

# CHAPTER 8

## SPECIALIST DEBT SECURITIES

### Contents

This chapter sets out the conditions for listing and the information which is required to be included in the listing document for specialist debt securities including specialist debt securities issued under a programme. It does not cover debt securities which are the subject of a secondary listing, which are covered by chapter 7, or corporate debt securities, which are covered by chapter 12, or retail debt securities, which are covered by chapter 13, or debt securities of specialist companies, which are covered by chapter 14. All issuers whose specialist debt securities are listed pursuant to this chapter must, unless otherwise agreed by the Exchange, also comply with all relevant provisions of section I of the listing rules. The main headings of this chapter are:

8.1	conditions for listing
8.24	contents of listing document
8.71	modifications, exceptions and additions
8.85	listing application procedures
8.87	continuing obligations

## CONDITIONS FOR LISTING

### Incorporation

- 8.1 An issuer must be duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment and be operating in conformity with its memorandum and articles of association or other constitutional documents.

### Financial information

- 8.2 Except as set out in rule 8.6, an applicant must have published independently audited financial statements which cover at least the last two financial years preceding the application for listing.
- 8.3 Where the issuer has been incorporated for less than two years, the Exchange may accept financial statements covering a shorter period.
- 8.4 The financial statements must have been prepared:
- (a) in accordance with the issuer's national laws; and

- (b) in accordance with International Accounting Standards, United States, Canadian or United Kingdom Generally Accepted Accounting Principles, or other equivalent standard acceptable to the Exchange.
- 8.5 The latest audited financial statements of the issuer must be in respect of a period ended not more than eighteen months prior to the date of the listing document.
- 8.6 The Exchange will waive the requirements of rules 8.2 to 8.5, and 8.90 to 8.91 for an issuer which is an SPV or where the debt securities benefit from an unconditional and irrevocable guarantee of another company or equivalent arrangements, provided the Exchange receives written confirmation from the issuer that the non-publication of such information would not be likely to mislead investors with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

### **Transferability**

- 8.7 The debt securities for which listing is sought must be freely transferable except to the extent that any restrictions on transferability are approved by the Exchange. The Exchange will approve transfer restrictions that result from the securities not being registered under certain securities laws provided such restrictions are adequately disclosed.

### **Whole class to be listed**

- 8.8 Where none of the debt securities of a particular class are listed on the Exchange, the application for listing must relate to all debt securities of that class, whether already issued or proposed to be issued. Where the debt securities of that class are already listed on the Exchange, the application for listing must relate to all further securities of that class which are proposed to be issued.

### **Convertible securities**

- 8.9 Convertible securities may be admitted to listing only if the Exchange is satisfied that investors will be able to obtain the information necessary to form a reasonable opinion as to the value of the securities into which they are convertible. This may require the securities into which they are convertible to be listed on the Exchange or listed on another stock exchange which is recognised for this purpose by the Exchange.

### **Credit-linked securities**

- 8.10 Issuers of credit-linked securities should note that permission may be required from the owner or publisher for the use of indices and prices on which the valuation of the securities is based.

- 8.11 Credit-linked securities which are linked directly or indirectly to specified equity or debt securities, indices, currencies, interest rates, swap rates, exchange rates and certain commodities such as oil, gold and silver may be admitted to listing.
- 8.12 The Exchange must be satisfied that investors will be able to obtain the information necessary to enable them to form a reasonable opinion as to the value of the underlying assets. The Exchange will generally require the underlying assets to be listed and/or traded on the Exchange or another regulated, regularly operating open market recognised for this purpose by the Exchange.
- 8.13 Applications to list types of credit-linked securities other than those mentioned above may be permitted with the specific approval of the Exchange. In such cases, issuers are advised to consult the Exchange at an early stage so as to establish whether the credit-linked securities are suitable for listing and what requirements will be imposed by the Exchange.
- 8.14 Where an issue of credit-linked securities relates to equity securities, the equity securities must represent minority interests in, and must not confer legal or management control of the companies issuing them.

### **Clearing and settlement**

- 8.15 To be admitted to listing on the Exchange, 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 Exchange. Where the debt securities are to be privately placed with a small number of institutions or qualified purchasers, the Exchange may accept alternative arrangements provided they facilitate the efficient clearance and settlement of all trades.

### **Paying agent**

- 8.16 The issuer must appoint a paying agent in the Cayman Islands or other financial centre acceptable to the Exchange. The issuer itself may perform this function if it can demonstrate to the Exchange that it is capable of doing so.

