

Specialist Debt Listings

The BSX lists debt issuance programmes (such as medium term notes, credit-linked notes, and re-packaging), asset-backed securities, convertible bonds, eurobonds, insurance securitisation bonds, and any other bonds which -- by their nature -- are purchased and traded by a limited number of investors who are generally very knowledgeable in investment matters.

The BSX listing regulations are streamlined and rely more on full disclosure than prescriptive regulations for investor protection purposes. This means that debt listings can be completed within a matter of days. The BSX seeks to respond within 48 hours with comments on each draft of the prospectus and the BSX Listing Committee responds within seven days once complete applications are submitted.

Listing Fees

The BSX has implemented a new fee structure, as follows. *Initial fees* for debt securities from a new issuer are \$2,500, payable on the application for listing. This fee level also applies to subsequent debt issues by listed issuers. *Annual fees* for each class of these issues are \$1,000.

The BSX also approves *debt issuance programs* with a \$500 initial fee and \$500 annual fee for all subsequent issues under a program. Subsequent issues enjoy a streamlined application procedure using a simple term sheet in lieu of the full application form.

Only new applicants to the BSX require the assistance of a BSX Trading Member or Listing Sponsor. Subsequent issues are not required to be sponsored.

Eligibility

The debt securities must be fully negotiable and freely transferable. The issuer must:

- Be a supranational body which is recognized by the BSX; or
- Be a government, or a governmental agency whose obligations are irrevocably guaranteed by a government; or
- Be an exempted company which is incorporated in Bermuda and which has consolidated net tangible assets of at least \$10 million; or
- Have a primary listing for its share capital on another stock exchange which is recognized by the BSX; or
- Restrict investment in its listed debt securities to Qualified Investors in a manner acceptable to the Exchange. **This means, *inter alia*, that the securities may only be marketed to Qualified Investors and may only be traded on the Exchange between Qualified Investors.**

The issuer must maintain a paying agent in Bermuda, or another location agreed to by the BSX, for the duration of the listing. The debt securities must be eligible for deposit in a clearing and settlement system recognised for this purpose by the BSX.

Application

The following materials must be filed with the BSX:

- Formal letter of application and fees (term sheet only for program issues)
- Draft prospectus
- Certificate of incorporation or equivalent
- Certified copy of issuer's constitution
- Audited annual report and accounts (2 years or since inception)
- Certified copies of resolutions authorizing issue of the securities
- Issuer's Undertaking
- Copy of document of title to be used for the issue
- Certified copy of material documents referred to in the prospectus, as well as a copy of the trust deed that secures or constitutes the debt securities.

Prospectus

The draft prospectus must include the issuer's financial information and be reviewed by the BSX. The drafts must be "marked up" to indicate where the particular requirements have been met and any changes from previous drafts.

The prospectus must contain information that enables an investor to make an informed assessment of the issuer and securities. The regulations provide guidance on the following prospectus items:

- BSX standard disclaimer
- General information about the issuer, its advisors, and the prospectus
- Information about the securities as well as the terms and conditions of their issue and distribution
- General information about the group's activities
- Issuer's management
- Material contracts
- Provision of documents for inspection

Continuing Obligations

Continuing obligations include:

- Prompt notification to BSX and holders of material events to allow them to evaluate the financial position of the issuer and group (or its ability to meet commitments) and to avoid the creation of a false market. Material events are circumstances that may be expected to materially affect market activity or the price of the listed securities.
- If a secondary listing, the BSX must receive copies of all information filed with the primary exchange.
- Audited annual report and accounts.
- Other disclosures include: changes in the terms of debt securities; decisions to pass interest payments; purchase, redemption, or cancellation; important changes; proposed drawings or closure of books; winding-up and liquidation. If the issue carries conversion rights for -- or is guaranteed by -- another company, adequate information must be available for that company.

Debt Issuance Programs

Listings for subsequent issues under a BSX-approved debt issuance program may be accomplished immediately by filing with a simplified “term sheet” consisting of the following information.

- Issuer’s name
- A description of the securities for which listing is sought, specifying the nominal amount of the securities
- Description of the debt issuance program under which this tranche or series is being issued
- Proposed date of issuance and details of the offer period
- Proposed date of issuance/offer period and method of listing
- Registrar, Paying/Transfer Agent
- A statement of any requirements of the Listing Regulations which cannot be met by the applicant and detailed arguments to support any request for a waiver or modification of the normal requirements
- Intended first day of dealings
- Attach any supplementary prospectus which is being issued in support of this tranche or series

For more information on how to list on the BSX, please contact James McKirdy (Chief Compliance Officer) at 441-292-7212.