barter transactions
d) Bill and hold
e) Sales to resellers
f) Consignment sales
g) Up-front fees

- Business combinations. An analysis to identify all tangible and intangible assets is required prior to allocating the purchase price in a purchase business combination. SEC pays special attention to the fair values of assets and liabilities as well as to changes in a valuation allowance for acquired deferred tax assets and the resolution of uncertain tax positions.

- Consolidation issues.

Affected arrangements, closer to the traditional control-based approach, include the consolidation of common structures, such as joint ventures, equity method investments, collaboration arrangements, co-manufacturing and power purchase arrangements. The adoption of this guidance may require significant changes to a company's accounting policies, financial statement disclosures, data gathering processes and internal controls as well as to other areas such as debt covenant compliance, financial metrics, compensation, controls and systems and stakeholder communications. SEC requires extensive disclosure requirements in view of risk exposure and examines whether a variable interest entity exists, including factors considered in determining the primary beneficiary and consideration of whether a service provider has a variable interest.

- Segmental reporting. The determination of business segments as well as the adequacy of segment reporting disclosure are of interest for the SEC, which focuses on the following:

a) Consideration of the proper identification of the chief operating decision maker (CODM), which may not always be a single individual
b) Exclusion of components of a business as a segment when the CODM receives reports of that component's operating results on a regular basis
c) The appropriateness of the aggregation of segments (The SEC has noted that aggregation represents a "high hurdle" that is only suitable in certain limited situations.)
d) Identification of the products or services driving revenue for each reportable segment
e) Disclosure of total revenues attributable to external customers
f) Disclosures for each country in which the registrant generates material revenues
g) Adequate disclosures regarding material reconciling items between segment results and the consolidated results of operations
h) Consistency with the manner in which the business section and MD&A are written

- Compensation disclosure and analysis (CD&A).

The objectives and implementation of executive compensation programs, policies and decisions are included in the CD&A. SEC is interested in assessing the risk related to compensation and the –possible- material effect it might have on the company.

Increased disclosure, detailed proxy requirements and compensation policies for employees (including non-executive officers) are among these that fall under SEC's typical focus. Furthermore, companies going public should consider the following:

a) An alternative, thorough disclosure analyzing the likelihood of performance targets to be met should be provided in case the registrant has an adequate basis for omitting incentive plan performance targets.

b) When utilizing benchmarking for the calculation of executive compensation, identification of the other companies used should be disclosed.

c) The disclosure of executive compensation decisions shall be accompanies by a clear description of the respective roles and responsibilities of the CEO, identification of compensation consultants and the compensation committee in the decision-making process.

• Separate financial information. In certain cases, SEC may require separate audited financial statements (other than the annual and interim ones), eg in significant businesses acquired or to be acquired (Rule 3-05), certain equity method investments (Rule 3-09) and guarantors of public debt securities (Rule 3-10). These separate financial statements for any non-US entities may require a US GAAP reconciliation if the financial statements are not prepared in accordance with IFRS as issued by the IASB. SEC focuses on whether the registrant complies with Regulation S-X, although a non-public entity would not need to include public company disclosures, such as segment information, pensions, earnings per share etc.

• IPO of subsidiary businesses. In cases where a company wishes to divest a subsidiary or a part of it, it is required to disclose separate carve-out financial statements, as if it were a stand-alone separate entity. Assets, liabilities and certain corporate costs remain a challenge to carve out, as each carve-out situation is unique and requires separate consideration and a significant amount of judgment. The SEC specifically focuses on:

a) Expense allocations and pushdown of corporate headquarters accounts

b) Debt and capital presentation

c) Interest on capital structure, if appropriate

d) Presentation of income taxes

e) Pro forma future stand-alone costs
f) Intercompany balances and activity

• Non-GAAP financial measures. It is inevitable for certain amounts not to be excluded when making adjustments, for example adjusted EBITDA, free cash flows or quality of earning adjustments. SEC specifically focuses on:
a) Disclosure of the most directly comparable GAAP financial measure along with reconciliation between the non-GAAP measure and the comparable GAAP measure
b) Presentation of the GAAP measure with equal or greater prominence than the non-GAAP measure and the disclosure of why the non-GAAP measure is useful to investors
c) The demonstration of the usefulness of the non-GAAP measure to investors

• Stock-splits. When a company wishes to establish an offering price within a preferred range during an IPO (this is the usual case), it can declare a stock-split that shall become effective just prior to the effectiveness of a registration statement. The auditor shall conduct a preamble on the financial statements giving retrospective effect to the stock-split in the historical financial statements. When the split takes place, the auditor would be in a position to furnish the report presented.

• Earnings per share (EPS).
The disclosure of EPS shall include a reconciliation of the basic and diluted per-share computations for income from continuing operations and the impact of all securities that affect EPS. It is possible for the EPS to be diluted in cases of companies that are characterized by complex capital structures based on preferred dividends and dividends in arrears and certain securities. The SEC focuses primarily on the following:
a) Nominal issuance/penny warrants
b) Pro forma EPS on face of historical financial statements due to automatic conversion of preferred stock upon IPO

Nevertheless, NYSE remains the leader in shipping IPOs either by number of shipping IPOs or by total market cap of shipping companies[89]:

[89] PriceWaterhouseCoopers, (2014), "Capital Markets: Shipping industry", pp 11.

By Number of Listed Shipping Companies

	Number of Shipping Companies Listed	Total Market Cap of Shipping Companies (USD Millions)
NYSE	27	$89,952
NASDAQ	18	$7,155
Oslo Bors	16	$7,639
OMX Nordic Exchange	16	$49,114
Tokyo Stock Exchange	16	$14,497

By Total Market Cap of Shipping Companies

	Number of Shipping Companies Listed	Total Market Cap of Shipping Companies (USD Millions)
NYSE	27	$89,952
OMX Nordic Exchange	16	$49,114
Hong Kong Stock Exchange	13	$21,785
Swiss Exchange	1	$15,422
Tokyo Stock Exchange	16	$14,497

Source: Capital IQ

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SEC Release (2008) No. 34-57445; File No. SR-NASDAQ-2007-090*), "Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, to Accept Financial Statements Prepared in Accordance with International Financial Reporting Standards, as Issued by the International Accounting Standards Board, for Certain Foreign Private Issuers, Consistent with Commission Rules"*