

BSX Listing Regulations - Practice Note 14

All Issuers – All BSD “Eligible Securities”

as prescribed by the Exchange pursuant to the Bermuda Stock Exchange Listing Regulations, Sections I, Regulation 1.8

1. Introduction

The Bermuda Stock Exchange (the BSX or the Exchange) is a full member of the World Federation of Exchanges. The Bermuda Securities Depository (the BSD) is a wholly owned subsidiary of the Exchange.

The BSX Listing Regulations provide for the Exchange to impose additional obligations on listed issuers generally. See Annex below.

The BSX Trading and Settlement Regulations provide for the Exchange to designate a security as being an “Eligible Security” for holding within the BSD.

For the avoidance of doubt, all securities that have been approved for listing on the Exchange are by that fact deemed to be designated by the Exchange as being Eligible Securities. All BSX listed securities are therefore BSD Eligible Securities.

2. BSD Operations

The BSD operates as the registered holder and legal owner of the Eligible Securities it holds on behalf of the BSD Participants and their clients. The BSD acts as a safekeeping nominee via BSD Nominees and all benefits accruing to the Eligible Securities it holds pass through to the ultimate beneficial owners of these securities.

As the legal owner of the Eligible Securities being held for the benefit of others, the BSD has an obligation to manage the positions it holds in the Eligible Securities to the full benefit of the ultimate beneficial owners. In managing the positions it holds so that all benefits pass through to the ultimate beneficial owners of the Eligible Securities, the BSD is required, inter alia, to ensure that its positions and records are accurate and complete in that the BSD's records match the records of those maintained by the registrars as set out in the company's registers of the Eligible Securities in terms of the total number of securities the BSD holds for each position of Eligible Securities.

3. The Exchange's Position

The Exchange deems it prudent that the BSD and the issuers of listed Eligible Securities communicate on a regular basis to reconcile positions held by the BSD with the records of the issuers.

On a monthly basis the Operations Staff of the Exchange shall communicate with the person or entity that is responsible for maintaining the register of the holders of the listed Eligible Securities to ensure that the BSD's records and positions are in reconciliation to the records of each issuer or its agent.

The BSD shall also conduct a reconciliation of its positions in listed Eligible Securities with an issuer any time it is requested to do so by the issuer and any time the issuer undertakes a significant corporate action; i.e. stock dividend, rights issue etc.

4. BSX Requirement; Listed Issuers to Conduct Reconciliations With the BSD

Effective from Monday, 29 February, 2016 the Exchange, pursuant to the provisions of the BSX Listing Regulations, as noted in the annex below, and together with the BSD, requires all issuers of listed Eligible Securities to conduct monthly reconciliations with the BSD. This requirement applies to all positions of Eligible Securities of each listed issuer that are held by the BSD. The Exchange further requires that such reconciliations be completed with five (5) business days of the ensuing month.

The reconciliations to the BSD's positions in Eligible Securities shall be managed by the Operations Manager and Staff of the Exchange.

5. Reservation of the Exchange's Powers

The Listing Committee of the Bermuda Stock Exchange reserves the power in its absolute discretion to amend, revise or further add to this Practice Note or to impose additional requirements on issuers of listed Eligible Securities for the effective management of the reconciliation of positions held by the BSD in Eligible Securities.

The Listing Committee also reserves its ability via the provisions of the BSX Listing Regulations, Section I, Chapter 2, Regulations 2.24 and 2.29 to impose sanctions on a listed issuer who fails to comply with the requirement to conduct monthly reconciliations with the BSD.

6. Annex of BSX Listing Regulations

Section I, Chapter 1, Regulation 1.8;
Section I, Chapter 2, Regulations 2.3 & 2.8;
Section IIA, Chapter 6, Regulation 6.36;
Section IIB, Chapter 6, Regulation 6.35;
Section IIC, Chapter 6, Regulation 6.22;
Section IIIA, Chapter 6, Regulations 6.16 & 6.32;
Section IIIB, Chapter 6, Regulation 6.21;
Section IIIC, Chapter 6, Regulation 6.19;
Section IV, Chapter 6, Regulations 6.27 & 6.52;
Section V, Chapter 6, Regulation 6.20;
Section VI, Chapter 6, Regulation 6.21

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