### **Asset-backed securities**

- 8.17 A trustee or other appropriate independent representative must be appointed to represent the interests of the holders of asset-backed securities and that representative must have the right of access to appropriate information relating to the assets.
- 8.18 The Exchange must be satisfied that investors will be able to obtain the necessary information on the underlying assets to enable them to form a reasonable opinion as to the value of such assets. Issuers are advised to consult the Exchange at an early stage so as to establish what requirements will be imposed by the Exchange. Where the debt securities are secured on a managed pool of assets disclosure of factors such as credit

enhancements, the securities eligible for purchase and any investment criteria which must be satisfied may be sufficient to satisfy this requirement. Where the securities are secured on specific assets, then depending on the nature of the transaction and the assets, the Exchange may (but is not obliged to) require the underlying assets to be listed and/or traded on the Exchange or another stock exchange or other regulated, regularly operating open market recognised for this purpose by the Exchange.

- 8.19 Where an issue of asset-backed securities is secured by equity securities, the equity securities must normally represent minority interests in, and must not confer legal or management control of the companies issuing them, save with the specific approval of the Exchange and subject to such conditions as the Exchange may impose.
- 8.20 Where options or conversion rights relating to equity securities are used to back an issue of debt securities, rule 8.19 shall apply to the securities resulting from the exercise of those options or rights.
- 8.21 Where an issue of asset-backed securities is secured on debt obligations or other receivables from a managed pool of assets, the entity appointed to manage/service the portfolio of assets must have, in the opinion of the Exchange, adequate experience and expertise.
- 8.22 The entity appointed pursuant to rule 8.21 must be required to provide periodic financial reports on the performance and credit quality of the underlying portfolio for the benefit of the trustee.
- 8.23 The issuer must appoint a custodian acceptable to the Exchange or make the trustee referred to in rule 8.17 responsible for holding the underlying assets and having custody, possession or control of any funds flowing from the assets to the issuer or to the holders of the debt securities. Any custodian must be a separate legal entity from the issuer, its directors and the entity appointed to manage or service the portfolio of assets, but may be an associate of any of them.

## CONTENTS OF LISTING DOCUMENT

The information which is required to be included in the listing document is set out below. The requirements may be subject to the modifications, exceptions and additions described in rules 8.71 to 8.85 depending on the circumstances of the issuer and the type of security for which application is being made.

### **Preliminary information**

- 8.24 The name and country of incorporation of the issuer.
- 8.25 The number and description of the debt securities for which application for listing is being made.

- 8.26 The address of the principal or registered office of the issuer.
- 8.27 The names and addresses of the arranger(s), distributor(s), auditor, trustee or other representative for the holders of the debt securities, paying agent, custodian, registrar or transfer agent and legal advisers, where applicable.
- 8.28 A statement that application has been made for the relevant debt securities to be admitted to the official list of the Cayman Islands Stock Exchange, giving the exact designation and class of the securities.
- 8.29 A declaration in the following form:

This listing document includes information given in compliance with the listing rules of the Cayman Islands Stock Exchange. The issuer accepts full responsibility for the accuracy of the information contained in the listing document and confirms, having made reasonable enquiry, that to the best of its knowledge and belief there are no facts the omission of which would make any statement within the listing document misleading. The Cayman Islands Stock Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document.

This declaration should be appropriately adapted where persons other than the issuer are responsible for part of the listing document or where certain information has been reproduced from information published by a third party who has not participated in the preparation of the listing document. In the latter circumstance the issuer must accept responsibility for accurately reproducing such information but need not accept any other responsibility in respect of such information.

### **Risk factors**

- 8.30 All material risks associated with investing in the debt securities, including any risks associated with the nature of the security, the status of the debt securities, the nature of the collateral, credit ratings, any credit enhancements, any material counterparty risks and the risk of limited liquidity in the securities in any secondary market that may develop.

