

Channel Islands Stock Exchange, LBG - Listing Equities - a Summary

Listing of Equities issued by a Trading Company

This briefing document provides a summary of the key requirements for the admission of equity securities of a trading company to a listing on the Channel Island Stock Exchange, LBG (the 'CISX' or the 'Exchange').

WHY USE THE CISX?

Executive Summary

The CISX offers:

- a fast document turnaround time (often same day) and an efficient personal service;
- competitive pricing (initial listing fee of £5,500 for a stand alone issue of a non-Channel Islands company with an annual fee of £5,500 or £3,500 and £3,500 respectively if the company is a Channel Islands company);
- sponsor fees significantly less than other major exchanges;
- no requirement to appoint a Nomad;
- international standards of issuer regulation;
- a pragmatic approach to disclosure requirements; and
- market makers can be appointed just as they can on AIM.

All CISX listing and trading information can be accessed from the CISX's dedicated pages on Reuters Triarch screen-based trading platform and on its Internet Website at www.cisx.com. Trading Members of the Exchange may display orders for listed securities by sending their prices via Reuters to the CISX and these prices are then disseminated to all Reuters users (access via CISX's Reuters pages (CISXINDEX)).

It is intended that shortly, real time prices, as well as listing and trading information, will be available using new software developed by the CISX.

Unlike other European stock exchanges, the CISX is not bound by any European Union Listing Directives and, as a result, is able to be considerably more flexible in its approach.

Recognition of the Exchange

In December 2002, the CISX was designated by the UK Inland Revenue as a recognised stock exchange under Section 841 of the UK Income and Corporation Taxes Act 1988 ('ICTA').

The CISX was classified as a 'designated investment exchange' by the Financial Services Authority in the UK with effect from 1 February 2004. This has facilitated trading by UK authorised firms by providing a more favourable regulatory environment for transactions effected on the CISX and also allow UK authorised firms to sell investments listed on the CISX to clients in the USA.

Another landmark for the CISX was its approval as an affiliate member of the International Organisation of Securities Commissions ('IOSCO') which further underlines the global reputation of the CISX.

The CISX has also been designated by the US Securities and Exchange Commission as a Designated Offshore Securities market under Regulation S of the US Securities Act 1933, is also recognised by the Australian Stock Exchange, is registered with the International Federation of Stock Exchanges ('FIBV') as a corresponding market and is an associate member of the International Securities Market Association. In addition, the CISX is a member of the European Securitisation Forum, an organisation sponsored by the US Bond Market Association.

Appointment of Sponsor

In order to proceed with a listing a proposed issuer must appoint a sponsor to assist in relation to the listing procedure. In addition, a sponsor is able to apply to the Exchange for derogations from the formal disclosure requirements applicable to the contents of the Listing Document.

Ogier Corporate Finance Limited is a full listing member of the Channel Islands Stock Exchange, wholly owned by Ogier, and is able to act as a sponsor for listing purposes. Ogier Corporate Finance Limited has the leading share of listing trading companies on the Exchange. In respect of any Jersey, Guernsey, Cayman or Irish incorporated issuer Ogier is experienced in the provision of high quality and cost effective professional services in relation to the set up and on-going administration of issuers.

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Full details of the services provided by Ogier Corporate Finance Limited in particular and the Ogier Group in general are available on request.

The Exchange's Approach to Listing

The Exchange is flexible in its requirements regarding the detailed information describing the issuer and its equity securities required to be included in a prospectus (the 'Listing Document'). Disclosure requirements have been set at a level which are intended to provide investors with sufficient information to enable them to make an informed investment decision regarding the listed securities but without imposing unnecessarily onerous demands on an issuer. Where any such information would not be applicable or appropriate to a particular issue an application for derogation from the formal requirements may be made to the Exchange. The Exchange may authorise the omission of certain information from the Listing Document where it considers such information not to be applicable or is of minor importance. As a general approach, however, the Exchange would normally expect a Listing Document to disclose all such information as may be necessary to enable an investor to make an informed assessment on the financial position, activities, management and prospects of an issuer and of the rights (and any liabilities) attached to the equity securities for which a listing is sought.

