



**M E R J**

**MERJ EXCHANGE LIMITED  
LISTING RULES**

Version: 15 February 2018

## INTRODUCTION

**MERJ Exchange** is a licensed and regulated multi-asset, multi-currency global **securities exchange** in the **Seychelles**. Both **Seychelles** based **issuers** and **international issuers** are eligible to apply for a **listing**.

These **Listing Rules** specifically cater for the listing of **equity securities** and **debt securities**.

This document details the initial requirements of any **issuer** seeking inclusion of one or more classes of its **securities**, including those issued on **Distributed Ledger Technology** platforms (“**security tokens**”) in the **list of securities** maintained by **MERJ Exchange** and thereafter the ongoing obligations of these **MERJ issuers** to maintain the **listing** including requirements and restrictions for their **directors, officers, employees** and agents.

This document also details minimum requirements, obligations and procedures of **Sponsor Advisors** approved by **MERJ Exchange** to provide certain services to **MERJ issuers**.

Any questions from a **MERJ issuer** as to the interpretation of these **Listing Rules** should be directed to the **Sponsor Advisor** of the **MERJ issuer**.

Any questions from an **issuer** or **Sponsor Advisor** as to the interpretation of these **Listing Rules** should be directed to the **Listing Division** of **MERJ Exchange**.

**MERJ Exchange** may issue **notices** from time to time on specific issues that may affect **MERJ issuers** or **Sponsor Advisors**. These **notices** form part of these **Listing Rules**.

**MERJ Exchange** may introduce **schedules** to these **Listing Rules** from time to time that will be deemed to form part of these **Listing Rules**.

**These Listing Rules** and any other conditions of **listing** are binding on **MERJ issuers, Sponsor Advisors** and the **directors, officers, employees** and agents of **MERJ issuers** and **Sponsor Advisors**.

**The Rules** for members of **MERJ Exchange** are enclosed in a separate document titled “**MERJ Exchange Market Rules**”.

# TABLE OF CONTENTS

|   |           |
|---|-----------|
| <b>INTRODUCTION .....</b>   | <b>2</b>  |
| <b>TABLE OF CONTENT .....</b>                                       | <b>3</b>  |
| <b>DEFINITIONS .....</b>  | <b>7</b>  |
| <b>SECTION 1 .....</b>  | <b>24</b> |
| <b>OBJECTS, POWERS AND DUTIES OF THE LISTING COMMITTEE .....</b>    | <b>24</b> |
| 1.1. Objects .....  | 24        |
| 1.2. Powers and Duties of the MERJ Exchange Listing Committee ..... | 24        |
| 1.3. Co-operation between securities exchanges .....                | 25        |
| 1.4. Suspension of trading .....                                    | 26        |
| 1.5. Voluntary suspension of trading .....                          | 27        |
| 1.6. Lifting of precautionary suspension .....                      | 27        |
| 1.7. Delisting of securities .....                                  | 27        |
| 1.8. Cancellation of securities .....                               | 28        |
| <b>SECTION 2 .....</b>  | <b>29</b> |
| <b>GENERAL LISTING RULES .....</b>                                  | <b>29</b> |
| 2.1. Foundation in Law .....  | 29        |
| 2.2. Duration .....   | 29        |
| 2.3. Previous annual financial statements .....                     | 29        |
| 2.4. Auditors .....   | 29        |
| 2.5. Auditors Report .....  | 30        |
| 2.6. Sponsor Advisors .....   | 30        |
| 2.7. Capital resources .....  | 31        |
| 2.8. Language .....   | 31        |
| 2.9. Legal Validity .....   | 31        |
| 2.10. Listing by Class .....  | 31        |
| 2.11. Free float .....  | 31        |
| 2.12. Tradability and transferability .....                         | 31        |
| 2.13. Lot sizes .....   | 32        |
| 2.14. Settlement .....  | 32        |
| 2.15. Paying agents, exercise agents and corporate actions .....    | 32        |
| 2.16. Listing in the home country .....                             | 33        |
| 2.17. Continued Fulfilment .....                                    | 33        |
| <b>SECTION 3 .....</b>  | <b>34</b> |
| <b>LISTING AND APPLICATION PROCEDURES .....</b>                     | <b>34</b> |
| 3.1. Methods of Listing .....                                       | 34        |
| 3.2. General application procedures and requirements .....          | 35        |
| 3.3. ISIN number .....  | 36        |
| 3.4. Admission documents .....                                      | 36        |



|       |   |           |
|-------|---|-----------|
| 3.5.  | Listing Particulars.....                                  | 37        |
| 3.6.  | Omissions from Listing Particulars .....                  | 39        |
| 3.7.  | Abridged Listing Particulars .....                        | 39        |
| 3.8.  | Language .....  | 40        |
| 3.9.  | Lock-in Period .....                                      | 40        |
| 3.10. | Listings notice .....                                     | 40        |
| 3.11. | Refusal of application .....                              | 41        |
|       | <b>SECTION 4.....</b>                                     | <b>42</b> |
|       | <b>CONTINUING OBLIGATIONS.....</b>                        | <b>42</b> |
| 4.1.  | Principles of disclosure .....                            | 42        |
| 4.2.  | General disclosure requirements.....                      | 42        |
| 4.3.  | Transactions exceeding a threshold test .....             | 42        |
| 4.4.  | Management transactions .....                             | 43        |
| 4.5.  | Calendar and annual information.....                      | 44        |
| 4.6.  | Fundamental change of business.....                       | 44        |
| 4.7.  | Takeovers and reverse takeovers .....                     | 44        |
| 4.8.  | Event of impending default .....                          | 45        |
| 4.9.  | Disclosure exemptions.....                                | 45        |
| 4.10. | Closed periods .....                                      | 45        |
| 4.11. | Cash shells .....   | 46        |
|       | <b>SECTION 5.....</b>                                     | <b>47</b> |
|       | <b>CORPORATE ACTIONS .....</b>                            | <b>47</b> |
| 5.1.  | General .....   | 47        |
| 5.2.  | Corporate Action Procedures .....                         | 47        |
| 5.3.  | Minimum requirement for specified corporate actions ..... | 48        |
|       | <b>SECTION 6.....</b>                                     | <b>50</b> |
|       | <b>VENTURE CAPITAL BOARD (VCAP) .....</b>                 | <b>50</b> |
| 6.1.  | Definitions and background .....                          | 50        |
| 6.2.  | Specific Criteria for the VCAP Board.....                 | 50        |
| 6.3.  | Specific Lock-in requirements.....                        | 51        |
| 6.4.  | Escrow Procedures.....                                    | 51        |
|       | <b>SECTION 7.....</b>                                     | <b>52</b> |
|       | <b>SMALL AND MEDIUM ENTERPRISES (SME) BOARD.....</b>      | <b>52</b> |
| 7.1.  | Definitions and background .....                          | 52        |
| 7.2.  | Specified Criteria for an SME listing .....               | 52        |
| 7.3.  | Specific lock-in requirements.....                        | 52        |
|       | <b>SECTION 8.....</b>                                     | <b>53</b> |
|       | <b>MAIN BOARD .....</b>                                   | <b>53</b> |
| 8.1.  | Definitions and background .....                          | 53        |
| 8.2.  | Specific Criteria for a Main Board listing.....           | 53        |
|       | <b>SECTION 9.....</b>                                     | <b>54</b> |

|  |           |
|--|-----------|
| <b>INVESTMENT ENTITIES .....</b>   | <b>54</b> |
| 9.1. General .....   | 54        |
| 9.2. Listing Requirements .....  | 54        |
| 9.3. Investment Policy .....   | 54        |
| 9.4. Management .....  | 54        |
| 9.5. Custodians .....  | 55        |
| 9.6. Brokers .....   | 57        |
| 9.7. Calculation of net asset value (NAV) .....                                    | 57        |
| 9.8. Foreign funds .....   | 57        |
| 9.9. Listing Particulars .....   | 57        |
| 9.10. Annual reporting .....   | 58        |
| 9.11. Interim reporting .....  | 59        |
| 9.12. Publication of net asset value (NAV) .....                                   | 59        |
| 9.13. Valuation of assets that are difficult to assess .....                       | 59        |
| 9.14. Compliance with the investment policy .....                                  | 59        |
| 9.15. Changes to investment policy and compensation model .....                    | 59        |
| 9.16. Suspensions .....  | 59        |
| 9.17. Modifications, exceptions and additions .....                                | 60        |
| <b>SECTION 10 .....</b>  | <b>66</b> |
| <b>SPECIALIST SECURITIES .....</b>   | <b>66</b> |
| 10.1. Special Purpose Acquisition Companies (SPAC) .....                           | 66        |
| 10.2. Securitization Vehicle (SV) .....  | 68        |
| 10.3. Asset-backed securities (ABS) .....  | 69        |
| <b>SECTION 11 .....</b>  | <b>70</b> |
| <b>DEBT SECURITIES .....</b>   | <b>70</b> |
| 11.1. Definitions and background .....   | 70        |
| 11.2. Additional Criteria for a debt securities .....                              | 70        |
| 11.3. Minimum Issue .....  | 70        |
| 11.4. Convertible bonds, exchangeable bonds and bonds with warrants attached ..... | 70        |
| <b>SECTION 12 .....</b>  | <b>72</b> |
| <b>INTERNATIONAL ISSUERS AND CROSS LISTINGS .....</b>                              | <b>72</b> |
| 12.1. International issuers .....  | 72        |
| 12.2. Cross Listings .....   | 72        |
| 12.3. Fast-track securities .....  | 72        |
| <b>SECTION 13 .....</b>  | <b>74</b> |
| <b>SPONSOR ADVISOR APPLICATIONS AND QUALIFICATIONS .....</b>                       | <b>74</b> |
| 13.1. Categories of Sponsor Advisors .....   | 74        |
| 13.2. General qualification requirements .....                                     | 74        |
| 13.3. Specific requirements .....  | 75        |
| 13.4. Application for registration as a Sponsor Advisor .....                      | 75        |
| 13.5. Representative Officers .....  | 76        |



|   |           |
|---|-----------|
| 13.6. Inspections.....  | 76        |
| 13.7. Termination of Sponsor Advisor status.....              | 76        |
| 13.8. Fees and Charges .....                                  | 77        |
| <b>SECTION 14.....</b>  | <b>78</b> |
| <b>FUNCTIONS AND DUTIES OF SPONSOR ADVISORS.....</b>          | <b>78</b> |
| <b>SECTION 15.....</b>  | <b>80</b> |
| <b>CODE OF CONDUCT .....</b>                                  | <b>80</b> |
| 15.1. General code of conduct.....                            | 80        |
| 15.2. Specific Code of Conduct .....                          | 80        |
| 15.3. Disclosure to investors.....                            | 81        |
| 15.4. Advertisements .....                                    | 81        |
| <b>SECTION 16.....</b>  | <b>83</b> |
| <b>DISPUTE RESOLUTION .....</b>                               | <b>83</b> |
| 16.1. Disputes .....  | 83        |
| 16.2. Composition of the Dispute Resolution Body .....        | 83        |
| 16.3. Dispute Resolution Body Procedures .....                | 83        |
| 16.4. Dispute Appeal Body (DAB) .....                         | 85        |
| <b>SECTION 17.....</b>  | <b>86</b> |
| <b>DISCIPLINARY ACTIONS AND SANCTIONS.....</b>                | <b>86</b> |
| 17.1. General Powers of the Disciplinary Committee .....      | 86        |
| 17.2. Co-operation of MERJ issuers and Sponsor Advisors ..... | 86        |
| 17.3. Investigation protocol.....                             | 87        |
| 17.4. Burden of proof .....                                   | 87        |
| 17.5. Composition of the Disciplinary Committee.....          | 87        |
| 17.6. Disciplinary Committee protocol .....                   | 88        |
| 17.7. The hearing.....  | 89        |
| 17.8. Sanctions .....   | 89        |
| <b>SECTION 18.....</b>  | <b>92</b> |
| <b>CONFIDENTIALITY .....</b>                                  | <b>92</b> |
| <b>SECTION 19.....</b>  | <b>93</b> |
| <b>CORPORATE GOVERNANCE.....</b>                              | <b>93</b> |
| 19.1. General Requirements.....                               | 93        |
| 19.2. MERJ issuer Meetings and resolutions .....              | 93        |
| 19.3. Unissued authorised shares .....                        | 94        |
| 19.4. Composition of the Board of Directors.....              | 95        |
| <b>SECTION 20.....</b>  | <b>96</b> |
| <b>LIMITATION OF LIABILITY.....</b>                           | <b>96</b> |
| <b>SECTION 21.....</b>  | <b>97</b> |
| <b>DEVIATIONS FROM LISTING RULES.....</b>                     | <b>97</b> |

