



**TRADING
REGULATIONS
MADE UNDER SECTION 11
OF THE BERMUDA STOCK
EXCHANGE COMPANY ACT 1992
(AS AMENDED BY THE BERMUDA STOCK EXCHANGE
AMENDMENT ACTS 1996, 1997 AND BY SPECIAL
RESOLUTION IN 1998)**

TRADING REGULATIONS

1 CITATION

- 1.1 These Regulations shall be known as The Bermuda Stock Exchange Trading Regulations.

2 INTERPRETATION

- 2.1 Unless the context otherwise requires all expressions defined in The Bermuda Stock Exchange Trading Membership Regulations shall have the same meanings when used in these Regulations.

3 GENERAL PRINCIPLES

- 3.1 These Trading Regulations seek to ensure that the mechanism through which trading members deal supports a fair, orderly and efficient market.
- 3.2 Notwithstanding any of the following, trading members must comply with The Bermuda Stock Exchange Trading Membership Regulations with special regard to Regulation 6 - Disciplining of Members.
- 3.3 Trading members must observe the principles set out in the Code of Conduct for Trading Members as issued by the Exchange from time to time and any Code of Conduct issued by the Authority from time to time which is applicable to trading members.
- 3.4 Unless otherwise authorized by the Exchange, all trading on the Exchange in securities listed or traded on the Exchange shall be conducted through the Exchange's electronic trading platform called the Bermuda Electronic Securities Trading (BEST) system. Subject to Regulation 5.4, all orders in respect of domestic securities listed or traded on the Exchange (excluding the securities issued by open-end collective investment vehicles) must be executed and settled through the Exchange. A trading member who fails to comply with this regulation shall be liable to disciplinary action by the Exchange.

4 TRADING SESSIONS

- 4.1 The Exchange trading sessions will be conducted Monday to Friday inclusive from 8:30 - 9:00 a.m. (pre-opening) and on a continuous matching basis from 9:00 a.m. to 3:30 p.m., excluding statutory holidays and emergency situations. The Exchange reserves the right to expand or contract trading sessions as it deems fit.

Statutory holidays means those days recognized as such by the Exchange, and prescribed by Bermuda law, these include: New Year's Day, Good Friday, Bermuda Day, the Queen's Birthday, Cup Match Holiday, Somers Day, Labour Day, Remembrance Day, Christmas Day and Boxing Day and any other day that the Exchange appoints.

- 4.2 The Exchange has the power to suspend any trading session or sessions, terminate any session or sessions or reduce or extend or otherwise alter the time of any session or sessions. The Exchange will ensure that all trading members are properly advised of any intention to carry out any of the foregoing.
- 4.3 In the event of a widespread technical failure of the BEST system which impairs trading in securities or the dissemination of pricing or any other information, trading will be halted until the problem is rectified. If the Exchange's own terminals are down, then all trading will be halted until the problem is rectified. Whenever a trading session is disrupted in this way the Exchange may, at its sole discretion, extend the trading session on that day for at least the period of the disruption.

In the event that an individual trading member loses use of its terminal(s) supporting the BEST system, trading will continue, and it is the responsibility of that trading member to send a trading representative to the Exchange to continue trading through the back up terminals available at the Exchange.

Trading members are encouraged to contact the Exchange for assistance in this situation.

5 TRADING PROCEDURES

- 5.1 Each trading member must designate by written notice to the Exchange the authorized representative(s)/(traders) who will conduct its trading activity during each trading session. The Exchange will publicize the list of authorized representatives from time to time and may add to the list at short notice in exceptional circumstances. Another trading member is only obliged to deal with the authorized representatives of a trading member regarding trading activity.
- 5.2 The rules regulating trading on the BEST system shall be as set out in Appendix A, as amended from time to time, and each trading member must abide by those rules.
- 5.3 A round lot shall be deemed to be 100 shares or multiples thereof. Lots of less than 100 shares shall be deemed to be “odd lots”.
- 5.4 Trading members must be willing to accept odd lot orders. Odd lots will be traded in a separate market called the “odd lot” market and such orders may be traded at prices outside the parameters of the market for round lots, called the “regular” market. Odd lot trades will not impact the last trade price or closing price for a security and the odd lot trade prices will not be factored into the calculation of the Exchange’s indexes. Trading members with broker/dealer or marketmaker status may purchase odd lots from their clients for their own account without executing and settling the trade through the Exchange, provided that transfers or sales out of such inventory are executed and settled through the Exchange and further provided that every such transaction is reported to the Exchange by the trading member immediately after the close of trading on each trading day.
- 5.5 Trading members are responsible for the accuracy of the information entered by them and displayed on the BEST system.

