



**PLUS**

**PLUS MARKETS GROUP**

**Press briefing**

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**Trinity House - 18 April 2007**

# Agenda today

- **Overview of current market offering**
- **The expanding PLUS business model**
- **Key developments for 2007**

# PLUS Markets Group plc

**Operates and regulates the PLUS market, which is:**

- **Independent equity market based in London**
  - authorised and regulated by the FSA
  - offers both secondary market trading (PLUS-traded) and primary market listing (PLUS-quoted) services
- **Established competitor to traditional exchanges**
  - applied for RIE status
- **Quote-driven market-maker trading platform**
  - unlisted and listed small & mid caps
  - growing stock coverage

# The PLUS market today

- **Over 850 companies traded on PLUS**
  - secondary market including:
    - c75 constituents of FTSE 250
    - all FTSE Small Cap stocks
    - all FTSE Fledgling stocks
    - c30 AIM constituents
- **Nearly 200 PLUS-quoted companies**
  - primary market
  - increasing number & size of fundraisings
- **Combined market cap c £150 billion**

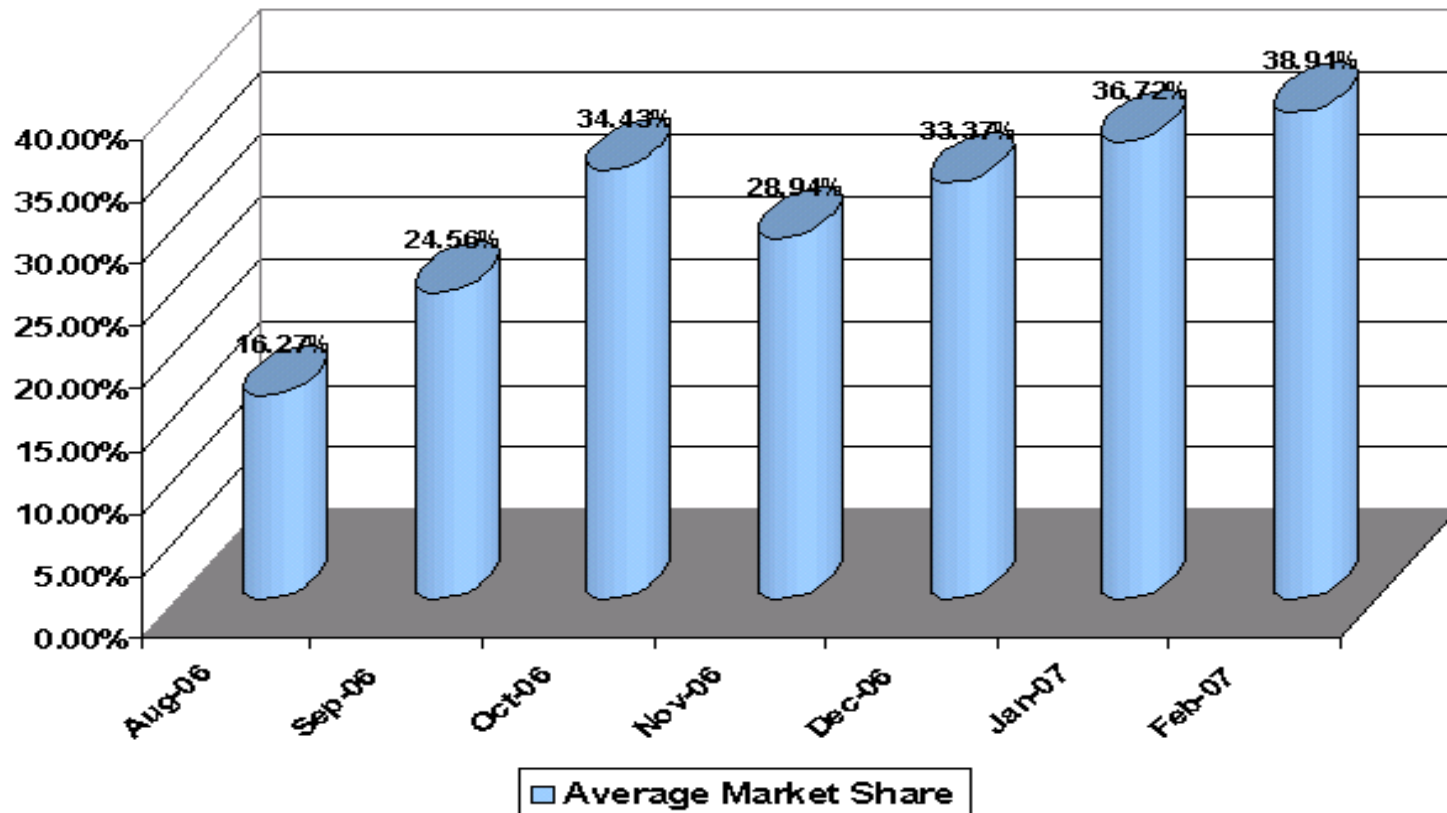
# PLUS = liquidity

- **Effective and efficient trading platform**
  - competing Market Maker system
  - important for price formation & liquidity
  - market makers like it – price & immediacy of trading
- **Growing number of participants**
  - 47 brokers, 7 market makers
- **Over 500,000 bargains executed on PLUS in 2006**
  - £3 billion value traded
  - 5.7 billion shares traded
- **Significant and growing market share**

# Market Share in AIM companies trading on PLUS

- February 2007 had almost **40%** trades from AIM companies on the PLUS platform

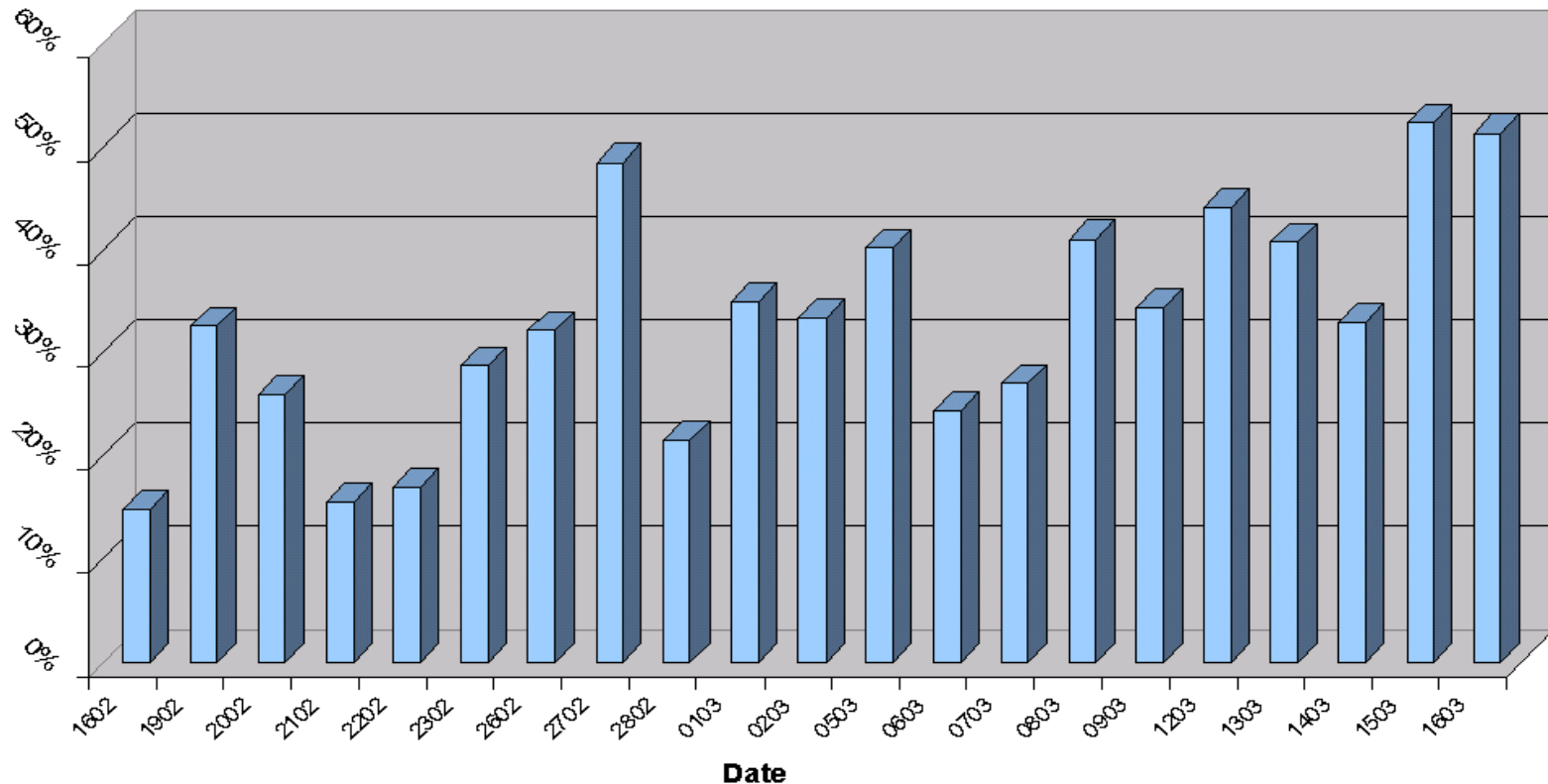
PLUS Average Market Share in AIM Companies Traded on PLUS Platform



