



International Securities Market

**Quality. Substance. Trust.**

# Investment Funds

Definitive Guide



# LISTING REQUIREMENTS

## Basic Requirements - 4710

- To qualify for listing on the ISM, an Issuer and its business must be:
  1. Incorporated or organised under the laws of a jurisdiction recognised by the Exchange under this Part, and
  2. Suitable for listing, in the opinion of the exchange.
- The total market value of the fund's units must be at least US\$1,000,000 or equivalent (unless the units are already listed on the ISM).
- The fund's directors, officers and investment managers must, in the opinion of the Exchange, have sufficient experience in the operation of investment funds and management of the kind of investments that the fund proposes to make.
- The fund's board of directors must be accountable to unit holders and act independently from the investment manager.
- Either:
  1. At least 25% of the class of the fund to be listed must be placed with public investors, or
  2. Only qualified investors may be permitted to invest in and trade in the fund.
- The Exchange may, in its discretion, permit restrictions on the categories of investors that are permitted to invest in a fund, the percentage of public investors, or the size of trades in a fund.
- The net asset value of the fund must be calculated at least quarterly.

## Listing Document - 4720

- The listing document to be filed with the Exchange must contain the information prescribed by the Exchange for an Investment Fund listing<sup>1</sup>.
- A listing document is not required for an open-ended fund that issues additional units of a class already listed on the ISM.

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<sup>1</sup> The prescribed form is in **Appendix 4C**

## Fund Appointments - 4730

- A listed investment fund must appoint a custodian of its assets acceptable to the exchange, which is a separate and independent entity from the fund and the investment managers.
- The fund must appoint an independent auditor that is acceptable to the Exchange to audit its financial statements in accordance with auditing standards acceptable to the Exchange.
- The fund must appoint a registrar and transfer agent acceptable to the Exchange.

## Property Funds - 4740

- The listing document for a property fund must include the following information:
  1. A valuation of its real estate portfolio, in accordance with internationally accepted valuation standards, by a professional independent property valuer acceptable to the Exchange
  2. Details of the valuation methodology used by the independent valuer
  3. Details of any material change to any facts or assumptions in the valuation of its portfolio since the date it was prepared.
- If no real estate properties have been invested in yet, details of the valuation methodology to be used must be disclosed in the listing document. The Exchange must approve the independent property valuer that the fund proposes to appoint.

## Umbrella Funds - 4750

- Also called a “master fund”
- If the fund has more than one sub-fund, details of the sub-funds must be disclosed in the listing document, including financial statements for each sub-fund

## Feeder Funds - 4760

- The following additional requirements apply to a feeder fund:
  1. Investments in the fund must be restricted to qualified investors
  2. The listing document must disclose details about the master fund. This may be included in an appendix containing approved disclosures by the master fund.
  3. The listing document must disclose specific risks of the feeder fund
  4. The master fund must be listed on the ISM or another recognized securities exchange
  5. The Exchange must be satisfied that the investors in the fund will receive regular and sufficient information about the master fund.

## Fund of Funds - 4770

- The listing document for a fund of funds must include the following information for each investment fund that it will invest at least 20% of its assets in:
  1. The full name and registered address of the fund
  2. The date of incorporation
  3. If it is listed on any securities exchange
  4. The fund's investment objectives
  5. A description of its management, including the names of the investment manager and/or investment adviser, details of their qualifications and experience (including the value of assets under management), and details of in what jurisdictions and by what bodies they are regulated
  6. The structure of the fund, including if it is open-ended or closed-ended, and if its securities are voting or non-voting
  7. The fund's fees and expenses
  8. The risk factors of investing in it
  9. A statement that the fund's directors or investors may not be able to control the fund
  10. A description of any relationship between the fund of funds and funds it is investing in, including any conflicts of interest that could arise.

# CONTINUED LISTING REQUIREMENTS

*Please note that in addition to Part 5000 (Continued Listing Requirements – General), an Issuer of listed investment fund securities must comply with this Part on an ongoing basis, except for a secondary listing<sup>2</sup>.*

