



CAYMAN ISLANDS  

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**STOCK EXCHANGE**

**Annual Report**  
**For the year ended 30 June 2016**

## Objectives

- to operate the Exchange for the trading of securities, including the operation of an electronic trading platform and related trading and clearance tracking processes and the operation of a crossing market.
- to admit persons (brokers) as Exchange members.
- to list securities on the Exchange and to appoint Listing Agents.
- to regulate listed issuers and broker members through the establishment and monitoring of Listing Rules and Membership Rules.
- to promote listing, membership and use of the Exchange.

## CSX Council Members

**Anthony B. Travers, OBE**  
Chairman

**Dax Basdeo**  
Vice-Chairman

**Roisin Addlestone**  
Council Member

**Sophia Dilbert**  
Council Member

**Mark Lewis**  
Council Member

**Barry Smith**  
Council Member

**Valia Theodoraki**  
Chief Executive Officer

# THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

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## Broker Members

Butterfield Bank (Cayman) Ltd.

Cayman National Securities Ltd.

CIBC Bank and Trust Company (Cayman) Ltd.

OneTRADEx

VBT Bank & Trust, Ltd.

## Listing Agents

Appleby Trust (Cayman) Ltd

Campbells

Carey Commercial Limited

Carey Olsen

Collas Crill & Card

Conyers Dill & Pearman

Dillon Eustace

Harneys

Higgs & Johnson

Maples and Calder

Mourant Ozannes Corporate Services (Cayman) Limited

Ogier

Solomon Harris

Stuarts

Travers Thorp Alberga

Walkers

## CSX Milestones

1997 - CSX officially opens

2001 – ISG membership

2002 - 5<sup>th</sup> anniversary - 700 listings

2003 - Affiliate member of IOSCO

2004 - UK HMRC recognition

2006 - CSX joins AIMA

2008 – first shariah compliant listing

2009 - 3,000 + listings

2011 – first LatAm eurobond and mineral company equity listings

2012 – US\$10 billion ‘cat bond’ listings

2012 – CSX announces ability to trade catastrophe bonds

2013 – CSX progresses to affiliate membership of WFE (World Federation of Exchanges)

2013 – CSX launches XETRA trading platform

2015 – 4,000 + listings

2016 – 20<sup>th</sup> anniversary

# THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

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## Profile

The year 2016 marks the twenty year anniversary of the passing of the Cayman Islands Stock Exchange Company Law which laid the foundations for the establishment of the Cayman Islands Stock Exchange (the “CSX” or “Exchange”). Since then the CSX has grown rapidly to become one of the leading offshore exchanges with a current listed market value of approximately US\$198 billion providing a facility for listing and trading equity and debt securities in the Cayman Islands. In addition to providing a primary listing and trading facility for products including equities, investment funds, exchange traded funds (ETFs), corporate and specialist debt securities (such as asset backed securities, credit linked, insurance linked securities and loan participating notes) the CSX also provides a secondary listing facility and offshore trading venue for securities listed and

traded on another recognised stock exchange. The CSX listing may provide a variety of tax benefits, such as exemptions or lower rates and in some jurisdictions, such as the UK and Japan for instance, can provide a more favourable tax treatment if investors subject to their tax regime hold securities issued by Issuers that are listed on a recognised stock exchange, such as the CSX.

The CSX is a private limited company wholly owned by the Cayman Islands government. As of 30 June 2016 the CSX has admitted to its Daily Official List over 4,000 securities and has registered sixteen listing agents and five broker members.

