



Specialist Fund Market - Investment for experts

What is the Specialist Fund Market?

The Specialist Fund Market is the London Stock Exchange's dedicated market for specialist investment funds¹ targeting institutional, professional and highly knowledgeable investors.

Our markets are instrumental in providing capital raising opportunities to a range of investment funds. The Specialist Fund Market is a newly created market, dedicated solely to the growing number of specialist funds. It is specifically designed around the needs of sophisticated investment fund structures and their expert investors.

By working with market participants in London and New York, the Specialist Fund Market has been designed to suit a range of highly specialised funds, including, (but not limited to):

- private equity funds
- feeder funds
- hedge funds, both single and multi-strategy
- specialist geographical funds
- funds with sophisticated structures or security types
- specialist property funds
- infrastructure funds
- sovereign wealth funds.

The Specialist Fund Market is an EU Regulated Market² and is compliant with the EU's Financial Services Action Plan (FSAP).

Why choose London?

Capital

London is home to one of the world's largest and deepest pools of capital, making it one of the global leaders in providing access to public equity funding. In 2007, £46 billion

was raised by companies on our markets in new and further issues.³ Funds admitted to the Specialist Fund Market are eligible for inclusion in the majority of investment mandates, providing additional access to capital and liquidity.

Profile

Joining the Specialist Fund Market provides an invaluable platform for building your profile and visibility amongst peers and investors alike. It is a market specifically created to bring alternative asset managers and their investor audience together.

Secondary market

A quotation on the Specialist Fund Market also provides access to London's secondary marketplace, with efficient trading provided by TradElect, our world-class, next generation trading system. London provided the most liquid secondary market in Europe in 2007, with a 33% share of equity trading⁴, and we expect a liquid secondary market to develop in line with admissions to the Specialist Fund Market.

Intelligent regulation

London has become synonymous with 'intelligent regulation' and is now recognised globally for its flexible, principles-based approach to regulating its capital markets. On the Specialist Fund Market, you will be complying with the high standards of disclosure and transparency that are already the leading benchmark in the professional investment world.

Expertise

London offers an unrivalled network of sophisticated, professional advisers and investors with a thorough understanding of international business, and in particular, the needs of investment funds.

¹ For the purpose of admission to trading on the Specialist Fund Market, investment funds are defined as collective investment undertakings of the closed-end type as set out in Annex XV of the EU Prospectus Directive

² As defined in the Markets in Financial Instruments Directive (MiFID)

³ London Stock Exchange figures January – December 2007

⁴ 'IPO Watch Europe – Review of the year 2007'

PriceWaterhouseCoopers



London
STOCK EXCHANGE

Location

London's central position in between the Asian and North American time zones allows market participants to cover the global business day.

How to join

Admission to trading is a two stage process requiring:

- approval of a prospectus by the applicant's Home Competent Authority⁵
- subsequent application to the Exchange for admission to trading to the Specialist Fund Market

Since the Specialist Fund Market is an EU Regulated Market, funds seeking admission to trading are required to produce a prospectus which has been approved by the relevant EEA⁶ Competent Authority. In the UK, this function is performed by the UK Listing Authority (UKLA), part of the Financial Services Authority (FSA).

'Passporting'

Where a prospectus has been approved by an EEA Competent Authority other than the UKLA, the applicant needs to request that its Home Competent Authority which approved the prospectus submits the relevant documents to the UKLA. This is known as 'passporting'.

Prospectuses may be 'passported' from another EEA member state within one year of their approval by the relevant competent authority.

⁵ The UKLA for applicants whose Home Member State is the UK

⁶ European Economic Area

Trading on the Specialist Fund Market

Trading in securities on the Specialist Fund Market is powered by TradElect, our next generation trading system, allowing trading on one of the fastest, most reliable and technologically advanced equity markets in the world.

TradElect offers the advantages of deep pools of liquidity, effective price formation and low latency on a cutting edge trading system.

Securities will be traded on either the SETS or SETSqx trading services, depending upon the profile of each security and the relevant settlement and clearing arrangements.

SETS is our electronic order book with integrated market maker liquidity, and is our premier trading service for liquid and larger securities. SETSqx is our new trading service for less liquid securities, combining market maker quotes with additional order book functionality to provide continuous liquidity throughout the day.

Find out more

If you would like to speak to someone at the Exchange, please contact:

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IMPORTANT NOTICE

Intermediaries conducting designated investment business

FSA-authorised firms conducting designated investment business with 'retail customers' under FSA Conduct of Business rules are reminded that securities admitted to trading on the Specialist Fund Market will be securities that may have characteristics such as

- variable levels of secondary market liquidity
- sophisticated investment propositions with concentrated risks
- highly leveraged structures
- sophisticated corporate structures

and are therefore intended for institutional, professional and highly knowledgeable investors.

Potential applicants and their advisers

The Specialist Fund Market is not intended as an admission route to a regulated market for investment entities that are intending to make a retail offering within the UK.

Applicants and their advisers not subject to FSA Conduct of Business rules are responsible for compliance with equivalent conduct of business or point of sale rules in the jurisdiction in which they are based or in which they are marketing the securities concerned (if applicable).

Applicants seeking a retail offering in the UK may wish to consider the Main Market or AIM as an alternative.

The Specialist Fund Market is not open to trading companies.

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