



ALBANIAN SECURITIES EXCHANGE
BURSA SHQIPTARE E TITUJVE

LISTING
at
**Albanian Securities
Exchange**

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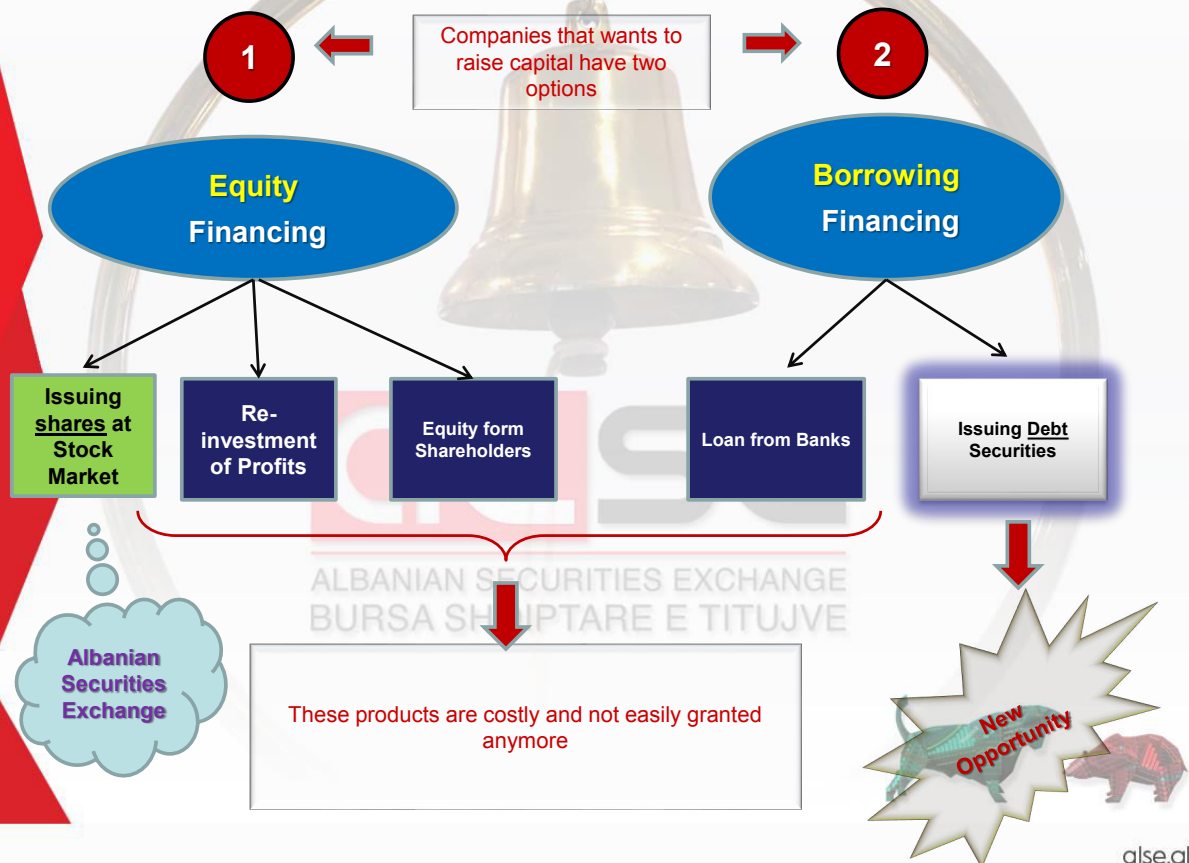