### **Terms of the debt securities to be listed**

- 8.31 A description of the debt securities, including:
- (a) the currency of the issue;

- (b) the aggregate principal amount of the issue or, if this amount is not fixed, a statement to that effect;
  - (c) details of whether the debt securities are guaranteed, and if so, the nature of the guarantee;
  - (d) the status of the debt securities (i.e. whether they are subordinated to any other debts of the issuer, whether already incurred or to be incurred);
  - (e) details of whether the debt securities are interest bearing and if so, whether the interest rate is fixed, floating or variable;
  - (f) the redemption price;
  - (g) the final principal repayment date;
  - (h) the series designation, if applicable; and
  - (i) the offer price, or, where debt securities are to be purchased by the arranger or another party and offered for sale in negotiated transactions at varying prices to be determined at the time of sale, a statement to that effect.
- 8.32 Details of any issue discount or premium payable, or of any expenses of the issue which are to be charged to subscribers or purchasers.
- 8.33 The method of payment for the debt securities, if payment is to be made in instalments.
- 8.34 Details of the dealing and settlement arrangements for the debt securities.
- 8.35 A description of the resolutions, authorisations and approvals by virtue of which the debt securities have been or will be created and/or issued.

### Rating

- 8.36 Where the debt securities are rated or are to be rated on issue as a result of the engagement by the issuer with a rating agency in respect of the securities, the credit rating assigned or expected to be assigned on issue to the debt securities and the name of the rating agency responsible for such rating.

### Form, denomination and title

- 8.37 The form and denomination of the debt securities.
- 8.38 The procedures and time limits for delivery of the debt securities, whether there will be any temporary documents of title and, if so, the procedures for the delivery and exchange thereof.

8.39 The details of the arrangements for transfer of the debt securities.

### Interest

8.40 The interest rate on the outstanding principal amount or, if the interest rate is not fixed, the basis of its calculation. If several interest rates are provided for, an explanation of the conditions for changes in the rate.

8.41 The date from which interest accrues.

8.42 The due dates for interest payments.

### Redemption

8.43 If the debt securities will be redeemed or may be redeemed at the option of the issuer or the holder prior to their stated maturity, the terms applicable to such redemption including any early repayment dates, the basis of calculation of the redemption price and the redemption procedure.

### Payment

8.44 The method of payment of the principal and interest on the debt securities.

### Prescription

8.45 The prescription period for claims to interest and repayment of principal, if applicable.

### Taxation

8.46 The details of any taxes on the payment of principal and interest on the debt securities which is withheld at source in the country of origin and a statement as to whether the issuer assumes responsibility for the withholding of tax at source.

### Provisions of the trust deed or such other similar document

8.47 A summary of the following:

- (a) the principal duties, rights and obligations of the trustee under the trust deed;
- (b) the principal rights of the holders of the debt securities under the trust deed;
- (c) the events of default and the remedies available under the trust deed; and
- (d) any provisions for the indemnification or restriction of liability of the trustee.

### Notices

8.48 The method by which notices shall be or shall be deemed to have been given to holders of the debt securities.

### Governing law

8.49 The laws by which the debt securities are governed and the jurisdiction to which the parties will submit in the event of any disputes.

### Transfer restrictions

8.50 If permitted by the Exchange, details of any restrictions on the free transferability of the securities.

### **Structure and cash flow**

8.51 A description of the structure of the transaction, the nature of the security and an explanation of how the cash flows are expected to meet the issuer's obligations to the holders of the class of debt securities in question, including, where applicable:

- (a) a description of the arrangements relating to the sale, transfer or other assignment of the assets or of any rights in the assets to the issuer;
- (b) a summary of the terms and conditions of any swap or derivatives contract entered into by the issuer;
- (c) a summary of the terms and conditions of any repurchase or security lending agreement entered into by the issuer;
- (d) the nature and scope of any letter of credit, guarantee, surety, financial policy or other credit support or credit enhancement;
- (e) the name, address and a brief description of any counterparty or any provider of a material form of credit support or credit enhancement including:
  - (i) the nature of such entity's business;
  - (ii) the name of any stock exchange on which such entity's securities are listed or a place where information on such entity is publicly available; and
  - (iii) where the entity has been rated by one of the major public rating agencies, its credit rating and the name of the rating agency responsible for such rating; or

- (iv) where the debt securities are rated and the rating agency has established minimum credit quality guidelines for any counterparty that may enter into a swap, derivatives contract, repurchase or securities lending agreement or other hedging arrangement with the issuer, it will be sufficient to provide a description of such credit quality guidelines;
- (f) an indication of the availability of any liquidity supports;
- (g) the details of any other conditions upon which payments of interest and principal on the listed debt securities are dependent;
- (h) the order of priority of payments made by the issuer to the holders of the class of debt securities in question;
- (i) details of all material fees or other charges payable by the issuer out of cash flow received; and
- (j) information on whether there is any intention to accumulate surpluses in the issuer.

