



CAYMAN ISLANDS  

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**STOCK EXCHANGE**

**Report**  
**For The Fiscal Year Ending 31 December**  
**2019**

## 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

**Roisin Addlestone**  
Vice-Chairman

**Dax Basdeo**  
Council Member

**Sophia Dilbert**  
Council Member

**Mark Lewis**  
Council Member

**Barry Smith**  
Council Member

**Nick Freeland**  
Council Member

**Marco S. Archer**  
Chief Executive Officer

## Broker Members

Butterfield Bank (Cayman) Ltd.

Cayman National Securities Ltd.

CIBC Bank and Trust Company (Cayman) Ltd.

VBT Bank & Trust, Ltd.

## Listing Agents

Appleby (Cayman) Ltd.

Campbells

Carey Olsen

Collas Crill & Card

Conyers Dill & Pearman

Estera Trust (Cayman) Limited

Harneys

Higgs & Johnson

Maples Group

Mourant Ozannes Corporate Services (Cayman) Limited

Ogier

Bedell Cristin (formerly, 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

2016/17 – introduction of new product listing rules for debt and equity securities of “Specialist Companies” and a significant increase of the number of new listing applications and the market capitalisation from USD198 billion to over USD241 billion

2018 – Market capitalization exceeded USD310 billion

2019 – Market capitalization exceeded USD428 billion and CSX relocated to Cricket Square

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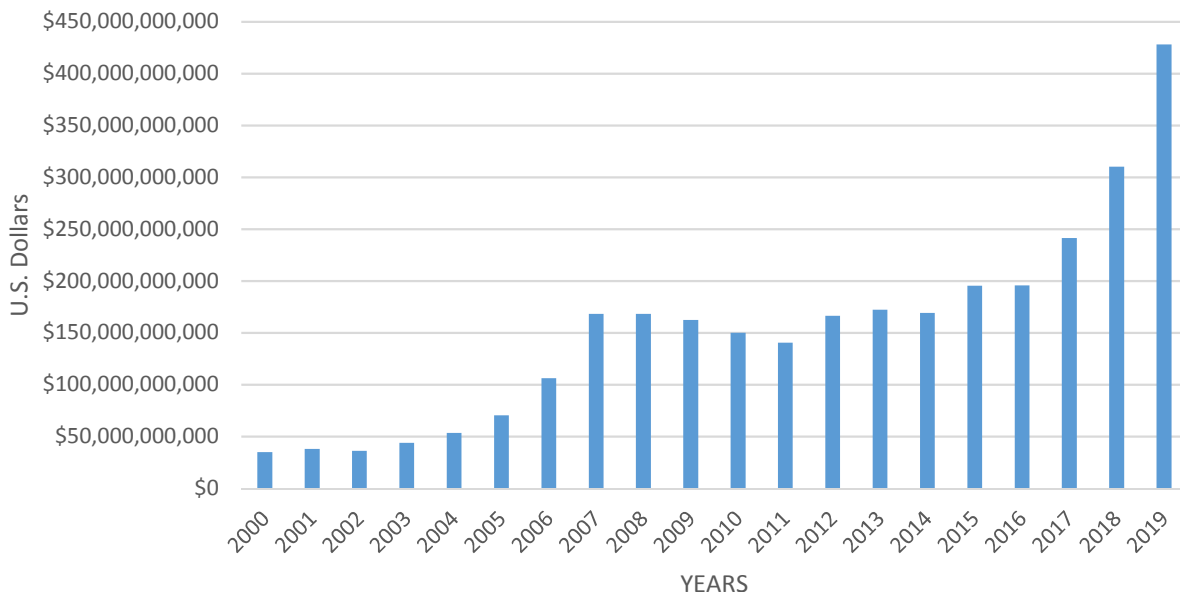
## Profile

The foundation for the establishment of the Cayman Islands Stock Exchange (the “CSX” or “Exchange”) was laid 24 years ago with the passing of the Cayman Islands Stock Exchange Law. Since then the CSX has grown rapidly to become one of the leading offshore exchanges with a listed market value as at 31 December 2019 of approximately US\$428.1 billion, providing a facility for the listing and trading of equity and debt securities in the Cayman Islands. The CSX provides a primary listing and trading facility for equities, investment funds, exchange traded funds (ETFs), and corporate and specialist debt securities (such as asset backed securities, credit linked securities, insurance linked securities and loan participating notes). The CSX also provides a secondary listing facility and an

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 at 31 December 2019, the CSX had registered fifteen listing agents, four broker members, and admitted to its Daily Official List from inception over 5,828 securities. The Official List is available for inspection at [www.csx.ky](http://www.csx.ky)

### MARKET CAPITALIZATION



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## 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.

