LISTING BENEFITS

The National Stock Exchange of Australia Limited could offer a bright future to SMEs and regional businesses.

There is now an alternative for capital raising and provision of a market for listed securities in Australia. The National Stock Exchange of Australia Limited (NSX Limited) is Australia's second official stock exchange approved under the Corporations Act.

NSX focuses on being the premier Stock Exchange for small- to medium-sized and regionally based companies, as well as providing a marketplace for niche, securitised assets. The NSX Listing Rules have been tailored to reflect the requirements and capital needs of a variety of corporate structures and security issuers. In broad terms, for a company to have its securities listed for quotation on the NSX, it only has to meet the following requirements:

- A minimum of 50 shareholders (25 for debt securities)
- A minimum market capitalisation of $500,000 on listing
- At least 25 per cent of the issued shares in the hands of the public
- Two-year adequate financial track record (or the IPO is underwritten)
- Appointment of a Sponsoring Broker & Nominated Adviser
- Compliance- or Prospectus-based admission.

NSX Limited now has more than 110 listed securities representing over $1 billion in market capitalisation across its two exchanges. One of the companies listed is Bidgee Finance, a regional finance company that specialises in the provision of all types of finance throughout its six branches in NSW, Victoria and SA.

As well as a finance broker, Bidgee is a financier in its own right with a loan book in excess of $100 million. This structure enables the company to provide or arrange finance for any worthwhile purpose.

In recent years Bidgee's profitability and its number of shareholders has grown considerably. As an unlisted company, the growing number of shareholders made it necessary for more time to be devoted to the management of share transfers and the corporate register, time which could have been spent on growing the business further.

Bidgee's Managing Director, Martin Hill, summed up the decision to list this way.

"The issue of whether to list or not was one we debated for some time. In the end the decision became easier once we looked at the benefits of listing on the NSX.

"We weighed the cost of continuing to manage the transfer of shares and the shares register ourselves against the costs and benefits associated with listing. We had in the past looked at the ASX but thought it was too expensive for a company our size. The NSX suited our budget.

"Ours was a compliance listing so we were not looking to raise any capital, however the ability to do so in the future was definitely a consideration. The fact that the NSX was also part of CHESS [Clearing House Electronic Subregister System] for the settlement of transactions was also an attraction as was being part of an open and transparent market."

In a similar way to which the NSX provides a vehicle for companies to raise capital, Bidgee can also assist in raising working capital for its customers on a smaller scale.

Bidgee has been able to provide working capital loans and a host of other types of finance for both established and start-up businesses. The fact that Bidgee has its own money to lend makes it possible for it to provide finance for things that fall outside the strict lending policies of the mainstream financiers.

Mr Hill explained, "As a smaller, more personalised financier we are able to get to know our customers better and therefore get a greater understanding of their business and their needs."

"There is a great desire for more investment options," says NSX CEO Richard Symon, "And a very significant proportion of investors are interested in community-based enterprises. At the same time, there are many regional companies that are ready to take the next step of moving into the public domain.

"Both Bidgee and the NSX can offer alternatives to the bigger players in their respective industries but neither compromises on the end result." ■