Bitcoin recovers after tumbling 20 per cent

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China's central bank and other regulating authorities banned ICOs yesterday

THE PRICE of bitcoin bounced back somewhat yesterday after tumbling around 20 per cent from its all-time high.

The cryptocurrency dropped sharply earlier this week after Chinese regulators banned initial coin offerings (ICOs), a process wherein a digital token is issued to investors in return for equity, access to a platform or another reward.

Bitcoin's price has been on the decline after it broke through the $5,000 barrier over the weekend to peak at an all-time high of $5,013.

After being pushed lower by Chinese regulations yesterday, the cryptocurrency bottomed out at $4,037.50.

Bitcoin prices pared back losses to trade up at $4,355.55 later in the day.

The wider cryptocurrency market also felt the burn from China's new rules this week, falling from a high of $179bn (£137.5bn) to $145bn yesterday.

The ether token, another popular cryptocurrency, was trading 1.75 per cent up at $303.98 at the time of writing. It followed a similar rocky course over the past few days that dragged it down from near all-time highs of $400.

It is not yet clear how China's new rules will impact the more established digital currencies like bitcoin and ethereum's ether token. However, the move was the most significant crackdown yet by a national authority on ICOs.

The People's Bank of China, the country's central bank, and regulating authorities in the country said raising cash through a cryptocurrency or digital token would no longer be allowed.

ICOs have raised billions in recent months as cryptocurrencies grow in popularity.

The US Securities and Exchange Commission gave advice on ICOs for the first time ever in July.

United Tech will not break up after deal

ALWYN SCOTT

AEROSPACE and industrial company United Technologies said yesterday it has no immediate plans to sell off other businesses after it agreed to acquire avionics supplier Rockwell Collins in a $23bn (£17.75bn) deal that creates a powerhouse aerospace supplier.

United Tech also knocked down speculation that the acquisition would prompt it to spin off other businesses, such as Carrier air conditioners or Otis elevators.

"We need the cash flows from all the businesses to help pay down some of this debt" and retain an investment-grade credit rating, United Tech chief executive Greg Hayes said on a conference call with analysts.

United Tech expects to borrow $15bn to fund the deal, Hayes said, and it will assume $7bn in Rockwell Collins debt as part of the transaction announced on Monday, which is expected to close by the third quarter of 2018.

"Because the deal is structured as a conventional acquisition with debt, United Tech has to pay some of this off before doing anything else," said Robert Stallard, analyst at Vertical Research Partners.

The acquisition creates a major supplier to Boeing, Airbus and Bombardier at a time when the plane makers are pressing for price cuts and trying to compete against suppliers on services and spare parts. Reuters

Gear4music results hit a few flat notes

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THE UK's largest online retailer of musical equipment yesterday announced revenue growth was ahead of its expectation for the first half of the year, as it gained market share across northern Europe.

Despite the growth, shares were down 2.16 per cent at the close as the company reminded investors that its success had come at a cost.

Gear4music has been investing throughout 2017. It noted a strong start for its new distribution centres in Sweden and Germany, but added that investment into proposition and infrastructure increased operational costs and restricted margins in the short term.

Dalata increases pre-tax profits

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SHARES in Dalata Hotels climbed more than seven per cent yesterday after pre-tax profits in the first half leapt 80 per cent.

The Irish hotelier's portfolio includes the Clayton Hotel in Chiswick and the Clayton Crown Hotel in Cricklewood.

The group said its London hotels achieved revenue per available room above the market average.

Bosses must tell employees before spying on work e-chats

LYNSEY BARBER
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EMPLOYERS can monitor the email and online messages of staff at work an EU court has ruled, but they must alert staff beforehand.

The landmark finding comes after a long-running case was taken to Europe's highest court by a Romanian man fired for sending private messages via his professional Yahoo messaging account.

The European Court of Human Rights yesterday supported the man's assertion that his privacy had not been protected because no notice had been given that his communications at work were being monitored.

The grand chamber of the court of European Court of Human Rights ruled in favour of the man and against the previous rulings by 11 votes to six. The clarity brought by the ruling was welcomed by privacy campaigners.

THE OTHER LONDON STOCK EXCHANGE

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NEX Exchange companies' research is available on our website. Register for upcoming investor events at nexexchange.com/events. To find out more, ring 0207 818 9774 or email enquiries@nexexchange.com.

MIFID II – CHANGING THE FACE OF EQUITY RESEARCH FOR SMALL CAP COMPANIES


Shane Smith, CapitalConnections.TV and IntelligentCrowd.TV chief executive, and Mark Sandeford, director at WeConvene

HOW RELEVANT IS EQUITY RESEARCH TO A TYPICAL SME?
Equity research is fundamentally important to SMEs. Most do not have dedicated, in-house investor relations professionals, and senior executives are busy with their core roles. Furthermore, equity research analysts will have a greater purview of peer, adjacent and competitive businesses to provide some valuable insights – it is like a light switch for the investor audience. Equity research can improve liquidity and make it easier to raise further capital; without it, a company is largely invisible to investors.

WHO SHOULD BE PAYING FOR THIS RESEARCH AND HOW OFTEN?
Dealing commissions have been declining since the Big Bang in the 80s and through the popularisation of online trading in the 90s. Since the cost of research has been bundled with commissions which have steadily declined, equity research costs have essentially been shouldered by the investor. With this squeeze, research budgets have been directed to only the most liquid stocks, with others, including SMEs, turning to paid-for ("sponsored") research providers to replace buy side research. However, the landscape is expected to change radically again with the advent of MiFID II.

HOW WILL RESEARCH PROVISION CHANGE UNDER MIFID II?
MiFID II takes effect in January 2018 and prohibits the provision of "free" research bundled with dealing commissions. The buy-side will need to account for the true cost of the research they are consuming and pay for this out of their own P&L, or pass it on to investors explicitly. SMEs will look for ways to keep their investor base informed and engaged, especially if they are raising capital.

WHAT IS YOUR ADVICE TO A COMPANY THAT IS NEW TO THE PUBLIC MARKETS?
MiFID II will put increased emphasis on inhouse IR teams to maintain an SME's profile, so it's important for them to be proactive and leverage tech to extend their reach. As well as research and physical events, WeConvene IR helps SMEs reach new investors in ways traditional methods cannot. Distribution of live streaming interactive events is an engaging and powerful means of reaching investors. Strategic investor outreach that is properly targeted achieves the broadest reach to new investors, while remaining relevant to existing investors.

NEX Exchange assists SME growth companies to achieve their financial goals. For more information, visit WWW.NEXEXCHANGE.COM/BENEFITS or ring 0207 818 9774