



The International Securities Market

The Definitive Guide to Being a Trading
Member on the International Securities Market

The Barbados Stock Exchange Inc.

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Introduction

If you are holding this document in hand, chances are your business is at that juncture. You are carefully considering one of the following:

- Expanding Operations Overseas
- Increasing Market Recognition
- Diversifying Financing Options
- Diversifying Shareholder Base

This guide seeks to clearly outline all the necessary steps to listing your securities on the International Securities Market (ISM) of the Barbados Stock Exchange Inc. (BSE) and its pros and cons, so that you may decide whether this is the direction for you.

Along with this printed guide you will also have a knowledgeable and helpful Barbados Stock Exchange Representative to help you navigate this course through further explanation and answering of your questions as they arise.

So take your mark, get set and let's go!



About the Barbados Stock Exchange

The Barbados Stock Exchange, commonly known as the BSE, is a privately owned (by its Members) non-profit organization. It exists as an association of Member-Brokers, operating a central marketplace for trading Securities. The original trading facility, known as the Securities Exchange of Barbados, was established in 1987 under the Securities Exchange Act, Cap 318A, of 1982. The original Act of 1982 was then repealed and replaced by the Securities Act 2001-13.

On August 2, 2001 with the passage of the Securities Act 2001-13 the Securities Exchange of Barbados, through re-incorporation, evolved into the Barbados Stock Exchange (BSE). The passage of this Act also enabled the establishment of the Securities Commission, which on April 1st, 2011 was subsumed by the Financial Services Commission (FSC). The FSC is responsible for regulation of the Insurance sub-sector, Co-operative and Non-banking Financial sectors and the entire Barbados Capital Market, including Self-Regulatory Organization and public companies whether listed or not.

The Barbados Stock Exchange and its wholly owned subsidiary the Barbados Central Securities Depository Inc. (BCSDI) are designated as Self Regulatory Organizations (SROs) under the Securities Act 2001-13 yet they are regulated in turn by the Financial Services Commission.

Our Vision

To be a great and lasting Caribbean Institution by facilitating wealth creation through trading on an efficient and cost-effective Exchange.

Our Mission

We intend, through education, to foster an environment of confidence and trust in the activities of the capital markets, so that all Barbadians would participate in the trading of financial instruments.

Our Core Values

- Integrity
- Fairness
- Quality service
- Confidence
- Trust
- Accuracy



The Role of the Financial Services Commission

The Financial Services Commission (FSC) is an integrated regulatory body, established on April 1, 2011 by virtue of the Financial Services Commission Act (2010). The FSC's main functions include those previously discharged by the former Securities Commission, Supervisor of Insurance and Pensions, and the credit unions related functions of the Co-operatives Department.

It is responsible for supervising and regulating non-bank financial institutions in Barbados, licensed or registered under the following Acts of Parliament:

- Exempt Insurance Act, Cap. 308A
- Insurance Act, Cap. 310
- Occupational Pension Benefits Act, Cap. 350B
- Securities Act, Cap. 318A
- Mutual Funds Act, Cap. 320B
- Co-operatives Societies Act, Cap. 378A (as it relates to the services provided by a credit union)
- Financial Services Commission Act, 2010

Securities and Funds Market Regulation

As it relates to the securities and funds markets, the FSC supervises and regulates the following types of entities:

- Self-Regulatory Organizations (SROs) including the Barbados Stock Exchange Inc. and the Barbados Central Securities Depository Inc.
- market actors, specifically securities companies, brokers, investment advisers, dealers in securities, underwriters of securities, traders in securities
- issuers
- mutual funds
- mutual fund administrators/managers

The FSC is empowered, among other things, to:

- register SROs and market actors
- register issuances of securities
- license mutual funds and mutual fund administrators/managers
- conduct examinations
- regulate, approve and review take-overs, amalgamations and all forms of business combinations

- approve the contents of prospectuses, offering circulars and any form of solicitation, advertisements or announcements
- exercise enforcement action in various forms including suspension and revocation of registration or licenses, issuance of cease trade orders and issuance of directives

Registration and Licensing

Information on registration and licensing, including the process; timeframe for processing; checklists of requirements, and requisite documentation, is outlined on the FSC's website at <http://fsc.gov.bb/> under the **Securities Division** tab. The registration or licensing process typically involves the following steps:

- submission of a completed application; or in the case of issuers a registration statement; and the requisite supporting documentation
- review and feedback as necessary to the applicant/entity making the filing
- referral to the FSC Authorization and Licensing Committee for a decision on whether a certificate of registration or license will be granted and the conditions, if any, that may be applicable
- communication of the decision to the applicant/entity making the filing or to the delegate and issuance of requisite certificate or license as appropriate

On-Going Requirements Applicable to Regulated Entities

Regulated entities are subject to a number of on-going obligations pursuant to the legislation. These include requirements to:

- maintain prescribed capital
- file periodic reports including quarterly returns, interim financial statements, registers, annual reports and audited financial statements
- file event-based reports such as material change reports and post distribution statements
- file prospectuses and take-over bid circulars
- obtain approvals of persons related to the entity e.g. auditors; directors
- provide information to FSC as requested

Information on periodic and event-based filing requirements is also outlined on the FSC's website under the **Securities Division** tab.

Regulated entities are expected to familiarize themselves and comply with the requirements of the legislation and the guidelines issued by the FSC. In addition to a guideline regarding anti-

money laundering requirements, the FSC has issued the following guidelines for the securities and funds industry:

- Guideline 1 – Market Conduct Guideline
- Guideline 2 – Compliance Program Guideline
- Guideline 3 – Insider Trading Guideline
- Guideline 4 – Corporate Governance Guideline

Contact information for the Financial Services Commission

Financial Services Commission

Suites 301 & 302

Building 4, Harbour Industrial Park

Bridgetown, Barbados

BB11142

Tel: (246) 421-2142

Fax: (246) 421-2146

Email: info@fsc.gov.bb

Securities Division: securities@fsc.gov.bb

Doing Business in Barbados

Barbados is a quality destination that is trusted and well regulated, following international best practice in capital market regulation. The Government of Barbados, in concert with its strategic partners from the private sector, remains committed to positioning Barbados as the International Financial Wealth and Management Centre of Choice in the Western Hemisphere.

Though small in size, Barbados continues to attract investors with its proven record of being a stable, modern, treaty-based, and cost-effective jurisdiction. The island ranks among the top 10 captive insurance domiciles in the world, and is the third largest recipient of Canadian direct investment after the United States and the United Kingdom, with four of the largest Canadian banks maintaining a significant presence on the island. In fact, the Commonwealth influence is omnipresent – Barbados' legal system is grounded in English Common Law while its corporate laws are modelled after the Canadian system.

As a tax treaty jurisdiction, Barbados is firmly committed to transparency, the timely exchange of information and the avoidance of tax evasion. Unjust attacks by some of the more mature international business and financial centres, labelling the island as a tax haven, have been swiftly repudiated by government and proven to be categorically false. Barbados has been supported in its defence by regional authorities and, most recently, by the OECD. To be clear, Barbados enjoys inclusionary status on the OECD's 'white list' which outlines countries that have substantially implemented the internationally agreed-upon tax standards. Investors still mindful of political or country risk can be assured that Barbados has been consistently ranked by the German-based Transparency International as the least corrupt country in the Caribbean and Latin America.

The Government of Barbados has progressively refined its legislation to make possible the easy establishment of international business entities, allowing investors to maximise their return on investment. In fact, multinational corporations find the island's geographically diversified network of double taxation agreements (DTAs), bilateral investment treaties (BITS) and tax information exchange agreements (TIEAs) unique in this hemisphere and essential to their overall tax planning strategies.

Lastly, Barbados is world renowned for its quality lifestyle – sheer natural beauty, culture and above all the friendliness of its people. Its centuries-old history as a trade and tourism hub has married a cosmopolitan atmosphere with an island charm, making Barbados a premier destination of commerce and leisure for international businesses and high net worth individuals.

International Securities Market

The International Securities Market (ISM) of the Barbados Stock Exchange Inc. (BSE) is a dedicated market for the listing and trading of securities of Issuers, who may or may not be incorporated in Barbados, that would otherwise be listed and traded on another exchanges around the world.

The ISM will operate as a separate market of the BSE, a self regulatory organization, with a separate structure of rules applied to membership, trading, clearing and settlement and listing of securities on this market. The General Rules of the Barbados Stock Exchange governing membership, trading, clearing and settlement and listing on the domestic market do not apply to the ISM other than using the same disciplinary/hearing process as outlined in Part II of the General Rules of the Barbados Stock Exchange which can be obtained on our website - www.bse.com.bb.