## Additional Notice Requirements - 5210

- In addition to the requirements of Part 5000, a listed Investment Fund must notify the Exchange and all unitholders immediately if any material fact or change arises that would reasonably be expected to affect the financial position, value or ongoing operations of the fund. This includes any material investment or trading losses.
- In addition to the requirements of Part 5000, a listed Investment Fund must notify the Exchange, the public and all unitholders immediately of:
  1. A proposed change in the investment objectives, restrictions or policies of the fund
  2. A proposal to renew, merge, windup or terminate the fund
  3. A proposal or to redeem or repurchase units of the fund (except in the normal course of business)
  4. A proposed change to its capital structure, including to incur any debt obligation of an amount greater than 25% of the fund's net assets
  5. A board of directors' resolution or security holders' resolution that affects the rights of the holders of its units or listed securities
  6. A change in the fund's taxation or tax status
  7. Less than 25% of a class of the fund remains in the hands of public investors (except for a fund exempted from this requirement)
  8. A change in its custodian, transfer agent, investment manager, or an investment adviser
  9. A proposal to change the method or frequency of calculating the net asset value of units
  10. A proposal to delay or suspend calculation of the net asset value of the units
  11. A proposal to change the jurisdiction of its legal organisation or administration

## Approval of Changes to Fund - 5220

- A listed Investment Fund must notify the Exchange and obtain the approval of a majority of its unitholders of any proposal to:
  1. Make a material change in its investment objectives, structure or policies (as set out in its listing document)
  2. Make a material change in its constitution or by-laws

<sup>2</sup> The requirements for secondary listings are in **Part 4500**

3. Create or issue an additional class of securities in the fund, or
4. Convert the units of a class of the fund

– A listed closed-ended Investment Fund must not issue additional units of the same class at less than the net asset value of that class, unless the units are offered first to current unitholders on a pro-rata basis.

### **NAV and Distribution - 5230**

- A listed Investment Fund must file with the Exchange and disseminate to unitholders in a timely manner:
1. The net asset value of its units periodically as set out in its listing document, and at any other time that the net asset value is calculated, and
  2. A decision to make any distribution or pay any dividend, including details of payments.

### **Financial Statements and Reporting - 5240**

- In addition to the requirements in Part 5000, a listed Issuer must prepare an annual report to accompany its annual financial statements that includes the following information:
1. A detailed analysis of the fund's portfolio of investments by type of security and type of asset, as well as by general industrial or commercial sector and, if applicable, geographic region, including the market value of each category
  2. A chart that summarizes the fund's performance and total assets for the last 5 financial years
  3. An analysis and review of the fund's financial results as shown in the financial statements
  4. The holdings of each director, officer, investment manager and investment advisor in any securities of the fund, whether held direct or indirectly
  5. The interests of each director, officer, investment manager and investment adviser in any entity that receives fees or any form of compensation from the fund
  6. The details of any fees and remuneration paid or payable by the fund to its directors and service providers (or any of their associates) during the financial year
  7. Details of any arrangements where a director or service provider has waived or agreed to waive any fees or remuneration from the fund
  8. Details of any right to subscribe for the fund's securities granted to any director, investment manager or investment adviser of the fund, and of the exercise of any such right

## Related Party Transactions - 5250

- If a listed investment fund proposes to enter into 1) a related party transaction, or 2) a transaction between the fund and an investment manager of the fund, the fund must notify the Exchange at least 10 days in advance and:
  1. The directors of the funds who have no interest in the transaction must confirm to the Exchange that in the directors' opinion, based on written advice from an independent professional, the transaction is fair and reasonable from the standpoint of the fund's securities holders
  2. If the value of the transaction is 5% or more of the net asset value of the fund, the fund must notify all of the fund's security holders of the details of the transaction at least 10 days in advance.
  3. If the value of the transaction is 10% or more of the net asset value of the fund, the fund must send a circular to its security holders providing details of the proposed transaction and obtain their prior approval of the transaction.

## Requirements for Special Types of Funds - 5260

- The financial statements of special types of investment funds must comply with the following:
  1. An umbrella fund's statements must incorporate all of its sub-funds
  2. A feeder fund's statements must include the statements of its master fund in an annex
  3. A fund of funds' statements must incorporate the information from the statements of each investment fund that it invested at least 20% of its assets in.
- A feeder fund must notify the Exchange and all unitholders forthwith of any matter relating to its master fund that must be disclosed under rule 5210.
- A closed-end fund must notify the Exchange of any material change in the holdings or identity of a substantial shareholder.

## FEE NOTES

- An initial, non-refundable fee is required in accordance to the number of vehicles/classes offered. This fee shall be payable at the same time as the issuer submits its formal letter of application.
- The annual fee in respect of the first year shall be payable in full on the admission of the securities to listing. Thereafter, the annual fee for subsequent years shall be payable in full at the start of each calendar year throughout the life of the listing.
- If the investment fund has a primary listing on another stock exchange which is recognized for this purpose by the BSE, the initial fee shall be fifty percent (50%) of the standard rate.
- Subsequent issues shall be charged at the same rate as the initial fee.