# PLUS Market Share in FTSE Fledgling

- 15 March 2007 showed a **52.9%** market share

PLUS Market Share in the FTSE Fledgling by Number of Shares



## In depth market know how

- **Experienced and dedicated management team**
  - Stephen Hazell-Smith (Chairman)
  - Simon Brickles (Chief Executive Officer)
  - Brian Taylor (Chief Financial Officer)
  - experts in regulation, business development & technology
  
- **Significant shareholders include:**
  - Cazenove Capital Management, Close Brothers, Cenkos, Scottish Widows
  
- **Shareholders below 3% include additional institutions and brokers, many of whom are also customers of PLUS**

## Group financial performance

	2006	2005
<b>Turnover</b>	<b>£2.17m</b>	£1.45m
<b>Loss</b>	<b>(£1.33m)</b>	(£1.36m)

- 2006 turnover figures **up 49%** on last year, due to the introduction of two new revenue streams
- Likelihood of profit within first half of 2007, but for further expansion plans announced in December 2006

# Full-service exchange offering

## ➤ **Trading Services**

- access to trading on the PLUS quote-driven platform
- brokers & market maker members of PLUS

## ➤ **Market data Services**

- real-time information feed offering PLUS trading data
- information vendors subscribe to the feed
- market participants pay an end-user per-terminal charge

## ➤ **Company Services**

- admission to trading on the PLUS-quoted segment
- admission & annual fees from PLUS-quoted companies
- PLUS Corporate Adviser members

# Recognised Investment Exchange status

- **Expect to be granted in Q2 2007**
  - intention to apply, September 2006
  - submitted to the FSA, March 2007
- **Specific benefits associated with RIE status**
  - enhance cross-border status & reputation
  - widen access to available tax treatments
  - widen access to investors with a preference for RIE
  - “Market Operator” status under MiFID
- **Plan to open a new primary market**
  - separate from existing PLUS-quoted segment
  - new PLUS-listed segment for investment trusts, REITs & other structured products

