



Guide to
Listing on
the CISX

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PREFACE

The Channel Islands Stock Exchange (the “CISX”) provides recognised facilities for the listing and trading of debt instruments and securities issued by companies and other forms of investment vehicles. Operating since 1998, the CISX was developed to complement the corporate services provided by local finance businesses, allowing these businesses to diversify by creating a market for local and international trading companies, investment funds and debt securities. The intention is to broaden the scope of financial services available in order to provide a one-stop-shop for all financial products and services, thereby increasing the Channel Islands’ overall competitiveness as an international finance centre.

The CISX is authorised to operate as an investment exchange under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and is regulated and supervised by the Guernsey Financial Services Commission.

The structure of the CISX has been designed to differentiate it from other Exchanges. The CISX is formed as a hybrid company (a company limited by guarantee, with shares) and enjoys the support of a growing number of prestigious local and international organisations. In addition to the traditional type of stock exchange member the CISX’s membership includes banks, insurance companies, investment fund managers, fund administrators, as well as law firms and accountancy firms.

Appleby Securities (Channel Islands) Limited is a full listing member of the CISX, wholly owned by the Appleby Group, and can act as a sponsor for listing purposes. Appleby Securities (Channel Islands) Limited working together with Appleby law firm are able to provide high quality cost effective professional services in all aspects of structuring and documenting debt and equity issues, from initial inception to public offerings and listings.

The CISX’s structure and approach are unique within the Euro zone. As such there is a clear differentiation between it and other regulated and non-regulated Exchanges in Europe. Its efficient and personalised approach continues to attract new issuers and promoters. The CISX Market Authority meets every day to consider listing applications. Special listing procedures have been put into place to address the needs of fund promoters and participants in the international debt market for a speedy and efficient listing service. It is often the case that the Market Authority can turn around documents on the day of receipt.

The CISX listing fees are very competitive (full details can be found at Appendix 1). Specialist debt securities, for example, pay a modest one off fee with no recurring annual fee. Further cost savings may arise as, under the Listing Rules of the CISX, existing documentation may be utilised to form part of the Listing Document.

The Listing Rules are easy to understand and, in keeping with the existing high standards that have been imposed by the CISX’s regulatory authority, comply with international standards. Market data and prices are distributed worldwide through the CISX’s Reuters pages.

This client guide explains the wide international recognition enjoyed by the CISX, the process for listing on the CISX and the advantages of listing on the CISX.

It is recognised that this Guide will not completely answer detailed questions which clients and their advisers may have. It is intended to provide a sketch of the subject matter covered. The Guide is, therefore designed as a starting-point for a more detailed and comprehensive discussion of the issues.

Appleby
Channel Islands
November 2010

1. INTERNATIONAL RECOGNITION

The CISX continues to attract international recognition.

The CISX has been approved by the UK's Financial Services Authority ("FSA") as a designated investment exchange within the meantime of the Financial Services and Markets Act 2000. Many potential investors recognise this as a seal of approval from the FSA as to the effectiveness of the CISX's rules and its internal regulatory environment as well as the operation of the CISX, supervision, membership, price information, clearing and compliance arrangements.

As a designated investment exchange, FSA authorised firms are allowed to treat transactions on the CISX in much the same way as if they were trading on the UK's recognised investment exchanges. As a consequence, investment by an FSA firm in a CISX listed security will now incur a significantly lower position risk requirement, which in turn reduces overall transaction costs.

On 10 December 2002, the UK Inland Revenue (now "HM Revenue and Customs") designated the CISX as a Recognised Stock Exchange under Section 841 of the Income and Corporation Taxes Act (1988) ("ICTA"). Shares listed on the CISX are therefore "qualifying investments" within an ISA, PEP or SIPP and, as a result, an increasing number of closed-ended funds are listed on the CISX.

The tax treatment of Eurobonds is also positively enhanced by the CISX's status as a Recognised Stock Exchange under ICTA. Interest paid on a qualifying quoted Eurobond does not have to be withheld for tax purposes if it is listed on the CISX.

The US Securities and Exchange Commission has designated the CISX as a Designated Offshore Securities Market within the meaning of Rule 902(b) under Regulation S of the Securities Act of 1933 (which governs the offer and sale of securities outside of the United States without registration under the 1933 Act).

The CISX is currently a corresponding Exchange with the Federation of Stock Exchanges ("FIBV"). Membership of the FIBV confirms a securities market as having world class business standards, recognised by regulators and supervisory bodies as well as by the owners, members and users of the market. The FIBV represents the interest of the Stock Exchange industry at meetings and international bodies and serves as resource organisation for the World Bank in the development of capital and emerging markets.

