

LISTING AGENTS AND Corporate Advisers



Guide to becoming a listing agent or corporate adviser on the
Cayman Islands Stock Exchange

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Introduction

Since its launch in 1997 the Cayman Islands Stock Exchange (“CSX”) has established itself as gateway to global markets and a leading specialist exchange for sophisticated products including investment funds, structured debt securities, insurance linked securities and equity securities.

In 2013 the CSX launched on XETRA®, Deutsche Boerse’s international cash market platform used by 14 exchanges and a network of approximately 400 banks and brokers around the world. The technical upgrade responds to growing demand from those looking to use the CSX as an alternative market place and opens up the prospect of developing the Exchange as an independent trading hub between America and Europe.

Many CSX listings are introduced by listing agents who act as intermediaries between issuers and the Exchange on new listings and play an important role in promoting the Exchange. All primary listings of investment funds, equity securities and retail debt securities will require the services of a CSX listing agent. Where a listing application relates to retail issues of equity securities the listing agent must be a ‘corporate adviser’ i.e. a suitably regulated and experienced corporate finance entity.

This brochure sets out guidance on the role, responsibilities and process for becoming a CSX listing agent. For more information please contact us on csx@csx.ky or +1 345 945 6060.



The Cayman Islands
Stock Exchange.

Gateway to
global markets

Role of a listing agent

A listing agent must be appointed in connection with any application for the listing of securities on the Exchange except in the case of specialist debt securities, depositary receipts, derivative warrants, corporate and sovereign debt securities and securities which are the subject of a secondary listing. However the Exchange retains discretion to require the appointment of an adviser acceptable to the Exchange and/or a listing agent with respect to any listing application.

For retail issues of equity securities the listing agent must be a suitably regulated and experienced corporate finance entity, or corporate adviser.



Unless otherwise agreed by the Exchange issuers of equity securities must maintain a listing agent on an ongoing basis to provide ongoing guidance regarding compliance with continuing obligations under the Listing Rules, the Model Code of Conduct for Directors, Managers and Employee Insiders and the Rules on Takeovers and Mergers. A listing agent must be appointed to liaise with the Exchange whenever an issuer of equity securities is required to submit a shareholder circular for approval by the Exchange.

An issuer must also have and maintain a listing agent if after a breach of the Listing Rules the Exchange notifies the issuer that the appointment of a listing agent is required to give advice on the application of the listing rules in order to continue the listing in force.

Following the granting of listing, every issuer must appoint either a listing agent or authorised representative to act at all times as the issuer's principal channel of communication with the Exchange.

Requirements

General

A listing agent must be a person who or which:

- holds an unrestricted mutual fund administrator's licence under the Mutual Funds Law (2009 Revision) of the Cayman Islands;
- holds a licence under the Banks and Trust Companies Law (2009 Revision) of the Cayman Islands; or
- practises as an investment fund administrator, attorney or accountant, or firm of investment fund administrators, attorneys or accountants (including the overseas offices of any such firm), in the Cayman Islands or in a jurisdiction recognised by the Exchange for investment fund incorporation;
- meet the eligibility criteria set out below; and
- be entered on the Exchange's register of listing agents, after having completed all the necessary application forms required by the Exchange, having been approved by the listing committee and having paid the necessary fee.

Eligibility criteria

The eligibility criteria require that a listing agent must in the opinion of the Exchange:

- as an overriding principle, be competent, fit and proper and have sufficient expertise to discharge the responsibilities of a listing agent and have and maintain a good reputation;
- employ suitably qualified staff with relevant experience to undertake its activities as a listing agent;
- maintain an active office with a sufficient number of staff there to ensure that it can discharge its responsibilities as a listing agent at all times;
- not act as a listing agent for an organisation of which it is an associate or in which it otherwise has a material interest, except with the express permission of the Exchange after full disclosure of the relationship;
- maintain a level of professional liability insurance or financial strength satisfactory to the Exchange;
- immediately report to the Exchange any act or omission which causes the listing agent to fail to continue to meet the qualifications of a listing agent; and
- on each anniversary of its admission to the register of listing agents maintained by the Exchange, confirm to the Exchange that it is still eligible to act as a listing agent.

Corporate adviser

In the case of a listing agent advising an issuer of equity securities under Chapter 6 of the Listing Rules the above requirements are varied so that the listing agent must (unless the company is a 'specialist company' limited to sophisticated investors) be a suitably qualified corporate adviser. Such corporate adviser may be based outside the Cayman Islands but should be able to deal with the Exchange during its normal business hours of 9 a.m. to 5:30 p.m. The corporate adviser must:

- be a firm or company which specialises in corporate finance;
- be based in any of the countries and territories set out in the Third Schedule of the Money Laundering Regulations of the Cayman Islands;
- have managed at least three comparable equity securities listings on a recognised stock exchange during the preceding two years or employ staff who have experience of managing such transactions; and
- have, as appropriate, regulatory authorisation to conduct its business.

Where the issuer of equity securities is a specialist company the requirement for a corporate adviser is relaxed so that any listing agent entered on the Exchange's register of listing agents may act on its behalf.



