

CHAPTER 12

CORPORATE AND SOVEREIGN DEBT SECURITIES

Contents

This chapter sets out the conditions for listing and the information which is required to be included in the listing document for corporate and sovereign debt securities including corporate and sovereign debt securities issued under a programme. It does not cover retail debt securities, which are covered by chapter 13, or debt securities which are the subject of a secondary listing, which are covered by chapter 7, or specialist debt securities, which are covered by chapter 8 or debt securities of specialist companies, which are covered by chapter 14. All issuers whose corporate or sovereign debt securities are listed pursuant to this chapter must, unless otherwise agreed by the Exchange, also comply with all relevant provisions of section I of the listing rules. The main headings of this chapter are:

12.1	conditions for listing
12.16	contents of listing document
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CONDITIONS FOR LISTING

Incorporation

- 12.1 An issuer must be duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment and be operating in conformity with its memorandum and articles of association or other constitutional documents.

Financial information

- 12.2 Except as set out in rule 12.6, an applicant must have published independently audited financial statements which cover at least the last two financial years preceding the application for listing.
- 12.3 Where the issuer has been incorporated for less than two years, the Exchange may accept financial statements covering a shorter period.
- 12.4 The financial statements must have been prepared:
- (a) in accordance with the issuer's national laws; and

- (b) in accordance with International Accounting Standards, United States, Canadian or United Kingdom Generally Accepted Accounting Principles, or other equivalent standard acceptable to the Exchange.
- 12.5 The latest audited financial statements of the issuer must be in respect of a period ended not more than eighteen months prior to the date of the listing document.
- 12.6 The Exchange will waive the requirements of rules 12.2 to 12.5, 12.7 to 12.8 and 12.79 to 12.80 for an issuer which is a supranational body or making an issue of securities which benefit from the guarantee of a government or where the securities benefit from an unconditional and irrevocable guarantee of another company or equivalent arrangements or where it can satisfy rules 12.3 to 12.5 by virtue of its subsidiaries, provided the Exchange receives written confirmation from the issuer that the non-publication of such information would not be likely to mislead investors with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

Nature and duration of business activities

- 12.7 The issuer must be carrying on as its main activity, either by itself or through one or more of its subsidiary undertakings, an independent business which is revenue earning.
- 12.8 The directors of the issuer must collectively have appropriate expertise and experience for the management of its business.

Validity

- 12.9 The securities for which listing is sought must:
- (a) conform with the law of the issuer's place of incorporation;
 - (b) be duly authorised in accordance with the requirements of the issuer's constitutional documents; and
 - (c) have any necessary statutory or other consents.

Transferability

- 12.10 The securities for which listing is sought must be freely transferable except to the extent that any restrictions on transferability are approved by the Exchange. The Exchange will approve transfer restrictions that result from the securities not being registered under certain securities laws provided such restrictions are adequately disclosed.

Whole class to be listed

- 12.11 Where none of the securities of a particular class are listed on the Exchange, the application for listing must relate to all securities of that class, whether already issued or proposed to

be issued. Where the securities of that class are already listed on the Exchange, the application for listing must relate to all further securities of that class which are proposed to be issued.

Guarantee

12.12 Where the issue is guaranteed, the guarantee must be issued in conformity with the relevant laws of the place where the guarantor is incorporated or otherwise established and be in conformity with the guarantor's memorandum and articles of association or other constitutional documents.

Convertible securities

12.13 Convertible securities may be admitted to listing only if the Exchange is satisfied that investors will be able to obtain the information necessary to form a reasonable opinion as to the value of the securities into which they are convertible. This may require the securities into which they are convertible to be listed on the Exchange or listed on another stock exchange which is recognised for this purpose by the Exchange.

Clearing and settlement

12.14 To be admitted to listing on the Exchange, securities must have an ISIN and be eligible for deposit in an acceptable electronic clearing and settlement system including Clearstream, Euroclear, The Depository Trust Company or any acceptable alternative system agreed in advance with the Exchange. Where securities are to be privately placed with a small number of institutions or qualified purchasers, the Exchange may accept alternative arrangements provided they facilitate the efficient clearance and settlement of all trades.

