



CAYMAN ISLANDS

STOCK EXCHANGE

Report
For The Fiscal Year Ending 31 December
2020

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.

FirstCaribbean International Bank and Trust Company (Cayman) Limited

VBT Bank & Trust, Ltd.

Listing Agents

Appleby (Cayman) Ltd.

Bedell Cristin Cayman Partnership

Campbells

Carey Olsen

Collas Crill

Conyers Dill & Pearman

Harneys

Maples and Calder

Mourant Governance Services (Cayman) Limited

Ocorian Trust (Cayman) Limited

Ogier

Stuarts Walker Hersant Humphries

Travers Thorp Alberga

Walkers

A listing agent of the Exchange may be appointed as listing agent for the purpose of the listing. A listing agent acts as an intermediary between the issuer and the Exchange and is responsible for preparing and filing the application documents for listing and ensures ongoing compliance with the Listing Rules. In addition, two authorised representatives must be nominated by an issuer as the principal channel of communication with the Exchange on an ongoing basis.

CSX Milestones

1997 - CSX officially opens

2001 – ISG membership

2002 - 5th 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 – 20th 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

2020 – CSX launches its own order driven trading platform to replace Xetra, market capitalization reached US\$459 billion, and CSX successfully operated remotely during Covid-19 lockdown for six months.

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Profile

The foundation for the establishment of the Cayman Islands Stock Exchange (the “CSX” or “Exchange”) was laid 25 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 2020 of approximately US\$459 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 2020, the CSX had registered fourteen listing agents, four broker members, and admitted to its Daily Official List from inception over 6,339 securities. The Official List is available for inspection at www.csx.ky



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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

The Exchange offers a unique and convenient listing service in the EST time zone and has become the specialist exchange of choice for a growing number of international Issuers. While entities incorporated in the Cayman Islands and the United States of America comprise a significant proportion of listed securities, many other jurisdictions are represented.

CSX offers a personalised approach to listing applications within a highly regulated and innovative marketplace.

The CSX offers the following advantages:

- fast and efficient listing services from an experienced and highly qualified team that understands the complexities of specialist issuances and is dedicated to meeting issuer's timelines.
- responsive and approachable Listing Committee which is available daily to consider approving securities for admission to the Official List of the CSX.
- "Recognised Stock Exchange" status from the HM Revenue & Customs (designated as such under section 1005 Income Tax Act 2007 (UK) making debt securities eligible for the Quoted Eurobond Exemption).
- competitive pricing.
- existing documentation (for example, prospectus, offer memorandum, scheme particulars, pricing supplements) may be utilised to form the listing document, furthering the potential to save on costs.
- the Listing Rules are easy to understand, meet international standards and are based on IOSCO standards which are generally regarded as international best practice.
- an issuer may not be required to appoint a listing agent depending on the type of listing (applicable to specialist and corporate debt securities only).
- the CSX operates outside the European Union (EU) and EU Directives do not apply, therefore the regulatory burden is less onerous than listing on other major exchanges domiciled in the EU.