Responsibilities

General

Any listing agent appointed must ensure that issuers receive sound, fair and impartial guidance and advice as to the application of the listing rules and should have regard to the general principles set out in the listing rules which are intended to ensure that issuers and their businesses are suitable for listing and investors have and can maintain confidence in the market.

Listing agents are responsible for communicating with the Exchange during the application process and for ensuring that all necessary documents supporting an application for listing are filed with the Exchange

These responsibilities are:

- to ensure that the issuer and its directors are properly guided and advised on the application of the listing rules;
- to complete a listing agent's declaration and to ensure that all the documents required by the listing rules to be included in the application for listing have been supplied to the Exchange, and that all other relevant requirements of the listing rules have been complied with;
- to respond to and make all communications with the Exchange in an open and co-operative way;
- to seek the Exchange's approval of listing documents; and
- where applicable, to act as a contact point with the Exchange where an issuer has not appointed authorised representatives.

A listing agent may, in its discretion, and with the prior approval of the Exchange, appoint an agent to discharge on its behalf all or any of its responsibilities. Any agent must have sufficient experience to be able to discharge properly the functions for which it has been appointed, final responsibility for which will remain with the listing agent.



Corporate advisers

The requirements for corporate advisers reflect the additional tasks likely to be involved in advising retail equity issuers, such as:

Pre-IPO:

- assisting the company in selecting a team of advisers;
- enhanced due diligence on the company, its directors and senior management;
- providing guidance to the company on the IPO process;
- coordinating the preparation and verification of the listing admission document;
- overseeing the preparation of any expert reports; and
- working with financial advisers on share valuations, preparations of financial reports, working capital statements and any profit forecast or other financial projection.

Post-IPO:

- guiding the company on compliance with continuing obligation requirements under the Listing Rules, Code on Takeovers and Mergers and Model Code for Directors Senior Managers and Employee Insiders; and
- liaising with brokers and the CSX on secondary market trading and surveillance matters.

Listing agents that do not meet the definition of a corporate adviser may work in partnership with a corporate adviser. The requirement to appoint a corporate adviser will not apply to listings of specialist companies, for which any CSX registered listing agent will be able to act alone.

Disciplinary

If the Exchange considers that a listing agent has breached any of its responsibilities and considers it appropriate to impose any sanction it will either issue a private censure or refer the matter to the listing committee. If the listing committee finds that the listing agent has breached its responsibilities under the listing rules, or no longer meets the qualifications to serve as a listing agent it may issue a public censure and if appropriate remove the listing agent from the register of listing agents. There is a right of appeal to the Council of the Exchange.

The application process

Step 1: Satisfy CSX eligibility criteria

Applicants must satisfy the eligibility criteria outlined above. Where the applicant intends to act for an issuer of equity securities it should determine whether or not it will be required to meet the criteria for a corporate adviser. Applicants are encouraged to discuss any issues with the CSX directly prior to making any application.

- Satisfy CSX eligibility criteria
- Prepare application documents
- Approval
- Admission
- Ongoing requirements

Step 2: Prepare application documents

The issuer must complete an application for registration as a listing agent. The application for registration requires details of the applicant's compliance with the suitability criteria and an undertaking to abide by the Exchange's listing rules and all instructions from the Exchange. Applicants must also complete a form of declaration and undertaking for each partner, member or employee who will be engaged in the applicant's practice as a listing agent. The form of declaration requires details of the individual's relevant listing experience and general compliance with the 'fit and proper' requirements and includes a declaration of compliance with the listing rules. Once completed, the forms and any additional supporting documentation considered necessary by the applicant should be sent to the Exchange's Head of Listing.

Step 3: Approval

The application will be reviewed in the first place by the Exchange's Listing Department to ensure that it is substantially complete and satisfies all the relevant criteria. The Listing Department may raise enquiries with the applicant on any matters it considers have not been satisfactorily dealt with in the application. If the Listing Department is satisfied that an application is complete, the matter will be referred to the Exchange's listing committee. The listing committee comprises a panel of at least three members of the Council of the Exchange, each of which must be free from any conflict of interest with regards to the matter at hand. The listing committee may approve, reject or impose conditions on any application. If an application is rejected by the listing committee the applicant may appeal against the listing committee's decision to the CSX Council for final consideration.

Step 4: Admission

If the application is approved and once the applicant has provided confirmation of payment of the relevant fee the applicant will be entered into the Exchange's register of listing agents and its details will be added to a dedicated page on the CSX website. An announcement will be posted on the CSX's website and on Bloomberg.

Step 5: Ongoing requirements

Once admitted, a listing agent must continue to comply with its ongoing responsibilities, as specified in the listing rules.

Fees

A single annual fee is payable upon successful admission to the Exchange's register of listing agents and on subsequent annual renewals.

The fee is determined with reference to the following tariff according to the number of listing applications or listed companies for which the listing agent acts as authorised representative:

- Up to 5 listings: US\$15,000 p.a. (CI \$12,300)
- Over 5 listings: US\$20,000 p.a. (CI \$16,400)

There is no separate application fee.



An aerial photograph of a city, likely Grand Cayman, showing a harbor with several boats and a dense urban area with various buildings. The image is faded and serves as a background for the text.

Contact us

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



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