



Cayman Islands Stock Exchange: listing of corporate and sovereign debt securities

Insights - 01/02/2023

The Cayman Islands Stock Exchange (CSX) is a leading offshore exchange for the listing of specialist debt securities, Eurobonds and insurance and risk-related securities.

The CSX offers:

- an efficient and prompt listing service (with guaranteed turnaround times on documents)
- user-friendly rules and a pragmatic approach
- competitive pricing (initial listing fee of US\$2,500 for a stand alone issue with an annual fee of US\$3,500)

The CSX is a recognised stock exchange for the purposes of the HM Revenue & Customs, a member of the Intermarket Surveillance Group and an affiliate member of the International Organisation of Securities Commissions.

Introduction

The CSX commenced operations in 1997 under The Cayman Islands Stock Exchange Company Law, 1996 (the Law) with primary functions as a specialist exchange in listing specialist debt, equity securities, offshore funds, Eurobonds, derivative warrants and depositary receipts.

The Law confers self-regulatory powers on the CSX as an exchange, subject to supervision and regulation by the Stock Exchange Authority. The Stock Exchange Authority is an autonomous body established as the dedicated regulator for the CSX under the Law.

The CSX is located in George Town in Grand Cayman and operates in a remote environment with Deutsche Boerse's Xetra® trading platform which it monitors centrally. Based on the industry-driven and international messaging standard FIX protocol (Financial Information eXchange

protocol), the Xetra® FIX Gateway offers simple and flexible access to all Xetra® markets based around the world. All CSX listings and trading information can be accessed from the CSX's dedicated pages on the Bloomberg network and on its website www.csx.ky.

The CSX is commercially driven and provides a combination of sophisticated listing rules which are user-friendly and aimed at meeting the needs of issuers who market their offerings to institutional and high net worth investors. It provides a wider investment base, particularly for access to institutional and non-institutional investors who may face constraints on investing in unlisted securities or securities not listed on a recognised stock exchange.

The CSX has grown rapidly since its inception to become a leading offshore exchange. Since introducing dedicated rules for listing corporate and sovereign debt securities the CSX has attracted the attention of many of the world's leading international financial institutions who have listed various types of specialist issues on the CSX.

Recognitions, affiliations and memberships

The CSX was granted "recognised stock exchange" status under the UK HM Revenue & Customs as of March 2004 under Section 841 of the UK Income and Corporation Taxes Act 1988. The recognition allows issuers of quoted corporate and sovereign debt securities to use what is commonly referred to as the "eurobond exemption" to pay interest to investors without deducting withholding tax, and makes CSX listed corporate and sovereign debt securities eligible for certain UK pension investments.

The CSX is an affiliate member of the International Organization of Securities Commissions and of the World Federation of Exchanges. The CSX is also a full member to the Cayman Islands chapter of the Alternative Investment Management Association and of the Intermarket Surveillance Group.

Listing agents and services offered by Ogier

Ogier has been a full listing agent of the CSX since 2004 and has acted as listing agent on a number of listings. The services provided include advising with respect to the listing of equity securities and debt securities (including corporate and sovereign debt securities). Ogier advises on all aspects of the listing of debt securities - from the initial listing process through to advising on continuing CSX obligations - and has a wide range of experience on the structuring and documenting of debt issuance transactions.

Listing categories for debt securities

The listing of debt securities is regulated by the CSX listing rules which are published on the CSX's website (the **Listing Rules**).

Under the Listing Rules, debt securities can be listed with the CSX under three categories:

(a) Corporate and Sovereign Debt Securities: often referred to as "Eurobonds"

(b) Specialist Debt Securities: which are credit-linked or asset-backed securities, or are limited in recourse to a specific asset or assets of the issuer

(c) Retail Debt Securities: debt securities which are usually purchased and traded by investors without any restrictions as to their knowledge in investment matters

This briefing note focuses on listings under the corporate and sovereign debt category and does not cover categories (b) and (c). Information and advice on listings under these categories is available upon request.