Paying agent

12.15 The issuer must appoint a paying agent in the Cayman Islands or other financial centre acceptable to the Exchange. The issuer itself may perform this function if it can demonstrate to the Exchange that it is capable of doing so.

CONTENTS OF LISTING DOCUMENT

The information which is required to be included in the listing document is set out below. The requirements may be subject to the modifications, exceptions and additions described in rules 12.64 to 12.74 depending on the circumstances of the issuer and the type of security for which application is being made.

Preliminary information

12.16 The name and country of incorporation of the issuer;

- 12.17 The address of the principal or registered office of the issuer;
- 12.18 The number and description of the securities for which application for listing is being made;
- 12.19 The names and addresses of the arranger(s), distributor(s), auditors, trustee or other representative for the holders of the securities, fiscal agent, paying agent, calculation agent, registrar or transfer agent and legal advisers, where applicable.
- 12.20 A statement that application has been made for the relevant securities to be admitted to the official list of the Cayman Islands Stock Exchange, giving the exact designation and class of the securities;
- 12.21 A declaration in the following form:

This listing document includes information given in compliance with the listing rules of the Cayman Islands Stock Exchange. The issuer accepts full responsibility for the accuracy of the information contained in the listing document and confirms, having made reasonable enquiry, that to the best of its knowledge and belief there are no facts the omission of which would make any statement within the listing document misleading. The Cayman Islands Stock Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document.

This declaration should be appropriately adapted where persons other than the issuer are responsible for part of the listing document or where certain information has been reproduced from information published by a third party who has not participated in the preparation of the listing document. In the latter circumstance the issuer must accept responsibility for accurately reproducing such information but need not accept any other responsibility in respect of such information.

Investment considerations

- 12.22 An explanation of any matter of significance to investors relating to the issue of the securities for which listing is sought, the issuer and the issuer's country of incorporation. Any such explanation should be given appropriate prominence, depending on the nature of the matter concerned and its significance to investors.

Terms of the securities to be listed

- 12.23 A description of the securities, including:
- (a) the currency of the issue;

- (b) the aggregate principal amount of the issue or, if this amount is not fixed, a statement to that effect;
 - (c) details of whether the securities are guaranteed or secured, and if so, the nature of the guarantee or security;
 - (d) the status of the securities (i.e. whether they are subordinated to any other debts of the issuer, whether already incurred or to be incurred);
 - (e) details of whether the securities are interest bearing and if so, whether the interest rate is fixed, floating or variable;
 - (f) the redemption price;
 - (g) the final principal repayment date;
 - (h) the series designation, if applicable; and
 - (i) the offer price, or, where securities are to be purchased by the arranger or another party and offered for sale in negotiated transactions at varying prices to be determined at the time of sale, a statement to that effect.
- 12.24 Details of any issue discount or premium payable, or of any expenses of the issue which are to be charged to subscribers or purchasers.
- 12.25 The method of payment for the securities, if payment is to be made in instalments.
- 12.26 The principal rights of the holders of the securities.
- 12.27 The events of default and the remedies available.
- 12.28 Details of the dealing and settlement arrangements for the securities.
- 12.29 A description of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.

Rating

- 12.30 Where the securities are rated or are to be rated on issue as a result of the engagement by the issuer with a rating agency in respect of the securities, the credit rating assigned or expected to be assigned on issue to the securities and the name of the rating agency responsible for such rating.

Form, denomination and title

- 12.31 The form and denomination of the securities.

12.32 The procedures and time limits for delivery of the securities, whether there will be any temporary documents of title and, if so, the procedures for the delivery and exchange thereof.

12.33 The details of the arrangements for transfer of the securities.

Interest

12.34 The interest rate on the outstanding principal amount or, if the interest rate is not fixed, the basis of its calculation. If several interest rates are provided for, an explanation of the conditions for changes in the rate.

