

# Make your mark

For companies looking to delist or which have been hit by trading illiquidity, Sharemark could be the answer. **James Harris** reports

In straitened times, even successful companies are at risk of being overlooked by investors on capital markets. However, there are alternatives for listed and quoted companies that are struggling to get noticed, and one example is Sharemark.

As alternative stock markets go, Sharemark has some quirks: unlike the Full List, AIM or PLUS, Sharemark trades paper in periodic auctions held at a company's behest. 'It's a bit like an eBay for shares,' says Sharemark manager Sophie Douglas.

She explains, 'It is primarily for businesses that have raised money in the past or have existing large groups of shareholders, and that want to provide an opportunity for trading to continue in their shares. If a company delists from AIM, the shares lose their public quotation, so joining Sharemark as an alternative gives shareholders a chance to continue trading and valuing their investment.'

## LEAP OF FAITH

In the six months to June 2009, the total amount of money raised from IPOs and the secondary market on AIM fell by 30 per cent to £2.6 billion compared with the same period in 2008. It is therefore of little surprise that this year, for one reason or another, 147 companies have delisted from AIM.

One of the most attractive features for companies that are considering making the jump is cost. 'After paying for a nominated adviser (nomad) and the market fees, AIM-listed businesses are looking at paying £150,000 to £200,000

a year,' says Douglas. 'On Sharemark, you don't need a nomad, so you pay an admission fee of £1,500 and a quarterly fee of £1,250 – and that's it.'

The disparity in costs shows why more and more of Sharemark's business comes from AIM delistings, but as Douglas notes, 'We are also getting interest from PLUS companies.'

Among other benefits, and unlike AIM or PLUS, Sharemark allows closed markets, so 'businesses can restrict trading to a defined user group at the discretion of the company's board.'

**'With no market-maker intervention, Sharemark creates a single price for shares'**

Furthermore, shares are traded directly between investors and shareholders without recourse to market-makers. With no market-maker intervention, Sharemark creates a single price for shares, which is designed 'to help illiquid companies', says Douglas.

Sharemark can also act as a haven for companies that are keen to keep an AIM quotation; in fact, the market currently has five dual-traded companies on its books. 'Sharemark acts as an additional liquidity pool. Companies can trade all day on AIM, but also have the possibility of further liquidity being dealt in a Sharemark auction. This allows for an order-driven market facility to be maintained in addition to the admission on the quote-driven market.'

## SHAREMARK AT A GLANCE

- Auctioning of shares at a single price without recourse to market-makers
- 66 per cent more companies joined to date in 2009 than the same period in 2008
- 21 stocks currently trading
- Savings of £150k a year on an AIM quote

Unfortunately, the market has not been left completely unscathed by the economic turbulence. 'Last year we traded 2.3 million shares. So far this year liquidity is reduced, but given the uncertain market conditions this is not unexpected. What is notable is the growing interest in the market and the healthy prospective pipeline of new admissions,' says Douglas.

Some of the market's recent successes include the admission of Regent Inns, which was on the Main List. 'It was a big deal for us – the company went straight for us, bypassing AIM and PLUS.' And since August 2009, Lo-Q has been dual-traded between AIM and Sharemark.

Another prize for the company is the interest showed by Oxonica, which is anticipated to join in the autumn and whose chairman is none other than former *Dragons' Den* investor Richard Farleigh.

As Douglas says, 'It's an exciting time.' ■



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