



## Introduction

The Cayman Islands Stock Exchange ("CSX") offers a unique and convenient listing service and structure in the US time zone and has become the specialist exchange of choice for a growing number of international issuers.

The CSX provides a platform for the listing and trading of shares, specialist and corporate debt securities and other instruments issued by trading companies, investment funds and other investment vehicles. Based in George Town, Grand Cayman, the CSX began trading in 1996 and since its inception, it has approved securities for admission to the Official List for a total market capitalisation of over US\$500 billion.

## Why use the CSX?

The CSX offers the following advantages:

- fast and efficient listing services from an experienced and highly qualified team that is dedicated to meeting issuer's timelines.
- a willingness to work with the issuer and its advisers to accommodate innovative structures.
- a pragmatic approach to application of the Listing Rules and associated disclosure requirements.
- competitive pricing when compared to other exchanges (no suitability assessment fees, no fee in relation to more complex applications, no requirement to pay fees prior to receiving comments).
- existing documentation may be utilised to form the listing document, furthering the potential to save on costs.
- Premier location. The Cayman Islands is a leading international financial centre and continues to demonstrate their commitment to the highest of regulatory standards.
- the CSX operates outside the European Union (EU) and EU Directives do not apply, therefore the regulatory burden is less onerous than listing on other major exchanges domiciled in the EU.

## General principles for listing on CSX

CSX Listing Rules ("**Listing Rules**") govern, *inter alia*, the requirements for issuers to gain admission to listing and the continuing obligations of listing. The enforcement of those obligations and are designed to ensure that investors have and maintain confidence in the securities market.

In particular:

- The securities for which the application is made must be suitable for listing.
- Investors must be given sufficient information to enable them to make an informed assessment of the issuer and the securities.
- After listing, there must be sufficient disclosure of information to investors to ensure that they are kept fully informed of all factors which might affect their interests and in particular that immediate disclosure is made of any information which might reasonably be expected to have a material effect on market activity and prices of the listed securities.
- All holders of listed securities must be treated fairly and equally.



- Holders of securities must be given adequate opportunity to consider in advance and vote upon major changes in the issuer's business operations and matters of importance concerning the issuer's management and constitution.
- Investors must be able to trade or transfer their securities in a fair, efficient and effective manner as appropriate to the relevant investors.

It is worth contacting the CSX at an early stage to seek informal and confidential guidance as to the suitability of a proposed listing application.

#### **Specific Information for Listing of Funds on the CSX**

- Single listing regime and single user friendly rulebook geared towards sophisticated market participants.
- No separate rules in relation to a minimum subscription level (although additional rules will apply for retail funds).
- No restrictions on investment policy and principal investment objectives. Investment policies can be changed provided that the mechanism is disclosed in the listing document (other stock exchanges insist that a fund cannot materially change its principal objectives and policies as set out in its listing document for a minimum of 3 years from the date of listing without the consent of a majority of holders).
- The CSX does not insist on any prescribed degree of investment diversification (e.g. can list currency or commodity fund).
- Corporate directors are allowed.
- For funds which have been in existence for less than twelve months, the CSX requires an audited statement of the net asset value of the fund and its portfolio of investments. Newly incorporated funds are not required to produce financial statements.

#### **Main requirements for listing of Investment Funds**

##### **1. Incorporation**

To be eligible for listing, an investment fund must be: (i) duly incorporated or otherwise established in the Cayman Islands; (ii) duly incorporated or otherwise established in a jurisdiction defined in chapter 1 as being a low risk jurisdiction for investment fund incorporation; or (iii) otherwise acceptable to the Exchange.

##### **2. Securities in public hands**

A closed-ended fund must have at least twenty-five per cent., of its listed securities in the hands of the public at all times. For the purposes of this rule, "the public" shall mean persons who are not directors or substantial shareholders of the investment fund, or directors of a substantial shareholder of the investment fund, or an associate of any of them.

##### **3. Whole class to be listed**

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.



#### **4. Management**

The directors of the investment fund and the directors and key personnel of the investment manager must have adequate experience and expertise in the management of investment funds.

The directors and key personnel of the investment manager and investment adviser (if any) must have adequate experience in the particular types of investment envisaged by the fund's investment policy and objectives. Adequate experience will normally be measured by reference to the amount and duration of funds under management.

A corporate director may be appointed by an issuer, provided it is permitted by legislation in the issuer's place of incorporation. The majority of directors of the corporate director must be natural persons unless otherwise agreed with the CSX.

All directors of the issuer who are natural persons or who are natural person directors of an issuer's corporate director and who regularly act on behalf of that issuer must complete a Director's Declaration in the form set out in Appendix 3A.

#### **5. The Investment Manager**

Must demonstrate appropriate expertise and experience in the management of funds. The investment manager's track record should be submitted by the listing agent.

#### **6. Transferability**

The securities of the investment fund must be freely transferable, but may be subject to certain transfer restrictions if they are adequately disclosed and approved by the Exchange.

#### **7. Custodian**

An issuer must take reasonable steps to ensure the safe custody of its assets.

A custodian must be a separate legal entity from, but may be an associate of, the fund, its directors, the investment manager or administrator.

#### **8. Independent auditor**

An issuer must appoint an independent auditor to carry out the audit of its financial statements.

#### **9. Net Asset Value of securities**

The net asset value of the securities must be calculated at least quarterly. The method of valuation of the assets should be in accordance with the applicable accounting standards for the investment fund.

An investment fund must be able to demonstrate to the Exchange adequate arrangements for calculating the net asset value of its listed securities or appoint an investment fund administrator to perform that function.



#### **10. All service providers and directors**

Must disclose any conflict of interest that may arise in the operation of the fund and provide a clear statement of any cross-class liabilities.