12.35 The date from which interest accrues.

12.36 The due dates for interest payments.

Redemption

12.37 If the securities will be redeemed or may be redeemed at the option of the issuer or the holder prior to their stated maturity, the terms applicable to such redemption including any early repayment dates, the basis of calculation of the redemption price and the redemption procedure.

Payment

12.38 The method of payment of the principal and interest on the securities.

Prescription

12.39 The prescription period for claims to interest and repayment of principal.

Taxation

12.40 The details of any taxes on the payment of principal and interest on the securities which is withheld at source in the country of origin and a statement as to whether the issuer assumes responsibility for the withholding of tax at source.

Provisions of the trust deed or such other similar document

12.41 A summary of the following:

- (a) the principal duties, rights and obligations of the trustee under the trust deed; and
- (b) any provisions for the indemnification or restriction of liability of the trustee.

Notices

12.42 The method by which notices shall be or shall be deemed to have been given to holders of the securities.

Governing law

12.43 The laws by which the securities are governed and the jurisdiction to which the parties will submit in the event of any disputes.

Transfer restrictions

12.44 If permitted by the Exchange, details of any restrictions on the free transferability of the securities.

The issuer

12.45 The date of incorporation or other formation of the issuer.

12.46 A description of the business of the issuer and any limitations on its business activities.

12.47 If the issuer is a member of a group:

- (a) a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held, directly or indirectly, by each holding company of the issuer; and
- (b) the general nature of the business of the group, including details of the main categories of products sold or services performed.

12.48 The full name and address of every director or proposed director of the issuer.

Financial and other information

12.49 A capitalisation and indebtedness statement for the issuer as at the most recent practicable date (which must be stated) together with a statement of any material changes since that date, or a negative statement, showing separately:

- (a) the amount of the issuer's authorised, if applicable, and issued capital, including the number and classes of the securities it comprises and the amount paid up; and
- (b) the total amount of all short and long term borrowings and indebtedness of the issuer. If such information is unaudited, that fact must be stated.

12.50 Where the issuer forms part of a group the capitalisation and indebtedness statement referred to in rule 12.49 above may be prepared on a consolidated or non-consolidated basis provided that the form not used does not contain any significant additional

- information. As a general rule, no account should be taken of liabilities or guarantees between undertakings within the same group.
- 12.51 A table showing the profit and loss accounts and balance sheets for the issuer or, if the issuer is a member of a group, the group for the two financial years immediately preceding the issuance of the listing document, including any explanatory notes to the latest annual financial statements, a statement as to the accounting principles applied and the names and addresses of the auditors who have audited the annual financial statements. If the auditor's report is qualified or includes any emphasis of matter, such qualifications or emphasis of matter must be reproduced in full and the reasons given.
- 12.52 If the issuer prepares consolidated financial statements, the financial information must be derived from the consolidated financial statements. Financial information from the issuer's own financial statements must also be included if it provides significant additional information.
- 12.53 A copy of any interim financial statements published subsequent to the latest annual audited financial statements.
- 12.54 A statement of any material adverse change in the financial or trading position or prospects of the issuer or, if the issuer is a member of a group, of the group since the end of the period for which audited annual financial statements have been published or since incorporation, or an appropriate negative statement.
- 12.55 Where historical performance data appears in the listing document, the source of such information and the basis of any calculations must be disclosed.
- 12.56 Where a profit forecast appears in the listing document, a statement of the principal assumptions upon which it is based, whether it is audited or unaudited and the date at which the profit forecast was prepared.

Material contracts

- 12.57 To the extent not already disclosed in the listing document, a summary of the principal contents of all material contracts pertaining to the issue entered into by the issuer or, if the issuer is a member of the group, by any member of the group, including particulars of the dates, parties and a summary of terms and conditions of such contracts.

General information

- 12.58 If the issuer is required to publish independently audited financial statements, details of where annual and interim financial statements will be made available.
- 12.59 The names of any other stock exchanges on which a listing has been, is being or will be sought for the securities.

