

# GUIDE TO LISTING ON THE CISE

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## PREFACE

This client guide explains the wide international recognition enjoyed by the Channel Islands Securities Exchange, the process for listing on the CISE and the advantages of listing on the CISE.

We recognise that this Guide will not completely answer detailed questions which clients and their advisers may have; it is not intended to be comprehensive. If any such questions arise in relation to the contents, they may be addressed to any member of the team, using the [contact information](#) provided at the end of this Guide.

### **Appleby**

Jersey and Guernsey

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## 1. INTRODUCTION

The Channel Islands Securities Exchange (**CISE**) provides recognised facilities for the listing and trading of debt instruments and securities issued by companies and other forms of investment vehicles. It originated in 1998 as the Channel Islands Stock Exchange and in December 2013 became the CISE. It 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 CISE 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 CISE is regulated by Channel Islands Securities Exchange Authority Limited (**CISEA**). CISEA's board is the principle decision making forum, which carries out the day to day listings and market surveillance functions of the CISE. CISEA is a 100% subsidiary of Channel Island Securities Exchange Limited.

The board of directors of Channel Island Securities Exchange Limited is responsible to shareholders and members for the strategic objectives of the CISE and they meet regularly to discuss and decide matters such as corporate strategy, budget, financial audit and dividend policy.

The board of directors of CISEA is responsible for the operating, regulatory and day to day running of the CISE. The Board of CISEA meets once a month to discuss the regulatory plan.

The CISE enjoys the support of a growing number of prestigious local and international organisations. In addition to the traditional type of stock exchange member the CISE'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 CISE, 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 CISE's approach is unique within the Euro zone. 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. 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.

The CISE listing fees are very competitive (current fees may be found on the [CISE website](#)). 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 CISE, 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 CISE's regulatory authority, comply with international standards. Market data and prices are available through the CISE's Market Update pages on its website.

## 2. **INTERNATIONAL RECOGNITION**

The CISE has been internationally recognised.

On 20 December 2013, the UK Inland Revenue (now HM Revenue & Customs) designated the CISE as a Recognised Stock Exchange under Section 841 of the Income and Corporation Taxes Act, 1988 (**ICTA**).

Shares listed on the CISE 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 CISE.

The tax treatment of Eurobonds is also positively enhanced by the CISE’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 CISE.

In December 2013, the CISE was approved as an Affiliate Member of the International Organisation of Securities Commissions, it became an Associate Member of the International Capital Market Services Association and it was officially recognised by the Australian Securities Exchange.

The Bailiwicks of Jersey and Guernsey are within OECD jurisdictions and OECD conventions apply. Both Jersey and Guernsey are 'Designated Territories' under Section 270 of The Financial Services and Markets Act 2000.

Guernsey and Jersey were recognised as 'Qualified Intermediary' jurisdictions by the US Internal Revenue Service in September 2000.

## 3. **ADVANTAGES OF LISTING ON THE CISE**

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

- personalised approach with speedy turnaround time and consistency of response;
- competitive pricing and cost effectiveness;
- responsive and approachable;
- international standards of issuer regulations;
- enhanced marketability and added value service;
- premier location;
- pragmatic approach to disclosure requirements.

## 4. **SECURITIES LISTED ON THE CISE**

The instruments which can be listed include:

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

The CISE 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.

## 5. **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:

### **Step 1: 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.

### **Step 2: The Application for Listing**

The applicant must submit certain documents to the CISE as required by the CISE 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 CISE provides within its Listing Rules. Normally, updating information is included within a "wrapper" that forms part of the Listing Document.

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

- **Chapter VI:** Equities, other than Investment Funds, and Corporate Debt Securities issued by Trading Companies;
- **Chapter VII:** Investment Funds;
- **Chapter VIII:** Special Categories of Securities (other than Equity Securities);
- **Chapter IX:** Equities and Corporate Debt Securities issued by Extractive Industries; and
- **Chapter X:** Equities issued by Special Purpose Acquisition Companies.

The nine Appendices to the CISE 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 CISE 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.

### **Step 3: Approval**

All applications for listing will be processed by the staff of the CISE Listing Department. Once they are satisfied with an application they will submit a report including their recommendations to the CISE's Listing and Membership Committee to be considered at a meeting of the Listing and Membership Committee.

### **Step 4: Listing**

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

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

## 6. **THE LISTING PROCESS FOR SPECIALIST DEBT SECURITIES (UNDER CHAPTER VIII OF THE CISE LISTING RULES)**

Specialist debt securities are securities targeted at sophisticated investors. The CISE approaches the listing of such securities in a very pragmatic way. Examples of securities listed under Chapter VIII of the CISE 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 SPVs, issuers must normally have produced three years of audited accounts to be eligible for listing. As there is no such requirement for SPVs, the Listing and Membership Committee must be satisfied that applicants fall within the relevant definition.

The Listing and Membership Committee's approach is that a company should fall within the definition of a SPV 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 solely for its own working capital). The proviso is that the SPV 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 Listing and Membership Committee that the relevant securities constitute specialist securities, there are other minimum conditions to be met, including that the securities being listed must, in principle, be freely transferable and tradeable (though there are exemptions to potential restrictions on transfer).

The CISE 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 CISE 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 CISE and that there have been no material changes in the information originally contained within the documents to be submitted.

As with all core products, the Listing and Membership Committee has developed detailed checklists and procedures for the CISE's own use and for use by sponsoring members.

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

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For the convenience of clients in other time zones, a list of contacts available in each of our jurisdictions may be found [here](#).

The term "Partner" is a title referring to a member, shareholder, director, employee or consultant of equivalent standing and qualifications of one of the partnerships, limited liabilities companies and other entities which are for the time being authorised by Appleby Global Group LLC to carry on the business of legal practices under the Appleby name. A list of the Partners of any Appleby partnership, members of any Appleby limited liability partnership, or of the members, shareholders or directors of any Appleby limited company and of any other non-shareholders who are termed "Partners" of any legal practice is available for inspection upon request. Appleby is an organisation of separate entities and legal practices comprising both corporate and partnership for, each established to provide legal services under the Appleby name from the numerous jurisdictions in which it is based.

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