The CISX is also a member of the International Securities Market Association ("ISMA"). ISMA is the self-regulatory industry organisation and trade association for the international securities market. Its principal role is to oversee the efficient functioning of the international securities market through the implementation of a self-regulatory code covering trading, settlement and good market practise.

The CISX is an affiliate member of the International Organisation of Securities Commissions ("IOSCO"). In addition, in July 2000, the CISX was recognised by the Australian Exchange. The CISX will also participate in tri-partied agreements with other regulatory bodies as appropriate to further the Exchange's marketing efforts.

The CISX is also a member of the European Securitisation Forum.

2. ADVANTAGES OF LISTING ON THE CISX

The key strengths of the CISX may be summarised as follows:

- personalised approach with speedy turnaround time;
- competitive pricing;
- responsive and approachable Market Authorities;
- international standards of issuer regulations;
- enhanced marketability and added valued service;
- premier location;
- pragmatic approach to disclosure requirements.

3. SECURITIES LISTED ON THE CISX

The instruments which can be listed include:

- shares, units or other interests in investment funds;
- debt instruments;
- equities;
- warrants;
- depository receipts.

The CISX envisages that it will eventually expand its products and services to include the listing and trading of other products such as derivatives (other than warrants) and insurance related instruments.

4. PROCEDURE FOR LISTING

The first stage in the making of any application for admission to the Official List is the appointment of a sponsor. The applicant must have a sponsor at all times while making the application. Once listed, the sponsor ensures compliance with ongoing obligations. Appleby Securities (Channel Islands) Limited is a full listing member able to sponsor the listing of securities.

The listing procedure consists of four steps:

a. Satisfying Listing Conditions

Before a security is considered for admission to the Official List certain conditions must be met. These conditions are vetted by the sponsor.

The standards for trading companies, open-ended funds, closed-ended funds and Special Purpose Vehicles (“SPV”) debt issues are very different.

b. The Application for Listing

The applicant must submit certain documents to the CISX as required by the CISX Listing Rules. The documentation consists of a Listing Document which can take the form of an existing published prospectus, offering memorandum, scheme particulars and the like, together with supporting

documentation such as accounts when necessary and various standard application forms which the CISX provides within its Listing Rules. Normally, updating information is included within a “wrapper” that forms part of the Listing Document.

The CISX Listing Rules are available on the CISX website. There are eight Chapters of which Chapters I to V are generic and applicable to all listings on the CISX. Chapters VI to VIII (sometimes known as the “Product Chapters”) only apply to specific types of products or securities as follows:

- Chapter VI – Equities and Corporate Debt Securities issued by Trading Companies;
- Chapter VII – Investment Funds; and
- Chapter VIII – Special Categories of Securities (other than Equity Securities).

The nine Appendices to the CISX Listing Rules which follow the above chapters relate to the various standard forms and listing document disclosure requirements, which are product specific.

The listing document disclosure requirements for Chapter VIII Specialist Securities are set out in Appendix IX, Part D of the CISX Listing Rules. There are 22 disclosure items and the majority of these are fundamental items such as the details of the terms and the conditions of the issue in question.

c. Approval

All applications for listing will be processed by the staff of the CISX Listing Department. Once the Listing Department are satisfied with an application it will prepare a response to the CISX’s Market Authority, together with a recommendation as to the suitability of the proposal. The Market Authority will then formally consider the application.

d. Listing

If the Market Authority approves the application, the Listing Document is then filed and the securities are admitted to the Official List.

As discussed above, the CISX offers a personalised and speedy service. The CISX will be able to review draft documents within 48 hours and often on the same day if required.

The CISX also provides a facility for the secondary listing of a company’s securities and funds which are already listed on one or more other recognised stock exchanges.

The listing process is generally the same for a secondary listing as for a primary listing. The CISX will, however, permit an issuer to use the previous listing document approved by the issuer’s primary exchange to obtain a listing on the CISX and certain information necessary for a primary listing may not be required to be submitted to the CISX. The CISX may, however, ask that additional documentation be prepared if the documents supplied prove to be inadequate.

5. THE LISTING PROCESS FOR SPECIALIST DEBT SECURITIES (UNDER CHAPTER VIII OF THE CISX LISTING RULES)

Specialist debt securities are securities targeted at sophisticated investors. The CISX approaches the listing of such securities in a very pragmatic way. Examples of securities listed under Chapter VIII of the CISX Listing

Rules include asset backed securities, loan notes and PIK notes associated with private equity financing and inter-company debt. Although ordinary shares cannot be listed, certificates representing shares can be, as well as equity linked products such as convertible bonds and preference shares which are substantially debt-like in character. With the exception of securities issued by Special Purpose Vehicles, issuers must normally have produced two years of audited accounts to be eligible for listing. As there is no such requirement for Special Purpose Vehicles, the Market Authority of the CISX must be satisfied that applicant's fall within the relevant definition.