- 12.60 If an offer or placement has been or is being made simultaneously on the market of one or more other countries, and if a tranche of securities has been or is being reserved for certain of these offerings, details of any such tranche.
- 12.61 The intended application of the proceeds of the issue.
- 12.62 Particulars of any litigation or claims, of material importance, pending or threatened against the issuer or any member of the group, or an appropriate negative statement.

Documents for inspection

- 12.63 A statement that for a reasonable period of time (being not less than fourteen calendar days from the date of the listing document or, in the case of securities issued under a programme, throughout the life of the programme) at a place in the Cayman Islands or such other place as the Exchange may agree, the following documents (or copies thereof), where applicable, may be inspected, without charge:
- (a) the constitutional documents of the issuer;
 - (b) any trust deed of the issuer, paying agency agreement, guarantee or any other material contracts pertaining to the issue;
 - (c) all reports, letters, valuations or other documents any part of which is included or referred to in the listing document;
 - (d) the audited financial statements of the issuer or, in the case of a group which has produced consolidated financial statements, the consolidated audited financial statements of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the listing document, together with any interim financial statements published subsequently; and
 - (e) in the case of securities issued under a programme, the current programme memorandum, any supplementary programme memorandum or any pricing supplements (relating to outstanding and listed issues) issued since the current programme memorandum was published.

MODIFICATIONS, EXCEPTIONS AND ADDITIONS

Debt securities which benefit from the guarantee of another company

- 12.64 Where the debt securities benefit from the guarantee of another company, the information required in respect of the guarantor will be such information as the Exchange determines, not exceeding that which would be required if it were the issuer.

- 12.65 Where the securities benefit from an unconditional and irrevocable guarantee, or equivalent arrangements, of another company, the information required by rules 12.51 to 12.54 need not be included.

Supranational bodies or issuers which benefit from the guarantee of a government

- 12.66 Where an issuer is a supranational body or is making an issue of securities which benefit from the guarantee of a government, such issuer need not include the information required by rules 12.45 to 12.56.

Listed issuers

- 12.67 Where the issuer's or, where relevant, the guarantor's debt or equity securities are listed on the Exchange or on another stock exchange recognised by the Exchange for this purpose, the Exchange may, if it considers it appropriate, treat it as a listed issuer. In such cases, the issuer need not include the information required by rules 12.51 to 12.54, provided the name of the stock exchange on which such issuer's or guarantor's securities are listed is disclosed in the listing document.

Issuers of convertible securities

- 12.68 An issuer of convertible securities must include the following additional information in the listing document with respect to the securities into which the convertible securities are convertible into, whether directly or by reference to other publicly available documentation:
- (a) details satisfactory to the Exchange of the shares or other securities offered by way of conversion, exchange or for subscription, and the rights attaching thereto, including details of arrangements for transfer of such securities and any restrictions on their free transferability;
 - (b) conditions of and procedures for conversion, exchange or subscription and details of the circumstances in which they may be amended;
 - (c) the name of the issuer of the securities;
 - (d) its registered office;
 - (e) its country of incorporation;
 - (f) the nature of its business;
 - (g) the name of any stock exchange on which the relevant securities are listed;
 - (h) the place where financial and other information on the issuer and the relevant securities is publicly available;

- (i) where the issuer of the securities and/or the issuer's short term or long term credit has been rated by any of the major public rating agencies, the ratings and the name of the rating agency responsible for such rating;
- (j) the name of the registrar and/or paying agent for the relevant securities; and
- (k) details of any taxes on the payment of principal and interest on the relevant securities at source.