# Expansion plans announced at time of Placing

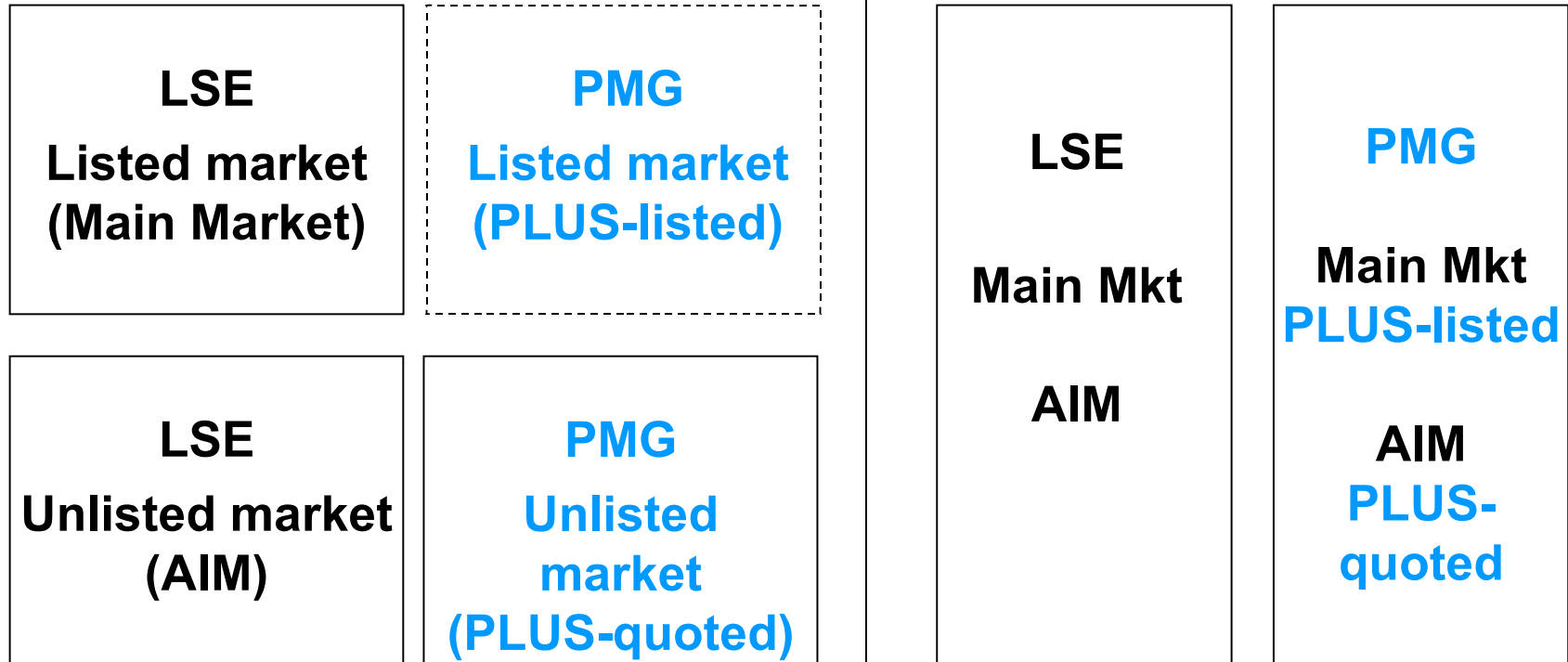
- **MiFID-compliant provision of on- and off- exchange quote-driven trading services**
- **New trading technology to support new services & full stock coverage**
- **Introduction of PLUS-listed market, offering services for investment trusts, REITs and other structured products**
- **Arrival of new executive & non-executive directors**
  - including two former main board LSE directors

# The extended PMG business model

(large cos)

