

Ferretti Group achieves first double listing in Italy and Asia through Euronext Securities Milan



FERRETTIGROUP



In 2022, luxury yacht manufacturer the Ferretti Group listed on the Hong Kong Stock Exchange. A year later, the Group approached Euronext about the possibility of listing in Italy as well, the first ever dual listing between the two exchanges.

Euronext Securities Milan designed a unique cross-border model that allows shareholders to transfer securities and trade seamlessly in either Borsa Italiana or Hong Kong.

Pierluigi Dimonopoli, Head of Sales, Corporate Issuers at Euronext Securities Milan, explains what was involved in making the dual listing possible. “This was a particularly complex process, as the legal and regulatory frameworks, market practices, time zones and currencies in the two countries are so different. We had to work together with multiple market players throughout the process to make sure settlement was completed accurately.”

Creating a model for cross-border share transfer

The Euronext Securities Milan team first had to investigate how to create a dual listing between Hong Kong and Borsa Italiana, particularly regarding post-trade issues. “Ferretti wanted any investor holding shares in Hong Kong to have the option of moving those shares to Borsa Italiana and vice versa,” Pierluigi relates. “So, we’re talking about the same stock on



both exchanges, with the same ISIN code. This would involve creating a true cross-border transfer, where shareholders could either trade in Borsa Italiana or in Hong Kong.”

To meet this requirement, Euronext Securities Milan constructed a model where it acts as the issuer CSD and where 100% of share capital – including the shares listed in Hong Kong – was fully digitalised. “Digitalisation is critical to building a cross-border model,” Pierluigi explains. “We built an account structure in our CSD, where the shares listed in Borsa Italiana are handled using the same account structure as all other shares listed with us. However, for the shares listed in Hong Kong, a dedicated intermediary account was opened to deposit all the shares. This means that 100% of Ferretti’s share capital is with Euronext Securities Milan.”

Managing the registration of shareholders

Another important step in building the cross-border model was figuring out how to manage the shareholder registration process. If a shareholder wants to move shares from Hong Kong to Borsa Italiana, they contact their bank and prepare the transfer instructions. They then instruct the custodian in Hong Kong to transfer the shares to Borsa Italiana. The custodian, in turn,



cancels the shares in the Hong Kong register and tells Milan to credit the shares to the shareholder's Intermediary account in Euronext Securities Milan. Euronext Securities Milan then marks down the number of shares by the appropriate amount in the dedicated account representing all Hong Kong-listed shares and marks up the securities account of the relevant custodian bank in the CSD. In this entire process, the beneficial owner doesn't change.

Corporate actions are cross-border as well. "We built the account structure so that we can pay dividends in euros for shareholders based in Italy, and in Hong Kong dollars for shares listed on that stock exchange," says Pierluigi.

Guaranteeing same-day settlement

Since the dual listing, the cross-border transfer model has been put to the test. "We've performed a few transfers of shares from Hong Kong to Milan," Pierluigi says. "Overall, the Hong Kong account has been reduced by around 30% of the initial number of shares." For all these transfers, Euronext Securities Milan has ensured timely settlement. "We've been able to make these share transfers within T+0. So, from the day we get the instructions, we're able to settle the same day." This level of efficiency is important to prevent share duplication and to ensure that the shareholder registration process is executed in a timely manner.



An opening day that surpassed expectations

On 27 June 2023, Ferretti Group debuted on Borsa Italiana. The company's main shareholder sold approximately 30% of its own share capital to create enough liquidity with the dual listing. During the placement phase, Ferretti Group raised €265 million, excluding the potential exercise of the over-allotment option. If the market players exercise this option, the total amount raised will be €292 million. Market capitalisation at admission was approximately €1 billion.

When commenting on the successful dual listing, Alberto Galassi, CEO of the Ferretti Group, stated, "We are proud to be listed now on both Euronext Milan and the Hong Kong Stock Exchange, making Ferretti Group the only company to have completed the dual listing. It has been a challenging journey, like any good adventure worth telling. We all worked hard and enthusiastically together to find the necessary solutions to make this possible. We are grateful to the Euronext Securities Milan team, the legal advisors and the banks for their support in achieving this milestone."

A cross-border model with tremendous potential

With its unique, cross-border model in place, Euronext Securities is now well-positioned to help issuers access a broader range of international markets. "Euronext Securities already has a solid experience supporting Italian issuers on their Yankee Bond placements, allowing them to successfully access the U.S. debt capital markets," comments Pierluigi. "Now that Ferretti Group has paved the way, the door is open for Euronext Securities to provide the similar account models and cross-border issuance services to cover Asian markets."

Shaping capital markets for future generations