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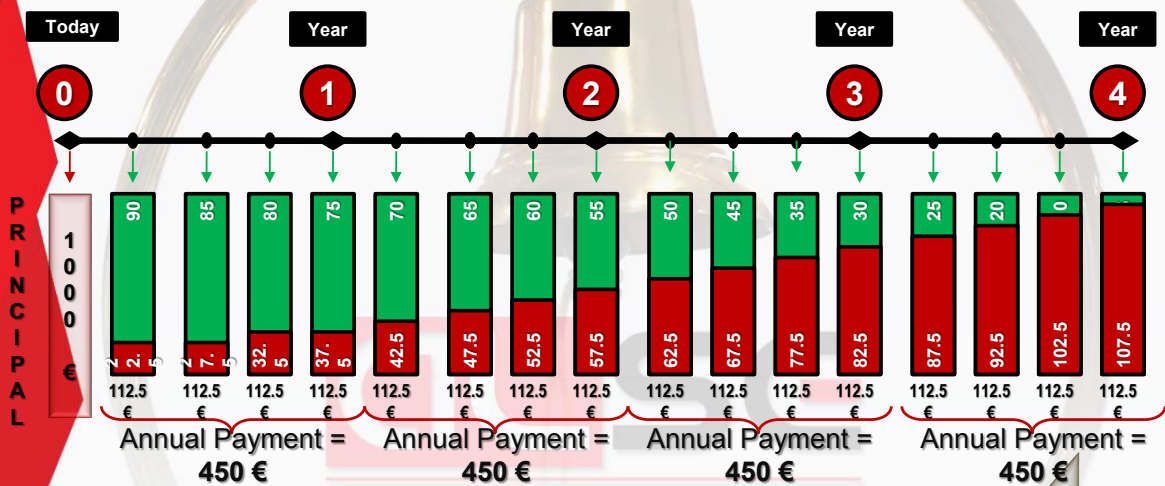
BASIC CONCEPTS