Issues of securities under programmes

12.69 Issuers are expected to follow the application procedure outlined in chapter 2 and rules 12.74 to 12.75 below which involves the preparation of a listing document (the "programme memorandum"). The programme memorandum must contain the general terms and conditions applicable to all securities that may be issued and listed under the programme. The application for listing must cover the maximum nominal amount of securities which may be in issue and listed at any one time under the programme. If the Exchange approves the application, it will admit to listing all securities which may be issued under the programme within one year of the publication of the programme memorandum, subject to the Exchange:

- (a) being advised of the final terms of each issue;
- (b) receiving a letter from the issuer confirming which of the listing requirements, if any (other than the listing requirements already included in accordance with rule 12.75(d) at the time of application for listing in respect of the programme), do not apply to the issue;
- (c) receiving a letter from the issuer requesting non-publication of certain information relating to an issue, giving reasons for such request;
- (d) receiving and approving for publication any supplementary programme memorandum that may be appropriate;
- (e) receiving confirmation that the securities in question have been issued; and
- (f) receiving the issuance fee payable on admission of the securities to listing and the annual fee in respect of the first year, which are calculated in accordance with the schedule of fees published on the Exchange's website.

12.70 For issues in excess of the notified maximum or made more than one year after publication of the programme memorandum, the initial application and publication procedures as set out in chapter 2 and rules 12.74 to 12.75 below must be followed.

- 12.71 A document describing the final terms of each issue which is intended to be listed (the "pricing supplement"), which may also comprise a supplementary programme memorandum, must be submitted to the Exchange as soon as possible after they have been agreed.
- 12.72 The pricing supplement relating to an issue, when read together with the programme memorandum and any supplementary programme memorandum in respect of the programme, must provide an investor with the full terms and conditions of the issue.
- 12.73 Where the securities to be issued under a programme have already been approved for listing on an exchange which is recognised by the Exchange an issuer may apply to the Exchange for a listing for any tranche or series of securities to be issued under that programme. In such circumstances the Exchange will accept the programme memorandum prepared in connection with the issuer's application to list on such other exchange. In all other respects issuers must follow the application procedure outlined above.

LISTING APPLICATION PROCEDURES

- 12.74 The listing document must be formally approved by the Exchange before publication.
- 12.75 The following must be submitted to the Exchange before formal approval is given:
- (a) an application for admission to listing, in the form set out in Appendix 1B to these listing rules;
 - (b) copy of the listing document in final form;
 - (c) a declaration by the issuer in the form set out in Appendix 2A to these listing rules;
 - (d) a letter from the issuer or its duly authorised representative confirming which of the listing requirements, if any, do not apply;
 - (e) a letter from the issuer or its duly authorised representative requesting non-publication of certain information, giving reasons for such request;
 - (f) such other documents as may be required by the Exchange; and
 - (g) the initial listing fee and the annual fee in respect of the first year, which are calculated in accordance with the schedule of fees published on the Exchange's website.

CONTINUING OBLIGATIONS

Each issuer of securities listed pursuant to this chapter must undertake, as a condition of being granted and maintaining a listing on the Exchange, to comply with the continuing obligations set out herein.

New developments

12.76 The issuer must notify the Exchange, for release, of any new developments which are not public knowledge and which may reasonably be expected to affect materially the market activity in and the price of the listed securities, or the ability of the issuer to meet its commitments.

Equality of treatment

12.77 The issuer must ensure equal treatment of all holders of its listed securities of the same class in respect of all rights attaching to such securities.

Exercise of rights

12.78 The issuer must ensure that all the necessary information and facilities are made available to holders of securities to enable them to exercise their rights. In particular, the issuer must notify the Exchange and publish notices or distribute circulars concerning the meetings of holders of its listed securities and the exercise of any conversion rights.

Financial statements

12.79 An issuer must publish audited annual financial statements, in accordance with International Accounting Standards or such other standards as may be acceptable to the Exchange, within nine months of the end of the financial period to which they relate. If the issuer prepares both own and consolidated financial statements it may publish either form or both provided that the form which is not published does not contain any significant additional information. If the annual audited financial statements do not give a true and fair view of the state of affairs at the end of the financial year or the profit and loss of the issuer or the group, the Exchange may require additional information to be included therein.

12.80 If the audited annual financial statements have not already been made available to the holders of the securities, the availability of such annual financial statements must be notified to the Exchange and to the holders of the securities immediately following their publication.

12.81 At the same time as the audited annual financial statements and any interim financial statements are published, the issuer must send one copy to the Exchange.