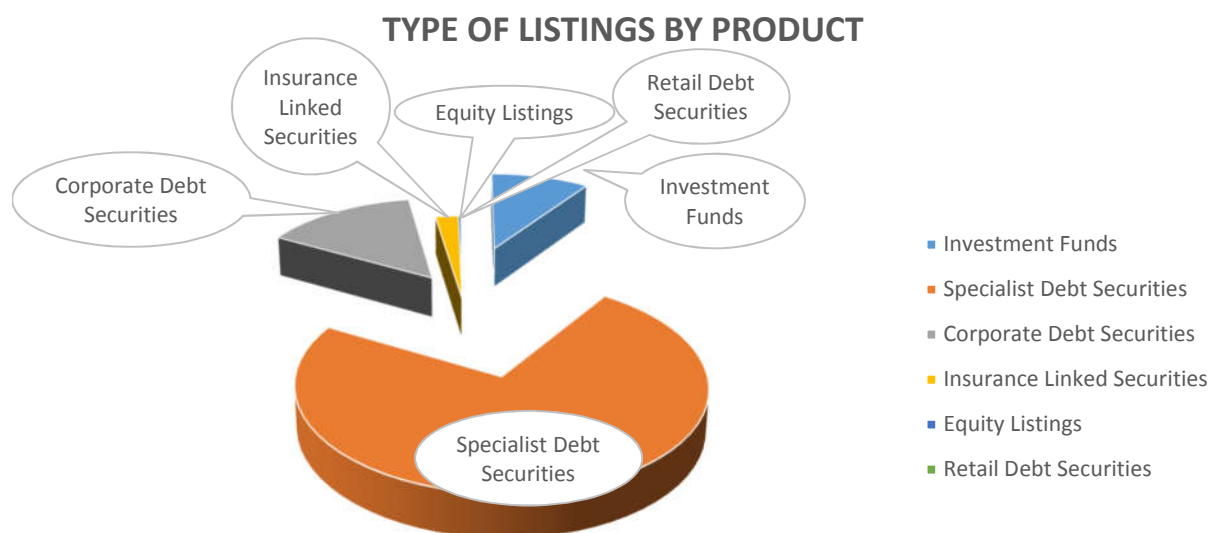
### Listing activities

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 before the securities are admitted to listing and trading.

The Exchange has become home to a growing number of collateralised loan obligation ("CLOs") issuers and specialist debt securities remained the largest proportion of new listings during the year. Fifty-four (54) CLO issuers (with the total 250 securities listed) comprising new issuances, refinancing and resets, were listed on the CSX in 2019. Of the 54 CLOs admitted to the Official List, 96% were by Cayman Islands issuers with a Delaware co-issuer. The Exchange also listed the first dual listing with a Cayman Islands CLO issuer and a Delaware co-issuer listing three classes of notes on the CSX and three classes of notes on Euronext Dublin.

The CSX continues to increase in recognition among issuers and their advisers as the listing venue of choice for CLOs. The Cayman Islands is a home jurisdiction for these types of securities as the issuers are usually Cayman incorporated entities.

