

Channel Islands Stock Exchange ("CISX") Rule Change Update

Ogier Corporate Finance Limited ("OCFL") is the market leader in providing listing agent services for the listing of securities on the Channel Islands Stock Exchange ("CISX" or the "Exchange") having sponsored over 350 listings.

REVISED LISTING RULES

The Market Authority, in conjunction with the Rules Committee of the CISX Board, has completed a review of the CISX Listing Rules. A number of amendments have been made which take account of practical matters which the Exchange have experienced since the Listing Rules were last amended in mid-2007.

This update highlights the key changes made to the Listing Rules and briefly summarises such changes.

The revised Listing Rules will come into effect on 31 March 2010. The CISX website (www.cisx.com) will be updated with the revised Listing Rules.

In short, the Listing Rules have been amended to:

- take into account the use of Treasury Shares;
- provide clarity in relation to a range of accounts information;
- confirm timings and other matters related to the change of Sponsor process for Issuers; and
- bring The Model Code (relevant to listings under Chapters VI and VII of the Listing Rules) more in line with the UKLA Model Code.

The CISX Listing Rules can be found at the hyperlink below where they are available in PDF format:

<http://www.cisx.com/content.php?pageid=3>

Impact

Broadly speaking, the key revisions are focussed on listings of securities under Chapter VI (Equities, Non-Investment Funds) and Chapter VII (Investment Funds) of the Listing Rules and not Chapter VIII (Specialist Category of Securities).

That being the case, the listing process provided for in Chapter VIII - which is preferred for Issuers seeking to qualify for the HMRC quoted Eurobond exemption, remains largely unchanged.

The impact of the rule changes for Chapter VI and VII Issuers is summarised in the Schedule of Amendments below.

Schedule of Amendments

The following is a brief summary of the key revisions made to the Listing Rules:

Treasury Shares

Prohibition on sales or transfers of treasury shares

Provisions are now included in the Listing Rules in relation to treasury shares, as defined. In particular, the Listing Rules now provide that sales or transfers for the purposes of, or pursuant to, an employees' share scheme, of treasury shares must not be made during a prohibited period.

The above does not apply to the following sales or transfers by an Issuer of treasury shares:

- transfers of treasury shares in connection with the operation of an employees' share scheme where the transfer facilitates dealings that do not fall within the provisions of the Model Code; or
- sales or transfers by the Issuer of treasury shares (other than equity shares) of a class whose price or value would not be likely to be significantly affected by the publication of the information giving rise to the prohibited period.

Notification of purchases

The Exchange must be notified without delay of any board decision to submit to shareholders a proposal for the Issuer to be authorised to purchase its own equity shares, except in respect of a renewal of an existing authority. The notification must now include a statement of whether the Issuer intends to cancel the equity shares or hold them in treasury.

Similarly, the actual purchase of the Issuer's own equity shares by or on behalf of the Issuer, or any member of its group, must be notified to the Exchange as soon as possible and no later than the business day following the date of purchase. The notification must include, where relevant, a statement as to what number of the equity shares were purchased for cancellation and what number were purchased to be held in treasury and the total

Channel Islands Stock Exchange (“CISX”) Rule Change Update

number of shares in treasury and in issue, excluding the shares held in treasury.

Notification of purchases, early redemptions and cancellations

Any purchases, early redemptions or cancellations of an Issuer’s own listed securities other than equity shares by or on behalf of the Issuer must be notified to the Exchange in writing where an aggregate of 10% of the initial amount of the relevant class of securities has been purchased, redeemed or cancelled and for each 5% in aggregate of the initial amount of that class acquired thereafter. The notification must include a statement as to what number of the shares were purchased or redeemed early for cancellation and what number were purchased in order to be held as treasury shares and where shares were purchased to be held as treasury shares. A statement of the total number of shares in treasury and in issue, excluding the shares held in treasury is also required.