Sovereign debt securities are defined as debt securities which are guaranteed or issued by a supranational body or which benefit from the guarantee of a government. Under the listing rules, both sovereign debt and corporate debt securities are defined as debt securities which by their nature are usually bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

The CSX's approach to listing

The CSX recognises that debt securities of its listed issuers tend to be purchased and traded by a limited number of sophisticated and institutional investors. Accordingly, the CSX endeavours to adopt a pragmatic approach to regulation and is flexible in its requirements regarding detailed information describing the issuer and the debt securities required to be included in the listing document (the **Listing Document**). The CSX is willing to work with issuers to strike an appropriate balance in relation to matters such as incorporation of more extensive information by reference, the use of listing wrappers and, subject to certain restrictions, non-publication of sensitive information. As a general approach, however, the CSX would normally expect a Listing Document to disclose all such information as may be necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of profits and losses of the issuer and of the rights, powers and privileges attached to the debt securities.

General principles for listing on the CSX

The Listing Rules are designed to ensure that investors have and can maintain confidence in the market and that:

(a) issuers and their businesses are suitable for listing

(b) the issue and marketing of securities is conducted in a fair, open and orderly manner and that potential investors are given sufficient information to enable them to make a properly informed assessment of the issuer, and of the debt securities for which listing is sought

(c) after listing, investors and the public are kept fully informed by the issuers of any new material developments which are not of public knowledge and disclosure is made to the CSX of any information which might reasonably be expected to have a material effect on market activity in, and the price of, the listed debt securities

(d) all holders of listed debt securities of the same class are treated fairly and equally; and

(e) the directors of an issuer act in the interests of its investors as a whole

The CSX encourages prospective issuers and their advisors to seek informal and confidential guidance as to the eligibility of a proposed listing application at the earliest possible time.

Special requirements for listing of corporate and sovereign debt securities

The following requirements apply to listing corporate and sovereign debt securities on the CSX.

(a) The issuer must have published independently audited financial statements prepared in accordance with International Accounting Standards, United States, Canadian or United Kingdom Generally Accepted Accounting Principles (or another standard acceptable to the CSX) which cover at least the last two financial years prior to listing although, where the issuer has been incorporated for less than two years, the CSX will generally accept financial statements covering a shorter period. This requirement will be waived where the issuer is a supranational body or the securities benefit from a guarantee of a government. In certain cases, this can also be waived where the securities benefit from an unconditional and irrevocable guarantee of another company or equivalent arrangements acceptable to the CSX which would not mislead investors.

(b) The debt securities to be listed must be freely transferable except to the extent that any restrictions on transferability are approved by the CSX.

(c) The debt 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 CSX (although where the debt securities are to be privately placed with a small number of institutions or qualified purchasers, the CSX may accept alternative arrangements).

(d) There must be a paying agent which can be based in the Cayman Islands or any acceptable financial centre.

(e) 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.

(f) The directors of the issuer must collectively have appropriate expertise and experience for the management of its business.

(g) In the case of convertible debt securities investors must be able to obtain the information necessary to form a reasonable opinion as to the value of the securities into which they are convertible.

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 debt securities. A detailed summary of the continuing obligation requirements can be provided on request.

Listing fee

The CSX fee for the listing of a standalone corporate or sovereign debt security is US\$2,500. There is also an annual fee of US\$3,500.

The purpose of this briefing is to highlight the principal requirements and key issues to be considered for the listing of corporate and sovereign debt securities on the CSX. It is a summary only as of the date shown on the cover and should not be regarded as specific legal advice applicable to any particular circumstances.

If you would like further information about the CSX and the related 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.

About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

Disclaimer

This client briefing has been prepared for clients and professional associates of Ogier. The information and expressions of opinion which it contains are not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific advice concerning individual situations.

Regulatory information can be found under [Legal Notice](#)

Key Contacts



Angus Davison

Partner

Cayman Islands

E: angus.davison@ogier.com

T: [+1 345 815 1788](tel:+13458151788)



James Bagnall

Consultant

Cayman Islands

E: james.bagnall@ogier.com

T: [+1 345 815 1754](tel:+13458151754)



Bradley Kruger

Partner

Cayman Islands

E: bradley.kruger@ogier.com

T: +1 345 815 1877



Nick Rogers

Partner

Cayman Islands

E: nick.rogers@ogier.com

T: +1 345 815 1844



Mark Santangeli

Partner

Cayman Islands

E: mark.santangeli@ogier.com

T: +1 345 815 1766



Raulin Amy

Partner

Jersey

E: raulin.amy@ogier.com

T: +44 1534 514239

Related Services

Banking and Finance

Listing services

Legal