Rationale

As early as 1991 a similar concept was first contemplated by the Board of Governors of the Securities Exchange of Barbados (predecessor of the BSE) when they amended the By-Laws of the Exchange to establish an Exempt Trading Floor to facilitate the trading of an Exempt Security – a security of any company or body corporate which in all respects qualifies for listing according to the rules of listing, save and except that the country of incorporation of such company or body corporate shall be a territory other than a CARICOM country or alternatively if incorporated in Barbados shall be registered under the International Business Companies Act, Offshore Banking Act or Exempt Insurance Act. This facility was set up for a specific purpose and to list a specific security and was the testing ground for what we have set up in the form of the International Securities Market.

The establishment of the ISM will be beneficial not only to Barbados' International Business and Financial Services Sector (IBFS) but to the economy as a whole. It is a vital step towards making Barbados the premier capital market hub for the region and supports Government's recognition of the important role the IBFS plays in the development of this great nation. The benefits to be derived by Barbados from this initiative include:

- Strengthens and expands possibilities for the existing international business community
- Raises the profile of Barbados internationally as an international financial centre and further solidifies Barbados as an international business destination
- Raises the possibility of attracting new types of international business to Barbados
- Encourages positive use of the numerous double tax treaties
- Enables new types of business to be undertaken such as listing sponsors

- Catalyst for changing dated legislation and removing obstacles to company registration
- Creation of new jobs and opportunities for persons with specialized skills
- Creates a One Stop Shop for the international business community
- Assists in future double tax agreement negotiations and trade agreements
- Enhances the current international financial services infrastructure with new and updated legislative framework

Our intention is to create a market that is as vibrant and lucrative for its participants while simultaneously adding significant value to the International Business and Financial Services sector and by extension the economy of Barbados.

The Competitive Advantage of the ISM

A low cost structure (relative to competing jurisdictions) represents the ISM's most compelling advantage. The ISM was created to accommodate the needs of a wide range of international businesses. Accordingly, the fees for the ISM are 30-40% lower than that of larger exchanges in North America and Europe – providing affordable access to public markets for small and mid-sized firms that might otherwise be unable to sustain a listing.

Clear and transparent investment laws allow the ISM to operate as an efficient tax vehicle for the discerning investor, offering a modern approach to international business in the hemisphere. The following are additional benefits to using the ISM:

- No capital gains tax
- Exemption from withholding tax on dividends, interest, management fees, royalties, or other income paid to non-residents
- Exemption from taxes on transfers of securities and assets to non-residents
- Freedom from exchange controls

Finally, the ISM utilizes modern technologies that ensure the accurate trading, clearing and settlement of securities, and employs a staff of highly trained employees with experience in capital market transactions.

Market Participants

The ISM will attract member participants from the local brokerage community, accountants, attorneys as well as the existing and new international offshore banks, international business entities, and international securities dealers. Member participants will fall into one of the following categories:

- Trading Members
- Issuers
- Listing Sponsors

Trading Members

A Trading Member, as implied, is a member responsible for the trading of shares listed on the board of the ISM. Trading Members will fall into one of the following three categories and are regulated by the ISM Trading Membership Rules:

- **Brokers** - A Broker is a person who will engage in the business of effecting transactions in securities for the account of others/third parties. Brokers will only be allowed to trade on behalf of **Qualified Investors**. A Qualified Investor is a person who has such knowledge and experience in financial, securities, investment and other business matters that he or she is capable of evaluating the merits and risks of the prospective investments and who subscribes for securities of an issuer in an amount of at least \$US 100,000.00.
- **Dealers** - A dealer is a person engaged in the business of buying and selling securities for his own account.
- **Market Makers** - A market maker is a broker-dealer firm that assumes the risk of holding a certain number of shares of a particular security in order to facilitate the trading of that security.

Issuers

An Issuer is a company, other legal entity or other undertaking that issues securities that are proposed for listing on the ISM. The types of securities eligible for listing are:

- Equity Securities
- Debt Securities - including Corporate Debt Paper, Term Notes, Eurobonds and Convertible Bonds
- Investment Funds - including Property Funds, Umbrella Funds, Feeder Funds and Fund of Funds

It is important to note that for the securities of and Issuer to qualify for a listing on the ISM, all Issuers must have a Listing Sponsor and are regulated by the ISM Listing Rules.