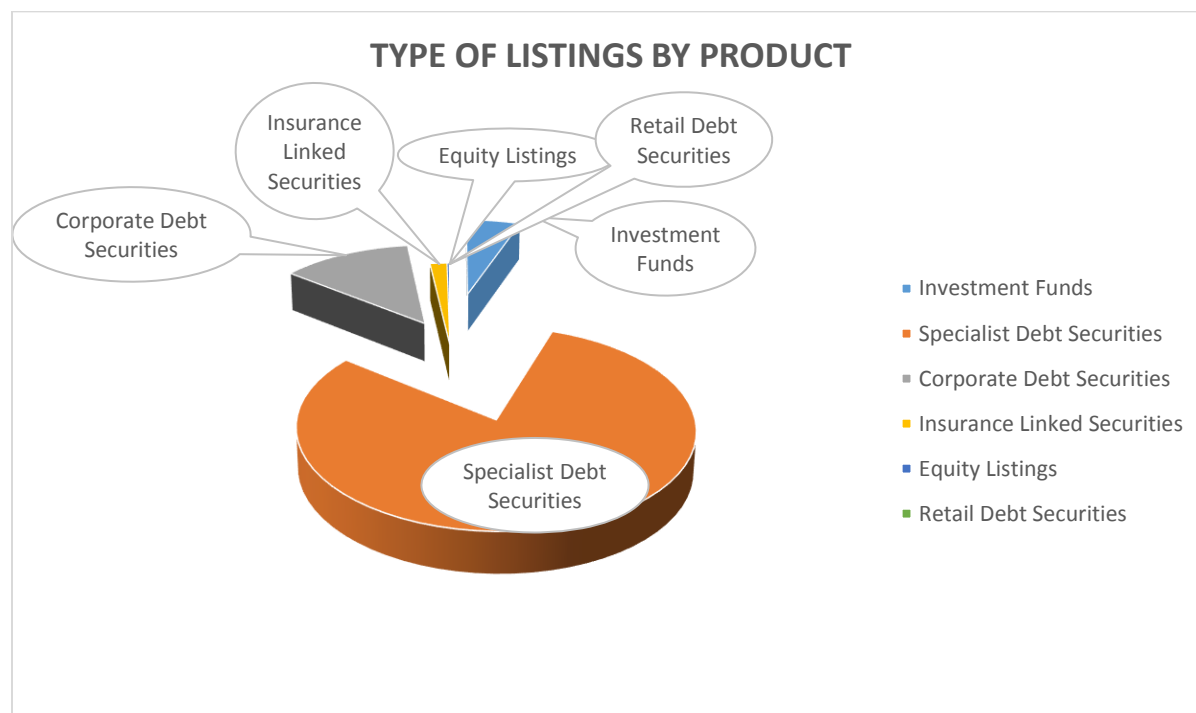
As part of its listing function the Exchange examines suitability and eligibility of issuers applying to have their securities admitted to its official list. Applications that meet the requirements of the CSX's Listing Rules are approved before the securities are admitted to listing and trading. An issuer, its listing agent or its professional advisers may approach the Exchange to discuss the suitability of the listing proposals prior to making any formal application.

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Listings of debt securities issued by special purpose vehicles have increased dramatically over the last few years.

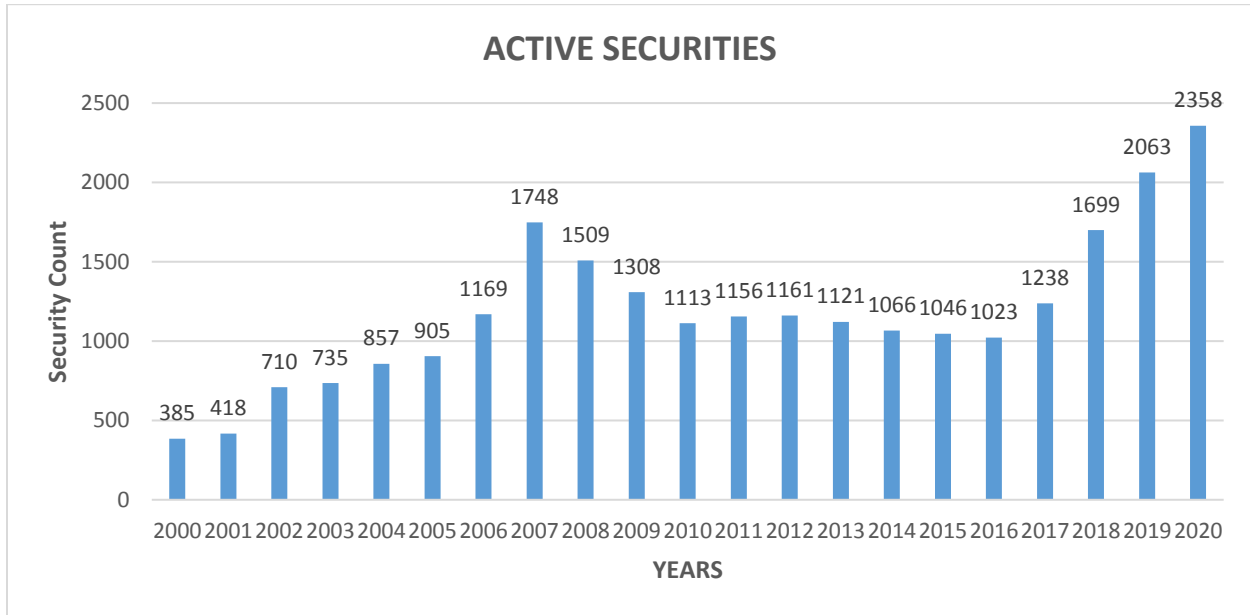
The Exchange continued to grow its market share in listing of collateralised loan obligation issuers (“CLOs”). This is the second highest annual total of new CLOs listings since the inception of the Exchange, eclipsed only by last year where 290 CLO securities were listed.