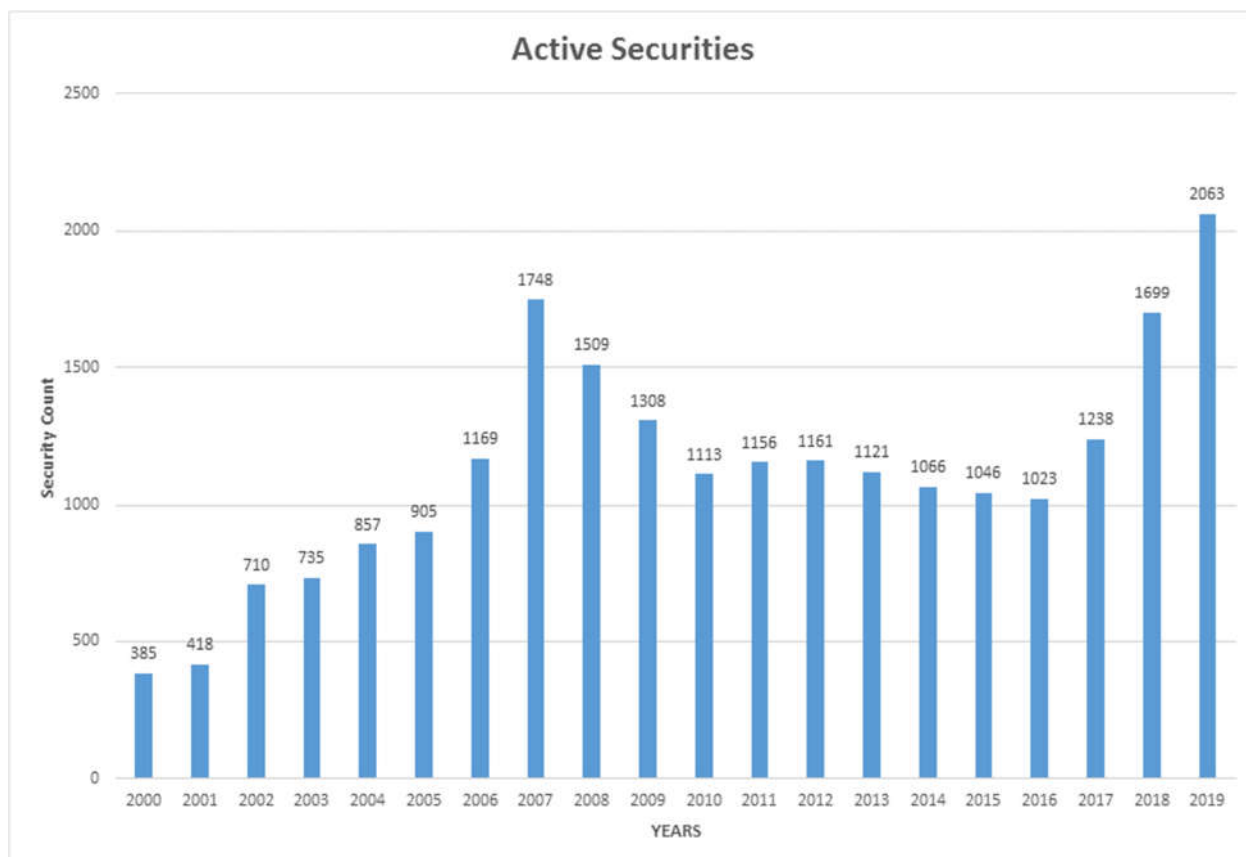
The following chart shows the breakdown of listings by product as of 31 December 2019:





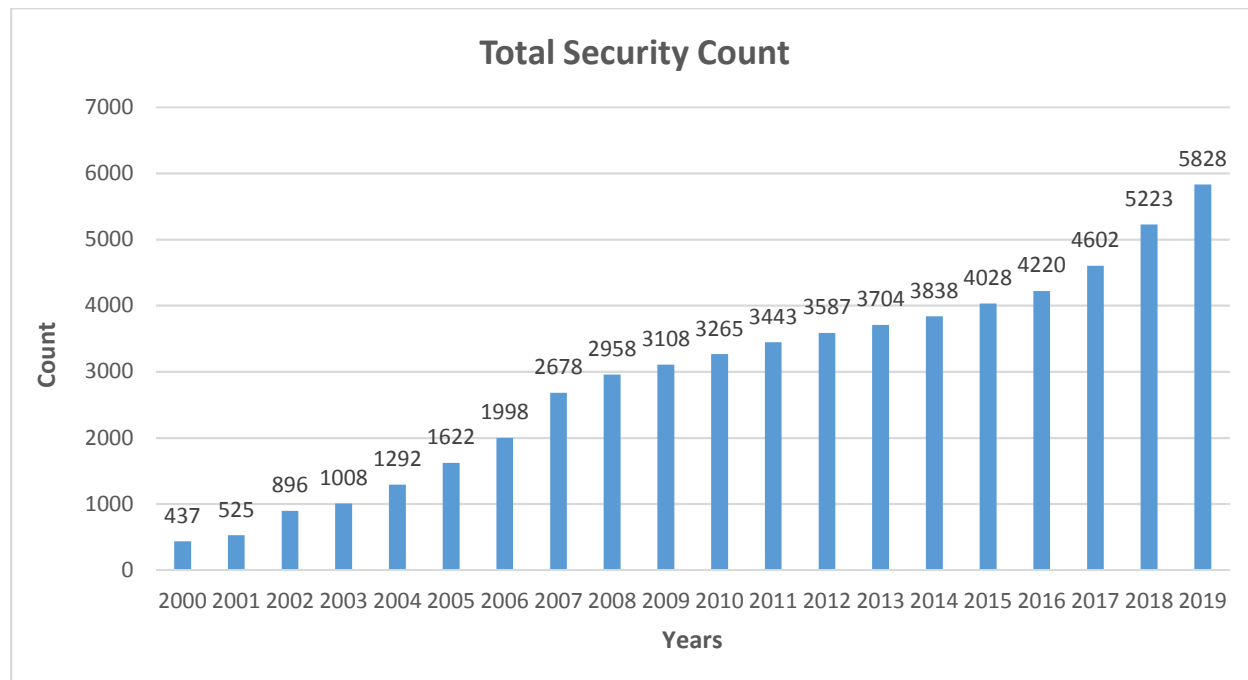
## THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

In 2019, the Exchange built on the success of recent years to record some very strong business flows and increased profits principally been driven by the continued growth in new listings. The number of financial instruments admitted to the Daily Official List of the Exchange increased by 605 new securities, taking the number of active listed securities on the Daily Official List of the Exchange to 2063, an increase of 21.4% compared to 2018.



