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IPOs on French ALTERNEXT: a new way to raise capital for, and list small and mid-size companies in the Euro zone.

Indeed, this is the objective for this new and somewhat unusual stock market, largely inspired by London AIM market.

Alternext was created on May 17, 2005 by Euronext, but with a lesser degree of regulation than Eurolist. A listing on Alternext is relatively easy at very reasonable level of fees and of costs.

Alternext ambition is to provide a less costly alternative with less regulation to high-growth small and medium sized business that do not have the resources or market capitalization to be listed on Eurolist, while at the same time providing a market environment that can give investors a greater level of confidence than those available on totally unregulated stock markets.

The access to Alternext is simple – mainly, the minimum float is only 2,5 millions euros and the issuer must have filed its accounts for the two fiscal years prior to the listing.

The public offering can be done in one of two ways :

- 1- traditional way: a simplified prospectus subject to the review by the French securities market regulator ("AMF").
- 2- direct listing without any prospectus requirements so long as the issuer has concluded a private placement within the past two years that raised at least 5 millions Euros involving at least five different investors.

Once the company is listed, Alternext requirements remain flexible but with minimum protections for investors. For example :

- the listed companies must publish their annual audited financial statements and a six-monthly unaudited report on the first 6 months of the fiscal year as compared with quarterly reporting requirements on Eurolist,
- there is no obligation for companies to apply IFRS.

They are now 27 companies listed on Alternext. Information about those companies can be found at <http://www.alternext.com>

If you would like more guidance or information about French regulations in this area, please contact us at newdevelopment@kahnlaw.com, or contact directly one of our partners (www.kahnlaw.com).

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Best venture capital law firm (Trophées du Droit et de la Finance, Oct. 2004)

Kahn & Associés - Law Offices

51, rue Dumont d'Urville 75116 Paris FRANCE - Tel: +33 1 45 01 45 01 Fax: +33 1 45 01 45 00 <http://www.kahnlaw.com/>
Branch office : Sophia-Antipolis, Cote d'Azur