



# Official ECM Ranking Criteria 2013

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### ECM - Fundamentals

ECM consists of all transactions in the Equity Capital Markets (Domestic, International, Institutional, Retail). Eligibility as an ECM transaction is defined by the following key principles:

- Run from the ECM desk
- Represents ownership transfer / stake sale
- Consists of an actual capital raising for a client
- Sold to the “market” ( represented by a typical ECM investor base)

A transaction will not be considered for inclusion if these fundamental principles cannot be applied.

### Section 1 ECM Rankings - Ranking Guidelines

- 1.01 Applicable ranking credit is referenced at the time the transaction is priced. For rights offerings and Guaranteed Pro-rata Allocations (GPAs), credit will be given when the offer results are announced.
- 1.02 Ranking credit for Greenshoe options is allocated at the time the option is exercised but referenced to the pricing date of the transaction. Brownschoe options are treated in the same manner as Greenshoe options, with ranking credit allocated when the final results are known.
- 1.03 Credit in rankings is given only to bank parent companies. In the case of a merger or consolidation, the surviving company only will receive credit. The group head, which is the investment banking division name of the parent entity, appears in rankings.
- 1.04 Ranking credit is split equally amongst named Bookrunners on a tranche by tranche basis. If a deal tranche has no bank named as bookrunner, top tier managers on that tranche will be credited. Underwriting participation may be used to make the determination.
- 1.05 On deals structured as a single offering all transaction credit will be allocated to the deal bookrunners.
- 1.06 If a bank is named in a prospectus or other equivalent documentation as ‘Passive’, ‘Co’, or other appended Bookrunner title that is suggestive of a ‘junior’ Bookrunner role, the Bank will be credited as a Lead Manager (‘Non Book Lead’) for ranking purposes and receive no credit in a Bookrunner ranking table.
- Differentiation of a Bank or group of Banks as ‘Active’, ‘Senior’, ‘Physical’ or other Bookrunner title will not be considered for exclusion of Banks named as Bookrunner.
- 1.07 If an entity, such as a government, whose normal business activities do not involve executing ECM transactions, is named as a bookrunner or underwriter, ranking credit may only be allocated to banks on the transaction which performed the bookrunning role.
- 1.08 Banks named as a POWL bookrunner will only be credited if the shares sold in the POWL are underwritten separately from the international offering or the POWL allocation is disclosed in the prospectus.
- 1.09 Convertible rights offerings are credited in ranking tables and classified as convertibles.
- 1.10 Mandatory exchangeables are classified according to the nationality of the underlying asset.

## Official ECM Ranking Criteria 2013

- 1.11 Nationality is based on that of the issuer regardless of where the deal is marketed. Finance vehicles are classified according to the nationality of the parent company.
- 1.12 US Nationality rankings will include deals by companies from the US, Bermuda, Cayman Islands and Puerto Rico.

### Section 2 ECM Rankings – Inclusions

- 2.01 Initial Public Offerings (IPO's), Follow-On Offerings (such as Fully Marketed, Rights offerings, GPAs, Overnight offerings) and Convertible offerings (Convertible Notes, Convertible Debentures, Convertible Preferred), and in some instances other structured equity offerings.

- 2.02 Bought Deals and Accelerated Bookbuilds (Overnight transactions). Stock is expected to be re-offered at a single price at a single point in time. Bought deals and hard underwritten Accelerated Bookbuilds will be given full credit as long as there has been a clear attempt to re-vend at a single price.

Corporate sellers are included although Institutional sellers are not automatically excluded.

In EMEA sales of shares by institutions will be included where the name of the seller is publically disclosed and details of the deal clearly demonstrate execution through the ECM group and it is determined that the seller was acting as a corporate or it was the sale of a core shareholding (e.g. pre-IPO stake; stakes held for significant time periods.)

In Asia sales by institutions will be included where the issuer is a solely Asian listed entity, the sellers name is disclosed and there is a suitable level of public disclosure to indicate a capital markets offering. Where the nature of a deal is unclear one of the following documents should be provided:

- Launch Term Sheet / Marketing Wire;
- Underwriting / Sales & Purchase Agreement
- Details of Rep letters

Latin American blocks are included where there is a market announcement indicating a trade; sellers are disclosed; full details of the deal are provided to Dealogic; and the value is above US\$20m.