Market Maker

Each issuer must appoint at least one market maker. Currently, Collins Stewart, Securities and Dresdner Kleinwort Wasserstein Securities provide market maker services to companies whose securities are listed on the CISX, although it is hoped to attract further market makers in due course.

Special Requirements for Listing of Equity Securities

Equity securities may be listed by way of an introduction, an offer for subscription, an offer for sale or a placing. (Where a placing or offering memorandum has been issued in connection with any offer for subscription or sale or a placing it is possible to 'wrap' this document with the extra information required in a further document prepared by the sponsor to comply with the Listing Rules of the CISX rather than having the expense of preparing and printing a new memorandum.)

A new applicant must have published accounts, audited in accordance with recognised international accounting standards, which cover at least three years but it is possible for the Exchange to waive this requirement in whole or in part.

It is possible for a newly incorporated company without any trading history to rely on the audited accounts of its

wholly owned trading subsidiary and/or to obtain derogation so that only two years audited accounts are included provided that up to date unaudited financial statements are also drawn up.

Fully paid securities must be freely transferable and tradable. Securities may be subject to transfer restrictions:

- (a) where the holding of such securities may result in a regulatory, legal or taxation disadvantage for the issuer or the shareholders of the securities generally; or
- (b) to maintain a minimum holding per shareholder.

Nil or partly paid shares may be subject to restrictions provided that the restrictions are not such as to prevent dealings in the securities from taking place on an open and proper basis.

At least 25% of the class of securities to be listed must be in the hands of the public in such proportions so as to satisfy the Exchange that there will be an adequate market in the securities.

THE LISTING PROCESS

Stage 1: Satisfy Listing Conditions

An issuer seeking a listing for equity securities on the Exchange must satisfy all the conditions for listing. The Applicant's professional advisers and the sponsor are encouraged to discuss the suitability of the listing proposals with the Exchange prior to making any formal application.

Stage 2: Preparation of Draft Documentation

The sponsor, in conjunction with the applicant's professional advisers, will prepare drafts of the formal listing documentation for review and comment by the Listing Department of the Exchange.

Stage 3: Approval

All applications for listing will be processed by the Exchange's Head of Listing and the Staff of the Listing Department. Once the Listing Department is satisfied with an application it will prepare a response to the Exchange's Market Authority together with a recommendation as to the suitability of the listing proposal.

Stage 4: Listing

If the Market Authority approves the application, the listing documentation is then filed and the securities are admitted to the Official List. The securities must be



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allocated an ISIN reference before the Listing Document is made public and dealings commence.

Continuing Obligations

Once a listing has occurred an issuer must comply with the continuing obligations specified in the Listing Rules. The continuing obligations are intended to ensure that all market users have simultaneous access to the same information and to maintain an orderly market in the listed equity securities.

The CISX will conduct a review of every listed entity six months after the issuer's financial year end, to ensure compliance with the continuing obligations requirements. Each January the issuer is also required to supply the sponsor with a letter confirming compliance with their continuing obligations. The sponsor must then supply the CISX with a letter confirming such compliance by January 31 each year.

Listing Fees

The initial application fee for the listing of equity securities of a non-Channel Islands trading company is £5,500. An annual fee of £5,500 is charged in respect of the listed securities. Where the trading company is a Channel Islands company, the fees are £3,500 and £3,500 respectively.

Apart from the listing fees payable to the CISX, fees will also be payable to the sponsor. Ogier Corporate Finance Limited is willing to negotiate its fees based upon the complexity of the listing.

General

The purpose of this briefing is to highlight the principal requirements and key issues to be considered when considering the listing of equity securities by trading companies on the CISX. It is not intended to be a comprehensive guide to listing disclosure and continuing obligation requirements.

If you would like further information about the Exchange and the services that we are able to provide, please speak to one of the contacts listed at the end of this briefing or your usual contact at Ogier.



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About Ogier

Ogier is an award winning offshore legal and fiduciary services provider. The Group advises on all aspects of BVI, Cayman, Guernsey and Jersey law and associated fiduciary services through a global network of offices covering all time zones and key financial markets.

Ogier continues to be recognised as a leading law firm by the principal legal directories, including Legal 500 and Chambers.

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