Listing Sponsors

A Listing Sponsor is a company or partnership approved by the Exchange to act as an ISM Listing Sponsor on behalf of applicants and listed issuers. All Listing Sponsors are regulated by the ISM Listing Rules.

Clearing Agents

A Clearing Agent is a participant of the Barbados Central Securities Depository Inc (BCSDI) which acts on behalf of an ISM trading participant in interfacing with the BCSDI. All Clearing Agents are regulated by the ISM Clearing and Settlement Rules.

ISM Trading Membership - Rule 1000

Applicants seeking membership on the ISM must adhere to the following requirements:

- **Eligibility** - An ISM trading participant must always comply with the following requirements:
 - be a company in good standing with and licensed, regulated or supervised by a regulatory body recognized by the Exchange in a jurisdiction approved by the Exchange in consultation with the Financial Services Commission (FSC);
 - The foreign securities exchange:
 - must be regulated by an IOSCO member or signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (MMoU) and
 - must have rules that have been approved by its regulator to govern its members.
 - The regulator of the foreign securities exchange and jurisdiction should be:
 - a member of IOSCO and
 - a signatory of the MMoU.
 - satisfy the Exchange that it is duly registered with the FSC as a market actor;
 - satisfy the Exchange that it, including its directors, officers and substantial shareholders holding more than 10% of the equity, is fit and proper to be an ISM trading participant;
 - satisfy the Exchange that it has in place:
 - adequate internal procedures and controls;
 - adequate systems for the execution, recording and reporting of transactions;
 - systems and controls which satisfactorily address the identification and management of risk;
 - adequate insurance for the type of business it undertakes;
 - satisfactory systems or arrangements for the clearing and settlement of transactions whereby either the ISM trading participant will be a BCSDI participant or use the facilities of a clearing agent.
 - comply with the rules of the ISM and such other requirements for trading membership as the Exchange may from time to time prescribe.
- **Applications for ISM Trading Membership**
 - Every company that wishes to apply to be an ISM trading participant must:
 - apply to the Exchange in writing in the form set out in the **Application For Membership of the ISM** or in such other form as the exchange may from time to time approve;
 - submit the appropriate non-refundable application fee;

- provide the Exchange with such further information as may be required by the Exchange in support of the application for trading membership of the ISM.
- The Exchange may, at its discretion, approve or disapprove applications. The Exchange may:
 - admit an applicant unconditionally;
 - admit an applicant subject to such terms and conditions as may be considered appropriate or necessary to ensure compliance by the applicant with the rules;
 - disapprove the application if, after having regard to such factors as the Exchange may consider relevant including, without limitation, the past or present conduct, business or condition of the applicant or any of its directors, senior officers or associates, the exchange is of the opinion that:
 - the applicant will not or cannot comply with the rules;
 - the applicant is not qualified by reason of fitness and properness, solvency, or experience.
- In considering the applicant, the Exchange shall consider the following:
 - whether its directors, officers and substantial shareholders holding more than 10% of the equity appear to be fit and proper person;
 - whether the applicant's senior executives and other staff have adequate knowledge, skill and experience;
 - whether the applicant is of good reputation and character;
 - whether the applicant has the ability to perform the duties expected of an ISM trading participant.
- In the event that the Exchange approves an application, the Exchange shall, as soon as possible thereafter and in any event not later than 30 days following the date on which the application was approved, notify the applicant of the fact and of the date on which the admission to trading membership will become effective.
- In the event that the Exchange disapproves an application, the Exchange shall, as soon as possible thereafter and in any event not later than 30 days following the date on which the application was rejected, notify the applicant of the fact, stating the reason or reasons for the Exchange's decision.
- If the Exchange proposes to admit or to disapprove an applicant subject to terms and conditions pursuant to the **Application for ISM Trading Membership** rules, the applicant will be:
 - provided with a statement of the grounds upon which the Exchange proposes to admit the applicant subject to terms and conditions or to disapprove the applicant with the particulars of those grounds;
 - entitled to appeal to the Regulatory Affairs Committee of the Exchange.

