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THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

Will listing costs still dominate in a post-COVID world?

As financial markets and the wider economy emerge from the COVID-19 lock-down, will issuers be taking a different view when it comes to the price of maintaining their exchange listing? After all, looking at the slew of capital raises we've seen across all markets in the past few months, the model certainly seems fit for purpose and whilst valuations were rocked by the initial spectre of the pandemic, many sectors have been relatively quick to find stability.

Assessing costs

However, there's no shortage of suggestions that many companies will either move to fully remote working or a hybrid home/ office model, a turn of events that has the potential to free up significant quantities of cash, be that through lower overheads or even the ability to liquidate property assets to help bolster the bottom line. Unfortunately, that is of little relevance to the myriad of companies that find themselves with manufacturing operations to support or costly field exploration projects. If anything, these very businesses will now need to be even more exacting when it comes to line item spend, to ensure shareholders are not lured towards those issuers who are now seeing their cost base fall. There's no escaping the fact that obtaining and maintaining a listing are both expensive processes. They are adviser-heavy as indeed they need to be, to ensure that due process is always followed and high quality markets can be maintained. But with such a wide range of issuers in the market, from multi-billion pound blue chips at one end of the spectrum to micro-caps at the other, a one size fits all solution will never be right. This is at its most evident when talking about choice of listing venue, be that the main London market, AIM, Aquis or indeed a 'matched bargain' proposition such as JP Jenkins or Asset Match. But scratch a little deeper and are there other costs where the smaller issuers are paying disproportionately more than they need for a service?

A different approach

Avenir prides itself in having taken a different approach when it comes to providing the critical securities registry service which is needed by every issuer. Our technology platform was developed from the ground up, designed to ensure maximum efficiency at every stage of the process. As a system that puts electronic certificates first, we have no need for expansive offices or archiving facilities. As a result, records can always be accessed remotely, either by ourselves or by our clients, which means not being tied to a single, central location has been a core part of the Avenir proposition since day one. This lower-cost base also means that we can deliver right-sized solutions designed to meet the needs of each individual client, whilst these built-in efficiencies also mean that where others may charge on a per transaction basis, we can simply bundle that within our core pricing.

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Reviewing suppliers

And it’s worth bearing in mind that efficiencies may be found elsewhere, too. From the Primary Information Provider (PIP) used to publish regulatory filings, your financial PR support, company secretarial services, corporate advisers, lawyers, investor relations specialists – the list goes on. Using this juncture to review all these services, making sure they are fit for size, have the ability to provide a competent operation fallback and are in turn providing sound shareholder value could well prove to be a meaningful investment. There’s no escaping the fact that the COVID-19 pandemic has taken an horrific toll on both lives and livelihoods. The expectation is that a new normal awaits – those who don’t seek out change risk being seen as the outliers.

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