

# CLEAN TECHNOLOGY Companies



Guide to listing on the  
Cayman Islands Stock Exchange

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## The Cayman Islands Stock Exchange

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# Introduction

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Since its launch in 1997 the Cayman Islands Stock Exchange ("CSX") has developed as a successful specialist stock exchange with a reputation for innovation and flexibility.

Building on our success in listing alternative investment products, in 2013 we launched a new equity market 'XCAY', which operates on Deutsche Boerse's XETRA® trading platform and provides connectivity to up to 400 banks and brokers worldwide.

Our new market targets specialist companies including growth and technology companies. Clean technology represents a significant opportunity for the CSX and we have already attracted listings by companies involved in the production of renewable energy and environmentally friendly biotechnology.

The CSX offers fast and efficient access to financial markets for a diversity of companies. For companies specialising in clean technology we offer a new alternative to traditional exchanges and the possibility of joining a growing cluster of like-minded technology companies who are hosting operations in the Cayman Islands.

Our offering is backed up by:

- a user-base which includes some of the world's leading financial and investment institutions;
- a flexible listing and regulatory regime based on international best standards; and
- a globally recognised trading platform which connects our market to the rest of the world.

A CSX listing provides a new opportunity for companies looking to access global markets.



For more information please contact [csx@csx.ky](mailto:csx@csx.ky) or call us on +1 345 945 6060.

# What the CSX has to offer

## **New opportunities**

As economies develop and governments around the world scale back investment in environmental projects, clean technology companies are looking for new ways to finance their growth. A listing on the CSX may be the right solution, offering the following advantages:

- the opportunity to raise funds from customers, local residents and business partners whilst engaging them as stakeholders in the company's development;
- banks and other lenders may require a listing as a pre-condition to finance or may prefer having listed equity as collateral;
- better access to institutional and private investors who may prefer the transparency and regulatory oversight that a listing provides;
- listed equity securities can be used to reward and incentivise employees and other stakeholders;
- increased profile amongst customers and business partners.

## **Flexible solutions**

The CSX can list companies at various stages of growth ranging from pre-sales start-ups to companies with several years of established trading operations and profitability.

We can facilitate anything from a full scale international IPO to a more targeted offering to a limited number of sophisticated investors.

The CSX operates a disclosure based regime which requires that securities offerings are appropriately targeted and that investors are made aware of all of the material risks of investing in a company. Where the securities offering is restricted to sophisticated investors there is a lighter disclosure requirement.

For start-up companies without an established trading record we may require disclosure in the offering document of independent expert reports and presentation of the company's business plan as a basis for an investment evaluation.

## **Access to global markets**

The CSX is located in a United Kingdom overseas territory in the eastern American time zone. During 17 years of successful operation we have developed strong commercial links to American and European markets. This gives us the advantage of being open to companies and investors on both sides of the Atlantic.

### **Trading facilities**

In 2013 the CSX launched a new equity market on the XETRA trading platform, Deutsche Boerse's international cash market platform. Based on the industry-driven and international messaging standard FIX protocol (Financial Information eXchange protocol), the XETRA FIX Gateway offers simple and flexible access to all XETRA markets and up to 400 banks and brokers based around the world.

The CSX is accessible through the FIX Gateway under the market information code 'XCAY'. Trading on XCAY is Monday to Friday continuous with main trading between 12pm to 5.30pm (GMT), pre- and pos-trading sessions and opening and closing auctions.

CSX trades can be settled on Clearstream Luxembourg or any equivalent alternative.

Trades can be made through any of the existing network of CSX broker members or through a 'remote'/overseas broker connecting into the XETRA network.

### **Bloomberg**

The CSX has dedicated pages on Bloomberg Professional which makes news, real-time prices, company profiles and other information on CSX-listed securities available on over 300,000 terminals worldwide. To access this information on Bloomberg type CSX <GO>.

### **International recognitions**

We have various international recognitions including by the United Kingdom tax authority HM Revenue & Customs as a "recognised stock exchange", membership of the Inter Market Surveillance Group (a surveillance focused group of over 30 major exchanges from around the world) and an affiliate membership of the World Federation of Exchanges.