- entitled to make a final appeal to the FSC in accordance with Section 37 of the Act.
- **Non-Transferability of Membership**
 - Membership as an ISM trading participant is not transferable.
- **Participant Capacities**
 - An ISM trading participant may be:
 - a broker and/or;
 - a dealer and/or;
 - a market maker.
 - Brokers are entitled to trade for the account of third parties.
 - Dealers and market makers may only trade for their own account.
- **Market Makers**
 - If the Exchange considers it to be in the interest of the ISM that liquidity in a particular security be improved, it may enter into agreements whereby one or more ISM trading participants assume the role of market maker for such security.
 - Market makers must introduce buy and sell orders (quotes) into the order book, continuously or in response to specific requests, subject to market-making regulations prescribed from time to time by the Exchange.

Continuing Qualifications

- **Obligations**
 - An ISM trading participant must at all times comply with the eligibility and fit and proper criteria set out above.
 - If in the opinion of the Exchange an ISM trading participant:
 - is in breach of the above continuing obligation; or
 - is not conducting, or may not conduct, its operations in an appropriate manner;
 - the Exchange may at any time:
 - impose on the ISM trading participant requirements relating to their level of staffing, training, internal procedures, systems and controls or any other matter relevant to the continuing suitability of membership;
 - restrict the scope of business conducted by the ISM trading participant;
 - bring a charge or charges against the ISM trading participant.
 - In the event that the Exchange imposes a requirement or restriction under rule 1101.2.2 or brings a charge or charges against the ISM trading participant, it shall immediately notify the ISM trading participant of the fact, stating the reason or reasons for the Exchange's decision.

- A requirement or restriction imposed will take effect immediately when such notification is received by the ISM trading participant.
- An ISM trading participant may appeal to the Regulatory Affairs Committee of the Exchange against any requirement or restriction imposed within 7 days of the issue of the notification but until such appeal is heard, the requirement or restriction imposed will remain in force.
- **Membership of Regulatory Body**
 - If a trading participant ceases to be a member of a regulatory body by which it is licensed, regulated or supervised, it shall, without hearing or notice, be suspended.
 - The Exchange shall immediately notify the ISM trading participant of the fact, stating the reason or reasons for the Exchange's decision. All trading privileges granted for participation on the ISM will be suspended immediately.
 - An ISM trading participant may appeal to the Regulatory Affairs Committee of the Exchange against the suspension imposed within 7 days of the issue of the notification but until such appeal is heard, the suspension imposed will remain in force.
 - If, in the opinion of the Exchange, a trading participant breaches a requirement of a regulatory body of which it is a member, the Exchange may impose such terms and conditions on the trading participant as the Exchange deems appropriate in the circumstances.
 - Each ISM trading participant must file with the Exchange in electronic form a copy of their interim financial statements as at the end of each quarter within 30 days of the reporting period.
 - Each ISM trading participant must file with the Exchange in electronic form a copy of their audited financial statements at the same time they are filed in their home jurisdiction.
 - The trading participant is entitled to appeal to the Regulatory Affairs Committee of the Exchange any terms and conditions imposed by the Exchange.
- **Fees and Charges**
 - An ISM trading participant must pay all fees and charges fixed by the Exchange, which will become due and payable to the Exchange at such time or times and in such manner as the Exchange shall require.
- **Observance of Rules**
 - An ISM trading participant will be bound by and observe:
 - these Rules (as amended from time to time);
 - any rules and procedures set out in any supplementary documentation issued by the exchange under these rules;
 - the provisions of any notice issued by the Exchange;
 - any requirement, decision or direction of the Exchange.