12.82 The Exchange will waive the requirements of rules 12.79 to 12.80 where:

- (a) the listed securities of the issuer benefit from an unconditional and irrevocable guarantee of another company or the guarantee of a government or equivalent arrangements; or
- (b) the issuer is a supranational body;

and it has received written confirmation from the issuer that the non-publication of independently audited financial statements would not be likely to mislead investors with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

12.83 Where the listed debt securities may be converted into securities of another entity, or are guaranteed by another entity, the issuer must, at the same time as the audited annual financial statements and any interim financial statements are published by such other entity, send a copy to the Exchange, unless that entity is listed or adequate information is otherwise available.

Changes in rights

12.84 The issuer must notify the Exchange for release of any change in the rights of holders of any class of listed securities.

12.85 Where the listed securities are convertible, this requirement will also apply to any change in the rights of any class of securities into which the listed securities are convertible.

Interest

12.86 The issuer must notify the Exchange for release of any decision in relation to any listed securities not to make any interest payment contemplated by the terms of the issue of such securities.

Decision to purchase

12.87 Save where contemplated specifically by the terms of a particular issue of securities, the Exchange must be notified immediately for release of any decision to call, purchase, redeem or cancel any of the listed securities by the issuer or any member of the group.

Notification of purchases

12.88 The issuer must notify the Exchange immediately where any purchase, redemption or cancellation of securities of an aggregate of ten per cent. of the initial nominal amount of the listed securities has been made. Once this threshold has been crossed, the issuer must notify the Exchange of any further purchases, redemptions or cancellations of each additional five per cent. or more of the initial nominal amount of such securities.

- 12.89 Such notification must state the nominal amount of the securities purchased or redeemed, whether such securities are to be cancelled and the nominal amount of the securities remaining outstanding.

Paying agent

- 12.90 The issuer must maintain a paying agent in the Cayman Islands or other financial centre acceptable to the Exchange until the securities are finally redeemed. The Exchange must be notified of any change of such paying agent. The issuer itself may perform this function if it can demonstrate to the Exchange that it is capable of doing so.

Clearance and settlement

- 12.91 The issuer must make arrangements acceptable to the Exchange to facilitate the efficient clearance and settlement of all trades and, where applicable, the registration of all transfers of its listed securities.

General nature of the business

- 12.92 Any decision to change the general character or nature of the business of the issuer, guarantor or group must be notified to the Exchange.

New issues

- 12.93 Any new issues of debt securities, including any further issues of securities of a class already listed on the Exchange, and any guarantee or surety in respect thereof must be notified to the Exchange.

Constitution

- 12.94 Any proposed change in the constitution of the issuer, guarantor or the group or its registered or principal office must be notified to the Exchange.

Directors

- 12.95 Any changes in the issuer's or guarantor's directors must be notified to the Exchange.

Auditor

- 12.96 Any change in the issuer's or guarantor's auditor must be notified to the Exchange.

Equivalent information

- 12.97 Where securities listed on the Exchange are also listed on another stock exchange, the issuer must ensure that copies of all documents required to be filed and information required to be notified to the Exchange are promptly made available to such other stock exchange.

Public Announcement

12.98 The Exchange will upon notification of any of the above matters make a public announcement with respect to such matters.

Annual fee

12.99 Issuers are required to pay an annual fee to the Exchange in accordance with the schedule of fees published on the Exchange's website, as updated from time to time.

Distribution of other documents

12.100 The issuer must send to the Exchange a copy of all notices of meetings, forms of proxy, any reports, announcements or other similar documents at the same time as they are issued.

Exception

12.101 Where, in the opinion of any issuer, disclosure of any matter required by the listing rules would be unduly detrimental to the issuer, the issuer may apply for a waiver from the relevant requirement. The information, together with a statement of the reasons why the issuer believes the information should not be disclosed at that time, must be provided to the Exchange. The Exchange will deal with the information on a strictly confidential basis. However, the Exchange may at any time order that an announcement be delivered to it for dissemination by the Exchange.