# LISTING FEES

- Securities admitted for listing on the ISM are subject to both a one-time **Initial Fee** and an **Annual Fee** for the inaugural year of the listing. Thereafter, only the **Annual Fee** is levied for the continued facilitation of the listing(s).
- For Investment Funds, there is a one-time fee per Company/Issuer of US\$1,500.
- Where the same fund family issues and lists multiple classes of securities, the fixed Initial and Annual Fees are outlined as follows:

Financial Product	Initial Fee	Annual Fee
<b>Investment Funds: Primary Listing Classes</b>		
▪ 1 Class	\$1,400	\$1,750
▪ 2 Classes	\$2,800	\$2,800
▪ 3 - 9 Classes	\$3,500	\$3,500
▪ 10 - 15 Classes	\$7,000	\$5,250
▪ 16 - 20 Classes	\$7,000	\$7,000
<b>Investment Funds: Secondary Listing Classes</b>		
▪ 1 Class	\$700	\$875
▪ 2 Classes	\$1,400	\$1,400
▪ 3 - 9 Classes	\$1,750	\$1,750
▪ 10 - 15 Classes	\$3,500	\$2,625
▪ 16 - 20 Classes	\$3,500	\$3,500

*Please be advised that all fees quoted are in US Dollars*

- Where the same fund family issues and lists in excess of twenty (20) classes of securities, a fixed fee of US\$400 will be levied per class.

## Application Fees

- Complex listing applications will be subject to an initial review fee of \$1,500. Following initial review a tailored fee quote will be raised based on the anticipated level of review time and technical content of the application.
- In the absence of sufficient due diligence by the Listing Sponsor, a suitability enquiry fee of \$1,000 will be levied for considering complex enquiries regarding issuer suitability.
- The Exchange reserves the right to charge a non-refundable fee of \$500 for consideration of an application that is not proceeded forthwith by a listing of securities.

## Further Issue Fees

- Where a listed issuer makes a subsequent issue of securities, a subsequent issue fee shall be charged at the same rate as the initial fee.
- This charge does not apply to the issue of securities on the exercise of options, warrants or conversion rights under convertible securities, the grant or issue of which has been approved by the BSE, or to a capitalisation issue including the issue of securities under a scrip dividend scheme.
- The charge does not apply to the further issue of a class of specialist or corporate debt securities already listed on the exchange where the issue was pre-empted in a previously approved listing application.
- An issuer shall pay any subsequent issue fees within seven (7) business days of receiving an invoice from the Exchange.

## Payment

- Initial listing fees must be paid at the same time as the issuer submits its formal letter of application.
- The initial fee must be paid prior to the release of the initial comments letter.
- The annual fee in respect of the first year shall be payable in full on the admission of the securities to listing. Thereafter, the annual fee for subsequent years shall be payable in full at the start of each calendar year throughout the life of the listing.

- The annual fee for new applicants must be paid prior to approval and admission of the securities to the Official List of the Exchange. Non-payment of the annual fee in respect of existing listed securities could lead to the suspension and subsequent cancellation of listing of the securities.
- All fees raised post listing must be settled within seven (7) business days of receiving an invoice from the Exchange unless stated otherwise.
- All fees raised post listing are non-refundable and payable in full irrespective of any subsequent delisting. Under no circumstances are refunds of fees previously paid granted by the exchange.
- The Exchange reserves the right to charge a discretionary fee for anything not covered in the above Fee Outline e.g. *re-listing fees*.

**COST EFFECTIVE**

**GLOBAL STANDARDS**

**BARBADOS ADVANTAGE**

## The Barbados Stock Exchange

The **Barbados Stock Exchange**, commonly known as the BSE and formerly the Securities Exchange of Barbados, was re-incorporated on August 2, 2001 in accordance with the Securities Act 2001-13, which also enabled the establishment of the Barbados 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 Organizations and public companies whether listed or not.

The Barbados Stock Exchange and its wholly owned subsidiary, the Barbados Central Securities Depository (BCSDI) are designated as Self Regulatory Organizations (SROs) under the Securities Act and are regulated by the Financial Services Commission.

The Barbados Stock Exchange Inc. is an Affiliate Member of the



To inquire about listing on the **International Securities Market**, kindly contact a member of our Business Development team:

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