### **The issuer**

- 8.52 The date of incorporation or other formation of the issuer.
- 8.53 A description of the business of the issuer and any limitations on its business activities.
- 8.54 If the issuer is a member of a group:
- (a) a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held, directly or indirectly, by each holding company of the issuer; and
  - (b) the general nature of the business of the group including details of the main categories of products sold or services performed.
- 8.55 The full name and address of every director or proposed director of the issuer.

### **Financial and other information**

- 8.56 A capitalisation and indebtedness statement for the issuer as at the most recent practicable date (which must be stated) together with a statement of any material changes since that date, or a negative statement, showing separately:
- (a) the amount of the issuer's authorised and issued capital, including the number and classes of the securities it comprises and the amount paid up; and

- (b) the total amount of all short and long term borrowings or indebtedness of the issuer. If such information is unaudited, that fact must be stated.
- 8.57 The capitalisation and indebtedness statement referred to in rule 8.56 must be prepared on a consolidated basis unless the issuer has not published its financial statements on this basis. Where a statement is prepared on a consolidated basis, a statement on a non-consolidated basis must also be included if it would provide any significant additional information. As a general rule, no account should be taken of liabilities or guarantees between undertakings within the same group.
- 8.58 A table showing the profit and loss accounts and balance sheets for the issuer or, if the issuer is a member of a group, the group for the two financial years immediately preceding the issuance of the listing document, including any explanatory notes to the latest annual financial statements, a statement as to the accounting principles applied and the names and addresses of the auditors who have audited the annual financial statements. If the auditors' report is qualified or includes any emphasis of matter, such qualifications or emphasis of matter must be reproduced in full and the reasons given.
- 8.59 If the issuer prepares consolidated financial statements, the financial information must be derived from the consolidated financial statements. Financial information from the issuer's own financial statements must also be included if it provides significant additional information.
- 8.60 A copy of any interim financial statements published subsequent to the latest annual financial statements.
- 8.61 A statement of any material adverse change in the financial or trading position or prospects of the issuer or, if the issuer is a member of a group, of the group since the end of the period for which audited annual financial statements have been published or since incorporation, or an appropriate negative statement.
- 8.62 Where historical performance data appears in the listing document, the source of such information and the basis of any calculations must be disclosed.
- 8.63 Where a profit forecast appears in the listing document, a statement of the principal assumptions upon which it is based, whether it is audited or unaudited and the date at which the profit forecast was prepared.

### **Material contracts**

- 8.64 To the extent not already disclosed in the listing document, a summary of the principal contents of all material contracts pertaining to the issue entered into by the issuer or, if the issuer is a member of the group, by any member of the group, including particulars of the dates, parties and a summary of terms and conditions of such contracts.

**General information**

- 8.65 If the issuer is required to publish independently audited financial statements, details of where annual and interim financial statements will be made available.
- 8.66 The names of any other stock exchanges on which a listing has been, is being or will be sought for the debt securities.
- 8.67 If an offer or placement has been or is being made simultaneously on the market of one or more other countries, and if a tranche of securities has been or is being reserved for certain of these offerings, details of any such tranche.
- 8.68 The intended application of the proceeds of the issue.
- 8.69 Particulars of any litigation or claims of material importance pending or threatened against the issuer or any member of the group, or an appropriate negative statement.

**Documents for inspection**

- 8.70 A statement that for a reasonable period of time (being not less than fourteen calendar days from the date of the listing document or, in the case of securities issued under a debt issuance programme, throughout the life of the programme) at a place in the Cayman Islands or such other place as the Exchange may agree, the following documents (or copies thereof), where applicable, may be inspected, without charge:
- (a) the constitutional documents of the issuer;
  - (b) any trust deed of the issuer, paying agency agreement, swap agreement, derivatives contract, repurchase agreement, security lending agreement, guarantee, surety, financial policy or any other material contracts pertaining to the issue;
  - (c) all reports, letters, valuations or other documents any part of which is included or referred to in the listing document;
  - (d) where the issuer has published independently audited financial statements, the audited financial statements of the issuer or, in the case of a group which has produced consolidated financial statements, the consolidated audited financial statements of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the listing document, together with any interim financial statements published subsequently; and
  - (e) in the case of securities issued under a programme, the current programme memorandum, any supplementary programme memorandum or any pricing supplements issued (relating to outstanding and listed issues) since the current programme memorandum was published.