- 2.03 Sales to Institutional and Retail investors.
- 2.04 Bought Deals by US issuers if there is an SEC filing registering the respective shares.
- 2.05 Rights Offerings, GPAs and offerings of Rights. Credit will be split equally between the top tier managers. If no syndicate structure is specified, underwriting commitment may be considered to decide credit. Offerings of Rights are credited separately from the Rights Issue.
- 2.06 Sales of shares + puts are included and credited in full at the time of sale. Any shares ultimately returned to the vendor as a result of the puts will retroactively be removed from credit at such time the transfer becomes known.
- 2.07 Chinese A-shares and offerings in other previously closed markets<sup>1</sup>.

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<sup>1</sup> From 2009 onwards

## Official ECM Ranking Criteria 2013

- 2.08 Chinese A-share private placements sold, for regulatory reasons, to a limited number of investors will be eligible for inclusion assuming compliance with other ECM criteria. Credit will be referenced to the time the bookrunners are named.
- 2.09 Share sales linked to forward sales agreements as long as there is a recognizable Investment Banking client on the transaction and there is a clear intention for the forward sales agreement to be settled in stock.
- To help determine whether a transfer of a stake is expected, Dealogic will consider the following:
- Wording of official documents
  - Press reports at the time of the offer
  - Evidence of stock transfer
- 2.10 Income Deposit Securities – IDS's.
- 2.11 Business Development Companies – BDC's
- 2.12 Blank Check Companies – BCCs or Special Purpose Acquisition Companies –SPAC's.
- 2.13 Shares sold to Strategic, Cornerstone or similar investors provided the shares are sold as part of the offering. Factors considered in determining whether it is part of the offering include underwriting, price and fees.
- 2.14 Share sales of Private Equity and Hedge Funds.
- 2.15 Index or basket-linked convertibles with equity participation at conversion.
- 2.16 Secondary convertibles not previously sold to the public market. The sellers must be disclosed and the convertible is expected to be re-offered at a single price at a single point in time. Full credit will be awarded as long as there has been a clear attempt to re-vend at a single price.
- 2.17 Synthetic convertibles if there is a clear third party Investment Banking client link to the transaction as evidenced in a prospectus or other official documentation.
- 2.18 Bonds with Warrants will be included as Equity-Linked transactions where:
- They are sold and tradable as units (evidenced by a separate ISIN for the combined unit); and
  - Warrant coverage is 50% or more
- 2.19 Pre-IPO convertibles as long as the company due to IPO is specified and has a genuine intention to float. These will only be included if there is documentation fully in the public domain, the terms are widely available and all other ECM criteria are met.
- 2.20 Pre-IPO stock sales are included in Common Stock but not IPO rankings. To be included there must be potential trading of the security together with full offering documentation such as a prospectus.

## Official ECM Ranking Criteria 2013

- 2.21 Private placements to an ECM investor base are included. A combination of the following factors may be used to confirm that it is not an M&A style bilateral placement or trading activity:
- Public press release
  - Marketing communications
  - The proportion sold to a single or named investors if no indication of wider marketing
  - Structuring of the deal (e.g. investor lock-ups, joint venture agreements)
  - Press reports at the time of the offering
  - Presence of underwriting
  - Use of standard ECM naming conventions for bank roles
- 2.22 Self-led transactions. Where suitable, additional rankings will be published excluding credit from self-led issuance.
- 2.23 Indian Offers for Sale.
- 2.24 Brazilian REITs will be included where there is an international, syndicated offering as evidenced by a 144a prospectus.