## DEFINITIONS

Throughout these **Listing Rules**, unless otherwise stated or the context requires, the following terms will have the meaning set out below -

| Term   | Meaning  |
|--|--|
| “ <b>AMLA</b> ”                                      | means the <b>Seychelles</b> Anti-Money Laundering Act, 2006;   |
| “ <b>admission documents</b> ”                       | means all the documents that must accompany an <b>application</b> for inclusion of a class of <b>securities</b> in the <b>list of securities</b> including but not limited to the <b>Listing Particulars</b> , other documents as required in terms of LR 3.3 and any additional documents or information that may be required by <b>MERJ Exchange</b> ;   |
| “ <b>advertise</b> ” or<br>“ <b>advertisements</b> ” | means as defined in <b>the Act</b> ;   |
| “ <b>affected employee</b> ”                         | means in relation to a <b>MERJ issuer</b> , its subsidiary or parent or a <b>Sponsor Advisor</b> as the context permits: <ul style="list-style-type: none"><li>a) any <b>officer</b> or other <b>person</b> employed in a managerial or executive capacity; or</li><li>b) <b>director</b>; or</li><li>c) an investment manager or any company in the same group and any of its key employees that are responsible for making investment decision in relation to an where the <b>MERJ issuer</b> is an <b>investment entity</b>; and</li><li>d) any of the following in relation to any of the <b>persons</b> prescribed in a) through c) –<ul style="list-style-type: none"><li>i. an <b>associated person</b>; and</li><li>ii. that <b>person</b>’s spouse; and</li><li>iii. that <b>person</b>’s child, parent, step-child, or step-parent and any spouse of such <b>person</b>; and</li><li>iv. any <b>person</b> who has entered into an agreement with that <b>person</b> relating to a</li></ul></li></ul> |



**transaction** in the **securities** of the **MERJ issuer**; and

- v. a trust, company, holding company, subsidiary, group of companies or any other legal vehicle in which that **person** has any interest (other than a discretionary interest in the case of a trust beneficiary), shares, control or influence;

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| <b>“allotment”</b>                         | means the allocation of newly issued <b>securities</b> to <b>investors</b> that have applied for them or the <b>underwriters</b> of the issue;  |
| <b>“announcement”</b>                      | means any information relating to <b>listed securities</b> or a general <b>announcement</b> to the <b>investment community</b> published by a <b>MERJ Issuer</b> or <b>MERJ Exchange</b> in printed or electronic form as may be prescribed by <b>MERJ Exchange</b> ; |
| <b>“application”</b>                       | means the standard form, as from time to time amended by <b>MERJ Exchange</b> , required of an <b>issuer</b> seeking a <b>listing</b> of a class of its <b>securities</b> on <b>MERJ Exchange</b> ;   |
| <b>“approved mutual fund”</b>              | means a “professional fund”, “public fund” or “exempt foreign fund” as defined in the <b>Mutual Funds and Hedge Funds Act</b> ;   |
| <b>“Articles”</b>                          | means the Memorandum and Articles of Association or similar constitutional documents of an <b>issuer</b> ;  |
| <b>“asset-backed security”</b>             | means a <b>debt security</b> whose income and value are derived from and collateralized (or “backed”) by, or with limited recourse to, at the time of relevant issue, one or more specific underlying <b>investments</b> that are otherwise typically illiquid;       |
| <b>“associated person”</b>                 | means as defined in Section 104 of <b>the Act</b> ;   |
| <b>“auditor” or “External Auditor”</b>     | means an accountant duly qualified to engage in provision of statutory audit services to <b>issuers</b> ;   |
| <b>“Automated Trading System” or “ATS”</b> | means a <b>trading</b> system that comprises the software, hardware, communications and network systems, that is used to carry out the <b>trading</b> and reporting of <b>trades</b> or other operations related to <b>trades</b> on <b>MERJ Exchange</b> ;           |
| <b>“Board”</b>                             | means the VCAP, SME and Main Boards of <b>MERJ Exchange</b> ;   |





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| <b>“Board of Directors”</b>                   | means a group of individuals who are elected as, or elected to act as, representatives of the shareholders of a company to establish corporate management related policies and to make decisions on major company issues, or any equivalent committee;  |
| <b>“business day”</b>                         | means a day other than a Saturday, Sunday or a public holiday within the meaning of the Public Holidays Act 1976 or any other day that <b>MERJ Exchange</b> is closed.  |
| <b>“CSL Act”</b>                              | means the Companies (Special Licenses) Act 2003 (as amended) of the <b>Seychelles</b> ;   |
| <b>“cash shell”</b>                           | means a company that ceases to carry on a business activity through itself or any of its subsidiaries with assets consisting mainly of cash or short dated <b>securities</b> ;  |
| <b>“certificated physical securities”</b>     | means <b>securities</b> evidenced by a certificate or written instrument;   |
| <b>“clear” or “cleared or “clearing”</b>      | <p>in relation to a <b>trade</b> or group of <b>trades</b> in <b>listed securities</b>, means:</p> <ul style="list-style-type: none"> <li>a) to calculate and determine, before each <b>settlement</b> process: <ul style="list-style-type: none"> <li>i) the exact number or nominal value of <b>securities</b> of each kind to be transferred by or on behalf of a seller;</li> <li>ii) the amount of money to be paid by or on behalf of a buyer, to enable <b>settlement</b> of a <b>trades</b> or group of <b>trades</b>; or</li> </ul> </li> <li>b) where applicable, the process by means of which: <ul style="list-style-type: none"> <li>i) the functions referred to in paragraph a) are performed; and</li> <li>ii) the due performance of the <b>transaction</b> is underwritten from the time of <b>trade</b> to the time of <b>settlement</b>;</li> </ul> </li> </ul> |
| <b>“clearing agency”</b>                      | means a company that is licensed and regulated in <b>Seychelles</b> or a <b>recognized jurisdiction</b> for the provision of <b>clearing</b> and <b>settlement</b> services of <b>securities</b> ;  |
| <b>“Clearing Agency Participant” or “CAP”</b> | means a participant of a <b>clearing agency</b> ;   |



|                                  |   |
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| <b>“client”</b>                  | means any <b>issuer</b> who uses the services of a <b>Sponsor Advisor</b> or <b>CAP</b> , as the case may be;   |
| <b>“closed-ended fund”</b>       | means any <b>investment entity</b> that is not an open-ended fund. Where the rules of a closed-ended fund provide that the <b>investment entity</b> must take action to ensure that its units do not materially differ (i.e. does not allow a variance greater than 5%) from the net asset value, it shall be treated as an <b>open-ended fund</b> . Appointment of a market maker or other third party to help ensure liquidity in the secondary market shall not cause the fund to be classified as an <b>open-ended fund</b> ; |
| <b>“closed period”</b>           | means any time there is unpublished, material <b>information</b> and otherwise as specified in these <b>Listing Rules</b> where specified <b>persons</b> may not <b>deal</b> in the <b>listed securities</b> of a <b>MERJ issuer</b> ;  |
| <b>“Code of Conduct”</b>         | means the code of conduct for <b>MERJ issuers</b> and <b>Sponsor Advisors</b> found in LR 15;   |
| <b>“Companies Act”</b>           | means the Companies Ordinance 1972 (as amended) of the <b>Seychelles</b> ;  |
| <b>“Company Secretary”</b>       | means a <b>person</b> appointed by the <b>Board of Directors</b> to carry out the responsibilities described in LR 14.3 and any other statutory requirements as prescribed by the applicable company law;   |
| <b>“competency requirements”</b> | means the minimum experience and professional qualifications required by <b>MERJ Exchange</b> to qualify as a <b>Sponsor Advisor</b> as applicable to the category of <b>Sponsor Advisor</b> and role of the applicant and includes any minimum qualifications required by the <b>Securities Authority</b> ;  |
| <b>“Controlling Body”</b>        | means the <b>Board of Directors</b> of <b>MERJ Exchange</b> ;   |
| <b>“corporate actions”</b>       | means actions authorized by the Board of Directors of a <b>MERJ issuer</b> that have an impact on the <b>listed securities</b> or holders thereof as provided for in LR 5;  |
| <b>“deal” or “dealing”</b>       | means any change whatsoever to the holding of the <b>listed securities</b> of a <b>MERJ issuer</b> including: <ul style="list-style-type: none"> <li>a) any sale or purchase, or any agreement for the sale or purchase of such <b>securities</b>;</li> </ul>   |



- b) the grant to, or acceptance by such a **person** of any option relating to such **securities** or of any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of any such **securities**;
- c) the acquisition, disposal, exercise or discharge of, or any dealing with, any such option, right or obligation in respect of such **securities**;
- d) deals between **affected employees** of the **MERJ issuer**;
- e) off-market deals;
- f) transfers for no consideration;
- g) any shares taken into or out of treasury; or
- h) the acquisition, disposal or discharge (whether in whole or in part) of a related financial product referenced to the **securities** of a **MERJ issuer**;

but excludes the following: -

- a) undertakings or elections to take up entitlements under a **rights issue** or other preemptive **offer** (including an **offer** of shares in lieu of a cash dividend);
- b) the take up of entitlements under a **rights issue** or other pre-emptive **offer** (including an offer of shares in lieu of a cash dividend);
- c) allowing entitlements to lapse under a **rights issue** or other pre-emptive offer (including an **offer** of shares in lieu of a cash dividend);
- d) the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under a **rights issue**; nor
- e) undertakings to accept, or the acceptance of, a **takeover offer**.