- An ISM trading participant must take all reasonable steps to ensure that its employees comply with all applicable obligations arising under these rules.
- The BSE shall request and obtain any information required for the purposes of review and investigation of breaches of any of the ISM rules.
- **Notifications**
 - An ISM trading participant must give the Exchange prior written notice of:
 - a change in its name or the name under which it carries on business;
 - a change in the address of its principal place of business;
 - any change in its ownership or control, whether direct or indirect, of more than 10% of its equity or shares:
 - The acquisition of, directly or indirectly, or obtaining the ability to exercise control over 30% equity interest in an ISM trading participant will, in the absence of evidence to the contrary, be deemed to be a change in control of the ISM trading participant and require the submission of a new application for membership;
 - the appointment of any new senior executive, including the information about such person required to be filed by the Exchange;
 - any change in its insurer or auditor;
 - any change to the arrangements it has in place for the clearing and settlement of transactions on the Exchange.
 - An ISM trading participant must give the Exchange written notice forthwith of the death, retirement, resignation or termination of employment of a director or officer of the ISM trading participant.
 - An ISM trading participant must provide the Exchange immediately with details of any action taken by any regulatory body or exchange of which it, or a related party, is a participant where the ISM trading participant or related party is found to have been in breach of any law, regulation or rule administered by a regulatory body or exchange.
 - An ISM trading participant must provide the Exchange as soon as practicable thereafter with details of any allegation by a regulatory body or exchange that results in an investigation by a regulatory body or exchange of which it, or an associate, is a participant.
 - Following notification from an ISM trading participant under these rules:
 - an ISM trading participant must make such additional information available to the Exchange as the Exchange may request;
 - the Exchange may impose such conditions on the ISM trading participant as it considers appropriate.
 - A condition imposed will take effect immediately when such notification is received by the ISM trading participant.

- An ISM trading participant may appeal to the Regulatory Affairs Committee of the Exchange against any condition imposed within 7 days of the issue of the notification but until such appeal is heard, the requirement or restriction imposed will remain in force.

*****The Exchange's rules and procedures for hearings and appeals are set out in Article 3 of Part II of the Rules of the Barbados Stock Exchange which are available on our website - www.bse.com.bb.*****

Appendix 1 A - Application for Membership of the ISM

APPLICATION FORM FOR APPROVAL AS A TRADING PARTICIPANT OF THE ISM

BARBADOS STOCK EXCHANGE INTERNATIONAL SECURITIES MARKET APPLICATION FOR MEMBERSHIP OF THE ISM

Instructions

1. An applicant for approval as a trading participant on the ISM under the ISM Membership Rules must file this completed form and all supporting information and documents with the ISM Department of the Exchange at:

INTERNATIONAL SECURITIES MARKET
BARBADOS STOCK EXCHANGE
8th Avenue Belleville
St. Michael
BB11114
Barbados
Email: ism@bse.com.bb
2. An applicant must file all the information and documents listed in the exhibits to this application form, as prescribed below.
3. All forms, information and reports may be submitted in soft copy by email, except for documents that require a signature, which must be filed in hard copy original form.
4. The Exchange may require an interview with senior executives of the applicant, and may require the applicant to file additional information or documents.
5. Incomplete applications will be returned and cannot be processed until completed.
6. An applicant that files misleading information, or that attempts to mislead the Exchange by filing incomplete, false or inaccurate information, will be denied approval.
7. In making application for approval as an ISM trading participant, an applicant agrees to comply with the rules of the ISM if its application is approved.

APPLICATION FOR TRADING PARTICIPANT STATUS ON THE ISM

Name of Applicant:

Date:

APPLICANT'S DECLARATION

1. We apply to be a trading participant on the Exchange's International Securities Market (ISM).
2. We have read and understand the rules of the ISM.
3. We undertake that, if this application is approved, we, our employees and our agents will abide by all of the provisions of the rules of the ISM and all decisions and directions of the Exchange relating to our role as an ISM trading participant.
4. We hereby confirm that:
 - 4.1 The information disclosed in this application is complete and accurate, to the best of our knowledge and belief.
 - 4.2 We meet and are in compliance with all of the requirements for approval as an ISM trading participant, to the best of our knowledge and belief.
 - 4.3 There are no additional facts or matters that are material to the Exchange's consideration of our application to become an ISM trading participant that we have not disclosed to the Exchange.

EXECUTED ON BEHALF OF THE APPLICANT

[Name of applicant]

Date:

By _____

Title:

[Chief Executive Officer or equivalent]

Contact information for signatory to this declaration:

DOCUMENTS FILED WITH THIS APPLICATION

- 1. Applicant's Information**
- 2. Applicant's Ownership and Governance**
- 3. Trading Participant's Qualifications and Plan**
- 4. Personal Information Form for Directors and Senior Officers**

