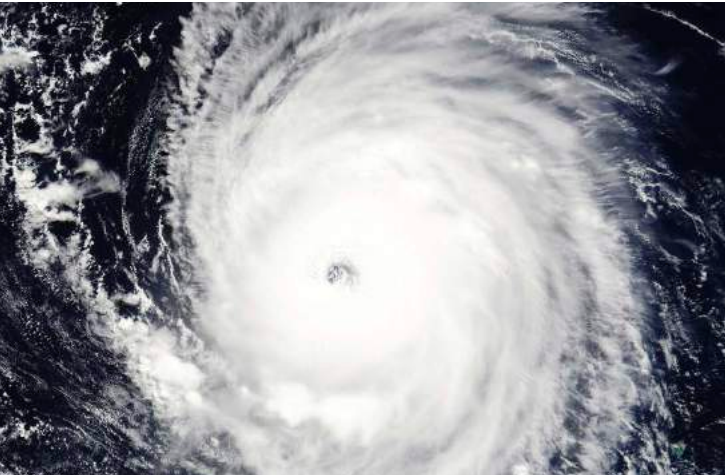


# INSURANCE LINKED Securities



Guide to listing on the  
Cayman Islands Stock Exchange

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## The Cayman Islands Stock Exchange

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# Introduction

The Cayman Islands is recognised as one of the world’s major international financial centres and, with its well established links to global markets, has long been a leading jurisdiction for structured finance, securitisations and capital markets transactions.

The Cayman Islands has also become a major insurance jurisdiction specialising in insurance linked securities (“ILS”) and captive reinsurance companies. Recently enacted insurance legislation has put the Cayman Islands at the forefront of the insurance/capital markets convergence market by introducing specially adapted licensing provisions for ‘Class C’ catastrophe bond issuers, insurance transformers and other types of SPV insurers.

Since its launch in 1997 the Cayman Islands Stock Exchange (“CSX”) has grown rapidly to establish itself as a leading exchange for listing specialist products including hedge funds, insurance linked securities and other types of securitisations. Following its first catastrophe bond listing in 2007 the CSX has listed over 200 ILS vehicles and series, becoming the venue of choice for such listings. The CSX had a listed market capitalisation of over US\$165 billion in 2012, of which approximately US\$10 billion represented ILS.

This guide deals with the requirements for listing ILS and catastrophe bonds. The requirements for listing other types of securities may be obtained separately from the CSX.

To find out more, visit [www.csx.ky](http://www.csx.ky) or call us on +1 345 945 6060.



The Cayman Islands  
Stock Exchange.

A leading venue for  
securities issued by  
SPVs.

## What CSX has to offer

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We understand the commercial reality of ILS products and are therefore able to adopt a pragmatic approach to the documentation required for a listing. Disclosure requirements have been set at a level which is intended to provide investors with sufficient information without imposing unnecessarily onerous demands. Our focus is on clarity, flexibility and appropriate regulation.

- Professional team able to list within tight deadlines
- Self-contained listing rules
- Ability to incorporate by reference
- Stand-alone issues or under an issuance programme
- Regulatory news
- Daily collateral values
- Trading on the CSX's XETRA trading platform.

### Catastrophe bonds

A CSX listing can provide the following advantages:

- a dedicated team of professionals who are well experienced in listing catastrophe bonds and are able to do so within tight deadlines
- easy to follow, self-contained listing rules
- ability to incorporate information by reference into offering documents and to attach data files with responsibility for third party data limited to accurate reproduction
- option to list standalone issues or under an issuance programme which is valid for 5 years
- a centralised point of regulatory news on the CSX website
- ability to upload daily collateral values onto the CSX website for easy viewing by investors
- access to on-exchange or OTC trading on the CSX's

XETRA trading platform with connectivity to approximately 400 banks and brokers worldwide.

## Competitive costs

For listing an issuance programme there is an initial fee of US\$3,000 and an annual fee of US\$1,500, with each subsequent series being charged at US\$1,000 initially and US\$500 annually. We will charge only a single fee for listing multiple classes of notes provided they are issued within the same series.

## Flexibility

The CSX is not bound by any European Union listing directives and as a result can be considerably more flexible in its approach. Issuers can use an offering memorandum as the basis for a listing application, with any additional listing requirements being addressed in a supplement.

- Competitive costs
- Flexibility
- International recognition
- Eligibility

## International recognition

The CSX is an affiliate member of IOSCO and is recognised by the UK tax authority HM Revenue and Customs as a “recognised stock exchange”, which can remove the need for deduction of withholding tax on payments.

## Trading

In 2013 the CSX goes live on Deutsche Börse’s Xetra® trading platform which allows (although will not require) listed cat bonds to trade on the CSX market with connectivity to up to 400 banks and brokers in the existing XETRA network around the world. Trades can be made ‘on-exchange’ or OTC, as users prefer.

## Eligibility

Many institutional investors are precluded by their home jurisdiction regulation or applicable investment policy from investing in anything other than listed securities. Securities listed on the CSX may meet the requirements of such institutional investors as they and regulators around the world recognise the importance of the increased transparency and independent regulatory oversight provided by a listing.

# The listing process

## Step 1: Satisfy CSX conditions for listing

The Issuer must satisfy all the conditions for listing.

## Step 2: Prepare draft listing documents

The issuer must prepare a listing document for review and comment by the CSX. The CSX rules may require specific disclosures to be included in the document, which must also demonstrate compliance with the CSX's requirements for listing.

- Satisfy CSX conditions for listing
- Prepare draft listing documents
- Approval
- Listing
- Continuing obligations

## Step 3: Approval

When CSX staff are satisfied with an application, they will submit it to the Listing Committee of the CSX for approval. Once the document has been approved, supporting documentation must be filed before the securities are admitted to listing. The timing of comments on documents by the CSX is guaranteed and the Listing Committee will meet as often as necessary to approve applications.

## Step 4: Listing

The securities will be admitted to listing once they have been issued. Details of the securities, including any pricing information, will be posted on the CSX's website.

## Step 5: Continuing obligations

Once listed, an issuer must continue to comply with its on-going obligations, as specified in the listing rules.

# Conditions for listing

A key requirement is that offering documents contain sufficient information on:

- The reinsured;
- The underlying insurance risks / perils;
- Loss histories; and
- Collateral portfolio



Advantages to listing insurance-linked on the CSX include a streamlined process with listing rules tailored for the specialist market.

## Financial information

The basic requirement is for the following;

- Audited financial statements prepared in accordance with IAS or acceptable local GAAP, covering at least two years before the application for listing
- A statement of any material adverse change in the financial or trading position or prospects of the issuer

However this requirement will not apply where the issuer is an SPV but it must provide a capitalisation and indebtedness statement.

## The securities

must be freely transferable except to the extent that any restrictions are approved by the CSX

- Must be eligible for deposit in Clearstream, Euroclear or The Depository Trust Company or an equivalent satisfactory system approved by the CSX
- There must be a paying agent which can be based in the Cayman Islands or another acceptable financial centre.



The Cayman Islands Stock Exchange is internationally known with a complete range of service providers.



## Contents of the listing document

The general requirement is that the issuer must include in its listing document all information necessary for an investor to make an informed investment decision. Account will be taken of the level of sophistication of investors. The issuer must take responsibility for the accuracy and completeness of the listing document but need only confirm the accuracy of reproduction of third party reports.

In particular the listing document must disclose details of the following:

- structure and cashflow of the transaction including details of operation of insurance, reinsurance, or counterparty contracts, collateral accounts or credit enhancements
- description of counterparties and reinsureds
- summary of material contracts including insurance, reinsurance, swap or counterparty contracts;
- loss estimation or risk analysis
- general information on the issuer, its licensing arrangements, business and directors
- terms and conditions of the securities for which application is being made
- risk factors
- credit rating of the securities and any counterparties
- the issuer's financial position including audited financial statements where available and a capitalisation and indebtedness statement as at the most recent practicable date
- taxes payable on principal or interest
- principal duties, rights and obligations under the trust deed or indenture.

# **Continuing obligations**

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The CSX has a duty to protect investors and to maintain a fair and orderly market in the securities. In order to fulfil this responsibility the CSX requires listed issuers to undertake to comply with its continuing obligations. The principal obligations are as follows:

## **General obligation of disclosure**

An issuer must notify the CSX immediately of any price sensitive information, material new developments or operational changes and any material change in its performance or financial position for dissemination by the CSX. The CSX recognises the use of secure data distribution networks (such as Intralinks) provided access is available to all noteholders and potential noteholders. Key transaction and constitutional documents must be made available for inspection for a limited period following the listing.

## **Equality of treatment**

The issuer must ensure equal treatment of all holders of the same class of listed securities

## **New issues**

Any new issues of securities and any guarantee or surety must be notified to the CSX.

## **Exercise of rights**

The necessary information and facilities must be made available to holders of securities to enable them to exercise their rights. Any changes in the rights, powers or privileges of the listed securities must be notified to the CSX.

## **Financial statements**

The issuer must publish and file audited annual financial statements within six months of its year end.

## 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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