**“debt security”**

means **securities** the rights of repayment of which in the event of liquidation of the **issuer** are in priority to all **equity securities** of the **issuer**, including debentures, bonds, notes and other **securities** or instruments acknowledging, evidencing or creating indebtedness,



whether secured or unsecured, and options, warrants or similar rights to subscribe or purchase any of the foregoing;

**“dematerialize”**

means the elimination of **certificated physical securities** and evidence of ownership exists only in electronic form, whether evidenced by an equity **security** or physical statement of account or not;

**“designated market”**

means a **Seychelles securities exchange** or **recognized overseas securities exchange**;

**“directive”**

means a document that forms part of these **Listing Rules** that contains additional information or guidance as to how these **Listing Rules** are to be applied;

**“director”**

means as defined in Section 104 of **the Act**;

**“Disciplinary Committee”**

means the committee appointed by **MERJ Exchange** to enforce disciplinary procedures according to **the Act** and these **Listing Rules**;

**“Distributed Ledger Technology”**

means a database system in which information is recorded, consensually shared, and synchronised across a network of multiple nodes;

**“dividend policy”**

means the **MERJ issuer’s** policy on dividend distribution and any restrictions thereon;

**“equity capital”**

means as defined in the **Companies Act**;

**“equity security”**

means shares, including preference or preferred shares, units or partnership interests of an issuer, including convertible equity securities and options, warrants or rights to subscribe or purchase the same, by whatever name called, and any similar instrument giving the holder equitable interest in the income or underlying assets of the **issuer**, but excluding **debt securities**;

**“Executive Committee”**

means in terms of these **Listing Rules**, the committee appointed by and given delegated authority by the **Controlling Body** to oversee and direct all aspects of these **Listing Rules**;

**“Exchange Traded Fund” or “ETF”**

means an **open-ended fund** at least one unit or share class of which is traded throughout the day on **MERJ Exchange** with at least one market maker which takes action to ensure that the traded price of its units or shares does not significantly vary from its net asset value.;

**“expert”**

means:



- a) a geologist, engineer, architect, quantity surveyor, valuer, accountant or **auditor**; or
- b) any person who professes -
  - i. to be a person referred to in subparagraph a); or
  - ii. to have extensive knowledge or experience, or to exercise special skill that gives or implies authority to a statement made by that person;

**“fast-track securities”**

means the **securities** of an **issuer** that are **listed** on a **recognized overseas securities exchange** that have been admitted to the **list of securities** in terms of Section 7(5) of **the Act** where no **application** is required, and no new **securities** are offered;

**“feeder fund”**

means an **investment entity** whose investment objectives is to invest in excess of 51% of its investing through any **other investment entity**;

**“fees” or “levies” or “fees and levies”**

means the fees or levies published by **MERJ Exchange** (see Schedule – Listing Fees)

**“financial resources requirement”**

means in relation to a legal person, a requirement either that such person has \$25M in financial resources (or its equivalent in another currency) or has all of its obligations to the applicant irrevocably and unconditionally guaranteed by, or is an unlimited liability subsidiary of, an entity that has \$25m in financial resources (or equivalent in another currency);

**“founding investors”**

means the original **shareholders** of a **MERJ issuer** prior to a **placement** or **IPO** in conjunction with a **listing** on **MERJ Exchange** but does not include any new **investors** which acquire **securities** as part of the **placement** or **IPO** in conjunction with a **listing**;

**“fund of funds”**

means an **investment entity** which may invest in excess of 20%, but not more than 51%, of the gross value of its assets in any other **investment entity**;

**“Generally Accepted Accounting Principles” or “GAAP”**

means the Generally Accepted Accounting Principles as approved by the Accounting Practices Board in the country of incorporation of the **issuer** or such other body authorized in terms of the relevant legislation to issue such accounting standard;



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| <b>“general public”</b>  | means potential <b>investors</b> in <b>listed securities</b> , but excludes <b>professional investors</b> ;   |
| <b>“guarantor”</b>   | a guarantor is an organization or <b>person(s)</b> that guarantees the <b>issuer</b> in the event of default;   |
| <b>“Head of Market Regulation”</b>                             | means the Head of the <b>Market Regulation Division</b> ;   |
| <b>“holding company”</b>                                       | means a parent corporation that owns enough voting stock in another corporation to control its <b>Board of Directors</b> (and, therefore, controls its policies and management);  |
| <b>“IBC Act”</b>   | means the International Business Companies Act 2016 (as may be amended) of the <b>Seychelles</b> ;  |
| <b>“in writing”</b>  | means in relation to anything that, in terms of <b>the Act</b> and <b>these Listing Rules</b> , must be done in writing and includes any such thing done in electronic form;  |
| <b>“index tracker fund”</b>                                    | means is an <b>investment entity</b> with an objective to compile an investment portfolio which tracks, without material modification, that of a broadly based and recognized published index acceptable to <b>MERJ Exchange</b> ;  |
| <b>“initial public offering” or “IPO”</b>                      | means an <b>offer</b> to the <b>general public</b> of any <b>securities</b> of an <b>issuer</b> , if: <ul style="list-style-type: none"> <li>a) no <b>securities</b> of that <b>issuer</b> have previously been the subject of an <b>offer</b> to the <b>general public</b>; or</li> <li>b) all of the <b>securities</b> of that <b>issuer</b> that had previously been the subject of an <b>offer</b> to the <b>general public</b> have subsequently been re-acquired by the <b>issuer</b>;</li> </ul> |
| <b>“International Financial Reporting Standards” or “IFRS”</b> | means the International Financial Reporting Standards formulated by the International Accounting Standards Board of the International Association of Accountants;   |
| <b>“interest in securities”</b>                                | means an interest in securities as construed from Section 84 of <b>the Act</b> ;  |
| <b>“international issuer”</b>                                  | means any <b>issuer</b> that is not incorporated in the <b>Seychelles</b> ;   |
| <b>“introduction”</b>  | means a method of <b>listing</b> whereby there is no <b>placement</b> or <b>offer</b> of new <b>securities</b> ;  |
| <b>“investment community”</b>                                  | means <b>investors</b> , <b>professional investors</b> and the <b>general public</b> ;  |



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| <b>“investor”</b>                  | means any <b>person</b> who acquires <b>listed securities</b> of a <b>MERJ issuer</b> ;  |
| <b>“investments”</b>               | means <b>securities</b> , derivatives, futures, long/short sales, options, currencies, real property, commodities, partnership arrangements, participations, joint ventures and any other form of investment acceptable to <b>MERJ Exchange</b> ;  |
| <b>“investment entity”</b>         | means an <b>issuer</b> that pools contributions and payments made by <b>investors</b> to be used with a view to generate profits, income, gains, produce or property without the investment entity engaging primarily in any entrepreneurial activity as such. An <b>issuer</b> is deemed not to be engaged primarily in an entrepreneurial activity if its stated purpose is to operate as an investment entity or collective investment scheme or otherwise if the <b>issuer</b> derives two-thirds or more of its consolidated revenues and gains from its consolidated net tangible assets in two out of any of the three most recent financial years; |
| <b>“issuer”</b>                    | means “issuer” as defined in <b>the Act</b> ;  |
| <b>“LR”</b>                        | refers to a specific listing rule;   |
| <b>“Last Date to trade” or LDT</b> | means the close of business on the last <b>business day</b> preceding the payment or processing of a <b>corporate action</b> in order to qualify for the <b>corporate action</b> ;   |
| <b>“list of securities”</b>        | means the list maintained by <b>MERJ Exchange</b> that includes all <b>securities</b> admitted for trading on <b>MERJ Exchange</b> ;   |
| <b>“listed security”</b>           | means “listed security” as defined in <b>the Act</b> ;   |
| <b>“listing”</b>                   | means the process whereby a class of <b>securities</b> of an issuer is admitted for trading on a <b>securities exchange</b> , and “ <b>listed</b> ” shall be construed accordingly;  |
| <b>“Listing Committee”</b>         | means the committee appointed by the <b>Executive Committee</b> of <b>MERJ Exchange</b> that has the powers and duties as prescribed in LR 1.2;  |
| <b>“listing date”</b>              | means the date of inclusion of the <b>security</b> in the <b>MERJ Exchange list of securities</b> ;  |
| <b>“Listing Division”</b>          | means the division that processes <b>applications</b> and <b>admission documents</b> and provides administrative   |



support to the **Listing Committee** in terms of these **Listing Rules**;

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| “listings notice”       | means a <b>notice</b> issued by <b>MERJ Exchange in writing</b> to an <b>issuer</b> confirming approval of an <b>application</b> for inclusion of <b>securities</b> to the <b>MERJ Exchange list of securities</b>   |
| “Listing Rules”         | means this document and the <b>Schedules</b> hereto;   |
| “lock-in period”        | means the period as specified in LR 2.10 where <b>affected employees</b> may not have any <b>dealings</b> in any manner or form in the <b>listed securities</b> of the particular <b>MERJ issuer</b> of which they are an <b>affected employee</b> for a specified period;   |
| “market capitalization” | means the market value of an <b>issuer’s</b> issued share capital, which is calculated by multiplying the number of shares issued by the current offer price;  |
| “master fund”           | means an <b>investment entity</b> into which one or more <b>feeder funds</b> invest;   |
| “match” or “matched”    | means any <b>trade</b> that has been matched on the <b>MERJ Exchange ATS</b> during the continuous trading period or auction period matching processes in a <b>listed security</b> that then becomes a matched <b>trade</b> and is legally binding;  |
| “material information”  | means information that, if omitted or misstated, could influence the economic decisions of <b>investors</b> and includes a change in, or constituent of, a particular factor that may be regarded in the circumstances as being material and that, as a rule of thumb, would normally be equal to or exceed 10% (ten percent); |
| “member”                | means a <b>securities dealer</b> that has been admitted as a member of <b>MERJ Exchange</b> ;  |
| “MERJ Exchange”         | means MERJ Exchange Limited, formerly Trop-X (Seychelles) Limited, a company incorporated under the company laws of the Seychelles (Company Number 879858-1) and licensed to operate as a securities exchange in terms of the Act;   |
| “MERJ issuer”           | means an <b>issuer</b> with a class of its <b>securities</b> admitted to the <b>list of securities</b> ;   |
| “Minister”              | means <b>Minister</b> as defined in <b>the Act</b> ;   |





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| “multi-class fund”                 | means an <b>investment entity</b> which contains more than one asset class, thus creating a group or portfolio of assets;  |
| “multi-manager fund”               | means a single <b>investment entity</b> which employs more than one investment manager each of which carries out investment activities in different assets, geographies or using different strategies;   |
| “Mutual Funds and Hedge Funds Act” | means the <b>Seychelles Mutual Funds and Hedge Funds Act 2008</b> (as amended) and any subsequent revisions thereof;   |
| “non-executive director”           | means a <b>person</b> who is appointed as a <b>director</b> of a company that is not in its full-time employ;  |
| “notice” or “notification”         | means information imparted by <b>MERJ Exchange</b> in printed or electronic form to <b>Sponsor Advisors</b> or <b>MERJ issuers</b> (or vice versa) on matters pertaining to these <b>Listing Rules</b> ;   |
| “off-market trade”                 | means a <b>trade</b> in a <b>listed security</b> that is not <b>matched</b> on the <b>MERJ Exchange ATS</b> that is subsequently reported and accepted on the <b>MERJ Exchange ATS</b> ;   |
| “offer” or “offered” or “offering” | means an offer of <b>securities</b> in any way which includes an invitation to subscribe for or to purchase these <b>securities</b> ;  |
| “offer for sale”                   | is an invitation to the <b>general public</b> by or on behalf of the holders of <b>securities</b> to purchase <b>securities</b> of the <b>issuer</b> already in issue or agreed to be subscribed;  |
| “offer for subscription”           | is an invitation to the <b>general public</b> by or on behalf of an <b>issuer</b> to subscribe <b>securities</b> of the <b>issuer</b> not yet in issue or allotted;  |
| “officer”                          | means any <b>director</b> , manager or other person appointed in an executive capacity thereof;  |
| “Official Notice”                  | means notification of one or more subsequent documents or additional information published by an <b>issuer</b> subsequent to publication of its <b>Listing Particulars</b> ;   |
| “open-ended fund”                  | means an <b>investment entity</b> , the units of which are, at the holder’s request, repurchased or redeemed directly or indirectly out of the assets of the <b>investment entity</b> . Where the rules of a <b>closed-ended fund</b> provide that the <b>investment entity</b> must take action to ensure that its units do not materially differ (i.e. does not allow a variance greater than 5%) from the net asset value, it shall be treated as an open-ended fund; |