The Market Authority's approach has consistently been that a Company should fall within the definition if it is issuing solely or principally debt and using the proceeds of such issue to purchase financial instruments, receivables, assets or underlying businesses (but not using the proceeds for its own working capital). The proviso is that the issuing company must remain passive, i.e. not trade, operate or take an active part in the underlying businesses which are acquired.

In addition to satisfying the Market Authority that the relevant securities constitute specialist securities, there are other minimum conditions to be met, including that the securities being listed must be freely transferable and tradeable.

The CISX is not prescriptive with respect to the Listing Document apart from expecting certain items of information to be included, such as:

- the structure of the transaction and flow of funds;
- details of the originator of the assets backing the issue;
- the issuer's rights over the underlying assets;
- bank credit and swap counterparties; and
- details of the administrator.

The CISX has developed a fast track "equivalence approach" into the processing of applications for specialist securities. This means an application may be processed on the understanding that the security to be listed has the associated documentation prepared under the relevant guidelines of a jurisdiction of a stock exchange recognised by the CISX and that there has been no material changes in the information originally contained within the documents to be submitted.

As with all core products, the Market Authority has developed detailed checklists and procedures for the CISX's own use and for use by sponsoring members.

APPENDIX 1

Listing Fees

The fee schedule below was effective from 31 January 2010

Schedule I - Initial and Annual Fees

CATEGORY	Initial Fee (£)		Annual Fee (£)	
Open-ended investment funds:				
Single fund	£1,000		£1,000	
Umbrella / multi -class fund / PCC	£1,000 plus £330 per sub fund		£1,000 plus £330 per sub fund	
Traded OEIC	£1,500		£1,000	
Traded OEIC – sub fund	£330		£330	
Closed-ended investment funds:	Primary listing	Secondary listing	Primary listing	Secondary listing
Single fund	£3,330	£1,000	£1,650	£1,000
Split / multi-share class fund	£3,330 plus £330 per class	£1,000 plus £330 per class	£1,650 plus £330 per class	£1,000 plus £330 per class
Protected cell companies	£3,350 plus £1,000 per cell	£1,000 plus £1,000 per cell	£1,650 plus £1,000 per cell	£1,000 plus £1,000 per cell
Incorporated cell companies	£3,330 plus £3,330 per cell		£1,650 plus £1,650 per cell	
Structured funds	£3,330 plus £900 per series £900 per class		- - £900 per class	
Single issue Corporate & Government Debt	£3,330		Nil	
Special Purpose Vehicles & Asset-Backed Securities	£3,330 plus £500 per issue		Nil	
Debt Programmes	£3,330 plus £1,000 per issue		Nil	
Multi Issuer Programme	£3,330 plus £3,330 per issuer			
Warrants	£1,000		£1,000 (if traded)	
Trading companies:	Primary listing	Secondary listing	Primary listing	Secondary listing
Channel islands company	£3,850	£3,850	£3,850	£3,850
Non-Channel Islands company	£6,050	£6,050	£6,050	£6,050
Channel Islands Depositary Receipts (CIDRs)	£1,000		£1,000	

Schedule II – Administrative/Facility Fees

CATEGORY	Initial Fee (£)	Annual Fee (£)
Formal Notice Filing Fee	£125	
Block Listing/Series Facility/Extended Offer Period Facility	Nil	£625
Closed-Ended Funds: Additional Shares <10%	£500	
Additional Shares >10%	As per appropriate Schedule I Fee	As per appropriate Schedule I Fee
Additional Debt Issues (Pre-empted)	£125 per application Or	
Unless Annual Fee Agreed	£1,000	
Share Conversions/Reclassification	£625	
Change of Fund Status (Open to Closed-Ended/Closed-Ended to Open)	£1,500	
Class Splits (per split) (e.g. Income & Accumulation/Institutional & Retail, etc)	£330	
Currency Classes	£125	
Late Filing Fees*		
- Listing Fee (Initial/Annual)	£500	
- Post Listing documents	£500	
- Annual/Interim Accounts	£100	
*(Except in cases where Market Authority has granted derogation)		

Notes:

In accordance with the CISX Listing Rules, listing fees are payable in advance and should accompany the Listing Application.

The CISX will apply an administration fee, the amount of which shall be agreed with the Market Authority, in all other applications for listing not covered above where additional, significant document vetting is required.

For more specific advice on Listing on the CISX, we invite you to contact one of the following:

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This publication is intended only to provide a summary of the subject matter covered. It does not purport to be comprehensive or to provide legal advice. No person should act in reliance on any statement contained in this publication without first obtaining specific professional advice.

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