### Section 3 ECM Rankings – Exclusions

- 3.01 Funds that raise capital from the equity markets if they satisfy the following conditions:
- A closed end fund, and
  - Regulated as an investment company under the Investment Company Act of 1940 and treated as a regulated investment company (RIC) for tax purposes, in each case excluding business development companies (BDCs), and
  - Invests in a diverse portfolio of stock and bonds with the intention of distributing substantially all of its income to shareholders on an annual basis.
- 3.02 In rights issues and GPAs pro-rata take-up by named shareholders will be excluded if that take-up is publicly announced before the end of the subscription period. Any additional final take-up as a result of pre-committed agreement, above the pro-rata entitled amount, will also be excluded. Shares covered by the pre-commitment but sold to the market will be credited, regardless of underwriting.
- Announced pro-rata take-up by controlling shareholders only will be excluded for Australian and New Zealand executed rights issues and GPAs.
- 3.03 Third-party underwritten deals will just be credited for the portion sold to the market.
- 3.04 Non-underwritten employee tranches.
- 3.05 Share Buybacks. Ranking credit will not be given for shares bought back by the issuer as part of an ECM transaction.
- 3.06 Pure trading transactions.
- 3.07 US PIPES, Registered Directs, “at the market” offerings and other US best-efforts deals.
- 3.08 Convertibles or part of a convertible with pure cash settlement and no option and expectation of equity participation.
- 3.09 Offerings of convertible bonds sold solely via retail branches as a savings product.

## Official ECM Ranking Criteria 2013

- 3.10 Index or basket-linked convertibles with cash settlement.
- 3.11 Issues convertible into a fund.
- 3.12 Share sales that are tied to Stock Lending Agreements and used to facilitate the hedge on a convertible bond.
- 3.13 Non-mandatory convertible bonds with a maturity date less than one year after settlement date.
- 3.14 Warrant offerings. Where relevant, rankings including warrants will be published.

### Section 4 ECM Rankings – Publishing and Submission Guidelines

4.01 The deadline for end of quarter submission is ten business days prior to the last day of the quarter.

4.02 Dealogic reserves the right to request the following:

- Prospectus
- Timely Press Release
- Wire
- Press Reports – at the time of the transaction
- Underwriting agreement

Dealogic may also request written confirmation from bookrunners confirming the details of the transaction and structure in the case of debate.

4.03 Private documentation will not be accepted in support of a claim for credit where such information could reasonably be expected to be in the public domain. Specifically letters from an issuer of similar documentation that gives information on bank roles will not be accepted. If clarification to a role is made it must be publicly disclosed by the issuer and available to the market. If a transaction structure is unclear private documentation may be used for clarification. In those circumstances alone private documentation may be used to determine a deal's eligibility with the criteria.

4.04 Transactions with conditionality features are credited at pricing. If no money is raised because settlement did not occur, ranking credit will be removed retroactively.

4.05 Equity Capital Markets Rankings are published on a quarterly basis, with a final year-end league table aggregating a full year of ECM activity.

4.06 Transactions not denominated in US dollars will be converted to a US dollar equivalent at the date of pricing.

4.07 Standard rankings apportion bookrunner credit equally amongst named bookrunners. Additional rankings will be made available, where suitable, apportioning credit among named bookrunners in amounts proportional to participations.

### ECM Rankings – Definitions

**IPO** The first time shares of a company are offered, in conjunction with a

## Official ECM Ranking Criteria 2013

	listing, to investors internationally or domestically in any market worldwide.
<b>Follow-on</b>	Offerings from an already trading issuer. Includes new listings such as AIM to LSE transfers co-incidental with share offerings; REIT conversions tied to the issue of new stock.
<b>Convertible</b>	Convertible securities originating in ECM and marketed to an ECM investor base where there is an expectation of equity participation on conversion.
<b>Self Led</b>	Consists of offerings of primary shares by an issuing bank, carve-outs of wholly-owned subsidiaries and sales of secondary shares held by the bank, with an affiliate in a bookrunning role.
<b>GPA's</b>	Guaranteed Pro-rata Allocations include all deals where existing shareholders are guaranteed an allotment pro-rata their current holding in a company – e.g. UK Open Offers.
<b>Tranche</b>	A distinct publicly disclosed part of the offering with a distinct syndicate and number of shares.
<b>Nationality</b>	The headquarters location. In certain circumstances, including nominal headquarters in a tax haven, other factors, such as nationality of incorporation, operations or expertise, may be taken into account.
<b>Equal apportionment</b>	Each qualifying bookrunner receives an equal portion of the tranche value on which it worked.
<b>Controlling shareholder</b>	A shareholder with a 20% or greater stake.

### ECM Rankings – Contact Details

For more information regarding the 2013 Rankings criteria please contact the following members of the Dealogic ECM team.

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