The CSX is also an affiliate member of the International Organisation of Securities Commissions (IOSCO). Our rules are based on IOSCO disclosure principles which means that a CSX approved offering document will be a familiar 'passport' to investors around the world.

### **Fast response**

We understand the timing needs of companies and provided an application is submitted to the CSX in substantially complete form a listing can be achieved in 4-6 weeks.

## Competitive fees

CSX fees for a primary listing of equity securities are:

<b>Market value</b>	<b>(to US\$ 10m)</b>	<b>(to US\$100m)</b>	<b>(over</b>
US\$100m)			
Listing fee	US\$10,000	US\$15,000	US\$20,000
Annual fee	US\$10,000	US\$10,000	US\$10,000

Listing and annual fees for secondary listings by companies with a primary listing on another recognised stock exchange are half those of a corresponding primary listing.

We do not charge trading fees and offer a fixed annual access fee of US\$2,000 to overseas brokers who are regulated in a recognised international market.

## Conditions for listing

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The general requirement is that a company and its business must be suitable for listing on the CSX. In particular companies should be able to demonstrate the following:

### History of operations

- companies must have an adequate operating record under substantially the same management
- the normal requirement for three years prior operations can be varied for start-ups which are able to supply instead a satisfactory business plan and expert report on the company's technology (see below)

### Management and directors

- the directors of the company must collectively have appropriate experience and technical expertise for the management of its operations
- unless the company is restricted to sophisticated investors it must have at least three directors, of whom a majority are independent

### Financial information and working capital

- where available, audited financial statements must be prepared in accordance with IAS or acceptable local GAAP
- an accountants report is required where there has been any material change to the group structure, accounting policies, or a qualified audit in the past three years
- newly formed companies must have sufficient working capital for at least 12 months although companies restricted to sophisticated investors and companies with an established track record need only provide an explanation as to how the necessary working capital will be obtained

### **Start-ups**

- start-ups must be able to meet the following requirements:
- provide a detailed business plan identifying, as appropriate:
  - strategic objectives;
  - key products, services and markets;
  - development milestones;
  - current and expected market competitors;
  - risks and assumptions upon which the plan is based; and
  - details of reliance upon any key individuals;
- provide an explanation of capital expenditure plans and financial commitments together with the funding requirements of the business for a period of at least two years following the listing and a statement explaining how these requirements will be met from existing resources, any anticipated revenue, and the proceeds of any new securities offering at the time of listing;
- where appropriate the CSX may require a report by a suitably qualified independent expert assessing the viability of the company's commercial objectives and business plan;
- where the company's business relates to the development of innovative technology or products the company must demonstrate its ability to attract funds from qualified investors.

### **Liquid market**

- the company must have an expected market capitalisation of at least US\$5 million with a sufficiently liquid market, normally at least 25% of equity securities in public hands (which excludes holdings of directors, substantial shareholders or their associates) unless it is a specialist company limited to sophisticated investors in which case the requirement for a liquid market can be lowered

### **Trading and transferability**

- the equity securities must be freely transferable except to the extent that any restrictions are approved by the CSX
- share "lock-up" provisions will be required for start-ups restricting disposals by directors and senior managers within the first 12 months following listing without the prior approval of the CSX
- securities must have adequate clearing and settlement arrangements
- there must be a registrar and paying agent which can be based in the Cayman Islands or any acceptable financial centre
- the company must make arrangements with a CSX registered broker for share dealing

### **Governance**

- the company must have an independent auditor
- the company must be properly registered and its constitution must meet certain governance standards specified in the CSX rules regarding shareholder rights, corporate actions and directors' conduct
- there must also be a code of conduct governing share dealings by those discharging managerial responsibilities.

# The listing process

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## **Step 1: Appoint a listing agent**

Companies should appoint a CSX registered listing agent. Details of listing agents are on the CSX website. The listing agent is responsible for managing the CSX application and for ensuring the company's suitability for listing. If the company is open to retail investors the listing agent must be, or work with a regulated corporate adviser with appropriate corporate finance experience.