6. MONITORING OWNERSHIP RESTRICTIONS

- 6.1 The Exchange shall reject a buy order for an account designated as a foreign account if the execution of that order would cause the total foreign holdings in the Eligible Security to exceed the percentage advised as permissible for holding within the BSD by the issuer.
- 6.2 The Exchange shall reject a buy order if the execution of that order would cause the total holding in the designated account for the Eligible Security to exceed the level for a single holder advised as permissible for holding within the BSD by the issuer.

7 EX-DIVIDEND TRADING

- 7.1 Trading in registered securities shall go EX (ex-dividend or ex-interest or ex-rights or ex-any other privileges, as the case may be) two (2) business days preceding the relevant record date or the date of the closing of the books of the company, whichever is the earlier. Trading in secondary listed securities will go EX on the same day as the primary market.

8 TRADE CANCELLATIONS

- 8.1 A trade cancellation may only occur by agreement of both sides to the trade and the Exchange or for regulatory reasons as determined by the Exchange.
- 8.2 The Exchange reserves the right to cancel any trade.
- 8.3 Requests for trade cancellations must be presented to the Exchange immediately after being agreed upon by both the trading members involved. Both trading members must as soon as practicable, send in writing or by e-mail to the Exchange, a report indicating the reasons and events which led to the request for cancellation of the trade.

9 TRADING IN SUSPENDED SECURITIES

- 9.1 Under no circumstances shall a trading member deal in suspended securities, except to settle a trade executed prior to the suspension of such security. A trading member who fails to comply with this regulation shall be liable to disciplinary action by the Exchange.

10 TRADING IN RESTRICTED MARKETING SECURITIES

- 10.1 Before arranging a subscription, or executing a buy order, for any securities which are subject to the "Restricted Marketing" requirements of the Exchange's Listing Regulations, a trading member must ensure that its client has executed, and lodged with the trading member, an investor suitability declaration in the form prescribed by the Exchange from time to time, or in such other form as the Exchange may approve.

11 TRADING WITH SUSPENDED MEMBERS

- 11.1 Under no circumstances shall a trading member deal with a trading member whose trading membership privileges have been suspended, except to settle a trade executed prior to the suspension of the trading member. A trading member who fails to comply with this regulation shall be liable to disciplinary action by the Exchange.

12 TRADE DISPUTES

- 12.1 Trading disputes will be handled by the Exchange. Any disputes or requests to have a trade reversed must be presented to the Exchange immediately.
- 12.2 The Exchange reserves the right to prescribe any action necessary to resolve a trading dispute including the alteration of the terms of a trade.
- 12.3 Both trading members involved in the dispute must immediately send, in writing or by e-mail to the Exchange, a report indicating the reasons and events which led to the dispute.
- 12.4 In any dispute, the electronic data and log files in the BEST system will be the best evidence of the events leading up to the dispute.

13 MARGIN REQUIREMENTS

- 13.1 For the purpose of preventing the excessive use of credit for the purchase or carrying of securities by trading members, the Exchange may, in consultation with the Authority, prescribe margin requirements from time to time.

14 SETTLEMENT OF TRANSACTIONS EXECUTED ON THE EXCHANGE

- 14.1 Trading members must honour all orders executed and confirmed through the BEST system. A Trading member who fails to comply with this regulation shall be liable to disciplinary action by the Exchange.
- 14.2 Settlement of trades in Eligible Securities shall take place through the BSD system, three (3) business days after the trade date in accordance with the Bermuda Securities Depository Regulations.
- 14.3 Settlement of confirmed trades in the non-Eligible Securities will take place against monetary consideration (Delivery Versus Payment) three (3) business days following the trade date and in accordance with the Settlement Regulations of the Exchange in force from time to time.
- 14.4 The settlement procedures for a security with a secondary listing on the Exchange will follow the primary market. The details will be set out in the Listing Document supporting the listing on the Exchange.

15 SOLD ORDERS

- 15.1 Trading members shall have confirmed that an interest in securities is available in the nominated BSD account to settle a sold trade before entering a sold order into the BEST system.
- 15.2 The Exchange shall reject an order if sufficient interests in securities are not available in the nominated account to satisfy the order in full.

16 BOUGHT TRADES

- 16.1 The Exchange may prevent an order or orders from executing if, in the opinion of the Exchange, such action is necessary to prevent the net amount owing to the Exchange exceeding the Participant's Settlement Cap.
- 16.2 The Exchange will suspend the execution of all buy orders if the net amount owing by the Participant to the Exchange exceeds the Settlement Cap.