Notification of capitalisation issues and of sales, transfers and cancellations of treasury shares

If, by virtue of its holding treasury shares, an Issuer is allotted shares as part of a capitalisation issue, the Issuer must notify the Exchange and make an announcement to the public, the holders of its securities and the other holders of its listed securities as soon as possible and no later than the business day following the date any allotment was made of the following information:

- the date of the allotment;
- the number of shares allotted;
- a statement as to what number of shares allotted have been cancelled and what number is being held as treasury shares; and
- where shares allotted are being held as treasury shares, a statement of:
 - the total number of treasury shares of each class held by the Issuer following the allotment; and
 - the number of shares of each class that the Issuer has in issue less the total number of treasury shares of each class held by the Issuer following the allotment.

Any sale, transfer for the purposes of or pursuant to an employees’ share scheme or cancellation of treasury shares by an Issuer must be notified to the Exchange, the holders of the securities of the Issuer and the other holders of its listed securities as soon as possible and in any event by no later than the day following the day on

which the sale, transfer or cancellation. The notification must include:

- the date of the sale, transfer or cancellation;
- the number of shares sold, transferred or cancelled;
- the sale or transfer price for each of the highest and lowest prices paid, where relevant; and
- a statement of:
 - the total number of treasury shares of each class held by the Issuer following the sale, transfer or cancellation; and
 - the number of shares of each class that the Issuer has in issue less the total number of treasury shares of each class held by the Issuer following the sale, transfer or cancellation.

Securities in Public Hands

For calculation purposes, treasury shares are not taken into consideration when calculating the percentage of a class of shares in the hands of the public (which must be 25 per cent, in listings under Chapters VI and VII of the Listing Rules).

Annual Report and Account:

Listing Rule 7.9.8 (accounting requirement for non-authorised funds)

Listing Rule 7.9.8. set out certain content requirements of the annual report and accounts of a non-authorised/approved investment fund which included, in summary: (i) a management report of the investment performance of the investment fund; (ii) a statement of assets and liabilities and incorporating a list of at least the investment fund’s 10 largest investments in value; (iii) an analysis of any provision for diminution in value of investments; (iv) a statement of income and distribution; (v) an analysis of the investment portfolio; and (vi) details concerning the investment manager of the fund. This provision has now been deleted.

Listing Rule 7.6.20 (general requirements)

The following additional information must now be included in the annual report and accounts of an Issuer, if relevant: (i) an indication of the terms and duration of the investment manager’s appointment, the basis of their remuneration and any arrangements relevant to the termination of their appointment; and (ii) in the case of sales of treasury shares for cash made otherwise than through the market or in connection with an employees’ share scheme or otherwise than pursuant to an opportunity which was made available to all holders of

Channel Islands Stock Exchange (“CISX”) Rule Change Update

the Issuer’s securities on the same terms, particulars of the names of purchasers of such shares sold or proposed to be sold by the Issuer during the period under review.

Listing Rules 7.6.20(a) 6.6.21(a) (Director’s report)

A report by the directors on the results for the period under review must now be included in the annual reports and accounts of an Issuer.

The Model Code: Revised Appendix VI

There have been a number of changes to the Model Code, which applies to securities transactions of listed companies. A summary of the changes is as follows:

- up until now, all group employees, if they had access to inside information, were required to comply with the Model Code, but now only persons discharging managerial responsibilities (“PDMRs”) are caught. All employees will still potentially be subject to applicable market abuse regimes;
- the Model Code now refers to Share Incentive Plans as an example of an all-employee plan where dealings (other than sales of shares by PDMRs) can take place in a close period;
- dealing in treasury shares for the purposes of a HM Revenue and Customs approved SAYE option scheme or share incentive plan or similar schemes is now permitted, even where the Model Code would prevent directors from dealing; and
- the Chairman and Chief Executive can seek clearance to deal from another board member designated for the purpose if the other is away.

Directors or any other persons with managerial responsibilities of listed companies to which the Model Code applies should familiarise themselves with the changes to the Code. If required, specific advice about the impact of the changes to the Code can be arranged via your usual OCFL contact.

Change of Sponsor: Appendix IIA

Where there is a change in listing sponsor, the new sponsor will be required to write a letter to the Exchange in the form set out in Appendix IIA. Such notice confirms the date of take-on and also contains certain undertakings in relation to the Issuer and new listing sponsor’s compliance with the Listing Rules.

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Channel Islands Stock Exchange (“CISX”) Rule Change Update

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