The Official List can be inspected at [www.csx.com.ky](http://www.csx.com.ky)



# THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

## Major Activities

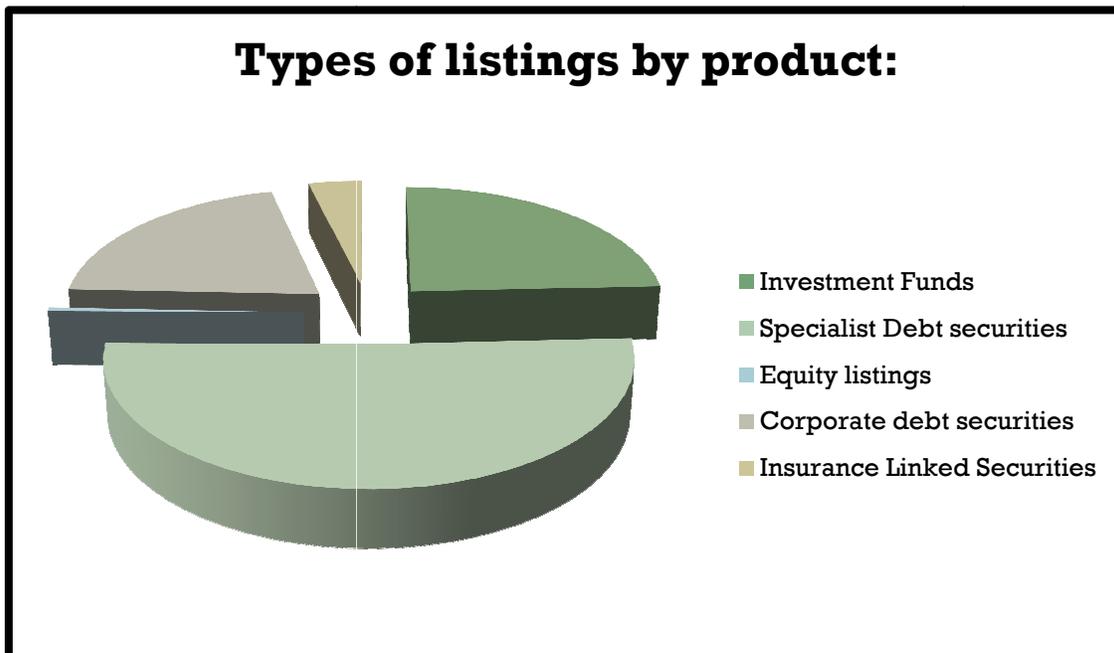
The principal activities of the Exchange during the year continued to be the provision of listing, trading and CUSIP/ISIN facilities in the Cayman Islands. .

### Listing activities

As part of its listing function the Exchange examines suitability and eligibility of issuers applying to have their securities admitted to its official list. Applications that meet the requirements of the CSX's Listing Rules are approved and then the securities are admitted to listing and trading.

The number of admissions of financial instruments to the Daily Official List of the Exchange during the year increased significantly compared to the previous year, with the total number of securities admitted since inception of the Exchange exceeding 4,000.

The following shows the breakdown of listings by product as of June 30, 2016:



The Exchange also examines eligibility and suitability of applications made for authorisation of listing agents. Applicants that meet the criteria published in its Listing Rules are added to the register of listing agents and can represent issuers that wish to apply for their securities to get listed. During 2015/16 the Exchange's efforts to strengthen its membership, essentially

# THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

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underpinned by its strengthened position, resulted in the increase of its listing agent base by two new members to a total current number of 16 listing agents.

The Exchange continues to focus on diversifying its income streams by further developing its fee-generating activities and reviewing its rules to identify appropriate policies that can be introduced to enhance competitiveness and efficiency, in line with international practices and standards.

In support of the statement above, the Exchange has introduced an additional administrative listing fee/penalty fee in relation to late filling of NAV data which affected some issuers listed pursuant to Chapter 9 (Investment Funds).

Once a listing has occurred on the Exchange every investment fund issuer assisted by its listing agent must comply with the continuing obligations specified in the CSX Listing Rules.

These obligations include certain notifications and particularly, pursuant to Listing Rule 9.85 (*Notification of net asset value*) every issuer must notify the Exchange without delay of the net asset value of its listed securities. The requirement of the Exchange is for the net asset values per share or per unit to be calculated at least quarterly.