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| <b>“operator”</b>              | means in the case of an <b>investment entity</b> vehicle the director(s) if a company, general partner(s) if a partnership or trustee(s) if a trust;   |
| <b>“ordinary resolution”</b>   | means a resolution passed by at least 50% (fifty percent) of the shareholders of a company at a meeting duly convened in accordance with the <b>Companies Act</b> or equivalent legislation under which the company was incorporated and its <b>Articles</b> ;   |
| <b>“person”</b>                | means an individual, corporation, partnership, association, trust or other entity as the context admits or requires;   |
| <b>“placement”</b>             | means the payment of newly issued <b>securities</b> that have been allotted to <b>investors</b> or the <b>underwriters</b> of the issue;   |
| <b>“Listing Particulars”</b>   | means the document that is required from an <b>issuer</b> made available to potential <b>investors</b> that includes information prescribed in LR 3.4 and the relevant <b>Schedules</b> as applicable to the particular <b>issuer</b> ;  |
| <b>“pricing supplement”</b>    | means in relation to a new or <b>tap issue</b> of <b>securities</b> concluded with <b>investors</b> that sets out the terms and conditions of the issue and is signed off by the <b>issuer</b> ;   |
| <b>“primary listing”</b>       | means a <b>listing</b> whereby the <b>issuer</b> is bound to the full requirements applicable to that <b>securities exchange</b> ;   |
| <b>“private placement”</b>     | means the obtainment of subscriptions for or the sale of <b>securities</b> by an <b>issuer</b> or an intermediary (such as the <b>Sponsor Advisor</b> ) from private <b>persons</b> selected or approved by the <b>issuer</b> or intermediary;   |
| <b>“professional investor”</b> | means <ul style="list-style-type: none"> <li>a) a <b>MERJ Exchange</b> registered <b>member</b>;</li> <li>b) an executor or an administrator of a deceased estate or the trustee of an insolvent estate or a liquidator or trustee of the <b>securities</b> in question;</li> <li>c) a <b>bank</b> registered in terms of the Financial Institutions Act, 2004 of the Seychelles;</li> <li>d) an insurer registered as such in terms of the Insurance Act 2007 of the <b>Seychelles</b>;</li> <li>e) a pension fund registered in terms of the Pension Funds Act 2005 of the <b>Seychelles</b>;</li> </ul> |



- f) a **person** outside of **Seychelles** who as a regular feature of their business renders **securities services** and is approved by any regulation by a foreign regulator similar to those of the **Securities Authority**;
- g) a **person** who is mandated to manage assets in excess of US\$ 3,000,000 (three million US Dollars) subject to the satisfaction of **MERJ Exchange**;
- h) a **person** who has confirmed to the satisfaction of **MERJ Exchange** that the **person** will have assets of which the net asset value will exceed US\$ 3,000,000 (three million US Dollars) at all times during the rendering of **securities services** to the **person**, but who is not:
  - i) a natural **person**; or
  - ii) a pension fund organization as defined in the Pension Funds Act 2005;
- i) a **person** whose ordinary business, or part of whose ordinary business is to deal in **listed securities**, whether as principal or agent; or
- j) a **person** mandated to manage an employee share scheme.

**“prospectus”**

means any prospectus prepared and published in terms of **the Act**, and the Securities (Prospectus) Regulations, 2008;

**“public hands”**

means all **investors** excluding **affected employees**;

**“real estate investment entity”**

means an **investment entity** which derives at least two-thirds of its consolidated revenues from real estate related activities. Real estate related activities are those that derive rental income or income from revaluations or sales through direct holdings or indirectly through subsidiaries, partnerships, joint ventures or other participations of any kind approved by **MERJ Exchange**;

**“recognized clearing agency”**

means an institution that provides clearing and/or settlement services and that is licensed and regulated in **Seychelles** or a **recognized jurisdiction**:

**“recognized jurisdiction”**

means a country or territory as listed in Schedule 2 of **the Act**;



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| “recognized overseas regulatory authority” | means as defined in <b>the Act</b> ;  |
| “recognized overseas securities exchange”  | means as defined in <b>the Act</b> ;  |
| “recognized regulatory authority”          | means the regulatory body that regulates banking or non-banking financial services business in <b>Seychelles</b> or a <b>recognized jurisdiction</b> ;  |
| “register”                                 | means the register or sub-register of registered owners of <b>securities</b> ;  |
| “regulatory requirement”                   | means in relation to a legal person, a requirement that that person is subject to the ongoing supervision of a regulatory authority in <b>Seychelles</b> or a <b>recognized jurisdiction</b> as defined in <b>the Act</b> that supervises financial institutions or <b>securities dealers</b> ; |
| “related party”                            | means, in relation to a <b>MERJ issuer</b> , an <b>affected employee, substantial shareholder</b> or a <b>person</b> who is or was within the last 12 (twelve) months been a <b>director</b> or <b>substantial shareholder</b> of a <b>MERJ issuer</b> ;  |
| “related party transaction”                | means a transfer of resources, services, or obligations between <b>related parties</b> , regardless of whether a price is charged;  |
| “Responsibility Statement”                 | means a statement of responsibility required by <b>MERJ Exchange</b> from certain persons as prescribed in these <b>Listing Rules</b> ;   |
| “retail fund”                              | means an <b>investment entity</b> other than one restricted to <b>professional investors</b> ;  |
| “rights issue”                             | means an issue of shares under an <b>offer</b> made by a company to its existing shareholders in proportion to the number of shares, or the number of shares of a particular class, that they already hold;   |
| “Rules” or “the Rules”                     | means the “Equities Markets Rules” of <b>MERJ Exchange</b>  |
| “SPAC”                                     | means a special purpose acquisition company as further described in LR 10.1 that is <b>listed</b> as a <b>cash shell</b> for the purpose of raising capital to be used toward the acquisition of the whole or part of another asset;  |
| “Schedule” or “Schedules”                  | means the schedule(s) to these <b>Listing Rules</b> , as from time to time amended;   |



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| “secondary listing”            | means a <b>listing</b> that is not the <b>primary listing</b> ;  |
| “secondary market”             | means the market on which <b>listed securities</b> are traded after their primary issue;   |
| “secondary offer”              | means an <b>offer</b> for sale to the <b>public</b> of any <b>securities</b> of a company or its subsidiary after its <b>initial listing</b> ;   |
| “securities”                   | means as defined in <b>the Act</b> ;   |
| “Securities Authority”         | means as defined in <b>the Act</b> ;   |
| “securities dealer”            | means as defined in <b>the Act</b> ;   |
| “securities facility”          | means a company that holds a securities facility license under Section 41 of <b>the Act</b> ;  |
| “securities exchange”          | means as defined in <b>the Act</b> ;   |
| “securities services”          | means services provided in terms of these <b>Listing Rules</b> in respect of the: <ul style="list-style-type: none"> <li>a) buying and selling of <b>securities</b>;</li> <li>b) custody and administration of <b>securities</b>;</li> <li>c) maintaining a register of the registered owners of <b>securities</b>;</li> <li>d) management of <b>securities</b> by a <b>member</b>;</li> <li>e) <b>clearing</b> of <b>trades</b> in <b>listed securities</b>; or</li> <li>f) <b>settlement</b> of <b>trades</b> in <b>listed securities</b>;</li> </ul> as applicable. |
| “security token”               | means a <b>security</b> that is intrinsically dependent on or utilizes <b>Distributed Ledger Technology</b> ;  |
| “securitization vehicle”       | means a <b>MERJ issuer</b> whose purpose is to engage in transactions by which it acquires or assumes risks relating to claims, other assets, or obligations.  |
| “segregated portfolio company” | means a company which under the laws of its country of incorporation is permitted to create one or more portfolios or cells in order to segregate the assets and liabilities of the company held within or on behalf of a portfolio or cell from the assets and liabilities of the company held within or on   |



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|   | behalf of any other portfolio or cell of the company, or the general assets and liabilities of the company;   |
| <b>“settle” or “settlement”</b>         | means to discharge the obligations arising from a <b>transaction in listed securities</b> ;   |
| <b>“Seychelles”</b>                     | means the Republic of Seychelles;   |
| <b>“significant shareholder”</b>        | means any <b>shareholder</b> that owns 3 (three) percent or more of the issued shares of a <b>MERJ issuer</b> ;   |
| <b>“single asset investment entity”</b> | means an <b>investment entity</b> that is restricted to holding a single <b>investment</b> or a <b>segregated portfolio company</b> that issues separate <b>securities</b> whereby each <b>security</b> corresponds to a single <b>investment</b> ;   |
| <b>“special resolution”</b>             | means a resolution passed by at least 75% (seventy five percent) of the shareholders of a company at a meeting duly convened in accordance with the <b>Companies Act</b> or equivalent legislation under which the company was incorporated and its <b>Articles</b> ;   |
| <b>“Sponsor Advisor”</b>                | means a <b>person</b> approved by <b>MERJ Exchange</b> that advises, represents and provides services to a <b>MERJ issuer</b> as prescribed in LR 14.1;   |
| <b>“substantial shareholder”</b>        | means as defined in Section 104 of <b>the Act</b> ;   |
| <b>“takeover”</b>                       | means as defined in the Securities (Takeover) Regulations 2008;   |
| <b>“takeover offer”</b>                 | means as defined in Section 122 (2) of <b>the Act</b> ;   |
| <b>“tap issue”</b>                      | means a procedure that allows a <b>MERJ issuer</b> to issue <b>securities</b> , in varying amounts up to a maximum amount approved by <b>MERJ Exchange</b> and at different times up to a maximum period approved by <b>MERJ Exchange</b> , when the market conditions are favorable, and the demand is sufficient; |
| <b>“the Act”</b>                        | means the Securities Act 2007 (as amended) of the <b>Seychelles</b> and any other measure prescribed there under by the <b>Minister</b> or the <b>Securities Authority</b> ;  |
| <b>“threshold tests”</b>                | means the formulas used to determine if a corporate transaction requires disclosure in terms of these <b>Listing Rules</b> (see Schedule – Threshold Tests);  |