The following chart shows the breakdown of listings by product as of 31 December 2020:

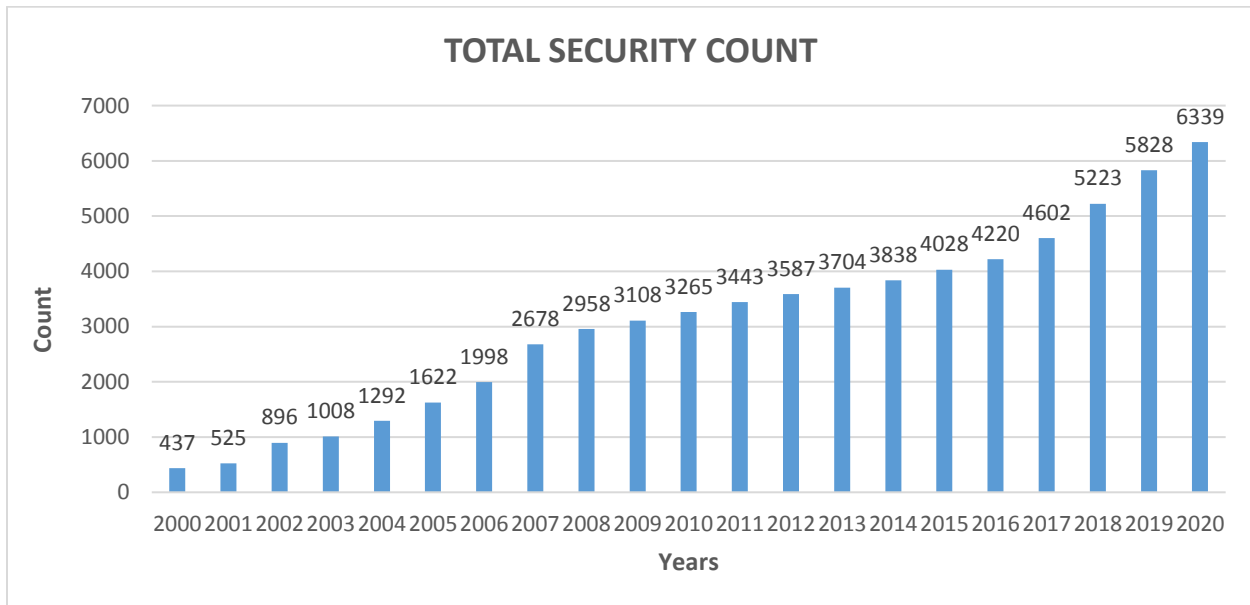


In 2020, the Exchange continued to build on recent success to record some very strong business flows and increased profits principally driven by the continued growth in new listings. The number of financial instruments admitted to the Daily Official List of the Exchange increased by 295 new securities, taking the number of active listed securities on the Daily Official List of the Exchange to 2,358, an increase of 14.3% compared to 2019.

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However, without factoring in the number of matured and delisted securities, the total number of securities admitted since inception of the Exchange was 6,339 at the end of 2020, an increase of 8.8% compared to the previous year.



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. While Covid-19 may have disrupted or slowed some market activity, it has also generated other new listings as companies refinanced in the face of the changing economic conditions.

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For 2020, new listings were characterised by some Fortune 100 companies, further development of niche product areas and greater diversification in the origin of business geographically.

Other examples are:

1. listing of US CLOs for a number of high profile collateral managers;
2. listing of medium term note programs and standalone transactions for a variety of international corporates; and
3. listing of a broad scope of ABS transactions including insurance linked securities, receivables and loan repackaging.

The exceptional service at the CSX continues 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 14 listing agents authorised to represent issuers with Appleby (Cayman) Ltd. becoming the latest entity authorised to act as a listing agent.

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

The CSX continued to work on amendments to the listing rules in 2020 in relation to continuing obligations, AML legislative requirements, the potential listing of virtual asset securities, the listing of variable funded notes, and the reciprocal recognition of other stock exchanges.

Covid-19

Like many others in the Cayman Islands and throughout the world, normal operations at the CSX were affected, although minimally, by the arrival of the Covid-19 pandemic. Recognising that a pandemic-induced lockdown would require the CSX to operate remotely, an early decision was taken to procure all necessary equipment for staff to ensure that the delivery of services to clients, locally and internationally, would continue without interruption. As a result, the staff were able work remotely from home, without incident, for approximately five months, returning to the office in early August 2020.

Despite not affecting the day-to-day operations of the CSX, the pandemic did affect plans to market the CSX internationally. The CSX was able attend and exhibit at one event in 2020, the

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Structured Finance Industry Group asset-backed securities conference in Las Vegas in February 2020. However, due to social distancing requirements and the lack of air-transport, attending marketing meetings and other conferences was no longer possible in the remainder of 2020.

