HMRC - STSM041300 - Exemptions: Growth Market Shares - Recognised Growth Markets - How To Qualify As A Recognised Growth Market - The Market Capitalisation Condition

A market can apply to be a recognised growth market if it falls within the definition of a recognised stock exchange and meets one of two conditions see STSM041290.

Here are details about the market capitalisation condition (s99A(5)(a) FA 1986):

The condition is that a majority of companies trading on the market must be companies with market capitalisations of less than £170million.

A company’s market capitalisation is calculated by taking the average of the closing market capitalisations of the company on the last trading day of each calendar month (or part of a calendar month) in the qualifying period.

The ‘qualifying period’ is the shorter of:

the last three calendar years preceding the relevant time; or

the period beginning with the day that the company is admitted to trading on the market and ending at the end of the last calendar year preceding the relevant time

A company is disregarded in the calculation where it is admitted to trading on the market in the calendar year in which the relevant time falls.

The ‘relevant time’ is any time that the market qualifies.

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