



# The Listing of Securities on the Cayman Islands Stock Exchange

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## Preface

This publication has been prepared for the assistance of those who are considering the process of listing securities on the Cayman Islands Stock Exchange. It deals in broad terms with the requirements of Cayman Islands Stock Exchange and is not intended to be exhaustive.

Before proceeding with any listing, clients are advised to consider the implications in their home jurisdiction and should consult with other professional advisers as appropriate. We also recommend that our clients seek legal advice in Cayman on their specific proposals before taking steps to implement them.

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## 1. INTRODUCTION

The Cayman Islands Stock Exchange (the “**CSX**”) commenced operations in July 1997 and has developed sophisticated listing rules tailored to meet the needs of issuers with the latest structures and products. Securities listed on the CSX include investment funds (which includes both open-ended and close-ended funds), corporate, specialist and retail debt, eurobonds, domestic and international equities and derivative warrants. In addition, Segregated Portfolio Companies (or SPC’s, as they are referred to in the industry) with protected cells or portfolios are also listed on the CSX. This publication highlights the principal features that have attracted so many investment operators to the CSX.

## 2. CSX RECOGNITION

The CSX was the first offshore stock exchange to be granted approved registered organisation status by the London Stock Exchange (the “**LSE**”) in July 1999. This approved status denotes that the CSX is able to demonstrate that its regime for listed securities meets all the detailed criteria for inclusion in the list of LSE registered organisations. Listed securities on an LSE registered organisation exchange are eligible for trading on the LSE’s international equity market.

In 2001, the CSX became the first offshore exchange to join the Intermarket Surveillance Group, which is an international group of twenty-three stock exchanges from five countries committed to the coordination of confidential market information sharing for regulatory purposes and regulatory efforts across the markets represented.

In 2003, the International Organization of Securities Commissions (“**IOSCO**”) voted to approve the CSX as an affiliate member. IOSCO is the leading international group of securities market regulators. Through mutual assistance IOSCO promotes the integrity of the markets by a rigorous application of its standards and by enforcement against offences. Its current membership comprises 61 regulatory bodies from around the world that have day-to-day responsibility for securities regulation and the administration of securities laws.

The CSX is designated by the UK Inland Revenue as a “recognised stock exchange”. Accordingly, debt securities listed on the CSX are eligible for the “Quoted Eurobond Exemption”. This allows issuers to make payments of interest on the listed securities gross without deduction for UK tax. The UK Inland Revenue has also confirmed that all occupational pension schemes are now entitled to invest in shares listed on a recognised stock exchange. The CSX is also registered with the World Federation of Stock Exchanges as an affiliate member.

## 3. THE BENEFITS OF LISTING

A listing on the CSX brings with it a multitude of benefits to the listed security. One such benefit is the increased prestige and profile of the security. A listing on a well regulated and recognised stock exchange, such as the CSX, provides a valuable marketing tool for the promoters.

Because certain types of investors may only invest in listed, rather than unlisted securities, a listing enhances the marketability of the security and gives it access to a wider investor base.

Many investors mark their investments to market and require that these investments have publicly quoted stock exchange prices.

Once a security is listed on the CSX, price and other information will be publicly available, ensuring transparency for investors. This guarantees visibility for the issuers at all times. Information such as the net asset values and any relevant announcements made relating to a listed security are publicly available on the CSX website and dedicated Bloomberg facilities.

#### **4. CSX ADVANTAGES**

The CSX listing requirements, with their emphasis on disclosure of relevant information, are appropriate for the sophisticated investors who purchase and trade in these security products. English, being the common language of the world of international finance, is the language used for all listing documents.

A CSX listing offers the promoters of investment securities of all descriptions an effective platform for attracting investment whilst adding credibility and prestige to their securities. The CSX Listing Rules have been developed with emphasis on full and proper disclosure to potential investors as a fundamental starting point for regulation and have been specifically designed to be clear and easy to understand.

The CSX staff has experience in listing many types of investment vehicles including hedge funds, feeder funds, umbrella funds and funds specialising in particular products including property, venture capital and emerging markets.

The CSX does not impose any specific subscription size requirements and no EU directives apply to CSX listings, making the regulatory burden less onerous.

The CSX listing team has extensive knowledge of the investment securities sector and provides a flexible and efficient service at costs which are competitive with, or more attractive than, those of other listing centres.

