

## ● THE CHANNEL ISLANDS STOCK EXCHANGE

### INTRODUCTION

The Channel Islands Stock Exchange (CISX), which is based in Guernsey, has listed over 4,000 securities with a total market capitalisation of over US\$ 50 billion. The CISX offers a highly personalised approach and fast track processing of listing applications within a well regulated and innovative marketplace.

### BENEFITS OF A CISX LISTING

Some of the benefits of a CISX listing are:

- Competitive pricing, with no VAT or stamp duty charged in Guernsey.
- A responsive and approachable Market Authority that meets daily to consider applications for listings.
- International standards of issuer regulation.
- Funds established in jurisdictions outside the Channel Islands may apply for listing, and this does not require the consent of the local regulator, the Guernsey or Jersey Financial Services Commission.
- The listing rules do not contain any investment restrictions, other than requiring a spread of risk.
- The CISX is flexible with accounting standards (e.g. US GAAP is permitted). In this regard, it is worth noting that the EU Prospectus Directive does not apply in Guernsey.
- The listing rules do not differentiate between local and non Guernsey or Jersey funds, e.g. in relation to accounting procedures for netting off losses.

### OVERSEAS RECOGNITION

The CISX has the following overseas recognitions:

- It has been designated as a "recognised stock exchange" by HM Revenue & Customs under the UK Income and Corporation Taxes Act 1988. This means, amongst other things, that UK investments such as ISAs, PEPs and SIPPs can invest in CISX-listed funds. This is particularly relevant to the listing of property unit trusts established under Guernsey or Jersey law and regulated by the relevant Financial Services Commission. The benefits of such a listing are widely recognised for its investment potential for SIPPs. Being a recognised stock exchange also makes it suitable for the listing of UK REITs.
- It has been designated by the FSA as a "designated investment exchange" under the UK Financial Services and Markets Act 2000. This facilitates trading by UK authorised firms as under certain FSA rules they may treat transactions effected on a designated investment exchange in the same way as transactions on a recognised investment exchange.
- It has been designated by the US Securities and Exchange Commission as a "designated offshore securities market" for the purposes of Regulation S of the Securities Act of 1933.
- It is officially recognised by the Australian Stock Exchange.

- It is approved as an Affiliate Member of the International Organisation of Securities Commissions (IOSCO).
- It is an Associate Member of the International Capital Market Services Association (ICMSA).
- It is registered with the World Federation of Exchanges as a "corresponding market".
- It is a member of the European Securitisation Forum.

### LISTING

An issuer wishing to have its securities listed on the CISX will need the services of a Listing Member who will act as a sponsor. A Listing Member must be established as an entity in the Channel Islands and must have suitably qualified staff to ensure proper co-ordination with the CISX.

Collas Crill Corporate Finance Ltd (CCCCF) is a Category 1 Listing Member of the CISX (a Category 1 Member can sponsor all types of securities).

FOR MORE INFORMATION,  
PLEASE CONTACT:



**PAUL WILKES**  
GROUP PARTNER  
t: +44 (0)1481 734268  
e: paul.wilkes@collascrill.com

#### Collas Crill **Guernsey**

Glategny Court, PO Box 140,  
Glategny Esplanade, St Peter Port,  
Guernsey, GY1 4EW  
t: +44 (0) 1481 723191  
f: +44 (0) 1481 711880  
e: guernsey@collascrill.com  
w: www.collascrill.com



**PAUL WILSON**  
PARTNER  
t: +44 (0)1534 601752  
e: paul.wilson@collascrill.com

#### Collas Crill **Jersey**

40 Don Street,  
St Helier,  
Jersey, JE1 4XD  
t: +44 (0) 1534 601700  
f: +44 (0) 1534 601701  
e: jersey@collascrill.com  
w: www.collascrill.com

#### LISTING OF INVESTMENT FUNDS FREQUENTLY ASKED QUESTIONS

##### Is the CISX a regulated market?

The Channel Islands are not within the European Union and so the CISX is not a regulated market for the purpose of the European Directives, which do not apply to the issuer by reason only of a listing on the CISX.

##### What type of structures can be listed on the CISX?

Companies, protected cell companies, incorporated cell companies, limited partnership interests and unit trusts, open or closed-ended, can be listed on the CISX.

##### Can only Channel Islands funds be listed?

Funds may be listed from any recognised / equivalent jurisdiction as approved by the CISX from time to time..

##### Is shareholder approval required?

If required by the constitutional documents of the issuer, shareholder approval must be lodged with the CISX prior to the intended publication date of the listing document, or as soon as is practical after that date.

##### Is a sponsor required and who can act?

A sponsor is required who is a member of the CISX and established in the Channel Islands. Collas Crill's in-house company, Collas Crill Corporate Finance Limited, is a listing member of the CISX and can act as a sponsor.

##### Are there any requirements for the board constitution?

The board of the fund must be able to demonstrate its ability to act independently of any appointed manager/advisor of the fund, i.e. its promoter. The current requirement is that there be a minimum of three directors, of which two must be independent. A director who is employed by the administrator of the fund is considered to be "independent".

##### Are there any minimum market capitalisation rules?

Except where securities of the same class are already listed, the expected aggregate market value of the securities for which application for listing has been made must be at least £500,000, or the foreign currency equivalent. The CISX may, however, admit securities of a lower value if it is satisfied that there will be an adequate market for the securities.

##### Is there a minimum number of shares which must be in public hands for a fund to be listed?

At least 25% of the class of securities subject to the listing application must be in the hands of the public no later than the date on which dealings commence.

##### Is an approved prospectus required?

Where a prospectus is issued in connection with the issue of securities this may be treated as the listing document by the CISX if it complies with requirements as to content. CISX listings are not subject to the EU Prospectus Directive.

##### Is there a requirement to disclose the underlying documents to the prospectus?

The listing document must include details of a reasonable period (being not less than 14 days) during which the following documents may be inspected at a place in the Channel Islands:

- the constitutional documents of the issuer;
- all material contracts of the issuer;
- all reports, letters or other documents, balance sheets, valuations and statements by any expert referred to in the listing document;
- a written statement signed by the reporting accountants setting out any adjustments made in relation to any accountants report included in the listing document; and
- the audited accounts of the issuer.

**Must financial projections be disclosed?**

A statement as to the financial and trading prospects of the group for at least the current financial year must be included in the listing document, unless otherwise agreed by the CISX.

**Is a trading record required?**

The Rules state that a new fund applicant must have published audited accounts relating to at least three previous years which do not end more than twelve months prior to the application. The CISX may waive this requirement.

**What issues of corporate governance arise after listing?**

Continuing obligations include notification to the CISX of any:

- new developments in the group's sphere of activity
- alteration to its capital structure
- new issues of debt securities
- acquisition or disposal by a director or connected person of their interest in the fund
- changes to the board and any action in respect of the winding up and liquidation of the fund

The issuer must also continue to comply with the conditions for listing.

**Will the Takeover Code apply?**

The City Code on Takeovers and Mergers applies to offers made for companies which have their registered office in Guernsey if either their shares are listed on a regulated market in the UK or on any stock exchange in the Channel Islands or the Isle of Man, or if they are considered to have their place of central management and control in the UK, the Channel Islands or the Isle of Man. The Code does not apply to open ended funds.

**Please note that in many instances the CISX may be able to grant an exemption from the relevant rules. For example, the CISX may exempt the issuer from having to meet certain requirements concerning the production of interim financial reports.**