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FINANCING METHODS



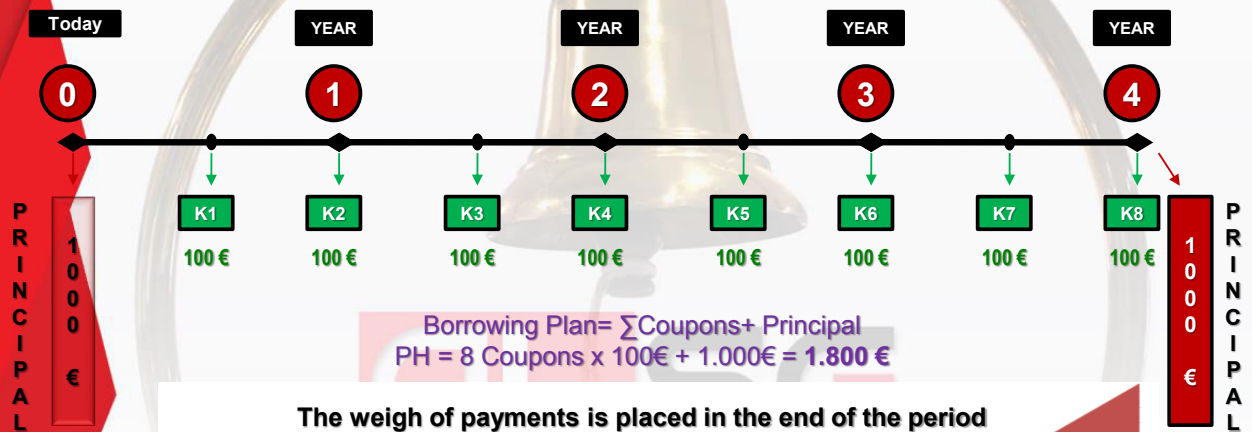
Borrowing through BANKING LOANS



The weight of payment is uniformly distributed over maturity time

Principal is paid in addition to interest

Borrowing through CORPORATE BONDS

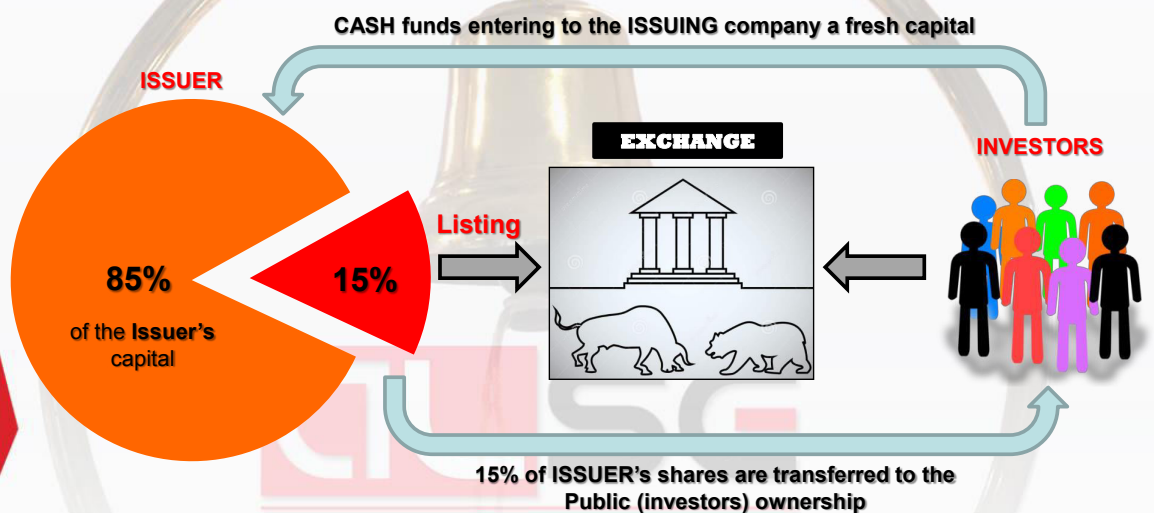


During the lifetime of the bond only coupons are paid

Principal is paid at maturity date

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FINANCING through issuing COMPANY SHARES



ADVANTAGES

1. Cheaper financing costs (compared to borrowing)
2. Raises huge amounts of funds and capital
3. Fresh capital (funds) entering to the issuing company which do not to be paid back.

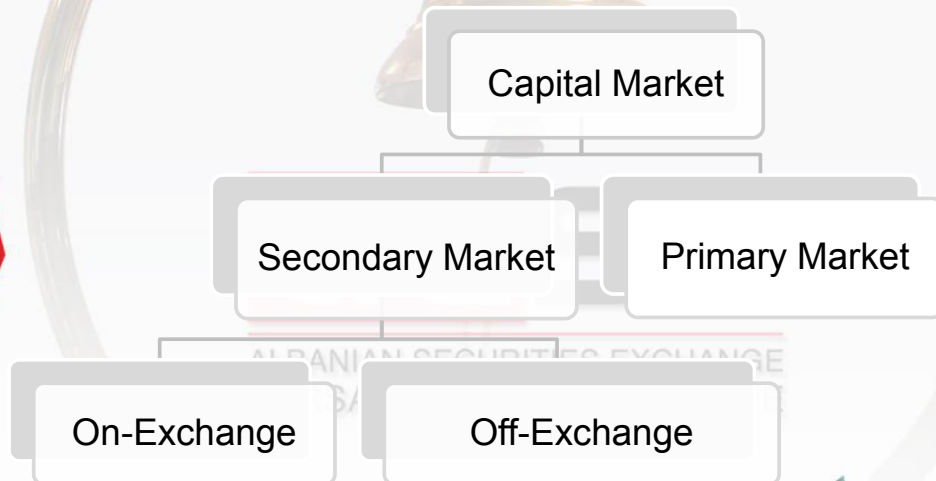
DISADVANTAGES

1. Higher transparency and financial accountability for the Issuer
2. Giving up 15% of the company (decision-making, dividends etc).

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CAPITAL MARKET

The capital market is the place where governments and businesses sell securities to have more money to finance their activities, and buyers or investors buy these securities in order to benefit from the interest they derive from.



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Primary and Secondary Market

Primary Market– makes possible the issuance of new securities (trading for the first time).

Before this process, the issuing entities (Issuers) must meet the necessary requirements for listing these securities in an Exchange. The issuer commits an investment bank, a brokerage firm or other securities firm to manage those issues on their behalf.