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| <b>“trade”</b>                                   | means a <b>matched</b> trade or an <b>off-market trade</b> in respect of <b>listed securities</b> and <b>“trading”</b> should be construed accordingly;  |
| <b>“trading company”</b>                         | means a company that is not a passive investment company that engages in the business of providing services or selling of products;  |
| <b>“umbrella fund”</b>                           | means a type of <b>investment entity</b> that exists as a single legal entity but has two or more individual distinct sub-funds which are each treated as separate <b>investment entities</b> ;  |
| <b>“underwriter”</b>                             | means a <b>person</b> that engages in the practice of <b>underwriting securities</b> ;   |
| <b>“underwriting”</b>                            | means as defined in <b>the Act</b> ;   |
| <b>“unissued authorized shares”</b>              | means authorized shares that have been approved by the shareholders by general or specific approval that have been placed under the control of the <b>directors</b> of the <b>issuer</b> to be allotted over a specified period or on a specified date;                                |
| <b>“units”</b>                                   | means <b>securities</b> of an <b>issuer</b> representing the rights of <b>investors</b> in the assets of the <b>issuer</b> ;   |
| <b>“venture capital fund”</b>                    | means an <b>investment entity</b> that invests in companies, excluding other <b>investment entities</b> , that are considered start-ups or other young companies with high growth potential where the <b>investments</b> are generally characterized as a high risk/reward investment; |
| <b>“volume weighted average price” or “VWAP”</b> | means a measure of the average price a stock traded at over the <b>trading</b> horizon calculated as the ratio of the value traded to total volume traded over a particular time horizon.  |

**In these Listing Rules, unless otherwise stated or the context requires otherwise, any expression that denotes any gender, includes the other genders and the singular includes the plural and *vice versa*.**



## SECTION 1

# OBJECTS, POWERS AND DUTIES OF THE LISTING COMMITTEE

### 1.1. Objects

These **Listing Rules** are designed to:

- a) give effect to Sections 12 (c) through 12 (h) of **the Act**;
- b) uphold the general principles enshrined in **the Act** including safeguarding the public interest;
- c) provide for the governance of **applications, corporate actions** and ongoing obligations of **MERJ issuers**;
- d) provide the framework for the **listing of securities** by **MERJ issuers**;
- e) facilitate an orderly market for the **trading of listed securities** and regulating the market to this end; and
- f) ensure all shareholders are treated fairly and in particular the interests of minority shareholders and the **general public** are protected.

### 1.2. Powers and Duties of the MERJ Exchange Listing Committee

- a) Sections 12 (c) through 12 (h) of **the Act** confer powers and duties upon **MERJ Exchange** in terms of **listing securities**.
- b) The **Listing Committee** derives its powers from its appointment by the **Executive Committee** of **MERJ Exchange** *inter alia*, to oversee and direct all matters relating to these **Listing Rules**.
- c) **The Listing Committee** is mandated to implement the application of these **Listing Rules** except for those matters which fall expressly under the ambit of the **Executive Committee** or **Controlling Body**.
- d) The **Listing Committee** has the authority to assess and thereafter approve or refuse **applications** in accordance with these **Listing Rules**.
- e) The **Listing Committee** has the authority to admit, suspend and delist **securities** in accordance with these **Listing Rules**.
- f) The **Listing Committee** is mandated to maintain the **list of securities**.
- g) The **Listing Committee** with the express written authority of the **issuer** may alter **applications** and supporting documentation.





- h) The **Listing Committee** may postpone the **listing date** indefinitely or for a period as determined by the **Listing Committee** at the request of an **issuer in writing**.
- i) The **Listing Committee** has the power to alter:
  - i. a requirement for the **listing** of **securities** prescribed before or after a **listing** has been approved; and
  - ii. the circumstances and conditions under which such **listing** will or may be suspended, withdrawn, delisted or altered.
- j) The **Listing Committee** may impose additional conditions at any time after consultation with the **Securities Authority** on previously **listed securities** by **notice in writing** to the **MERJ issuer** of such **listed securities**.
- k) The **Listing Committee** may, upon approval of the **Securities Authority**, amend these **Listing Rules**, and any amendments will be issued by means of a **notice** which may not take effect earlier than one (1) month after the date on which **MERJ Exchange** notifies the **MERJ issuers** and **Sponsor Advisors** of such amendment.
- l) The **Listing Committee** may vary the requirements on a **MERJ Exchange Issuer** or **Sponsor Advisor** that may take effect from a date decided by **MERJ Exchange**, but in any event not earlier than one (1) month after the date on which **MERJ Exchange** notifies the **MERJ issuer** or **Sponsor Advisor** as applicable.
- m) The **Listing Committee** may charge **fees** in terms of these **Listing Rules**.

### 1.3. Co-operation between securities exchanges

- a) **MERJ Exchange** may enter into mutual co-operation agreements with any other **securities exchange** for the purpose of sharing information about **securities** that are included in the **list of securities** maintained by **MERJ Exchange** and the other **securities exchange** including but not limited to:
  - i. suspension or cancellation of **securities**;
  - ii. statistical information; and
  - iii. any other information deemed desirable to support **MERJ Exchange** and the other **securities exchange** for the purpose of regulating the **issuer** in compliance with its ongoing **listing** obligations.
- b) In the case of a **secondary listing** maintained on **MERJ Exchange**, **MERJ Exchange** may follow any course of action in terms of suspension, withdrawal or delisting taken by the **securities exchange** where the **primary listing** is maintained, at the discretion of **MERJ Exchange**.



- c) Should **MERJ Exchange** refuse an **application** or withdraw **securities** from the **list of securities**, it may notify any other **securities exchange** where the **issuer** is **listed** of the reasons for and the date of refusal or withdrawal.
- d) If **MERJ Exchange** lifts a refusal or removal before the expiry of the 6 (six) months, it will notify the **issuer** and the **Sponsor Advisor** and may notify any other **securities exchange**.

#### 1.4. Suspension of trading

- a) **MERJ Exchange** may, at its own discretion, suspend the **trading** of a **listed security** of a **MERJ issuer** for a period of 30 (thirty) days which may be extended for further periods of 30 (thirty) days as determined by **MERJ Exchange** for any of the following reasons:
  - i. an **issuer**, its **directors**, **officers**, employees or agents are suspected to have breached or have breached the **Listing Rules** as specified in this document;
  - ii. **MERJ Exchange**, at its own discretion, deems it necessary to ensure an orderly market to protect **investors**, or to preserve the integrity of the market;
  - iii. **MERJ Exchange** considers the percentage of **securities** or the number of holders of **securities** falls below the minimum limits to be in **public hands** as prescribed in these **Listing Rules**;
  - iv. **MERJ Exchange** considers that the **listed security** is no longer suitable for **listing** and issues a **notice** of intent to delist to the **issuer**; or
  - v. the **issuer** has not paid its annual **fees** by the due date.
- b) Notwithstanding the general powers of the **Listing Committee** to suspend an **issuer** immediately, **MERJ Exchange** may:
  - i. inform the **MERJ issuer** and the **Sponsor Advisor in writing** of its intention to suspend the **security**;
  - ii. provide the **MERJ issuer** and the **Sponsor Advisor** with the reasons for the intended suspension of the **security**; and
  - iii. call upon the **MERJ issuer** to show cause, within a period determined by **MERJ Exchange**, why the suspension should not be affected.
- c) If any **listed security** has been suspended by **MERJ Exchange**, **MERJ Exchange** may permit **members** to buy or sell the **listed security** for the sole purpose of fulfilling their obligations entered into in relation to the **listed security** before the suspension.



### 1.5. Voluntary suspension of trading

- a) The **MERJ issuer** may make an application to the **Listing Committee** requesting a voluntary suspension and the reasons therefore;
- b) **MERJ Exchange** must be satisfied that the voluntary suspension of that **security** is justified on reasonable grounds and that the interests of minority shareholders are protected in terms of these **Listing Rules**.
- c) The **MERJ issuer** must issue an **announcement** informing the **investment community** once they have been voluntarily suspended and reasons, therefore.

### 1.6. Lifting of precautionary suspension

- a) the procedure for lifting the suspension will depend on the circumstances and conditions that **MERJ Exchange** may impose as it deems appropriate, and
- b) **MERJ Exchange** will delist the class of **securities** from the **list of securities** if the suspension remains for 6 (six) months.

### 1.7. Delisting of securities

- a) **MERJ Exchange** may, subject to provisions of **the Act** or these **Listing Rules**, cancel a **listing of securities** for any of the following reasons:
  - i. if the solvency of the **issuer** is in serious doubt, or insolvency or liquidation proceedings have already commenced, the **securities** will be delisted no later than the time at which their tradability is no longer guaranteed;
  - ii. if the **Listing Committee** deems that there is no longer a sufficiently liquid market in the **securities**;
  - iii. if trading has been suspended for a continuous three-month period, and the reasons for the suspension continue to exist; and
  - iv. if any of its other continuing obligations under these **Listing Rules** are not met.
- b) Before any delisting of a **listed security** of a **MERJ issuer**, **MERJ Exchange** will:
  - i. inform the **MERJ issuer** and the **Sponsor Advisor in writing** of its intention to delist the **security**;
  - ii. provide the **MERJ issuer** and the **Sponsor Advisor** with the reasons for the intended delisting of the **security**; and
  - iii. call upon the **MERJ issuer** to show cause, within a period determined by **MERJ Exchange**, why the delisting should not be affected.



## 1.8. Cancellation of securities

At the request of the **issuer**, the **Listing Committee** may cancel a listing of **securities** following a justified application to delist by an **issuer** which must include confirmation that the necessary approvals have been obtained and a signed declaration stating the reasons for the application. The **Listing Committee** must take into account the interests of trading on **MERJ Exchange**, **investors** and the **issuer** and may make delisting conditional upon due notice and the observance of appropriate waiting periods.



## SECTION 2

### GENERAL LISTING RULES

#### Issuer Requirements

##### 2.1. Foundation in Law

The **issuer**, other than a public sector **issuer**, must be duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment and its constitution.

##### 2.2. Duration

- a) The **issuer** must have an adequate trading history under substantially the same management which must be of known character and integrity, and which collectively must have appropriate experience and technical expertise to manage the **issuer's** operations.
- b) Except as otherwise provided for in these **Listing Rules** or as laid down by **directive**, an adequate trading history is a period of at least three years.

##### 2.3. Previous annual financial statements

The **issuer** must provide annual financial statements that comply with the financial reporting standards applicable to the **issuer** for the three full financial years preceding the **listing application**.

##### 2.4. Auditors

- a) The **issuer** must appoint an **auditor** for each financial year.
- b) The **auditor** must be suitably qualified and experienced to audit the **issuer** to the relevant accounting standard.
- c) An individual is qualified for appointment as an **auditor** if the individual is a member of a recognized accountancy body approved by the **Listing Committee**.
- d) A partnership is qualified for appointment as an **auditor** if individuals meeting the qualifications in LR 2.4 b) are able to exercise a majority of the votes cast at any meeting of the partners or other management body and every partner who is not so qualified satisfies any applicable requirement of a recognized accountancy body to observe and uphold the ethical standards thereof.
- e) A body corporate is qualified for appointment as an **auditor** if individuals meeting the qualifications in paragraph LR 2.4 b) are able to exercise a majority of the votes cast at any meeting of the members or directors or other management body and every director who is not so qualified satisfies any applicable requirement of a recognized accountancy body to observe and uphold the ethical standards thereof.