However, without factoring in the number of matured and delisted securities, the total number of securities admitted since inception of the Exchange was 5,828 at the end of 2019, an increase of 11.6% compared to the previous year.

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The continued growth in the number of new listings on the Exchange reflects the growing recognition from issuers and their advisers that the CSX provides a thoroughly regulated, convenient and cost-effective listing venue for their securities.

For 2019, new listings were characterised by some Fortune 100 companies, further development of niche product areas and greater diversification in the origin of business geographically.

For example, the Exchange listed a novel structure where Bain Capital acted as the collateral manager of its middle market CLO. The Issuer, which was listed on its closing date on 13 August 2019 was arranged by Natixis and was the first US CLO transaction to employ a Cayman Islands LLC as its issuer.

Other examples are:

1. A listing of US\$26,250,000,000 Unsecured Promissory Note by a specialist company (Chapter 14);
2. A listing of specialist debt securities by a UK SPV owned and controlled by a UK based PE firm where underlying borrower is a developer and manufacturer of audio equipment;
3. A listing of floating rate notes issued by a company owned and ultimately controlled by a company incorporated in Delaware and listed on the New York Stock Exchange;
4. Listing synthetic securitisation transactions arranged by large originators; and
5. A listing of a Secured Medium Term Note Issuance Programme for a special purpose issuer which advances the proceeds to the German real estate borrowers.

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The exceptional service at the CSX continued to generate a significant number of enquiries from Cayman Islands entities as well as from overseas including UK, Channel Islands, Delaware and Irish companies wanting to learn more about listing capabilities on the CSX.

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 be listed. Currently, there are 15 listing agents authorised to represent issuers with Appleby (Cayman) Ltd. becoming the latest entity authorised to act as a listing agent.

The Exchange continues to focus on diversifying its income streams by further developing its revenue-generating activities and reviewing its fee structure and 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 a partial and full de-listing fee and amended the listing fees in relation to corporate debt and specialist debt. The CSX has also introduced a number of administrative fees to reflect the cost of services provided and industry trends. The CSX continued to work on the amendment of listing rules in 2019 in relation to the listing of digital asset securities and the inspection of listing documents.

Listing rules in Chapter 9 were amended in 2019 to allow for the listing of investment funds whose investment strategy includes investments in digital assets. Pending overall policy direction and legislation by the Cayman Islands Government, in 2019 the CSX continued to draft amendments for Chapter 9 to allow for the listing of digital asset investment fund intending to list tokenised securities on the CSX. The CSX also created a new Chapter 15 to allow for the listing on the CSX of tokenised securities as digital assets.

## **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 CSX, each of Listing Chapters 6, 8, and 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 information in certain circumstances. If an issuer fails to comply with such obligations, the Exchange may take enforcement actions (for example de-listing).

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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.

In August 2018, Cayman National Corporation Ltd. announced that it had received an unsolicited proposal from Republic Bank Trinidad and Tobago (Barbados) Limited ("RBTTBL") to acquire a minimum of 51% and up to 74.99% of the issued shares of Cayman National Corporation Ltd. by way of a tender offer to the shareholders of Cayman National Corporation Ltd.

The transaction, under the CSX Code on Takeovers and Mergers and Rules Governing Substantial Acquisitions of Shares, was completed in March 2019, and gave RBTTBL a controlling interest in Cayman National Corporation Ltd.

## **International relations and marketing effort**

The Exchange maintains a level of membership with several organisations that set international standards, 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.

With significant improvements in performance during 2018, the CSX built on its leading position as an offshore exchange in 2019. In 2019, the Exchange stepped up its marketing efforts for CLOs, corporate securities, and other specialist debt securities by increasing its presence at conferences as well as the number of marketing meetings with professional services advisers both locally and abroad to establish and strengthen valuable relationships that helped to increase listings.