## MODIFICATIONS, EXCEPTIONS AND ADDITIONS

### **Debt securities which benefit from the guarantee of another company**

- 8.71 Where the debt securities benefit from the guarantee of another company, the information required in respect of the guarantor will be such information as the Exchange determines, not exceeding that which would be required if it were the issuer.
- 8.72 Where the debt securities benefit from an unconditional and irrevocable guarantee of another company or equivalent arrangements the information required by rules 8.58 to 8.61 need not be included.

### **Issuers which are SPVs**

- 8.73 The information required by rules 8.58 to 8.61 need not be included where an issuer is an SPV.

### **Listed issuers**

- 8.74 Where the issuer's or, where relevant, the guarantor's debt or equity securities are listed on the Exchange or on another stock exchange recognised by the Exchange for this purpose, the Exchange may, if it considers it appropriate, treat it as a listed issuer. In such cases, the issuer need not include the information required by rules 8.58 to 8.61, provided the name of the stock exchange on which such issuer's or guarantor's securities are listed is disclosed in the listing document.

### **Issuers of convertible securities**

- 8.75 An issuer of convertible securities must include the following additional information in the listing document with respect to the securities into which the convertible securities are convertible into, whether directly or by reference to other publicly available documentation:
- (a) details satisfactory to the Exchange of the shares or other securities offered by way of conversion, exchange or for subscription, and the rights attaching thereto including details of arrangements for transfer of such securities and any restrictions on their free transferability;
  - (b) conditions of and procedures for conversion, exchange or subscription and details of the circumstances in which they may be amended;
  - (c) the name of the issuer of the securities;
  - (d) its registered office;

- (e) its country of incorporation;
- (f) the nature of its business;
- (g) the name of any stock exchange on which the relevant securities are listed;
- (h) the place where financial and other information on the issuer and the relevant securities is publicly available;
- (i) where the issuer of the securities and/or the issuer's short term or long term credit has been rated by any of the major public rating agencies, the ratings and the name of the rating agency responsible for such rating;
- (j) the name of the registrar and /or paying agent for the relevant securities; and
- (k) details of any taxes on the payment of principal and interest on the relevant securities at source.

### **Issuers of asset-backed securities**

8.76 An issuer of asset-backed securities must include the following additional information in the listing document with respect to the specific assets:

- (a) a statement of the laws by which the underlying assets are governed, and the jurisdiction to which the parties will submit in the event of any disputes;
- (b) the nature of the assets;
- (c) the maturity date(s) of the assets;
- (d) the currency and amount of the assets;
- (e) where the assets are themselves secured or backed by other assets, details of such other assets including, where such assets are subordinated, details of the subordination provisions;
- (f) a description of any significant representations and warranties given to the issuer relating to the assets;
- (g) any collateral substitution rights;
- (h) where the assets consist of equity securities:
  - (i) the name of the issuer of such equity securities;

- (ii) its registered office;
  - (iii) its country of incorporation;
  - (iv) the nature of its business;
  - (v) a description of the securities and the rights attached thereto; and
  - (vi) the name of any stock exchange or other regulated, regularly operating open market on which such equity securities are listed and /or traded or a place where financial and other information on the issuer of the equity securities and such securities is publicly available.
- (i) where the assets consist of debt obligations, the general characteristics of the borrower(s) and a description of their credit quality. Where there are ten or fewer borrowers, or where a single borrower accounts for ten per cent. or more of the assets, the description of the borrower(s) must include:
- (i) the name of the borrower;
  - (ii) its registered office;
  - (iii) its country of incorporation;
  - (iv) the nature of its business;
  - (v) a summary of the principal terms and conditions of the debt obligations, or, where the debt obligations are listed on a stock exchange, a brief description of such debt obligations;
  - (vi) the name of any stock exchange on which the borrower's debt obligations are listed or a place where financial and other information on the borrower and its debt obligations is publicly available;
  - (vii) where the debt obligations and/or the borrower have been rated by any of the major public rating agencies, the ratings and the name of the rating agency responsible for such rating; and
  - (viii) details of any relationship between the issuer, guarantor and any borrower.