The CSX's changes in policy were as follows:

1. for fund issuers that have not signed the Administrator User Agreement (obligatory for the investment fund issuers) and for which the Exchange inputs net asset values, the Exchange charges USD300.00 per such service; and
2. any fund issuers who do not input their net asset values within the prescribed quarterly timeframe and therefore are in breach of the Listing Rules will be charged USD300.00, per quarter.

## **Transparency and oversight**

Following admission to the official list issuers must comply with certain published continuing obligations. 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 securities. In the case of a primary listing on the CISX, each of Listing Chapters 6, 8, 9 to 13 of the Listing Rules, dealing with specific types of listed security (equity, investments funds, depositary receipts, derivative warrants, specialist and corporate and sovereign debt and retail debt securities), provide for continuing obligations which the relevant issuer is required to observe, including a Model Code for securities transactions by directors of listed companies.

Such obligations include clearance from the Exchange prior to taking certain actions, notification of changes to the listed securities and the communication and disclosure of

# THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

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information in certain circumstances. If an issuer fails to comply with such obligations, the Exchange may take enforcement actions (for example de-listing).

The Exchange continues to monitor issuers' compliance with these continuing obligations as set out in its Listing Rules and advising issuers on any post listing matters.

## **International relations and marketing effort**

The Exchange maintains a level of membership with several standard setting organisations including the International Organisation of Securities Commissions (IOSCO), the Quoted Companies Alliance, The Alternative Investment Management Association (AIMA), the Intermarket Surveillance Group (ISG) and the World Federation of Exchanges.

The significant improvements in the Exchange's financial and operational position achieved during the year allow it to build on its leading position as an offshore exchange. The Exchange is now stepping up its marketing efforts to attract CLOs as well as more corporate and other specialist debt securities. Through conference attendance and client meetings the Exchange has established valuable relationships that are expected to further boost listing activity.

As the leading, specialist exchange for sophisticated products, including mentioned collateralized loan obligations (CLOs) the Exchange attended the ABS Vegas 2015 (currently, the largest structured finance conference in the world) in February 2015 and the ABS East in Miami in September 2015.

## **Building a long lasting relationship with the CSX Listing Agents (locally and overseas)**

In order to give our Listing Agents an opportunity to discuss key topics and for the Exchange to receive a very important feedback, the Exchange undertook a listing survey.

The Exchange welcomed a very positive outcome of these unanimous survey results.

The Exchange also undertook a specially designed, one-day Listing Agent workshop on Wednesday, 28 October 2015 from 8:30 a.m. to 5:00 p.m. with a view to provide practical information about the listing rules and the listing process.

The Listing Agent workshop was divided into two main categories, as follows:

- I. Session 1 (morning session): for debt listings covering chapter 8 (specialist debt securities) and chapter 12 (corporate and sovereign debt securities) of the CSX's Listing Rules; and
- II. Session 2 (afternoon session): for investment fund listings covering chapter 9 (investment funds) of the CSX's Listing Rules.

# THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

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The above sessions were divided into three main sub-sessions dealing with conditions for listing, contents of listing documents and modifications, exceptions and additions, which apply to a relevant chapter of the Listing Rules.

The Exchange provided a very useful guidance on listing procedures, including timing, and addressed the main questions that arise post-listing, as well as any duty of notification or publication. Participants were welcomed to join all sessions or separate sessions/ sub-sessions depending on their requirement and interest.

During February/March the Exchange also visited a number of listing agents in their offices delivering a workshop presentation about the listing process, answering any questions and building mutually beneficial relationships.

## **Trading and NAV reporting activities**

Trades in all financial instruments are supported by XCAY, the CSX Xetra order driven trading platform for equities as well as other investment instruments that operates within the overall XETRA® trading platform, allowing the Exchange to introduce any changes necessary to adapt the platform to its market needs and to have its own trading calendar.