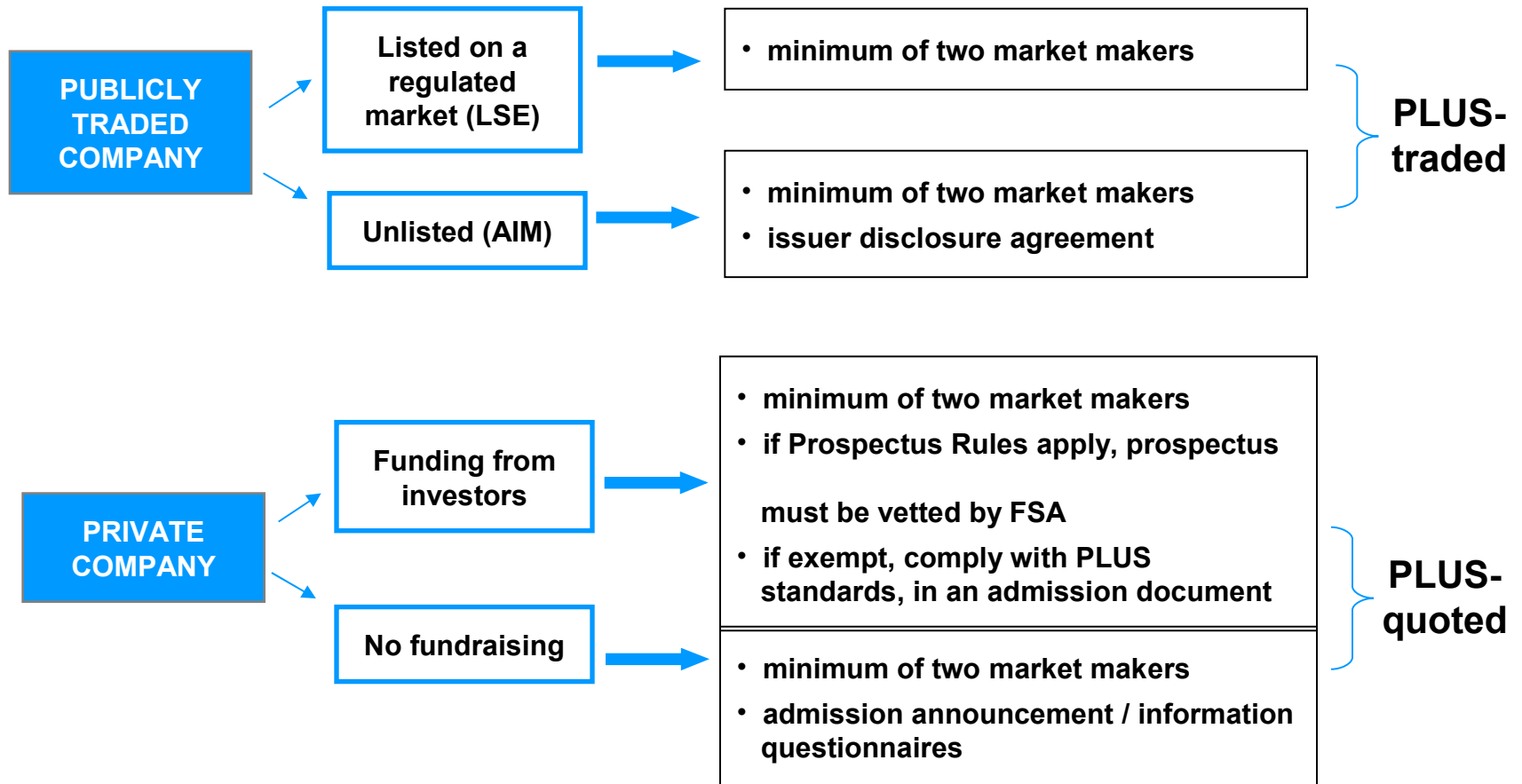
Listing/Primary market

Trading/Secondary market



(small cos)

# How companies are admitted to trading on PLUS



# Benefits of being PLUS-traded

- Company can **maximise the value** of a listing in London
- Improved **liquidity**
- **Better prices** for investors
- **Greater market exposure** for company
- Reduction in share price volatility
- **Choice** of trading platforms for investors

# Drive into trading AIM stocks

- **No cost to company but consent required**
  - opens up line of communication with NOMAD
  - c30 companies signed up so far
- **Inconsistent with approach to Main Market & incompatible with the spirit of MiFID**
- **Statement by Ed Balls, Economic Secretary to the Treasury, on 20 February 2007**
  - ordered FSA to review the current position
- **Will enable PLUS to trade the full range of AIM companies**
  - 1600 additional stocks on PLUS
  - market share?

# Benefits to companies of being PLUS-quoted

- **PLUS as a listing destination in its own right**
  - nearly 200 PLUS-quoted companies today
  - steady flow of new companies joining:  
2007: 17 (to date); 2006: 60; 2005: 44; 2004: 20
- **Institutions are supporting PLUS-quoted fundraisings**
  - Betex, Quercus, Air Touring, AH Medical Properties
- **Implementation of PLUS branding in October 2006**
  - positioning as a credible alternative to other markets
  - attract companies from other markets

## Next steps for PLUS Markets

- **Forthcoming announcements to confirm new regulatory, technical and tariff frameworks**
- **Expectation of RIE status – Q2 2007**
  - compete across a wider range of equity market services
- **Stated ambition to extend stock coverage**
  - FTSE AIM securities & liquid shares
- **Attract new broker and market maker members**
- **MiFID – November 2007**
  - one-stop service provider in London
  - operational now, extended offering will be in place

# PLUS

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