#### **5. COMPARISON OF THE CSX TO OTHER EXCHANGES**

Unlike other listing centres, there are no requirements in the CSX's listing rules for a local listing agent to be appointed in connection with an application to list specialist / corporate debt securities. The lead manager or the issuer's legal advisors may deal directly with the CSX's listing department. This approach helps to reduce costs and improve efficiency.

In addition, again unlike other listing centres, the CSX is not bound by the European Union Listing Directives. This permits the CSX be more flexible in its approach to listing securities.

#### **6. REQUIREMENTS FOR LISTING**

The following will be required to support an application by an issuer seeking a listing for securities on the CSX:

- An application for listing duly executed by the issuer of the securities;

- Two copies of the listing document formally approved by the CSX in final form that must, as an overriding principle, contain all information which, according to the particular nature of the issuer and the securities for which listing is sought, is necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses and of the obligations of and rights, powers and privileges of such securities;
- An application for admission to listing;
- A declaration by the issuer or, in the case of unsponsored depositary receipts to be listed, a declaration by the applicant, in the form set out in the appendices to the listing rules; except in the case of specialist debt securities, unsponsored depositary receipts, derivative warrants, eurobonds to be listed and securities which are the subject of a secondary listing, a declaration by each director and proposed director of the issuer; and
- The initial listing fee and, where applicable, the annual fee in respect of the first year.

The listing document, documents for inspection and every other document submitted to the CSX in support of an application for listing must be in the English language or accompanied by an English translation certified as being accurate by a party acceptable to the CSX.

## **7. CSX ADDITIONAL REQUIREMENTS**

The CSX requires that all investment funds seeking a listing on the CSX appoint a local listing agent registered on the approved list of listing agents, with the exceptions of specialist/ corporate debt securities, depositary receipts, derivative warrants, eurobonds and securities which are the subject of a secondary listing. The local listing agent will be responsible for acting as a point of contact with the CSX on behalf of the fund.

This listing agent will seek the CSX's approval of listing documents, ensure the issuer and its directors are properly guided and advised on the application of the CSX listing rules and complete and check all forms and documents for compliance with said rules.

An issuer seeking a listing for its securities on the CSX or, in the case of a listing of unsponsored depositary receipts, the depositary, is required to enter into an undertaking with the CSX to comply with the continuing obligations of the CSX as set out in the relevant chapters of the listing rules. The form of undertaking required is set out in the appendices to the listing rules.

## **8. CONTINUING OBLIGATIONS**

Generally and apart from compliance with the specific requirements of the listing rules, an issuer must keep the CSX, the members of the issuer and other holders of its listed securities informed as soon as reasonably practicable, by way of public announcements or circulars, of any information relating to the group that (i) is necessary to enable them and the public to appraise the financial position of the group; (ii) is necessary to avoid the establishment of a false market in its securities; or (iii) might reasonably be expected materially to affect market activity in and the price of its securities.

In addition, the CSX shall be entitled to require the publication of further information by, and impose additional continuing obligations on, the issuer where it considers that circumstances so justify.

## **9. CSX LISTING FEES**

### **9.1. Initial Fee**

The CSX will charge initial listing fees, payable on application, for each class of securities for which application is made for listing.

### **9.2. Un-sponsored Depository Receipts**

The CSX will charge such listing fees as it considers appropriate with reference to the nature of the transaction and amount of work that is required by the listing department. An applicant for listing of an un-sponsored issue is advised to contact the CSX at an early stage to discuss and agree the appropriate listing fees to be charged by the CSX.

### **9.3. Admission fee**

For sponsored depository receipts, in addition to the initial fee payable on making application for listing, the CSX will charge an admission fee, payable on the admission of the securities to listing, which shall be charged at the same rate as the initial fee.

## **10. PROCEEDING TO THE NEXT STEP**

Conyers is well placed to act on a listing of securities on the CSX. In order to proceed, we will require instructions together with a modest retainer to cover the CSX listing fees and other disbursements. Any excess will be held as a retainer on account of our professional legal fees. A specific estimate of costs can be provided upon request. The CSX fast tracks all listings and is committed to meeting an issuer's deadlines.

*This publication should not be construed as legal advice and is not intended to be relied upon in relation to any specific matter. It deals in broad terms only and is intended merely to provide a brief overview and give general information.*

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