## **Step 2: Satisfy CSX conditions for listing**

The company must be able to demonstrate compliance with all the requirements for listing and should discuss any issues with the CSX as soon as possible.

## **Step 3: Prepare draft listing documents**

The company and its listing agent must prepare a listing document, which can also be the offering document or prospectus. The CSX rules require specific disclosures to be included in the document, which must also demonstrate compliance with the CSX's requirements for listing. The key disclosures are summarised below. The listing document will be reviewed by the CSX before the listing is approved.

## **Step 4: Approval**

Once the CSX is satisfied with an application the listing will be approved and the company will be admitted to listing on the Official List and trading on the CSX's equity market 'XCAY'.

## **Step 5: Admission**

Details of the securities, including any pricing information, will be posted on the CSX's Bloomberg pages and on the CSX website.

## **Step 6: Continuing obligations**

Listed companies must continue to comply with the on-going obligations specified in the Listing Rules, the Code on Takeovers and Mergers and the Model Code.



# Contents of the listing document

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The general requirement is that a company must include in its listing document all information necessary for an investor to make an informed investment decision. In particular the listing document must disclose details of the following:



- general information on the company and its management
- the securities for which application is being made
- the company's capital
- the company's business activities
- financial information on the group
- material contracts

The company must make certain documents available for public inspection including its constitutional documents and financial statements.

A company which is a start-up must also include in the listing document:

- a summary of its business plan, including any key assumptions or sensitivities;
- any independent expert report (if required by the CSX) on the viability of the company's commercial objectives and business plan and details of any material changes since its date of preparation; and
- details of share lock-in arrangements for directors, senior managers and substantial shareholders.

Where the company's business relates to the development of innovative technology or products the listing document must include the following information:

- details of the technology or product being developed;
- the expected advantages of the product being developed including any technical information;
- the nature and effectiveness of any research and development being undertaken;
- the development and status of the product including any internal or external validations including relevant academic studies in relation to the product or technology;
- for products undergoing validation any material information relating to the prospects of the successful completion of such validation;
- information on the registration and ownership of the intellectual property rights relating to the technology or products;
- details of the current or expected market competitors;
- the basis of any claimed market potential; and
- the future strategy of the company regarding the generation of significant revenues from the product including whether the company intends to implement the strategy itself or with others; where the company intends to undertake such activities itself its plans in relation to manufacturing and marketing the product; where the company intends to collaborate with others details including the financial effects, and details of any geographical or segmental variations.



# Continuing obligations

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Once listed, companies must comply with the CSX continuing obligations requirements. The principal obligations are as follows:

## **General obligation of disclosure**

A company must notify the CSX immediately (for announcement) of material developments or matters likely to affect their share price. In certain cases we will also require that a circular be sent to shareholders. Where the company proposes a change that will fundamentally alter its business operations or a significant transaction with a related party the CSX may require the company to obtain prior shareholder approval.

## **Financial statements**

The company must publish audited annual financial statements within six months of its year end and prepare semi annual interim financial statements, which may be unaudited.

## **Quarterly updates**

Start-ups must publish quarterly updates including financial (which can be unaudited) and non-financial operating data relating to the company's business operations and progress made towards meeting its business objectives.

## **Equality of treatment**

Companies must ensure equal treatment of all holders of the same class of listed equity securities.

## **New issues**

Any new issues of equity securities must be approved by the CSX.

## **Exercise of rights**

Shareholders must at all times be given the necessary information and facilities to enable them to exercise their rights.

## **Share dealings**

Companies must implement a model code to regulate share dealings by directors and managers and ensure compliance with the CSX Code on Takeovers and Mergers and Rules Governing Substantial Acquisitions of Shares. These requirements can be varied for companies restricted to sophisticated investors.

## Contact us

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To obtain more information or copies of other CSX publications, including the Listing Rules, please contact the CSX at:

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The Listing Rules and details on listed companies are also available on the CSX's website at [www.csx.ky](http://www.csx.ky)



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