#### **11. Accounts**

An issuer must provide the financial information for the previous two years unless:

- has been incorporated within the 12 months preceding the listing application and has not commenced any activities prior to the date of listing.
- If in existence for less than twelve months, the CSX requires an audited statement of the net asset value of the fund and its portfolio of investments.

#### **12. Settlement System**

The applicant's securities must be eligible for deposit in a clearing and settlement system.

#### **13. Appointing a Listing Agent**

An issuer must have a Listing Agent appointed at all times while it is an applicant for listing or is listed. The Listing Agent acts as an intermediary between the issuer and the CSX and responsibilities include preparing and lodging the formal listing application.

A Listing Agent must be a Listing Member of the CSX and have meet the eligibility criteria to act in respect of a particular product. A full list of current listing agents is available on the CSX's website.

#### **14. Listing document disclosure requirements**

The listing document for listed funds should contain, inter alia, the information described in Listing Rules 9.13 to 9.51. The Listing Rules can be found on CSX's website ([www.csx.ky](http://www.csx.ky)).

#### **The Application Procedure for listing- two stages:**

The listing process essentially involves the review and approval of an offering document, referred to as listing document, which must demonstrate compliance with the listing requirements of the CSX. The listing document must include all information necessary for an investor to make an informed decision of its investment.

The application process is normally carried out in two main stages. The first stage is the initial submission of documents in draft and the second stage is the submission of final signed documents.



### **Stage 1: Initial Submission**

The issuer or listing agent (if appointed), in conjunction with the applicant's professional advisers, will prepare drafts of the formal listing documentation for review and comment by the CSX. The initial application submission is made to give the CSX an opportunity to comment on draft documentation and assess an issuer's suitability for listing.

### **Stage 2: Final Submission and Admission to listing**

If the Listing Committee approves the application, the listing documentation is then filed, preferably one day before the intended listing date. Where an issuer is listing and issuing securities simultaneously, confirmation of allotment of securities must be provided to the CSX on the intended listing date.

The application documents will include the following:

1. a formal application for listing in the form set out in Appendix 1A.
2. a copy of the listing document in final form.
3. a declaration for each director and proposed director of the issuer, unless one has previously been filed with the Exchange in the form set out in Appendix 3A.
4. a declaration by the issuer in the form set out in Appendix 2A.
5. a declaration by the listing agent in the form set out in Appendix 4.
6. in the case of a closed-ended fund, a shareholders' statement in the form set out in Appendix 5.
7. if necessary application for waiver from any formal listing requirements and submission of a non-applicability letter.
8. payment of listing fees; and
9. such additional documentation as may be required by the CSX.

### **Fees**

An issuer must pay the initial/ annual listing fee as published by CSX.

The current annual listing fee schedule is as follows:



Fund	Initial (per application - including all share classes/sub funds)	Annual (per issuer - including all share classes/sub funds)	Total (payable on application)	Subsequent Annual (according to number of share classes/sub funds)
	US \$5,000 (CI \$4,100)	US \$2,500 (CI \$2,050)	US \$7,500 (CI \$6,150)	1: US \$2,500 (CI \$2,050) 2: US \$4,000 (CI \$3,280) 3: US \$5,000 (CI \$4,100) 4: US \$6,000 (CI \$4,920) 5: US \$7,000 (CI \$5,740) 6: US \$8,000 (CI \$6,560) 7: US \$9,000 (CI \$7,380) 8: US \$10,000 (CI \$8,200) 9 upwards: US\$300 (CI \$246) per additional sub fund/class subject to a cumulative maximum of US \$25,000 (CI \$20,500)
Series (of previously listed share class or sub fund)	US \$300 (CI \$246) subject to monthly cumulative maximum of US \$6,000 (CI \$4,920)	n/a	US \$300 (CI \$246)	n/a
Subsequent share class/sub fund	US \$1,000 (CI \$820)	n/a	US \$1,000 (CI \$820)	As above

### Continuing obligations

Once listed, a fund must continue to comply with its on-going obligations, as specified in the listing rules and summarised below.

- **General obligation of disclosure:** A listed fund must notify the CSX immediately of any price sensitive information, material new developments or operational changes and any material change in performance



or financial position for dissemination by the CSX.

- **Net asset value calculations:** All net asset value calculations must be notified immediately to the CSX.
- **Interim and annual accounts:**
  - Audited annual reports and accounts must be sent to shareholders and the CSX within nine months of the period to which they relate.
  - The annual report and accounts and any interim financial accounts published by the fund must be made available on request either in the Cayman Islands or at a place otherwise acceptable to the CSX.
  - Annual financial statements of umbrella funds, feeder funds, and funds of funds must include financial statements for the underlying funds.
  - Property funds must include a summary of the portfolio valuation and details of significant transactions in the financial statements.
- **Equality of treatment:** The issuer must ensure equal treatment of all holders of the same class of listed shares.

### About the CSX

The CSX's focus on being an efficient gateway to global markets has resulted in the CSX becoming known for the broad array of companies that access the CSX, including leading global financial institutions, emerging technology and life sciences companies, as well as some of the world's most successful hedge funds.

#### Our Products

- Corporate debt
- Specialist debt
- Retail debt
- Investment funds
- Equities
- Derivative warrants
- Depositary Receipts
- Secondary Listings

#### Industry-specific Listing Capabilities

- Specialist companies
- CLOs/CDOs
- Retail funds
- Exchange traded funds
- Property funds
- Forestry funds
- Shipping companies
- Mining companies
- Clean tech companies
- Insurance linked securities

*It is recognised that this guide will not completely answer detailed questions and is intended to provide a sketch of the subject matter covered. This guide is therefore designed as a starting point for a more detailed and comprehensive discussion. Memos on other listing topics are also available on request and includes continuing obligations guides for listed entities.*