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, Chapters 6, 8, and 9 to 13 of the Listing Rules, each dealing with a 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).

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

The Exchange maintained 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.

As noted above, due to Covid-19 travel restrictions, the CSX was only able attend and exhibit at one event in 2020, the Structured Finance Industry Group asset-backed securities conference in Las Vegas in February 2020.

The CSX had intended to continue building on its leading position as an offshore exchange in 2020 by traveling to Asia to increase its presence at conferences as well as hold a number of marketing meetings with professional services advisers to establish and strengthen valuable relationships and secure additional listings for the Exchange. The CSX intends to continue with this plan once a new normal with respect to air travel is established.

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

The Covid-19 pandemic-induced lockdown and other restrictions also prevented the Exchange

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from visiting Listing Agents locally to provide practical information concerning amendments to and interpretation of listing rules and the continuing obligations of issuers post-listing on the Exchange. The CSX plans to conduct these presentations whenever possible in 2021 to give Listing Agents an opportunity to discuss key topics and for the Exchange to receive valuable feedback.

Trading and NAV Reporting Activities

All equity trades in 2020 were supported by the CSX's own order driven trading platform. Prior to 2020, the CSX relied on the Xetra order driven trading platform.

Access to the CSX trading platform requires a standard web browser and trading is continuous from 9:00 a.m. to 4:30 p.m. Monday to Friday. The currency of each listed security is designated as the trading currency of such security and, 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 were able to access the new trading platform and use the trading facilities. However, there were no new broker members admitted during the 2020 year.

Net Asset Valuations ("NAVs") 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 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 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 was published and disseminated to the public in the local press until the pandemic-induced lockdown. However, investors can easily access published data via the CSX's website. Therefore, ongoing listing requirements serve to enhance investor confidence.

CUSIP Numbering Agency

The Exchange is acting as Standard & Poor's' sole agent for CUSIP, a company that issues International Securities Identification Numbers ("ISINs") for Cayman Islands and British Virgin Islands incorporated entities. CUSIP revenue of \$1,090,887 increased by 211% in 2020 when compared to 2019. This very significant increase is attributed to a Goldman Sachs entity utilising the CSX for bulk purchases of ISINs for large quantities of securities to be issued.

Human Resources

There were no personnel changes in 2020 and as at 31 December 2020, key management

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personnel consisted of the Chief Executive Officer, the Head of Listing, and the Head of Information Technology and Trading Systems, which remained unchanged from 2019. The Exchange will continue its efforts to attract and recruit qualified and experienced employees.

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Financial Report

Financial Highlights

The main financial highlights for the year ended 31 December 2020 (“2020”) are set out below for comparison with actual results for the year ended 31 December 2019 (“2019”):

	Actual: Year Ended 31 December 2020	Target: Year Ended 31 December 2020	Actual: Year Ended 31 December 2019
	CI\$	CI\$	CI\$
Revenues	3,931,130	2,868,480	3,165,659
Operating Expenses	1,805,452	1,634,888	1,951,379
Net Income	2,125,678	1,233,592	1,241,280
Total Assets	7,979,703	5,024,320	6,078,717
Total Liabilities	3,442,396	766,987	1,997,109
Total Shareholder’s Equity	4,537,307	4,257,333	4,081,608
Net Cash from Operating Activities	2,779,345	1,626,720	2,086,096
Cash at End of Year	6,426,893	3,992,687	4,362,760

Total income for 2020 was CI\$3.9 million compared to CI\$3.2 million for 2019.

Revenues from operations for 2020 amounted to CI\$2,826,580, compared to CI\$2,796,221 for 2019. This included revenue from listing fees of CI\$2,576,644 for 2020 compared to CI\$2,538,167 for 2019.

Income from CUSIP services for the 2020 year was CI\$1,090,887, comparable to CI\$350,878 for 2019. This very significant increase is attributed to a Goldman Sachs entity utilising the CSX for bulk purchases of ISINs for large quantities of securities to be issued.

Total expenses for 2020 were CI\$1.80 million, compared to CI\$1.95 million total expenses for 2019.

Net income for 2020 was CI\$2,125,678 compared to \$1,241,280 for 2019.

During the year ended 31 December 2020 the number of staff decreased by one and the personnel expenses for the year totalled CI\$969,747 (2019: CI\$977,460).

A dividend of CI\$607,170 relating to 2019 was paid in November 2020 to the sole shareholder of the Exchange.