8.77 Where the assets comprise equity securities, debt obligations or other receivables from a managed pool of assets, the issuer must include the following additional information:

- (a) any specific minimum or maximum pool size;

- (b) the name and address of the entity appointed to manage or service the assets, specifying whether such entity is an investment manager or an administrator;
- (c) a description of such entity including, in the case of an investment manager, an indication of the value of assets under the investment manager's discretionary management, the names of its key personnel and details of their qualifications and experience in the management of such assets;
- (d) a summary of the principal contents of the contract with such entity, including particulars of the date, parties, terms and conditions, the basis for their remuneration and details of how this may be altered and a description of how their appointment may be terminated;
- (e) details of any provisions indemnifying or restricting the liability of the entity;
- (f) a description of the assets eligible for purchase by the issuer, any restricted assets and any investment or lending criteria which must be satisfied including, where applicable, any collateral coverage tests, minimum weighted average portfolio ratings, asset diversification criteria or guidelines relating to the maturity profile;
- (g) the circumstances in which the composition of the assets may change or in which further advances may be made on such assets and, where the purchase and substitution of assets is permitted, details of the reinvestment criteria;
- (h) a statement as to whether any swaps, derivatives or other financial techniques will be used by the investment manager;
- (i) the method of origination or creation of the assets, the name, address and a brief description of the originator of the assets;
- (j) how payments in respect of the underlying assets are collected; and
- (k) an indication of the investment policy for the investment of temporary funds.

### **Issuers of credit-linked securities**

8.78 Where the debt securities for which listing is sought are credit-linked, the following additional information must be included in the listing document with respect to the assets to which the debt securities are linked:

- (a) where the debt securities are linked to equity securities:
  - (i) the name of the issuer of the equity securities;
  - (ii) its registered office;

- (iii) its country of incorporation;
  - (iv) the nature of its business;
  - (v) a description of the securities and the rights attached thereto; and
  - (vi) the name of any stock exchange or other regulated, regularly operating open market on which such equity securities are listed and/or traded or a place where financial and other information on the issuer and such securities is publicly available.
- (b) where the debt securities are linked to debt obligations:
- (i) the name of the issuer of the debt obligations;
  - (ii) its registered office;
  - (iii) its country of incorporation;
  - (iv) the nature of its business;
  - (v) a summary of the principal terms and conditions of the debt obligations, or, where the debt obligations are listed on a stock exchange a brief description of such debt obligations;
  - (vi) the name of any stock exchange on which such debt obligations are listed or a place where financial and other information on the issuer and the debt obligations is publicly available; and
  - (vii) where the debt securities and/or the issuer of the debt obligations and/or the issuer's short term or long term credit has been rated by any of the major public rating agencies, the ratings and the name of the rating agency responsible for such rating.
- (c) where the debt securities are linked to indices:
- (i) a description of the index;
  - (ii) the name of the sponsor responsible for calculating and disseminating information with respect to the index;
  - (iii) a description of the method of calculation of the value of the index;
  - (iv) the frequency with which the index is calculated and published and the method of publication; and

- (v) a summary of the provisions which apply in the event of the modification or discontinuance of the index.
- (d) where the debt securities are linked to a basket of securities or indices:
- (i) a description of the composition of the basket;
  - (ii) for each security or index comprising ten per cent. or more of the basket, the information required by rules 8.78 (a) to 8.78 (c), where applicable;
  - (iii) the method of calculation of the value of the basket; and
  - (iv) the circumstances in which the composition of the basket may change, and details of the provisions relating to such an adjustment.
- (e) where the terms of the issue of the credit-linked securities contemplate the physical delivery of the underlying assets:
- (i) details satisfactory to the Exchange of the underlying assets, and the rights attaching thereto, including details of arrangements for transfer of such assets and any restrictions on their free transferability;
  - (ii) conditions of and procedures for delivery of the underlying assets and the circumstances in which they may be amended;
  - (iii) the name of the issuer of the underlying assets;
  - (iv) its registered office;
  - (v) its country of incorporation;
  - (vi) the nature of its business;
  - (vii) the name of the stock exchange on which the relevant assets are listed;
  - (viii) the place where financial and other information on the issuer and the relevant assets is publicly available;
  - (ix) where the issuer of the assets and/or the issuer's short term or long term credit has been rated by any of the major public rating agencies, the ratings and the name of the rating agency responsible for such rating;
  - (x) the name of the registrar and/or paying agent for the relevant assets; and
  - (xi) details of any taxes on the payment of principal and interest on the relevant assets at source.