- f) The **auditor** must be independent and free of conflicts that might impair professional judgement or objectivity with regard to the **issuer**.
- g) Where the **auditor** is part of a firm that offers other services, the **auditor** must have safeguards in place to mitigate any threats to the independence of the **auditor**.
- h) The **Listing Committee** must be satisfied as to the independence of and must approve the **auditor** after which the **auditor** shall be included in a list of approved **auditors**.
- i) The **Listing Committee** reserves the right to directly contact an **auditor** in relation to disclosures made by the **auditor** in the listing documents or financial statements.
- j) If the **issuer** finds itself at any time without an **auditor** in accordance with the requirements in this LR 2.4, the **issuer** must appoint a suitable **auditor** that meets these requirements within a reasonable amount of time to be determined by **MERJ Exchange**. This period may be extended for important reasons by **MERJ Exchange**.

## 2.5. Auditors Report

The **auditor's** report must include a statement as to whether or not the **issuer's** accounts have been drawn up in accordance with **IFRS** or another financial reporting standard accepted as may be prescribed by **directives**.

## 2.6. Sponsor Advisors

- a) Except as otherwise expressly stated in these **Listing Rules** or otherwise agreed in **writing** by **MERJ Exchange**, a **MERJ issuer** must appoint and retain a **Sponsor Advisor** at all times.
- b) Notwithstanding any specific obligations prescribed in these **Listing Rules**, a **MERJ issuer** must cooperate with its **Sponsor Advisor** in a manner that may reasonably be expected for the proper discharge of their respective duties and functions under these **Listing Rules** and any applicable law or regulations.
- c) The **Sponsor Advisor** must be notified immediately by the **MERJ issuer** immediately upon the resignation or dismissal of the **Company Secretary**, **External Auditor** and any of the **directors** of the **MERJ issuer**.
- d) If a **Sponsor Advisor** resigns or is fired, a new **Sponsor Advisor** must be retained within 30 (thirty) business days and if a new **Sponsor Advisor** is not appointed within this period then **trading** in that **listed security**, at the discretion of **MERJ Exchange**, may be suspended.
- e) If an **External Auditor** resigns or is fired, a new **External Auditor** must be retained within 30 (thirty) **business days** and if a new **External Auditor** is not appointed within this period then **trading** in that **listed security**, at the discretion of **MERJ Exchange**, may be suspended.



## 2.7. Capital resources

The **issuer** must have working capital to sustain operations for a minimum of 12 months from the listing date based on its budgeted projections and to the satisfaction of the **Sponsor Advisor**.

## 2.8. Language

- a) All documents sent to shareholders and any information required pursuant to these **Listing Rules** must be in English and copies may also be available in the language of its origin, or whatever additional language the **MERJ issuer** chooses unless **MERJ Exchange** agrees otherwise.
- b) If an English copy is submitted, no other copies or languages are required.

## Requirements for Securities

### 2.9. Legal Validity

At the time of **listing**, the **securities** must have been issued in accordance with and comply with any and all laws to which the **issuer** and those **securities** is subject as well as these **Listing Rules**.

### 2.10. Listing by Class

The **listing** must be for the entirety of the issued **securities** of the class or category.

### 2.11. Free float

The following free float conditions apply to a class of **listed securities**:

- a) The **securities** must have an adequate free float at the time of **listing**.
- b) The free float is regarded as adequate if not less than 25% of all of the **issuer's** outstanding **securities** in the same class or category are in **public hands** with the total capitalization of these **securities** in **public hands** being at least USD 500,000 or equivalent in another currency.
- c) The **Listing Committee** at its sole discretion may allow a derogation from paragraph b) in the following circumstances:
  - i. the **issuer** presents a structured plan acceptable to the **Listing Committee** to reach the minimum thresholds within a period of 3 years;
  - ii. the **securities** will be restricted to **professional investors**; or
  - iii. the **securities** to be listed are anticipated to be traded at a rate that allows for sufficient liquidity.

### 2.12. Tradability and transferability

- a) Tradability and transferability of **securities** on **MERJ Exchange** must be ensured.



- b) A method for establishing the legal ownership of the **securities** must be ensured
- c) **Securities** that are subject to approval or to restrictions with respect to potential purchasers may be listed subject to their tradability being guaranteed and there being no risk to the fulfilment of a transaction.
- d) **Securities** may only be subject to transfer restrictions or compulsory redemptions where such transfer restriction or compulsory redemption is in the best interest of the **issuer** or its **securities** holders on the whole.

### 2.13. Lot sizes

The denominations forming the total value of a **security** must enable an exchange transaction in the amount of one round lot as prescribed by **MERJ Exchange** for the market and particular **security**.

See also:

- MERJ Exchange Market Rules

### 2.14. Settlement

The **securities** must be eligible for settlement through one of the approved settlement systems or mechanisms approved by **MERJ Exchange** for the **securities** being **listed**. The **issuer** must inform **MERJ Exchange** at the time of application of the chosen settlement mechanism and if any settlement restrictions will apply to any of the **securities**.

See also:

- MERJ Exchange Market Rules

### 2.15. Paying agents, exercise agents and corporate actions

- a) The **issuer** must ensure that services pertaining to dividends and other corporate actions, including the receipt and handling of exercise notices, are provided in **Seychelles** or an approved jurisdiction as determined by **MERJ Exchange** and carried out in accordance with any **directive** in force for the time being.
- b) The **issuer** may also assign the activities referred to in LR 2.16 a) to the Central Bank of Seychelles or a duly licensed **bank**, **securities dealer** or other financial services provider in **Seychelles**, a **recognized jurisdiction** or other approved jurisdiction as determined by **MERJ Exchange**, which has the necessary professional and technical capabilities and regulatory approvals to carry out such activities.





## 2.16. Listing in the home country

**Securities** from an **issuer** with a registered office in a country other than the jurisdiction of incorporation that are not listed on a **securities exchange** either in the jurisdiction of the registered office or in the state in which the majority of shares are held may only be listed if the **Listing Committee** is satisfied that the **listing** is not intended to circumvent any fulfilment of **investor** protection regulations in those other jurisdictions.

## 2.17. Continued Fulfilment

LRs 2.1, 2.4, 2.5, 2.6, 2.7, 2.9, 2.10, 2.11, 2.12, 2.13, 2.14, 2.15 and any additional requirements prescribed by the **Listing Committee** in accordance with 1.2 i) must be met on a continued basis.



## SECTION 3

### LISTING AND APPLICATION PROCEDURES

#### 3.1. Methods of Listing

Except as otherwise expressly restricted in these **Listing Rules**, **MERJ Exchange** will consider any **listing** methods provided that the **issuer** receives the necessary shareholder approvals, the **issuer** otherwise meets these **Listing Rules** and the **Sponsor Advisor** is in agreement with the method. The intended **listing** method should be discussed early in the **application** process with the **Listing Division** to ensure the method is deemed acceptable for the particular circumstances relating to the **issuer**. For guidance, please find the following examples, which are not exhaustive, of some methods available to the **issuer**.

##### a) **Issuers without securities already listed**

An **issuer** that does not maintain a current **listing** on **MERJ Exchange** or another **designated market** may list by any of the following methods:

- iv. an **introduction**;
- v. a **private placement**;
- vi. an **offer for sale**;
- vii. a takeover offer of a cash shell; or
- viii. an **offer for subscription**.

##### b) **Issuers with securities already listed**

An **issuer** that currently maintains a **listing** on **MERJ Exchange** or another **designated market** may list by any of the following methods:

- i. an **introduction**;
- ii. a **private placement**;
- iii. an **offer for sale**;
- iv. an **offer for subscription**;
- v. a **rights issue**;
- vi. a **capitalisation issue**;
- vii. a conversion of a class of **security** into another class; or
- viii. an **exercise of warrants or options**



### 3.2. General application procedures and requirements

- a) The **Sponsor Advisor** will guide the **issuer** regarding the required content and preparation of the required **admission documents**.
- b) An **issuer** must be authorized to issue and apply for the **listing** of its **securities** in terms of its **Articles** or other relevant document in terms of laws in its country of incorporation.
- c) An **issuer** must have obtained any necessary authorizations from its **shareholders** and **directors** as applicable to apply for a **listing** on **MERJ Exchange**.
- d) The **directors** of the **issuer** are responsible for the accuracy and completeness of the **application** and **admission documents**.
- e) Prior to formal submission of **admission documents**, a proposed **listing** time table highlighting all important dates in the **listing** process must be submitted by the **Sponsor Advisor** to the **Listing Division** for approval.
- f) Once all **admission documents** have been completed in accordance with these **Listing Rules**, the **Sponsor Advisor** must submit the **admission documents** to the **Listings Division** along with its declaration in printed and electronic form (see Schedule – Sponsor Advisor Responsibility Statement)
- g) All the referenced **admission documents** and other required supporting documentation must be submitted to the **Listing Division** at least 30 (thirty) **business days**, or within such other period as the **Listing Division** may stipulate after consultation with the **Sponsor Advisor**, before the proposed **listing date**.
- h) The **Listing Division** reserves the right to request and the **issuer** may include any additional documents and/or information regarding the **application** to assist the **Listing Committee** in making its decision to approve or refuse the **application**.
- i) Once the **Listing Division** is satisfied that the **application** is complete, it shall forward the **application** to the **Listing Committee** for final review and a decision on the **application**.
- j) Upon approval of the **Listing Particulars** by the **Listing Committee** the **issuer** must give notice providing details where this document can be obtained.
- k) No **admission document** of an **issuer** is to be made available to the **investment community** until approved by the **Listing Committee**.
- l) If the **issuer** is in the process of fund raising through an **offering** as part of its application for admission, admission to **MERJ Exchange** will be conditional upon the outcome of that **offering**, which may require, at the discretion of **MERJ Exchange**, an **announcement** confirming the outcome of the fund raising, and that any applicable minimum subscription has been reached and that the **securities** have been unconditionally allotted.



- m) An **issuer** has 6 (six) months from the approval of the **Listing Particulars** to conclude a **placement** of its **securities** or the **issuer** must apply to the **Listing Committee** for an extension which may be granted at the sole discretion of **MERJ Exchange**.
- n) In the case of a **listing** that includes an issue of new **securities**, the **Listing Committee** must receive the **auditor's** report confirming that the **placement** has been successfully concluded and recorded in the **issuer's** share **register** within 5 (five) days from the **listing date**.

### 3.3. ISIN number

- a) An ISIN number is the International Securities Identification Number (Common International Securities Identification Code) or a similar code that must be allocated to any **listed security** in order to be eligible for inclusion in the **list of securities**.
- b) For new issue of **securities** by a **Seychelles issuer**, an ISIN number shall be issued by **MERJ Exchange** to **issuers** upon approval of the **application** and prior to inclusion in the **list of securities**.

