

Listing of Investment Funds Frequently Asked Questions

1. What is status of the CISX in terms of recognition?

The CISX has been designated as a “recognised stock exchange” by HM Revenue & Customs under the UK Income and Corporation Taxes Act 1988 and has been designated by the FSA as a “designated investment exchange” under the UK Financial Services and Markets Act 2000. The CISX has also been designated as an “offshore securities market” and officially recognised by the Australian Stock exchange.

2. Is the CISX a regulated market?

The Channel Islands are not within the European Union and so the CISX is not a regulated market for the purpose of the European Directives, which do not apply to the issuer by reason only of a listing on the CISX.

3. What type of structures can be listed on the CISX?

Companies, protected cell companies, incorporated cell companies, limited partnership interests and unit trusts, open or closed-ended, can be listed on the CISX.

4. Can only Channel Islands funds be listed?

Funds from other jurisdictions can be listed.

5. Is shareholder approval required?

If required by the constitutional documents of the issuer, shareholder approval must be lodged with the CISX prior to the intended publication date of the listing document, or as soon as is practical after that date.

6. Is a sponsor required and who can act?

A sponsor is required who is a member of the CISX and established in the Channel Islands. Collas Day’s in-house company, Collas Day Corporate Finance Limited, is a listing member of the CISX and can act as a sponsor.

7. Are there any requirements for the board constitution?

The board of the fund must be able to demonstrate its ability to act independently of any appointed manager/advisor of the fund, i.e. its promoter. The current requirement is that there be a minimum of three directors, of which two must be independent. A director who is employed by the administrator of the fund is considered to be “independent”.

8. Are there any minimum market capitalisation rules?

Except where securities of the same class are already listed, the expected aggregate market value of the securities for which application for listing has been made must be at least £500,000, or the foreign currency equivalent. The CISX may, however, admit securities of a lower value if it is satisfied that there will be an adequate market for the securities.

9. Is there a minimum number of shares which must be in public hands for a fund to be listed?

At least 25% of the class of securities subject to the listing application must be in the hands of the public no later than the date on which dealings commence.

10. Is an approved prospectus required?

Where a prospectus is issued in connection with the issue of securities this may be treated as the listing document by the CISX if it complies with requirements as

to content. CISX listings are not subject to the Prospectus Directive.

11. Is there a requirement to disclose the underlying documents to the prospectus?

The listing document must include details of a reasonable period (being not less than 14 days) during which the following documents may be inspected at a place in the Channel Islands:

- the constitutional documents of the issuer;
- all material contracts of the issuer;
- all reports, letters or other documents, balance sheets, valuations and statements by any expert referred to in the listing document;
- a written statement signed by the reporting accountants setting out any adjustments made in relation to any accountants report included in the listing document; and
- the audited accounts of the issuer.

12. Must financial projections be disclosed?

A statement as to the financial and trading prospects of the group for at least the current financial year must be included in the listing document, unless otherwise agreed by the CISX.

13. Is a trading record required?

The Rules state that a new fund applicant must have published audited accounts relating to at least three previous years which do not end more than twelve months prior to the application. The CISX may waive this requirement.

14. What issues of corporate governance arise after listing?

Continuing obligations include notification to the CISX of any:

- new developments in the group's sphere of activity
- alteration to its capital structure
- new issues of debt securities
- acquisition or disposal by a director or connected person of their interest in the fund
- changes to the board and any action in respect of the winding up and liquidation of the fund

The issuer must also continue to comply with the conditions for listing.

Please note that in many instances the CISX may be able to grant an exemption from the relevant rules. For example, the CISX may exempt the issuer from having to meet certain requirements concerning the production of interim financial reports.

This note has been prepared for the purpose of providing general information on the listing of investment funds on the CISX.

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15. Will the Takeover Code apply?

The City Code on Takeovers and Mergers applies to offers made for companies which have their registered office in Guernsey if either their shares are listed on a regulated market in the UK or on any stock exchange in the Channel Islands or the Isle of Man, or if they are considered to have their place of central management and control in the UK, the Channel Islands or the Isle of Man. The Code does not apply to open ended funds.

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