As the leading specialist exchange for sophisticated products, including CLOs, the Exchange had a presence at several of the major asset backed securities conferences in North America. These included SFIG Vegas 2019 in February (currently, the largest structured finance conference in the world), the Investors' Conference on CLOs and Leveraged Loans in May, ABS East 2019 in September, and the Opal Group CLO Summit in December. The CSX also made a marketing trip to London and Dublin in August 2019 and held meetings with twenty leading law and accounting firms in an effort to strengthen relationships and secure additional listings for the Exchange. Because of increased efforts to market the Exchange, the total number of listed securities increased by 21.4% to 2,063 listed securities.

## **Building a long-lasting relationship with the CSX Listing Agents and Onshore Service Providers**

The Exchange continued to visit and train the Listing Agents and held several presentations with question and answer sessions in order to provide practical information about the amendments to and interpretation of the listing rules and the continuing obligations of issuers post-listing on the Exchange. The CSX will continue to make presentations on a regular basis in order to give

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Listing Agents an opportunity to discuss key topics and for the Exchange to receive valuable feedback.

## 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 operate within the overall XETRA<sup>®</sup> trading platform, allowing the Exchange to introduce any change 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<sup>®</sup> 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 was 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 does not charge 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 2019 year. However, in July 2019 the Exchange terminated the broker membership of OneTRADEx Ltd. following the appointment of Krys Global by the Cayman Islands Monetary Authority to assume control of the affairs of OneTRADEx Ltd.

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

Net Asset Valuations (“NAV’s”) are received and validated prior to publication on the CSX’s website. Historic NAV’s are captured and can be accessed by the public on the Exchange’s website. The Exchange monitors electronically any significant variations in NAV’s or volumes and takes any necessary action.

Administrators are authorised to post NAV’s directly onto the CSX via a secure internet page. Once the information is inputted 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 serve to enhance investor confidence.

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## **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.

## **Human Resources**

The Exchange takes great care in recruiting experienced and competent staff and in March 2019 the Exchange filled two key senior positions. The CSX hired a new Deputy Head of Listing. In order to improve upon the efficiency of invoicing and revenue collection, the CSX also hired a full-time accountant for a function previously performed by a professional services firm on a part-time basis. As at 31 December 2019, key management personnel consisted of the Chief Executive Officer, the Head of Listing, and the Head of Information Technology and Trading Systems, which remained unchanged from 2018.

The Exchange will continue its efforts to attract and recruit qualified and experienced employees.

## **New Premises and Document Imaging**

Having operated from the Elizabethan Square for 23 years, in September 2019 the CSX moved to a modern and efficiently designed office premises in SIX, a Gold LEED Certified building in Cricket Square, which enabled the CSX to occupy less square footage than it did at the Elizabethan Square.

Along with the move to new premises, the CSX took the opportunity to begin the transformation to a paperless environment in 2020. In August 2019, the CSX commenced a document-imaging project to ensure that all historical hard copies of the listing documents were scanned and filed electronically. Going forward, the CSX will acquire or customize the necessary hardware and software to enable the electronic filing of documents.

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## Financial Report

### Financial highlights

The main financial highlights for the year ended 31 December 2019 (“2019”) are set out below, together with comparisons of actual information for the year ended 31 December 2018 (“2018”):

	Year end 31 December 2019	Target Year ended 31 December 2019	Year ended 31 December 2018
	CI\$	CI\$	CI\$
Revenues	3,165,659	2,050,178	2,765,557
Operating Expenses	1,951,379	1,420,898	1,857,762
Net Income	1,241,280	629,280	907,795
Total Assets	6,078,717	3,453,413	3,851,101
Total Liabilities	1,997,109	180,809	845,496
Total Shareholder’s Equity	4,081,608	3,272,604	3,005,605
Net Cash from Operating Activities	2,086,097	576,292	1,061,797
Cash at End of Year	4,362,760	2,946,288	2,922,765

Total income for 2019 was CI\$3.1 million compared to CI\$2.8 million for 2018.

Revenues from operations for 2019 amounted to CI\$2,796,221, compared to CI\$2,382,619 for 2018. This included revenue from listing fees of CI\$2,538,167 for 2019 compared to CI\$2,119,127 for 2018.

Income from CUSIP services for the 2019 year was CI\$350,878, comparable to CI\$373,756 for 2018.

Total expenses for 2019 were CI\$1.95 million, compared to CI\$1.86 million total expenses for 2018.

Net income for the 2019 year was CI\$1,241,280 compared to \$907,795 for 2018.

During the year ended 31 December 2019 the number of staff grew by two and the personnel expenses for the year totalled CI\$977,460 (2018: CI\$778,416).

A dividend of CI\$138,277 relating to 2018 was paid in August 2019 to the sole shareholder of the Exchange.