## Issues of securities under debt issuance programmes

- 8.79 Issuers are expected to follow the application and publication procedures outlined in chapter 2 and rules 8.85 to 8.86 below, which involves the preparation of a listing document (the “programme memorandum”). The programme memorandum must contain the general terms and conditions applicable to all securities that may be issued and listed under the programme. The application for listing must cover the maximum nominal amount of securities which may be in issue and listed at any one time under the programme. If the Exchange approves the application, it will admit to listing all securities which may be issued under the programme within five years of the publication of the programme memorandum, subject to the Exchange:
- (a) being advised of the final terms of each issue;
  - (b) receiving a letter from the issuer confirming which of the listing requirements (other than the listing requirements already included in the letter submitted in accordance with rule 8.86 at the time of application for listing in respect of the programme), if any, do not apply to the issue;
  - (c) receiving a letter from the issuer requesting non-publication of certain information relating to an issue, giving reasons for such request;
  - (d) receiving and approving for publication any supplementary programme memorandum that may be appropriate;
  - (e) receiving confirmation that the securities in question have been issued; and
  - (f) receiving the issuance fee payable on admission of the securities to listing and the annual fee in respect of the first year, which are calculated in accordance with the schedule of fees published on the Exchange’s website.
- 8.80 For issues in excess of the notified maximum or made more than five years after publication of the programme memorandum, the initial application and publication procedures as set out in chapter 2 and in rules 8.85 to 8.86 below must be followed.
- 8.81 A document describing the final terms of each issue which is intended to be listed (the “pricing supplement”), which may also comprise a supplementary programme memorandum, must be submitted to the Exchange as soon as possible after they have been agreed and in any event in reasonable time for the Exchange to review it and for amendments to be made prior to the date of its proposed publication.
- 8.82 The pricing supplement relating to an issue, when read together with the programme memorandum and any supplementary programme memorandum in respect of the programme, must provide an investor with the full terms and conditions of the issue.

- 8.83 Where the securities to be issued under a programme have already been approved for listing on an exchange which is recognised by the Exchange an issuer may apply to the Exchange for a listing for any tranche or series of securities to be issued under that programme. In such circumstances the Exchange will accept the programme memorandum prepared in connection with the issuer's application to list on such other exchange. In all other respects issuers must follow the application procedure outlined above.
- 8.84 Where asset-backed securities are issued under a programme, the relevant pricing supplement will normally comprise a supplementary programme memorandum which should contain information on the underlying assets as required by the listing rules.

## LISTING APPLICATION PROCEDURES

- 8.85 The listing document must be formally approved by the Exchange before publication.
- 8.86 The following documents must be submitted to the Exchange before formal approval is given:
- (a) an application for admission to listing, in the form set out in Appendix 1B to these listing rules;
  - (b) copy of the listing document in final form;
  - (c) a declaration by the issuer in the form set out in Appendix 2A to these listing rules;
  - (d) a letter from the issuer or its duly authorised representative confirming which of the listing requirements, if any, do not apply;
  - (e) a letter from the issuer or its duly authorised representative requesting, where relevant, non-publication of certain information, giving reasons for such request;
  - (f) such other documents as may be required by the Exchange; and
  - (g) the initial listing fee and the annual fee in respect of the first year, which are calculated in accordance with the schedule of fees published on the Exchange's website.

## CONTINUING OBLIGATIONS

Each issuer of debt securities listed pursuant to this chapter must undertake, as a condition of being granted and maintaining a listing on the Exchange, to comply with the continuing obligations set out herein.

### **New developments**

8.87 The issuer must notify the Exchange of any new developments which are not public knowledge and which may reasonably be expected to affect materially the market activity in and the price of the listed debt securities, or the ability of the issuer to meet its commitments.

### **Equality of treatment**

8.88 The issuer must ensure equal treatment of all holders of its listed debt securities of the same class in respect of all rights attaching to such securities.

### **Exercise of rights**

8.89 The issuer must ensure that all the necessary information and facilities are made available to holders of debt securities to enable them to exercise their rights. In particular, the issuer must notify the Exchange and publish notices or distribute circulars concerning the meetings of holders of its listed debt securities and the exercise of any conversion rights.

### **Financial statements**

8.90 An issuer must publish audited annual financial statements, in accordance with International Accounting Standards or such other standards as may be acceptable to the Exchange, within nine months of the end of the financial period to which they relate. If the issuer prepares both own and consolidated financial statements it may publish either form or both provided that the form which is not published does not contain any significant additional information. If the annual audited financial statements do not give a true and fair view of the state of affairs at the end of the financial year or the profit and loss of the issuer or the group, the Exchange may require additional information to be included therein.

8.91 If the audited annual financial statements have not already been made available to the holders of the debt securities, the availability of such annual financial statements must be notified to the Exchange immediately following their publication.

8.92 At the same time as the audited annual financial statements and any interim financial statements are published, the issuer must send one copy to the Exchange.