Secondary Market– makes possible the trading of existing securities that were previously issued in the primary market. It's the market where the securities' ownership changes frequently.

The secondary market is a very liquid market, in which is made a transparent assessment of the performance of listed/quoted companies.



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What is the Exchange? Characteristics and its organization

The Exchange is a market established and organized specifically to meet the flows of demand and offer for securities of transferable assets issued by joint stock companies, the state and other entities public.

Main Functions of Securities Exchange:

Capital Increase – enables companies and other organizations to ensure financial means by offering officially tradable securities.

Investment Tool – gives the possibility to those who possess free funds and liquidity to choose between a wide and selected range of securities, the most appropriate asset to engage their capital and achieve the expected rate of return.

Liquidity Tool - guarantees the regular contracting of officially tradable securities and provides a quick and easy *cashing* process.



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Why a Business / Legal Entity chooses to use the Exchange?

Rising Funds - to use them as funds to invest in increasing the volume of activity of the legal entity. (Entities in the expansion phase and lack of capital needed to finance this growth)

Realize Profit- to evaluate their business at market price and to convert into liquid income (*cashing*) the real value of the holdings of the shareholders in the company (companies that have been successful in the market and are in a maturity stage)

Prestige - companies or legal entities that do not need to raise funds, or to convert the value of their holdings into liquidity, look at stock market listing as a prestige and positive advertisement for their business.



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Private Placement

Private Placement represents a direct sale offer of securities only to a small group of large investors, or a limited number of institutional investors.

- Limited number of investors (less than 100 investors);
- Investors are mainly institutional (but not limited to):
 - a) Banks
 - b) Pension Funds
 - c) Venture Capital etc.
- Contains liquidity risk as it is difficult to find buyers.



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Initial Public Offer (IPO)

The Initial Public Offer (IPO) represents the first public sale of shares of an company that may be a privatized enterprise or a private company that is created as a public shareholding company.

- There should be **more than 100 investors**;
- Provides **higher transparency** for the public;
- Requests parallel **listing on the Securities Exchange**;
- Companies have more responsibility;
- Companies are advertised in the media.

NOTE: Initial Public Offering is considered any issue of securities of all classes (including debt securities) to the public. Under the Albanian Law on Securities, it is considered that a securities offering is a Public Offer when it is offered by means of public media (media) of at least 100 investors.



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STEPS BEFORE LISTING

What should a business do to issue securities with Public Offering

Before deciding on a Public Offering, an issuing business should:

- Have at least 3 years from the establishment as a business,
- Be profitable at least the last financial year before listing,
- Have audited financial statements under International Financial Reporting Standards (IFRS)

Before starting the process of the Public Offering of its securities a business should follow the following steps:

- Step 1:** Change the legal status of the company in Joint Stock Company . (if it is an Ltd.),
- Step 2:** Take approval of the governing bodies (Assembly of Shareholders) on issuing
- Step 3:** Choose a financial intermediary (Bank or Brokerage Firm), which conducts the Due-Diligence and determining the price of the securities.
- Step 4:** Decide which of the methods of Public Offer will choose to use with or without Underwriting
- Step 5:** Determine which bank will be used as a Trading Agent (if different from underwriter making Due-Diligence)
- Step 6:** Prepare the Prospectus document (informative issuing passport) to submit it to AFSA (Albanian Financial Supervisory Authority)
- Step 7:** Prepare the Listing Securities file on Stock Exchange
- Step 8:** Receive written approval from AFSA for the Prospectus
- Step 9:** Start preparations for media publication of the Public Offering process (Road-Show)
- Step 10:** Starting the Public Offering process at the bank's agent counters. Closing the Offer
- Step 11:** To be listed on the Stock Exchange, and start trading the securities.

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Interested in Listing ?

Contact :

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▸ TRADING

▸ LISTING

▸ MEMBERSHIP

▸ SUPERVISION

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