### 3.4. Admission documents

- a) Different **admission documents** are required from **issuers** depending on the type of **security** and **Board** on which they seek a **listing** and method of **listing**.
- b) Any new **issuer** that is not a **MERJ issuer** must include a **Listing Particulars** containing the information prescribed.
- c) Any **issuer** that is a **MERJ issuer** seeking an additional **listing** of **securities** must also include a **Listing Particulars**, except in the following circumstances:
  - i. **securities** issued as a result of a conversion of convertible **securities**;
  - ii. **securities** issued as a result of an exercise of warrants or options;
  - iii. **securities** issued or allotted to employees of the **MERJ issuer** of the same class of **securities** included in the **list of securities**;
  - iv. **securities** related to a **capitalization issue**;
  - v. a **rights issue** or other issue within 3 (three) months of a previous issue where the new issue and previous issue in the aggregate does not exceed an addition of 10% (ten percent) in number or market value of the same class of **securities** included in the **list of securities**.
- d) Where a **Listing Particulars** is not required, **MERJ Exchange** may require the **issuer** to make certain information available to the **investment community** by means of an **announcement** or to existing shareholders via an **Official Notice**.
- e) All **issuers** that are not **MERJ issuers** must submit supporting due diligence documents in accordance with requirements of the **AMLA** as applicable to the structure of the **issuer**.



### 3.5. Listing Particulars

- a) The **Listing Particulars** must provide sufficient information which would reasonably be required for **investors** to reach an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the **issuer**, as well as of the rights attached to the **securities**.
- b) As a general rule, the **Listing Particulars** must be a single document unless otherwise authorized by the **Listing Committee**.
- c) If the **issuer** intends to issue **securities** under an approved program or where the issue price and/or volume is/are not yet known at the time of submitting the application and **Listing Particulars**, this information may be provided at a later date as a supplement to the **Listing Particulars** with these two parts then forming the final **Listing Particulars**;
- d) Producing the **Listing Particulars** in two parts is only allowed when all of the following conditions are met:
  - i. the criteria and/or conditions for establishing the missing information must be clearly explained in the **Listing Particulars** and subsequent **Official Notice**;
  - ii. the **Official Notice** must indicate that the missing information will be published no later than at the start of the first day of trading, be provided free of charge to interested **investors** and state the intended form of publication of same;
  - iii. the first part of the **Listing Particulars** must be referred to as the **Listing Particulars** and not any other reference as the supplement will be included later to form the full **Listing Particulars**; and
  - iv. the supplement should include the issue price, issue volume and/or any other additional information required and the supplement must also state that the final **Listing Particulars** comprises the **Listing Particulars** together with its supplement.
- e) Information may be included in the **Listing Particulars** by referencing one or more previously or simultaneously published documents ("reference documents") provided that the following requirements are observed:
  - i. The **issuer** must ensure that any information incorporated by reference to these reference documents contain the latest information available to the **issuer**;
  - ii. In circumstances where a reference is made to a reference document which contains information that is no longer accurate or is not the latest available information, this must be indicated in the **Listing Particulars** and the updated information must be provided;
  - iii. If reference is made to any specific portion of a reference document, then the **Listing Particulars** must specify the relevant portions to the **investors**;
  - iv. An incorporation by reference should usually be restricted to any of the following reference documents:



- a. periodic interim financial statements;
  - b. auditors' reports and annual financial statements that have been drawn up in compliance with applicable financial reporting standards;
  - c. documents that have been produced in association with a specific transaction such as a merger or spin-off;
  - d. documents and **Listing Particulars** that have previously been approved by the **Listing Committee** and published, provided that they are no more than 12 months old when the listing application is submitted;
  - e. information that has been sent to **securities** holders.
- v. Reference documents that are to be incorporated by reference to the **Listing Particulars** must be submitted with the **Listing Particulars** at the same time as the **Listing Particulars**;
  - vi. The **issuer** must ensure that any reference document will be made available in printed form or electronically free of charge with no requirement for the requesting party to qualify their interest and the location of the reference document must be stated prominently in the **Listing Particulars**.
- f) All **Listing Particulars** submitted to the **Listing Committee** must bear the word "DRAFT" on every page unless the **Listing Committee** has approved such a **Listing Particulars**.
  - g) Once approved, a **Listing Particulars** shall be valid for a period of six (6) months from the date of the approval.
  - h) The **Listing Particulars** must be published no later than the **listing date**.
  - i) **Listing Particulars** must include the information as prescribed in the **Schedules** as applicable to the type of **security** and **Board** for which the **issuer** is seeking admission.
  - j) **Responsibility Statements** from **directors of issuers** and from **Sponsor Advisors** accepting the conditions as prescribed by these **Listing Rules** and the **Schedules** (see Schedule – Director Responsibility Statement and Schedule – Sponsor Advisor Responsibility Statement).
  - k) **Issuers** desiring to make an **offer of securities** via a **tap issue** must include the information provided in the form prescribed (see Schedule – Tap Issues).
  - l) **Issuers** that are mining companies must include the additional information as prescribed (see Schedule – Mining Companies).
  - m) **Investment entities** must include the additional information provided as prescribed (see Schedule - Investment Entities).
  - n) **Issuers** seeking a **listing of securities** to be traded on the VCAP or SME **Board** must include the information in Schedule – Listing Particulars (VCAP) or Schedule – Listing Particulars (SME) as respectively.



- o) **Issuers** seeking a **listing** of a **security token** must include the additional information provided for in Schedule – Security Tokens.
- p) A **Listing Particulars** must be signed by the Managing Director or CEO of the **issuer**.
- q) An electronic copy of the **Listing Particulars** must be submitted to the **Listing Committee**.
- r) Where the **issuer** is issuing a **prospectus**, the **Listing Committee** may, at its sole discretion, exempt the company from issuing a **Listing Particulars** provided that the information that would normally be required in the **Listing Particulars** is provided for in the **prospectus** and any supplementary document, if necessary.

### 3.6. Omissions from Listing Particulars

- a) The **Listing Committee** may, at its sole discretion, authorize the omission of information from the **Listing Particulars** of an **issuer** where the **Sponsor Advisor** confirms:
  - i. the information is of minor importance and will not influence an investment decision of an **investor** or potential **investor** of its **securities** or effect the prospects of the **issuer**;
  - ii. that an **announcement** of such information will be made available to the **MERJ Exchange investment community**; or
  - iii. that disclosure of the information would be seriously detrimental to the **issuer** and the omission will not mislead **investors** or potential **investors** to the facts and circumstances necessary to make an informed investment decision.
- b) No omission of information will be allowed in the **Listing Particulars** that may affect the **listing** process and influence the decisions of **investors** or potential **investors** unless expressly authorized by the **Listing Committee** per 3.5 (a).
- c) The **issuer** and its **directors** will be held liable for any unauthorized omission from the **Listing Particulars** that may have influenced the decision of the **Listing Committee** in granting a **listing**, or the **investors** or potential **investors** in making an informed investment decision.

### 3.7. Abridged Listing Particulars

- a) The **Listing Particulars** may be abridged if **securities** from the same **issuer** are already listed on **MERJ Exchange** or a **recognized overseas securities exchange**, and if any new **securities** are offered, it is limited to holders on the basis of ordinary or preferential subscription rights, either free of charge or against payment.
- b) The relevant **Listing Particulars Schedules** contain guidance as to the content that may be omitted to abridge the **Listing Particulars**.



### 3.8. Language

- a) All documents sent to shareholders and any information required pursuant to these **Listing Rules** must be in English and copies may also be available in the language of its origin, or whatever additional language the **MERJ issuer** chooses unless **MERJ Exchange** agrees otherwise.
- b) If an English copy is submitted, no other copies or languages are required.

### 3.9. Lock-in Period

- a) The **lock-in period** applies to a **primary listing** of **securities** of a **MERJ issuer** that are being admitted to the **MERJ Exchange list of securities** for the first time.
- b) The restrictions apply to **deals** in **listed securities** by **affected employees** of the **MERJ issuer**.
- c) The **lock-in period** applies to the Venture Capital **Board**, SME **Board** and for **investment entities** for the period prescribed in each of those sections of these **Listing Rules**.
- d) All **securities** subject to the **lock-in period** must be in certificated form with the certificate held in escrow by an escrow agent approved by the **Listing Committee** and will be released on the last day of the **lock-in period**.
- e) The **lock-in period** is not applicable for any **listed security** on **MERJ Exchange** that has been reclassified or an **issuer** that is already **listed** on a **designated market** seeking a **secondary listing** on **MERJ Exchange**.
- f) The **lock-in period** will not apply to an intervening court order, the death of a **person** who is subject to these lock-in requirements or the acceptance of a **takeover offer** of the **listed security** that is open to all shareholders.
- g) **MERJ Exchange** may however grant permission in writing to any **person** affected by the **lock-in period** to sell **listed securities** to alleviate severe personal hardship or any other reason at the discretion of **MERJ Exchange**.

### 3.10. Listings notice

- a) Admission to the **MERJ Exchange list of securities** only becomes effective when **MERJ Exchange** issues a **listing notice** informing the **issuer** and the **investment community** of the admission of the class of **securities** of the **issuer** to the **MERJ Exchange list of securities**.
- b) The **issuer's Sponsor Advisor** is responsible for receipt of the **listings notice** and must inform the **issuer in writing** providing it with a copy of the **notice**.





### 3.11. Refusal of application

- a) In the event that the **Listing Committee** considers an **application** and votes to refuse the **listing**, prior to making its decision final, it must:
  - i. inform the **Sponsor Advisor** of its intention to refuse the **application**;
  - ii. provide the **Sponsor Advisor** with the reasons for its intended refusal; and
  - iii. call upon **Sponsor Advisor** to show cause within a period specified by **MERJ Exchange** as to why the **application** should not be refused.
  
- b) If the refusal of an **application** was due to any fraud or other crime committed by an **issuer** or any material misrepresentation of its financial position or non-disclosure of any material fact, **MERJ Exchange** will not, for a period of at least 6 (six) months from the date of refusal consider an **application** from the **issuer** concerned unless the refusal is set aside by the **Securities Authority**.



## SECTION 4

### CONTINUING OBLIGATIONS

#### 4.1. Principles of disclosure

- a) A **MERJ issuer** must provide **MERJ Exchange**, the **Securities Authority** and any person responsible for supervision or regulation of financial services under any law or law enforcement applicable to its place of incorporation and any other **designated market** on which the **MERJ issuer** maintains a **listing**, with information that may reasonably be expected for the proper discharge of their respective duties and functions under any applicable law or rules.
- b) **Material information** must be timeously disclosed to **MERJ Exchange** and the **investment community**.
- c) **Announcements** relating to ongoing disclosure requirements as prescribed in these **Listing Rules** must be made available to the **MERJ Exchange investment community** no later than it is made available elsewhere.
- d) A **MERJ issuer** must take reasonable care to ensure that **announcements** are not misleading, false or deceptive and do not omit any **material information**.

