

Listing Sponsor

Thank you for your interest in becoming a Listing Sponsor of the Bermuda Stock Exchange (BSX). With the continuing growth of the BSX, we are confident that the Listing Sponsor role offers a real business opportunity for law firms, accounting firms, fund managers, and other service providers.

Complete information on the Listing Sponsor role may be found in the *BSX Listing Sponsor Regulations*, which includes the full form of application, and the *Code of Conduct*.

Introduction

The BSX was set up in 1971 as an unincorporated association between the island's banks, and was formally incorporated in 1992 as a limited liability company under the Bermuda Stock Exchange Company Act.

The BSX has achieved a critical mass and anticipates further strong growth in listings in future years. Furthermore, the exchange recently implemented the cutting-edge BEST electronic trading system, which will encourage new types of securities to be listed on the exchange (such as specialist debt and insurance related securities).

Listing Sponsor Requirements

The BSX invited applications for Listing Sponsor from any company, which meets the BSX's Listing Sponsor requirements. An applicant must:

- Submit a brief business plan detailing how the membership will be used;
- Be a liability company incorporated in Bermuda (local 80/20 or 60/40 or exempted). No individuals or permit companies will be admitted;
- Meet the Minimum Net Capital (MNC) requirements, both at the time of admission and on a continuous basis thereafter;
- Have appointed an independent auditor;
- Satisfy the BSX's requirements for relevant experience;
- Pay an admission fee and an annual membership fee;
- Agreed to be bound by the Listing Sponsor Regulation of the BSX, as prescribed by the BSX and approved by the Bermuda Monetary Authority (BMA) from time to time.

Membership Fees

The Listing Sponsor fees and Minimum Net Capital (MNC) requirements for Listing Sponsors are as follows:

| | <u>Joining Fee</u> | <u>Annual Fee</u> | <u>MNC</u> |
|-----------------|--------------------|-------------------|------------|
| Listing Sponsor | \$10,000 | \$7,500.00 | \$25,000 |

The Role of Listing Sponsor

The Listing Sponsor must abide by the terms and conditions of the *Listing Sponsor Regulations*, in particular the “Code of Conduct for Listing Sponsors,” as set out in Appendix B of those regulations. In order to fulfill its requirements to the BSX, the Listing Sponsor shall act at all times with due skill, care, and diligence.

In addition, the Listing Sponsor must act in an open and co-operative manner when dealing with the BSX. The primary responsibilities of a Listing Sponsor are to ensure that:

- The Issuer receives fair and impartial guidance and advice as to the application and interpretation of the *Listing Regulations*;
- After making due and careful enquiry, the Issuer is suitable for listing on the BSX and meets all of the relevant qualifications for listing;
- After making due and careful enquiry, the directors and senior management of the Issuer understand the nature of a listing on the BSX and the responsibilities that they will have to assume if listing is granted;
- After making due and careful enquiry, the prospectus filed with the BSX in support of the application contains such particulars and information which, according to the particular nature of the Issuer and the securities for which listing is sought, is necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Issuer and of its profits and losses and of the rights attaching to such securities;
- All necessary documents supporting an application are lodged with the BSX;
- They are responsible for communicating with the BSX during the application process.

A Listing Sponsor has the ability to sponsor applications for new listings of mutual funds, fixed income, depository receipts, and secondary listings.

Any primary listing of equities, including primary listings on the Mezzanine Market must be sponsored in conjunction with a Trading Member.

Listing Sponsors of the BSX are not Trading Members and do not therefore have trading privileges.

Where a Listing Sponsor is appointed to provide ongoing sponsorship the Listing Sponsor must ensure that:

- It acts at all times as the Issuer’s principal channel of communication with the BSX and maintains close contact with the Issuer;
- The Issuer complies with its continuing obligations under Chapter 6 of the relevant Section of the *Listing Regulations*; and,
- It responds promptly to all enquiries made by the BSX.

Current BSX Members

Trading Members include:

- Appleby Securities (Bermuda) Ltd.
- Barrington Investments Ltd.
- BCB Asset Management Ltd.
- Bermuda International Securities Ltd.
- Butterfield Securities Ltd.
- Clarien BSX Services
- Hamilton Securities (Bermuda) Ltd.
- Global Custody & Clearing Ltd. (Member of LOM Group)
- Nomura Securities (Bermuda) Ltd.

Listing Sponsors include:

- Apex Financial Services Ltd.
- Argonaut Financial Services Ltd.
- Continental Sponsors Ltd
- Harbour Financial Services Ltd.
- Prime Management Limited