- 8.93 The Exchange will waive the requirements of rules 8.90 to 8.91 where:
- (a) the listed debt securities of the issuer benefit from an unconditional and irrevocable guarantee of another company or equivalent arrangements; or
  - (b) where the issuer is a special purpose vehicle;

and it has received written confirmation from the issuer that the non-publication of independently audited financial statements would not be likely to mislead investors with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

- 8.94 Where the listed debt securities may be converted into securities of another entity, or are guaranteed by another entity, the issuer must, at the same time as the audited financial statements and any interim statements are published by such other entity, send a copy to the Exchange, unless that entity is listed or adequate information is otherwise available.

### **Changes in rights**

- 8.95 The issuer must notify the Exchange of any change in the rights of holders of any class of listed debt securities.
- 8.96 Where the listed debt securities are convertible or the terms of their issue contemplate physical delivery, this requirement will also apply to any change in the rights of any class of securities into which the listed debt securities are convertible.

### **Interest**

- 8.97 The issuer must notify the Exchange of any decision in relation to any listed debt securities not to make any interest payment contemplated by the terms of the issue of such securities.

### **Decision to purchase**

- 8.98 Save where contemplated specifically by the terms of a particular issue of securities, the Exchange must be notified immediately of any decision to call, purchase, redeem or cancel any of the listed debt securities by the issuer or any member of the group.

### **Notification of purchases**

- 8.99 The issuer must notify the Exchange immediately where any purchase, redemption or cancellation of securities of an aggregate of ten per cent. of the initial nominal amount of the listed debt securities has been made. Once this threshold has been crossed, the issuer must notify the Exchange of any further purchases, redemptions or cancellations of each additional five per cent. or more of the initial nominal amount of such securities.

- 8.100 Such notification must state the nominal amount of the securities purchased or redeemed, whether such securities are to be cancelled and the nominal amount of the securities remaining outstanding.

### **Paying agent**

- 8.101 The issuer must maintain a paying agent in the Cayman Islands or other financial centre acceptable to the Exchange until the debt securities are finally redeemed. The Exchange must be notified of any change of such paying agent. The issuer itself may perform this function if it can demonstrate to the Exchange that it is capable of doing so.

### **Clearance and settlement**

- 8.102 The issuer must make arrangements acceptable to the Exchange to facilitate the efficient clearance and settlement of all trades and, where applicable, the registration of all transfers of its listed securities.

### **Asset-backed securities**

- 8.103 If further debt securities are to be issued backed by the same assets, unless those further debt securities rank pari passu with, or are subordinated to any class of existing listed debt security, prior approval of holders of that class must be sought.
- 8.104 Any changes in the trustee or other appropriate independent representative appointed pursuant to rule 8.17, or the entity appointed to manage/service the portfolio of assets pursuant to rule 8.21, or the custodian appointed pursuant to rule 8.23, must be notified to the Exchange.

### **General nature of the business**

- 8.105 Any decision to change the general character or nature of the business of the issuer or group must be notified to the Exchange.

### **Constitution**

- 8.106 Any proposed change in the constitution of the issuer or the group or its registered or principal office must be notified to the Exchange.

### **Directors**

- 8.107 Any changes in the issuer's directors must be notified to the Exchange.

### **Auditor**

- 8.108 Any change in the issuer's auditor must be notified to the Exchange.

### **Equivalent information**

- 8.109 Where securities listed on the Exchange are also listed on another stock exchange, the issuer must ensure that copies of all documents required to be filed and information required to be notified to the Exchange are promptly made available to such other stock exchange.

### **Public Announcement**

- 8.110 The Exchange will upon notification of any of the above matters make a public announcement with respect to such matters.

### **Annual fee**

- 8.111 Issuers are required to pay an annual fee to the Exchange in accordance with the schedule of fees published on the Exchange's website, as updated from time to time.

### **Distribution of other documents**

- 8.112 The issuer must send to the Exchange a copy of all notices of meetings, forms of proxy, any reports, announcements or other similar documents at the same time as they are issued.

### **Exception**

- 8.113 Where, in the opinion of any issuer, disclosure of any matter required by the listing rules would be unduly detrimental to the issuer, the issuer may apply for a waiver from the relevant requirement. The information, together with a statement of the reasons why the issuer believes the information should not be disclosed at that time, must be provided to the Exchange. The Exchange will deal with the information on a strictly confidential basis. However, the Exchange may at any time order that an announcement be delivered to it for dissemination by the Exchange.