

# MEZZANINE LISTINGS



The Bermuda Stock Exchange (BSX) is the world's preeminent fully-electronic, offshore securities exchange, offering a variety of international listing services, key among them the provisions for the listing of Small to Medium Enterprise Companies (SMES), marketed on the BSX as 'Mezzanine Listings'.

A BSX Mezzanine Listing provides development stage companies with a unique opportunity to list, and subsequently raise public capital on an internationally recognized exchange at a much earlier stage than a traditional IPO.

This is due in large part to the fact that the BSX restricts investment in Mezzanine Listings to 'Qualified Investors', meaning that access is limited to sophisticated investors only; as such the BSX can rely on full disclosure rather than prescriptive regulations.

## THE MERITS OF THE MEZZANINE LISTING

### A FOCUSED APPROACH

A Mezzanine Listing is specifically geared towards young, innovative companies with high growth potential, offering an easily accessible trading platform, attracting equity financing from domestic and international institutions, as well as private investors.

### EASE TO MARKET

Because the Mezzanine Listing is restricted to Qualified Investors, a company may list without having to meet the conventional proven minimum track record, free float or profitability requirements of a full IPO, while still exposing management to the process and responsibilities of having to comply with exchange regulations and reporting standards.

### CREDIBILITY & MARKETABILITY

The BSX is a globally recognised exchange, renowned for its sound and respected regulatory environment. All listed securities are supported through the Bloomberg system (BSX <GO>). Additionally, the BSX web site [www.bsx.com](http://www.bsx.com) carries details on all listed securities, providing important information, thus supporting fairness and transparency with a view to encouraging liquidity and inspiring investor confidence.

Listed securities are far more attractive to institutional investors, especially in jurisdictions where investment in non-listed securities may be restricted, and to investors who may limit their exposure to unlisted securities.

In addition, a listing on an internationally recognised exchange is widely regarded as a prestigious mark of achievement, significantly increasing the marketability of the security. Listed issuer trading and pricing information is disseminated globally by the BSX, together with all company press statements, thus developing an invaluable historic profile which can be readily sourced by the international market and global financial news networks; all in preparation for an ultimate IPO.

### DIVERSIFICATION

Raising public capital can assist a company to diversify its financing options beyond bank debt and pure venture capital funds. Whilst a highly liquid secondary market may not immediately develop, a BSX listing does create the mechanism for trading – representing an important exit strategy for institutional investors. The Qualified Investor requirement does impact the opportunity for the introduction of a retail shareholder base; provision is available within the BSX Regulations for the Qualified Investor requirement to be lifted if the issuer meets certain requirements.

### GROWTH AND EXPANSION

A number of technology companies, for example, have been drawn to incorporate holding companies or overseas sales organisations in Bermuda. The two main attractions being Bermuda's neutral corporate tax regime – with no profits, income or capital gains taxes – and its new unique E-Commerce legislation. Putting a Bermuda company into the corporate structure thus enables a company to start its worldwide expansion. A listing on the BSX (the home exchange) raises their Bermuda profile further, and clearly reinforces their commitment to their chosen corporate domicile.



## LISTING REQUIREMENTS

Mezzanine Listing applicants will require the assistance of a BSX Trading Member (*a complete list, including contact information can be found on our website [www.bsx.com](http://www.bsx.com)*).

The following materials must be submitted to the BSX:

- BSX listing fees, payment due upon submission of the prospectus for review;
- Prospectus. (The prospectus may be the same document as the private placement offering document.);
- Annual fees are payable upon submission of the complete and final listing application.

Subject to the restriction to Qualified Investors and the obligation to make full disclosure, there are no other onerous qualifications imposed on Mezzanine Listings.

## FEES IN US FUNDS:

Mezzanine Listing fees are based on the indicated market capitalization of the company

MARKET CAPITALIZATION	US \$	INITIAL FEE	ANNUAL FEE
NOT EXCEEDING	\$10 M	\$5,000	\$5,000
NOT EXCEEDING	\$50 M	\$10,000	\$7,500
NOT EXCEEDING	\$100 M	\$15,000	\$12,500
NOT EXCEEDING	\$200 M	\$25,000	\$15,000
NOT EXCEEDING	\$500 M	\$30,000	\$17,500
EXCEEDING	\$1,000 M	\$35,000	\$20,000
EXCEEDING	\$1,000 M	\$40,000	\$25,000

For further clarification and/or additional listing information please contact the Exchange's Head of Listings on +1 441-292 7212. Or visit our website for more information at [www.bsx.com](http://www.bsx.com).