EXHIBIT 1

APPLICANT'S INFORMATION

1. Name of applicant.
2. Principal business or businesses of the applicant.
3. Location and address of head office and principal offices.
4. Name and contact information for the main contact person for this application.
5. Name and location of all subsidiary or affiliated entities.
6. Proposed location and address of offices of trading participant functions.
7. Addresses of all websites.
8. Name, address and contact information for external auditors.
9. Name, address and contact information for the applicant's principal bank.
10. Membership in any securities exchange, professional body or self-regulatory organization (SRO), including details of membership.
11. Registration, licensing or other form of authorization by any securities regulatory authority or other statutory authority.
12. Has the applicant ever been refused membership in any securities exchange, SRO or professional body for which it has applied? (If yes provide details).
13. Has the applicant's membership in any securities exchange, SRO or professional body ever been suspended or terminated? (If yes provide details).
14. Audited annual financial statements for the last financial year, and the financial statements for the recent fiscal period.
15. Most recent annual report issued by the applicant to its shareholders or partners.

EXHIBIT 2

APPLICANT'S OWNERSHIP AND GOVERNANCE

1. Ownership:
 - i) Details of issued share capital or partnership.
 - ii) Transferability of ownership interests, including details of public trading of any securities of the applicant.

- iii) If the applicant is part of a corporate group, a diagram illustrating the ownership structure for the group and the applicant.
 - iv) Name, address and full particulars for each person or entity that holds 10% or more of the voting shares of the applicant, directly or indirectly. Include the percentage ownership position for each person or entity, in terms of both equity ownership and voting.
2. Governance: corporate governance structure, including details of board of directors or structure of partnership, board committees, and the means of electing or appointing the directors or partners.
3. Each director or partner and each officer or managing partner must file a personal information form as set out in Exhibit 4.

EXHIBIT 3

TRADING PARTICIPANT QUALIFICATIONS AND PLAN

1. The applicant must file a business plan that sets out:
 - Nature and scale of the business to be undertaken;
 - Trading capacity or capacities in which the applicant proposes to act;
 - Arrangement proposed for the operation of such business;
 - Aims and objectives of the business;
 - Sources and nature of expected business;
 - Systems and procedures proposed for the proper financial accounting, management and administration of the affairs of the applicant and those of its clients;
 - Information on risk management systems and controls;
 - Internal controls, including security arrangements;
 - Separation or segregation of assets of clients from those of the applicant;
 - Capital structure and financing arrangements;
 - Insurance arrangements;
 - Intentions to outsource any activities to third parties; and
 - Requirements for premises and personnel.
2. Describe the arrangements made for custody and settlement of client's securities and handling of client money, detailing names and addresses of custodian and any other third party providers to be used by the applicant for custodian and settlement activities.
3. Provide the names and addresses of those entities to be used as providers of investment advisory services to the applicant as a trading participant.
4. Does the applicant intend to engage the services of an agent or agents in relation to the performance of its functions as a trading participant? If so, the applicant must specify the

name, address and contact details of the agent together with details of the services to be provided.

5. If the applicant does not intend to use the services of a clearing agent, the applicant must provide confirmation that its application as a BCSDI participant has been approved or is pending.
6. The applicant must state the dealing capacity(ies) in which it will deal or engage on or off Exchange i.e. Broker/Dealer/Market Maker.
7. The applicant must state the type and number of professional and private clients which the applicant will serve.

EXHIBIT 4

PERSONAL INFORMATION FORM

1. Each director, officer and substantial shareholder holding more than 10% of the equity of the applicant must complete and submit this form.
2. Full name
3. Address (home)
4. Address (office)
5. Date of birth
6. Place of birth
7. Citizenship
8. Country of residence
9. Position with applicant
10. Main responsibilities of position
11. Have you ever applied for, and been denied, a registration, license or other authorization to carry on business, or had any such registration, license or authorization suspended, terminated or revoked?
12. Have you, or has any organization with which you are or have been associated:
 - i) ever been censured, penalized, or disciplined?
 - ii) ever been the subject of a court order or official investigation?

iii) ever failed to satisfy your/its debts?

iv) ever been the subject of bankruptcy/insolvency proceedings?

v) ever been convicted of an offence involving embezzlement, fraud, theft or other dishonesty?

vi) ever been found in violation of any financial services statute or regulation, or of any professional standards or code of conduct?

13. Attach an up-to-date CV.

I certify that the information contained in this Personal Information Form is complete and accurate, and that the information contained in this application for approval as a trading participant is complete and accurate, to the best of my knowledge and belief.

SIGNED BY:

[Name]

Date:

Title:

[Position with the applicant]

Contact information for signatory to this Form:

Contact Us

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