Access to CSX Xetra is either through the XETRA® J-Trader platform, which is a standard web browser, or through FIX protocol (Financial Information eXchange protocol), which is an industry-driven and international messaging standard. The trading is continuous from 7am to 12.30pm Monday to Friday. The currency of each listed security is designated as the trading currency of such security.

For the time being the Exchange is not charging any trading fees for executed trades.

Broker members and their registered representatives duly admitted to the Exchange are able to use the trading facilities and access the Xetra trading platform. International Xetra participants can also be passported through a simple process as CSX broker members and will be able to reuse their existing Xetra connection to enter trades into XCAY. There were no new broker members admitted during the 2015/16 year.

Settlement takes place on the third business day (T+3) after the date the transaction was executed.

The Exchange's investigations on the possibility of establishing a Central Securities Depository in the Cayman Islands are ongoing. This will assist in enhancing liquidity locally and will provide local clearing and settlement of CSX listed securities.

Net Asset Valuations ("NAV's") are received and validated prior to publication on the CSX's website. Historic NAVs are captured and can be accessed by the public on the Exchange's

## **THE CAYMAN ISLANDS STOCK EXCHANGE LTD.**

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website. The Exchange monitors electronically any significant variations in NAVs or volumes and takes any necessary action.

Administrators are authorised to post NAVs directly onto the CSX via a secure internet page. Once the information is input by a fund administrator, the prices are immediately published on the mutual fund listings page on the Exchange's internet web site and are sent to Bloomberg for posting to its information pages.

NAV information is published and disseminated to the public and investors can easily access published data via the CSX's website. Therefore ongoing listing requirements enhance investor confidence.

### **CUSIP Numbering Agency**

The Exchange is acting as Standard & Poors' sole agent for CUSIP, a company that issues International Securities Identification Numbers ("ISIN's") for Cayman Islands and British Virgin Islands incorporated entities.

# THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

## Financial report

### Financial highlights

The main financial highlights for 2015/16, including comparisons with forecast information for the 2015/16 year, are set out below:

	<b>2015/16</b>	2015/16 Target	<b>2014/15</b>
	<b>CI\$</b>	CI\$	<b>CI\$</b>
Revenues	<b>1,941,948</b>	1,846,480	<b>1,840,872</b>
Operating Expenses	<b>1,450,004</b>	1,459,650	<b>1,433,744</b>
Net income	<b>491,944</b>	386,830	<b>407,128</b>
Total assets	<b>2,595,481</b>	2,342,237	<b>2,438,263</b>
Total liabilities	<b>164,596</b>	336,274	<b>193,976</b>
Total shareholder's equity	<b>2,430,885</b>	2,005,963	<b>2,244,287</b>
Net cash from operating activities	<b>557,899</b>	356,610	<b>460,164</b>
Cash at end of year	<b>2,094,053</b>	1,797,775	<b>1,847,537</b>

Total income for the year ended 30 June 2016 was CI\$1.94 million compared to CI\$1.84 million for 2014/15.

Revenues from operations for the year ended 30 June 2016 amounted to CI\$1,497,211, with revenue from listing fees accounting for CI\$1,268,103 compared to CI\$1,380,183 and CI\$1,153,453 respectively for the year 2014/15.

Income from CUSIP services for the year was CI\$414,768, comparable to CI\$417,260 for the 2014/15 year.

Total expenses for the year ended 30 June 2016 were CI\$1.45 million, compared to CI\$1.43 million total expenses of the previous year.

Net income for the year improved to CI\$491,944, compared to a net income of CI\$407,128 for 2014/15, reflecting a continuing increase in the activities of the Exchange.

During the year ended 30 June 2016 the staff number remained the same and the personnel expenses for the year totalled CI\$726,848 (2014/15: CI\$666,742).

A dividend of CI\$305,346 for the year ended 30 June 2015 was paid during the 2015/16 year to the shareholder of the Exchange.