#### 4.2. General disclosure requirements

- a) A **MERJ issuer** must make ongoing disclosures of **material information** in accordance with these **Listing Rules** within any specified period prescribed by **directive** or otherwise without delay.
- b) A **MERJ issuer** must simultaneously disclose any information required to be reported to the **Securities Authority** in terms of **the Act** or another **designated market** to **MERJ Exchange**.
- c) All correspondence and disclosures from a **MERJ issuer** including any **announcement** must first be provided to its **Sponsor Advisor**, who will ensure that the information and manner in which it is to be disclosed is correct, and then submitted to the **Head of Market Regulation**.
- d) **MERJ Exchange** may require a **MERJ issuer** or any of its **Sponsor Advisors** to provide it with any information in their possession or control, in such form and within such time limits as **MERJ Exchange** may reasonably require for the purpose of carrying out its regulatory functions

#### 4.3. Transactions exceeding a threshold test

Any transaction or proposed transaction that would exceed one of the prescribed threshold tests (see Schedule – Threshold Tests) must be reported to **MERJ Exchange** in the time frame specified followed by an announcement where indicated.



#### 4.4. Management transactions

- a) The disclosure of management transactions promotes transparency, informs **investors** and contributes to the prevention and prosecution of market abuse.
- b) All **issuers** with a **primary listing** on **MERJ Exchange** must have in place an internal trading policy. The policy must include its **directors** and executive committee or other similar statutory governing bodies and require that all of these parties must report each transaction in the **issuer's equity securities** or in related financial instruments to the **issuer** without delay but no later than the second trading day after the conclusion of the transaction whether executed on a **securities exchange** or concluded otherwise.
- c) Any transaction in an **equity security** having its **primary listing** on **MERJ Exchange** that results in a direct or indirect effect on the assets of a person who is subject to the reporting obligation is subject to the reporting obligation except where the person subject to the reporting obligation is unable to influence the execution of the transaction. Transactions executed by **related parties** must be reported if such transactions are carried out under influence of a person who is subject to the reporting requirement.
- d) The following information must be included in the notification to the **issuer**:
  - i. name of the person subject to the reporting obligation;
  - ii. role of the person who is subject to the reporting obligation (i.e. an executive member of the board of directors or member of the executive committee, or as a non-executive member of the board of directors);
  - iii. in the case of reportable transactions carried out by **related parties**, information on whether the transaction was concluded by a natural person or a legal entity along with the name of the person or legal entity;
  - iv. type of transaction;
  - v. type, total amount and ISIN of the **equity securities** and financial instruments or, if no ISIN exists, the principal terms of the financial instruments;
  - vi. total value of transaction;
  - vii. date of execution in the case of a transaction carried out on a regulated **securities exchange** or otherwise the date of conclusion of the transaction that is subject to the reporting obligation;
  - viii. date of the notification to the **issuer** from the person who is subject to the reporting obligation.
- e) The **issuer** must report the information listed under paragraph d) to the **Market Regulation Division** within three trading days of receiving the notification itself.
- f) The **Market Regulation Division** shall publish the information provided in the notification with the exception of paragraph d) i. and vii.
- g) The notifications that are published can be accessed by the public for a period of three years.



#### 4.5. Calendar and annual information

- a) Upon **listing** and continually at the beginning of each financial year, the **issuer** must publish a corporate calendar on its website with a copy of same provided to the **Market Regulation Division** covering at least the current financial year, and thereafter keep it up to date.
- b) The corporate calendar must indicate all the dates in the **issuer's** year that are of major importance to **investors** specifically including the annual general meeting and the publication dates of the annual and interim financial statements and the corresponding reports.
- c) The **issuer** is obliged to notify the **Market Regulation Division** of any amendments to the corporate calendar.
- d) **MERJ Exchange** may publish the URL link to the calendar.

#### 4.6. Fundamental change of business

- a) Notwithstanding any other requirements under **the Act, Companies Act** or other equivalent legislation under which the **MERJ issuer** is registered, any disposal by a **MERJ issuer** which, when aggregated with any other disposals over the past 12 (twelve) months, exceeds 75% (seventy-five) of any of the **threshold tests** of the **MERJ issuer** is deemed to be a fundamental change of business.
- b) A proposed fundamental change of business must be conditional on the consent of the shareholders by **special resolution**.
- c) Where the effect of the transaction contemplated in paragraph a) results in **MERJ issuer** ceasing to be a **trading company** or results in a divestiture of all or substantially all of the activities or assets of the **MERJ issuer**, the **MERJ issuer** will be thereafter treated as a **cash shell** as prescribed in LR 2.3.

#### 4.7. Takeovers and reverse takeovers

- a) This LR 4.7 applies notwithstanding procedures and requirements for **takeovers** by a **MERJ issuer**, reverse **takeovers** of a **MERJ issuer** and mergers provided in Part 13 of **the Act** and the Securities (Takeovers) Regulations 2008 or other relevant laws and regulations in the case of an **international issuer**.
- b) Where there is an attempted reverse **takeover** of a **MERJ issuer**, **MERJ Exchange** will suspend **trading** of its **listed securities** until the **takeover offer** is either withdrawn, approved or rejected.
- c) If the **listed securities** of a **MERJ issuer** remain suspended for six (6) months and it has not taken the necessary steps to apply for lifting of the suspension, the **securities** may be delisted from the **list of securities** at the discretion of **MERJ Exchange**.



- d) Where the reverse **takeover offer** is either withdrawn or rejected, **MERJ Exchange** will lift the suspension upon receiving official notice of the withdrawal or rejection of the **offer**.
- e) Where the reverse **takeover offer** is approved, the enlarged company or newly transformed company must apply for re-admission to **MERJ Exchange** as a new **issuer** in terms of these **Listing Rules**.

#### 4.8. Event of impending default

- a) A **MERJ issuer** must reply immediately to a request from the **Market Regulation Division** to confirm or refute any event or the existence of a state of affairs that may have an adverse effect on the ability of such **MERJ issuer** or its **guarantor** to maintain any of its obligations under these **Listing Rules**.
- b) In the event of a pending default of a **MERJ issuer**, the **MERJ issuer** must **notify** its **Sponsor Advisor** and the **Head of Market Regulation** thereof immediately. In such cases, **MERJ Exchange** may, at its discretion, **notify** the **Service Providers** and the **investment community** of any event or default by a **MERJ issuer**.

#### 4.9. Disclosure exemptions

A **MERJ issuer** must disclose material changes in relation to a corporate, financial or investment transaction in the course of negotiations. However, if the normal pattern or outcome of the negotiations would be adversely affected by disclosure, then **MERJ Exchange** at its discretion can permit non-disclosure until the **MERJ issuer** is no longer adversely affected.

#### 4.10. Closed periods

- a) **MERJ issuers** and their **Sponsor Advisors** are subject to the **closed period** restrictions and must ensure that **affected employees** do not **deal** during any **closed period**.
- b) The **closed period** applies to **deals** in the **listed securities** of a **MERJ issuer** by the **affected employees** of the respective **MERJ issuer** and its **Sponsor Advisors**.
- c) Notwithstanding the specific requirements under which a **closed period** applies, any period when a **MERJ issuer** or any **affected employee** of a **MERJ issuer** or **Sponsor Advisor** is in possession of **material information** that requires an **announcement** in terms of **the Act**, or these **Listing Rules** shall be deemed to be a **closed period**.
- d) If **MERJ Exchange** requires quarterly reporting on a **MERJ issuer's** financial statement position, the **closed period** will be determined by **MERJ Exchange** in **writing** to the **MERJ issuer** as a condition of **listing**.
- e) The **closed period** requirement will not however apply to any **persons** who entered into a binding commitment that has been approved by **MERJ Exchange** prior to the **listing date**.



- f) **MERJ Exchange** must be notified **in writing** of any binding commitment and the **persons** involved who are affected by the binding commitment, to which the **Head of Market Regulation** must confirm approval to **in writing**.
- g) **MERJ Exchange** may however grant approval **in writing** to any **person** affected by the **closed period** to sell **listed securities** to alleviate severe personal hardship or any other reason that **MERJ Exchange** deems fit at the discretion of **MERJ Exchange**.

#### 4.11. Cash shells

- a) A **MERJ issuer** that becomes a **cash shell** notify the **Head of Market Regulation** without delay (see Schedule – Cash Shells).
- b) A **MERJ issuer** that becomes a **cash shell** may be suspended at the discretion of **MERJ Exchange** and provided a period of up to 6 (six) months from the date of becoming a **cash shell** in which to take the necessary steps to cease to be a **cash shell**.
- c) A **MERJ issuer** which becomes a **cash shell** may choose to carry on as an **investment entity**, make one or more acquisitions which constitute a reverse **takeover** or carry any other activity approved by the **Listing Committee** and its shareholders, where applicable.
- d) If the **MERJ issuer** remains a **cash shell** at the end of 6 (six) months and the company does not take the necessary steps to cease being a **cash shell**, **MERJ Exchange** may delist its **securities** from the **list of securities**.
- e) Treatment and lifting of suspension of **cash shells** will be considered on a case-by-case basis at the sole discretion of **MERJ Exchange**.



## SECTION 5

### CORPORATE ACTIONS

#### 5.1. General

All correspondence contemplated in this section must be first approved by the **MERJ issuer's Sponsor Advisor** prior to being submitted to **Head of Market Regulation** for final approval before **announcement** to the **investment community**

#### 5.2. Corporate Action Procedures

- a) Record Date (RD) is the date on which the **register** must be finalized.
- b) All proposed **corporate actions** require disclosure from the **MERJ issuer** and must be reported to the **Market Regulation Division** by the **Sponsor Advisor** in the form prescribed no later than 20 (twenty) **business days** prior to Record Date (RD-20) (see Schedule – Corporate Actions)
- c) A complex **corporate action** must be reported to the **Market Regulation Division** by the **Sponsor Advisor** no later than 23 (twenty-three) **business days** prior Record Date (RD-23).
- d) An **announcement** must be published to the **investment community** on the Declaration Date (DD), which must be no later than 15 (fifteen) **business days** prior to Record Date (RD-15).
- e) If applicable, an **announcement** including any finalization information must be published on the Finalization Date (FD), which must be no later than 10 (ten) **business days** prior to Record Date (RD-10).
- f) The **Last Day to Trade** (LTD) must be 3 (three) **business days** prior to Record Date (RD-3) except in the case of securities which are settled on a real time gross basis whereby this will be must be 1 (one) **business day** prior to Record Date (RD-1).
- g) Any amendment to any **corporate action** that has already been authorized by the **Market Regulation Division** must be immediately submitted to the **Market Regulation Division** for approval prior to an **announcement** to the **investment community**.
- h) Any amendment to the **corporate action** after the Finalization Date (FD) that affects or may affect the rights of any **investors** or potential **investors** of any **MERJ issuer** will result in the **corporate action** being cancelled.
- i) Any amendment to the **corporate action** timetable or delays in any **publication** that affects or may affect the rights of any **investors** or potential **investors** of any **MERJ issuer** must be reported in a reasonable time to the **Market Regulation Division** for approval prior to any **announcement** to the **investment community**.



- j) No re-materialization or **dematerialization** orders may be processed between **LDT** and **RD**.
- k) Any **corporate action** that results in the suspension or termination of a **listing** will take place at the commencement of business.
- l) All allocations must be rounded up or down based on standard rounding conventions (i.e. shares below .5 must be rounded down and .5 or greater rounded up to the nearest whole number) and must result only in whole **securities** (i.e. no fractional **securities**) with the fractional **securities** either being paid up by the **investor** or paid cash in lieu by the **MERJ issuer** as applicable.
- m) Default provisions will be applied by the **CAP** if no election is received from the **investor** by the election deadline.
- n) