

# CHAPTER 13

## RETAIL DEBT SECURITIES

### Contents

This chapter sets out the procedures and requirements for applications for the listing on the Exchange of the retail debt securities. All such issuers must also comply with all relevant provisions of the listing rules in section I.

The provisions of this chapter do not apply to secondary listings of issuing companies, which are regulated by chapter 7. The main headings are:

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| 13.1         | conditions for listing   |
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## CONDITIONS FOR LISTING

### Incorporation

13.1 An issuer must be duly incorporated or otherwise validly established in a recognised jurisdiction according to the relevant laws of its place of incorporation or establishment and be operating in conformity with its memorandum and articles of association or other constitutional documents.

### Sufficiently liquid market

13.2 If the company's equity securities are not listed on the Exchange, the issuer must have net tangible assets of at least CI\$4,100,000 (US\$5,000,000), and the nominal amount of each class of debt securities for which listing is sought must be at least CI\$1,640,000 (US\$2,000,000) or such other amount as the Exchange may from time to time determine. Further issues of debt securities which are uniform in all respects with debt securities of a class already listed on the Exchange are not subject to these limits.

### History of operations

13.3 Issuing companies must have an adequate operating record under substantially the same management which must be of known character and integrity. For this purpose, an adequate trading record will normally be at least two years but the Exchange may accept a shorter period if the issue is underwritten by an underwriter approved by the Exchange.

**Financial information**

- 13.4 An applicant for listing must have published audited financial statements which cover the two financial years preceding the application for listing. In exceptional circumstances the Exchange may accept a shorter period.
- 13.5 In the case of a new applicant the latest financial statements required by the preceding rule must be in respect of a period ended not more than twelve months before the date of the listing document. If more than nine months have elapsed since the date to which the latest audited financial statements of the issuer were made up, an interim financial statement made up to a date no earlier than three months prior to the date of the listing document must be included. If the interim financial statement is unaudited, that fact must be stated. The Exchange may, at its discretion, require issuers to have such interim financial statements audited.
- 13.6 In the case of a new applicant the financial statements must be unqualified, unless the qualification is acceptable to the Exchange and has been adequately explained so as to enable investors to make a properly informed assessment of the significance of the matter.
- 13.7 The financial statements referred to above must have been prepared in accordance with International Accounting Standards, United States, Canadian or United Kingdom Generally Accepted Accounting Principles or other equivalent standard acceptable to the Exchange.

**Transferability**

- 13.8 The securities for which listing is sought must be freely transferable except to the extent that any restriction on transferability is approved by the Exchange. Partly paid securities may be regarded as fulfilling this condition, provided that the Exchange is satisfied that their transferability is not restricted, or if it is then such restrictions are approved by the Exchange, and that investors have been provided with all appropriate information to enable dealings in such securities to take place on an open and proper basis.

**Whole class to be listed**

- 13.9 Where none of the securities of a particular class are listed on the Exchange, the application for listing must relate to all securities of that class, whether already issued or proposed to be issued. Where the securities of that class are already listed on the Exchange, the application for listing must relate to all further securities of that class which are proposed to be issued.

**Convertible securities**

- 13.10 Convertible securities may be admitted to listing only if the Exchange is satisfied that investors will be able to obtain the information necessary to form a reasonable opinion as to the value of the securities into which they are convertible. This may require the securities into which they are convertible to be listed on the Exchange or listed on another stock exchange which is recognised for this purpose by the Exchange.

## **Constitution**

13.11 The constitution of the issuer must contain the provisions set forth in schedule 13A to this chapter.

## **Clearing and settlement**

13.12 To be admitted to listing on the Exchange, retail debt securities must have an ISIN and be eligible for deposit in an acceptable electronic clearing and settlement system including Clearstream, Euroclear, The Depository Trust Company or any acceptable alternative system agreed in advance with the Exchange.

## **Paying agent**

13.13 The issuer must appoint a paying agent in the Cayman Islands or other financial centre acceptable to the Exchange.

# **CONTENTS OF LISTING DOCUMENT**

## **Preliminary**

13.14 The listing document for debt securities must contain the information set out below.

13.15 A copy of the trust deed, debenture or other document constituting or securing the debt securities must be supplied as part of the listing application.

13.16 The listing document must include:

- (a) on the inside cover page of the listing document:
  - (i) the official name and jurisdiction of incorporation or establishment of the issuer;
  - (ii) the name, nominal value and class of securities being offered by the listing document and the offer price;
  - (iii) a statement that application has been made to the Exchange for the securities to be admitted to the official list;
  - (iv) the name of the listing agent and underwriters of other distributors of the issue; and
  - (v) a declaration in the following form:

This listing document includes information given in compliance with the listing rules of the Cayman Islands Stock Exchange. The directors collectively and individually accept full responsibility for the accuracy of the information contained in the listing document and confirm, having made

reasonable enquiry, that to the best of their knowledge and belief there are no facts the omission of which would make any statement within the listing document misleading. The Cayman Islands Stock Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document;

- (b) the address of its principal or registered office;
- (c) the date of incorporation or other establishment of the issuer;
- (d) the names and addresses of the issuer's principal bankers, authorised representatives, stockbroker, attorneys, advisers and registrars and of the listing agent for the issue; and
- (e) the name, address and professional qualifications of the issuer's auditors.

13.17 Where the listing document includes a statement made by an expert, a statement:

- (a) specifying the qualifications of such expert and whether such expert or any associate of the expert has any shareholding in any member of the group or any associate of the group or the right to subscribe for or to nominate persons to subscribe for securities in any member of the group or associate of the group, and, if so, a full description thereof;
- (b) that the expert has given and has not withdrawn his written consent to the inclusion in the listing document of the expert's statement included in the form and context in which it is included; and
- (c) of the date on which the expert's statement was made and whether or not it was made by the expert knowing it would be incorporated in the listing document.

## **Risk factors**

13.18 All material risks associated with investing in the debt securities, including any risks specific to the issuer or its industry.

## **Securities, issuance and distribution**

13.19 The estimated expenses of the issue, by whom the same are payable and the estimated net proceeds of the issue.

13.20 If known, the date on which dealings will commence.

13.21 An estimate of the net proceeds of the issue and a statement as to how such proceeds are intended to be used or applied.

- 13.22 A description of or the text of the terms and conditions of the issue containing:
- (a) the nominal amount of the issue or if this amount is not fixed, a statement to that effect, the nature and number of the debt securities and the denominations;
  - (b) the ISIN for each class of security for which listing is sought;
  - (c) a summary of the rights conferred upon holders and particulars of the security;
  - (d) except in the case of continuous issues, the issue price (or if different, offer price) and redemption prices. A statement of the nominal interest rate and if floating, how it is calculated. If several interest rates are provided for, an explanation of the conditions for changes in the rate. If any issue discount is allowed or premium is payable, a statement describing this. If any expenses of the issue are to be charged to subscribers or purchasers, a statement describing this;
  - (e) details of the currency of the issue and the method of payment of the issue or offer price including a description of any instalment arrangement;
  - (f) details of the arrangements for the amortisation or early redemption of the issue;
  - (g) the names and addresses of the paying agent(s) and any registrar and transfer agent(s) for the debt securities;
  - (h) details of the arrangements for transfer of the securities if not in bearer form;
  - (i) details of the following time limits:
    - (i) final maturity date and early repayment dates, specifying whether exercisable at the issuer's or the holder's option;
    - (ii) the date from which interest accrues and when the interest payments are due;
    - (iii) prescription period for claims for payment of interest and repayment of principal;
    - (iv) procedures and time limits for delivery of the debt securities, whether there will be temporary documents of title and, if so, the procedures for the delivery and exchange thereof;
    - (v) except in the case of continuous issues, an indication of yield and the method by which it is calculated; and
    - (vi) details of any taxes on the income from the debt securities which is withheld at source and a statement as to whether the issuer assumes responsibility for withholding any such tax at source;

- (j) if a public or private offer or placement has been or is being made simultaneously on the markets of one or more other countries, and if a tranche of securities has been or is being reserved for certain of these offerings, the details of any such tranche.

13.23 The following legal information:

- (a) a description of the resolutions, authorisations and approvals by virtue of which debt securities are created or issued and of the number of debt securities which have been or will be created or issued (or a maximum and minimum range);
- (b) the nature and scope of any guarantees, securities and commitments intended to ensure that the issue will be duly serviced with regard to both the principal and the interest on the debt securities and an indication of the places where the public may have access to copies of such guarantees, securities and commitments;
- (c) details of the trustee, fiscal agent or other representative of the holders of the debt securities as a whole, if any, the name and function or description and head office of such representative, the conditions under which the representative may be replaced together with an indication of where the public may inspect copies of the documents detailing how the representative is to act;
- (d) a description of any subordination of the issue to any other debts or debt securities of the issuer;
- (e) an indication of any legislation under which the debt securities have been created, the governing law and the competent courts in the event of litigation; and
- (f) details of any restrictions on the transferability of the debt securities.

13.24 Particulars of any alterations in the capital of the issuer within the two years immediately preceding the issue of the listing document, including:

- (a) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case the extent to which they are so paid up; and
- (b) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrears, or an appropriate negative statement.

13.25 A statement showing the name, so far as is known to any director of the issuer, of each person, other than a director of the issuer, who is, directly or indirectly, interested in five per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the group and the amount of each

person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests, an appropriate negative statement.

- 13.26 Particulars of any capital of any member of the group which is under option, including the consideration for which the option was or will be granted, and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. Where options have been granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient to state the details of the total grant without giving the names and addresses of the grantees.
- 13.27 Number, book value and nominal value or, in the absence of a nominal value, the accounting par value of any of its own shares (or comparable interests in the case of a partnership or unit trust) which any member of the group has acquired and is holding, if such shares do not appear as a separate item in the balance sheet.

### **The group's activities**

- 13.28 The general nature of the business of the group and, in cases where two or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold or services performed and an indication of any significant new products or activities. If the group trades outside the Cayman Islands a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the Cayman Islands, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets located in the Cayman Islands.
- 13.29 If the issuer is a member of a group, a brief description of that group, and, if a subsidiary, the names of and the number of shares held directly or indirectly by each holding company of the issuer.
- 13.30 Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.
- 13.31 Information concerning the policy of the group on the research and development of new products and processes over the past three financial years where significant.
- 13.32 Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last twelve months.
- 13.33 The number of people employed by the group and changes therein in the last financial year, if such changes are material in the context of the group, with, if possible, a breakdown of persons employed by main categories of activity.

- 13.34 Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.
- 13.35 With regard to every material subsidiary, particulars of the name, date and country of incorporation, general nature of business, issued capital and the proportion held or intended to be held by the issuer.
- 13.36 With regard to the issuer and every material subsidiary, particulars of the location of the principal establishments.

### **Financial and other information about the group**

- 13.37 A statement as at the most recent practicable date (which must be stated) of the following on a consolidated basis:
- (a) the total amount of any debt securities of the group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured loans, or an appropriate negative statement;
  - (b) the total amount of all other borrowing or indebtedness of the group including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowing and debt, or an appropriate negative statement;
  - (c) all mortgages and charges of the group, or an appropriate negative statement; and
  - (d) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement.
- 13.38 Unless an accountants' report is required pursuant to the following rule, a comparative table of financial information. The comparative table must:
- (a) be prepared on a consolidated basis;
  - (b) cover the two financial years immediately preceding the application for listing;
  - (c) be extracted without material adjustment from audited financial statements;
  - (d) include the following financial information, presented in a form consistent with that which would be adopted in the issuer's annual financial statements:
    - (i) income statement;
    - (ii) balance sheet;



- (iii) cash flow statement;
  - (iv) accounting policies; and
  - (v) notes covering the last two financial years;
- (e) be accompanied by a letter from the directors confirming that the financial information has been extracted without material adjustment from the audited financial statements, and that such financial statements have been independently audited and prepared in accordance with International Accounting Standards, United States, Canadian or United Kingdom Generally Accepted Accounting Principles or other equivalent acceptable to the Exchange.
- 13.39 A report by reporting accountants must be prepared in accordance with the requirements of schedule 13B in the following circumstances:
- (a) where any material change has taken place to the group structure or business in the two financial years immediately preceding the application for listing or during the period from the end of the period to which the last audited financial statements relate to the date of application for listing;
  - (b) where any material change has been made to the accounting policies, or any material adjustment has been made or is required to be made to the published audited financial statements during the periods referred to in paragraph (a) above; or
  - (c) where the auditors' report on the consolidated financial statements of the issuer for any of the last two financial years has been qualified.
- The Exchange must be consulted in cases where the issuer is uncertain as to whether an accountants' report is required.
- 13.40 A statement showing the sales turnover figures or gross trading income of the group during the three financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such turnover or income and a reasonable breakdown between the more important trading activities.
- 13.41 Where the issuer has, since the date to which the latest published annual financial statements have been made up, acquired or disposed of an undertaking or assets which would be classified as material by the Exchange, a pro forma net assets statement showing the effect of the acquisition or disposal on the net assets of the issuer is required.
- 13.42 A statement of any material adverse change in the financial or trading position of the group since the date to which the latest audited accounts of the issuer were made up or since the end of the period reported on in the accountants' report, or an appropriate negative statement.
- 13.43 General information on the trend of the business of the group since the date to which the latest audited financial statements of the issuer were made up.

- 13.44 A statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks which are not mentioned elsewhere in the listing document and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits of the group.
- 13.45 Where a profit forecast appears in the listing document, a statement of the principal assumptions upon which it is based. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out. The reporting accountants, and the listing agent must report in addition that they have satisfied themselves that the forecast has been stated by the directors after due and careful enquiry, and such reports must be set out.
- 13.46 Particulars of the profits cover for interest payments and of the net assets and net tangible assets.

## **Management**

- 13.47 The full name, residential or business address and description (being his qualifications or area of expertise or responsibility) of every director or proposed director of the issuer.
- 13.48 The full name and professional qualification, if any, of the company secretary of the issuer.
- 13.49 The address of the registered office and, if different, the head office of the issuer.
- 13.50 A statement showing the interest (distinguishing between beneficial and non-beneficial interests) of each director of the issuer in the equity or debt securities of the group.
- 13.51 Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement.

## **Contracts pertaining to the issue**

- 13.52 The dates of and parties to all contracts pertaining to the issue entered into by any member of the group within the two years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts.

## **General information**

- 13.53 Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement.
- 13.54 Details of where annual and any interim financial reports are available and how often interim reports are published.

- 13.55 The names of the newspapers in which any notices to the holders of the debt securities will be published.
- 13.56 The names of all stock exchanges on which a listing has been, is being or will be sought for the debt securities.
- 13.57 The names, addresses and descriptions of the persons underwriting or guaranteeing the issue for the issuer and where not all of the issue is underwritten or guaranteed, a statement of the portion not covered.
- 13.58 If a public or private offer or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for certain of these, details of any such tranche.

### **Documents for inspection**

- 13.59 A statement that the following documents (or copies thereof), where applicable, may be inspected, without charge:
- (a) the constitutional documents of the issuer;
  - (b) any trust deed, fiscal agency agreement or other document constituting the debt securities;
  - (c) all reports, letters or other documents, balance sheets, valuations and statements by any expert or any part of which is referred to in the listing document; and
  - (d) the audited statements of the issuer or, in the case of a group, the consolidated audited statements of the group for each of the two financial years immediately preceding the issue of the listing document.
    - (i) at the Exchange for a period of time being not more than 14 days from the date of admission to listing; and
    - (ii) the issuer's registered office or such other place (including the issuer's website) acceptable to the Exchange for the entire duration of the listing.
- 13.60 If the document of title to any listed debt securities is in bearer form, the time and place in the Cayman Islands where copies of the financial statements of the issuer and auditors' report and directors' report thereon may be obtained without charge, must be published in the newspapers. Where another company provides a guarantee for the debt security or where the debt security is convertible, exchangeable or carries subscription rights which are exercisable into the securities of another company, copies of the financial statements of that other company and of the auditors' report and directors' report thereon must also be available and advertised in the newspapers.

## LISTING APPLICATION PROCEDURES

- 13.61 The listing document must be formally approved by the Exchange before publication. Such approval will only be given if the Exchange considers that the information in the listing document is complete.
- 13.62 The following documents must be submitted to the Exchange in either hardcopy or electronic format, together with the initial listing fee and, where applicable, the annual fee in respect of the first year, which is calculated in accordance with the schedule of fees published on the Exchange's website, before formal approval is given:
- (a) an application for admission to listing, in the form set out in Appendix 1A to these listing rules;
  - (b) two copies of the listing document in final form;
  - (c) a declaration by the issuer in the form set out in Appendix 2A to these listing rules;
  - (d) a declaration for each director and proposed director of the issuer, unless such a declaration has previously been filed with the Exchange in the form set out in Appendix 3A to these listing rules;
  - (e) a declaration by the listing agent, in the form set out in Appendix 4 to these listing rules;
  - (f) a letter from the issuer or duly authorised representative confirming which of the listing requirements, if any, do not apply;
  - (g) a letter from the issuer or duly authorised representative requesting, where relevant, non-publication of certain information, giving reasons for such request; and
  - (h) such other documents as may be required by the Exchange.
- 13.63 The Exchange may, at any time before or after the admission to listing, require the issuer to produce to the Exchange a copy of any of the documents listed in rule 2.26 where applicable.

## CONTINUING OBLIGATIONS

### **Distribution of annual financial statements**

- 13.64 The issuer must send the trustee or fiscal agent and every holder of its listed debt securities a copy of its annual financial statements (which must be prepared in accordance with International Accounting Standards or such other standards as may be acceptable to the

Exchange and must be audited in accordance with International Auditing Standards) not less than fourteen calendar days before the date of the issuer's annual general meeting. At the same time the issuer must send copies to the Exchange promptly after they are issued.

### **Information to accompany annual financial statements**

13.65 The issuer must include with its annual financial statements a report by the directors on the operations of the issuer and such directors' report must include:

- (a) a description of the principal activities of the group and, where two or more such activities are so described, a statement giving for each such activity the turnover and contribution to trading results attributable to it;
- (b) a geographical analysis of consolidated turnover subsidiaries;
- (c) a statement showing:
  - (i) the name of every subsidiary, its principal country of operation, its country of incorporation and its main business; and
  - (ii) the particulars of the issued share capital and debt securities of every subsidiary provided that if, in the opinion of the directors of the issuer and with approval of the Exchange, the number of them is such that compliance with this paragraph would result in particulars of excessive length being given, compliance with this paragraph shall not be required except in the case of subsidiaries carrying on a business the results of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group;
- (d) a statement as at the end of the relevant financial year showing:
  - (i) the interests of each director of the issuer in the equity or debt securities of the issuer or any subsidiary; and
  - (ii) the details of any right to subscribe for equity or debt securities of the group granted to any director of the issuer, and of the exercise of any such right;
- (e) the statement required by paragraph (d) above must:
  - (i) distinguish between beneficial and non-beneficial interests; and
  - (ii) specify the company in which securities are held, the class to which those securities belong and the number of such securities held;
- (f) in the event of operating results shown by the financial statements for the period under review differing materially from any published forecast made by the issuer, an explanation for the difference;

- (g) a statement by the directors as to the reasons for any significant departure from standard accounting practices;
- (h) a statement as at the end of the financial year showing as regards, firstly, bank loans and overdrafts and, secondly, other borrowings of the group, the aggregate amounts repayable:
  - (i) on demand or within one year;
  - (ii) within more than one year but less than two years;
  - (iii) within two years but less than five years; and
  - (iv) within a period of more than five years;
- (i) in respect of the financial year, a statement of the amount of interest capitalised by the group during the year;
- (j) details of the classes and numbers of any convertible debt securities, options, warrants or similar rights issued or granted by the group during the financial year, together with the consideration received by the group;
- (k) particulars of any exercise made during the financial year of any conversion or subscription rights under any convertible debt securities, options, warrants or similar rights issued or granted at any time by the group;
- (l) particulars of any redemption or purchase or cancellation by the group of its redeemable debt securities and the amount of such securities outstanding after any such redemption, purchase or cancellation has been made. Any such statement must distinguish between those listed securities which are purchased by the issuer and those which are purchased by a subsidiary of the issuer; and
- (m) a summary, in the form of a comparative table, of the results and of the assets and liabilities of the group, for the last five financial years.

13.66 If the auditors' report on the relevant annual financial statements is qualified, the Exchange may require more detailed or additional information to be provided.

### **Decisions to not make interest payments**

13.67 Any decision not to make any interest payment on the listed debt securities must be disclosed to the Exchange for dissemination by the Exchange as soon as reasonably practicable after the decision has been made.

### **Purchase, redemption or cancellation of issuer's own securities**

13.68 Any purchase, redemption or cancellation by the issuer, or any member of the group, of its listed debt securities must be disclosed to the Exchange, for dissemination by the Exchange,

as soon as possible after such purchase, redemption or cancellation. The announcement should also state the amount of the relevant debt securities outstanding after such operations. For this purpose, purchases of debt securities may be aggregated and an announcement must be made when five per cent. of the outstanding amount of a debt security has been acquired. If the issuer or any member of the group purchases further amounts of that security an announcement should be made whenever an additional one per cent. has been acquired.

## **Board meetings**

13.69 The issuer must inform the Exchange immediately after approval by or on behalf of the board, for dissemination by the Exchange, of:

- (a) any decision not to make any interest payment on any of the group's debt securities;
- (b) any proposed new issue of debt securities by the issuer and, in particular, any guarantee or security in respect thereof;
- (c) any change in the issuer's constitution or its registered or principal office;
- (d) any proposed change in the capital structure of the issuer or the group;
- (e) any change in the rights of any class of listed securities. Where the listed securities are convertible, this requirement will also apply to any change in the right of any class of securities into which the listed securities are convertible;
- (f) any decision to change the general character or nature of the business of the issuer or the group;
- (g) any changes to the composition of the board of the issuer. The issuer must procure and lodge with the Exchange as soon as practicable after their appointment a signed declaration and undertaking for each new director in the form set out in the appendices to these listing rules;
- (h) any change in the rights attaching to any class of listed debt securities (including any change in the rate of interest carried by a debt security) and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable; and
- (i) any changes in its auditors, and the issuer must consult with the Exchange as far in advance as practicable about the any item listed above.

## **Conversion information about other companies**

13.70 Where listed debt securities carry rights of conversion or exchange into or subscription for the share capital of another company, or are guaranteed by another company, the issuer must ensure that adequate information is at all times publicly available about the other company and about any changes in the rights attaching to the shares to which such rights of conversion, exchange or subscription relate. This must include the availability of the annual report and

financial statements of the other company together with any interim financial reports and any other information necessary for a realistic valuation of such listed debt securities to be made.

### **Proposed drawings and closure of books**

13.71 The issuer must inform the Exchange for dissemination by the Exchange, in advance of all proposed drawings to effect partial redemptions, and, in the case of registered debt securities, the date on which the issuer proposes to close the books for the purpose of making a drawing. The Exchange must be informed immediately of the amount of the debt securities outstanding after any such drawing has been made, for dissemination by the Exchange.

### **Winding-up and liquidation**

13.72 The issuer must inform the Exchange, for dissemination by the Exchange, on any of the following events as soon as the same shall come to the attention of the issuer:

- (a) the presentation of any winding-up petition, or equivalent application, or the making of any winding-up order or the appointment of a provisional liquidator in respect of the issuer, its holding company or any major subsidiary;
- (b) the passing of any resolution by the issuer, its holding company or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up, or the occurrence of any event or termination of any period of time which would cause a winding-up;
- (c) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of fifteen per cent. of the book value of the existing net assets of the group; or
- (d) the making of any judgement, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of fifteen per cent. of the book value of the net assets of the group.

### **Approval and distribution of other documents**

13.73 The issuer must send copies to the Exchange, at the same time as they are issued, of the following documents:

- (a) all communications to holders of its listed debt securities; and
- (b) any interim financial reports prepared by the issuer.

13.74 The issuer must send to the Exchange a copy of all notices of meetings, forms of proxy, reports, announcements or other similar documents at the same time as they are issued.



### **Annual fee**

- 13.75 Issuers whose securities are listed on the Exchange are required to pay an annual fee to the Exchange in accordance with the schedule of fees which is published on the Exchange's website, as updated from time to time.

### **Equivalent information**

- 13.76 Where the securities listed on the Exchange are also listed on another stock exchange, the issuer must ensure that copies of all documents required to be filed and information required to be notified to the Exchange are simultaneously made available to such other stock exchange.

### **Exception**

- 13.77 Where, in the opinion of any issuer, disclosure of any matter required by the listing rules would be unduly detrimental to the issuer, the issuer may apply for a waiver from the relevant requirement. The information together with a statement of the reasons why the issuer believes the information should not be disclosed at that time must be submitted to the Exchange on a strictly confidential basis. The Exchange may at any time order that an announcement be delivered to it for dissemination by the Exchange.



## SCHEDULE 13A -

# MATTERS TO BE PROVIDED FOR IN THE CONSTITUTION OF A COMPANY ISSUING RETAIL DEBT SECURITIES

This schedule sets out the matters which must be provided for in the constitution of an issuing company.

### Directors

13A.1 The constitution must prohibit a director from voting on any contract or arrangement or any other proposal in which he has an interest which is a material interest and must state that such director may not be counted in the quorum present at the meeting. The constitution may provide for exceptions to the prohibition against voting on such matters where the interest arises in respect of a resolution on any of the following matters:

- (a) the giving of any security or indemnity either:
  - (i) to the director for money lent or obligations incurred or undertaken by him at the request of or for the benefit of the issuer or any associate of the issuer; or
  - (ii) to a third party for a debt or obligation of the issuer or any of its subsidiaries for which the director has himself assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (b) any proposal concerning an offer of securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (c) any proposal concerning dealings with any other company in which the director is interested, whether directly or indirectly, as an officer, executive or shareholder, or in which the director has a beneficial interest in shares of that company, provided that he, together with any of his associates, is not beneficially interested in five per cent. or more of the issued shares of any class of such company or of any third company through which his interest is derived;
- (d) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:
  - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which he may benefit; or

- (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors and employees of the issuer or any of its subsidiaries and does not provide in respect of any director any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (e) any contract or arrangement in which the director is interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his interest in shares or debentures or other securities of the issuer.

### **Casual vacancies**

13A.2 Any person appointed by the directors to fill a casual vacancy on, or as an addition to, the board must retire from office at, or at the end of, the next following annual general meeting of the company, and will then be eligible to stand for election.

### **Election of directors**

13A.3 Where any person, other than a director retiring at the meeting or a person recommended by the directors, is to be proposed for re-election or election as a director, notice (of a period specified by the constitution which must be not less than seven days and not more than forty-two days) must be given to the company of the intention to propose him and of his willingness to serve as a director.

## SCHEDULE 13B - ACCOUNTANTS' REPORTS

### **Reporting accountants**

13B.1 The accountants' reports must be prepared by independent accountants who are qualified to act as auditors.

### **Contents of accountants' reports**

13B.2 An accountants' report must:

- (a) cover the issuer and its subsidiary and associate undertakings;
- (b) be extracted from the audited financial statements and adjusted as considered necessary by the reporting accountants;
- (c) where the financial statements have not been prepared in accordance with International Accounting Standards, United States, United Kingdom or Canadian generally accepted accounting principles or other standards acceptable to the Exchange, any significant departure from International Accounting Standards must be disclosed and explained and its financial effect quantified;
- (d) include the following financial information, presented in a form consistent with that which would be adopted in the issuer's annual financial statements, covering the three financial years immediately preceding the application for listing:
  - (i) income statement;
  - (ii) balance sheet;
  - (iii) cash flow statement;
  - (iv) accounting policies; and
  - (v) notes covering, as a minimum, the last two financial years;
- (e) contain an opinion by the accountants as to whether or not, for the purposes for which it was prepared, it gives a true and fair view of the financial matters set out therein;
- (f) if the opinion in paragraph (e) above is qualified, refer to all material matters about which the accountants have reservations, give all reasons for the qualifications and, if both relevant and practicable, quantify its effect; and

- (g) in the case of a new applicant, not contain a qualification unless the Exchange is satisfied that the qualification is acceptable to the Exchange and has been adequately explained so as to enable the investors to make a properly informed assessment of the significance of the matter.

### **Statement of adjustments**

13B.3 The accountants' report must contain only such adjustments to the previously published figures as the accountants consider necessary. A written statement of the adjustments, signed by the accountants, must be prepared and submitted to the Exchange for each period to which the report relates, in such form and detail and with such explanation as will show how the reported figures reconcile to the corresponding information in the published financial statements. The statement of adjustments must be made available for inspection in accordance with rule 13.59.

### **Material acquisitions and disposals made during the period under review**

13B.4 Where the issuer has acquired at any time during the three financial years immediately preceding the application for listing an undertaking or assets which would be classified as material by the Exchange, financial information on the undertaking or assets must be given covering the last three years, although may be presented separately for the pre-acquisition period.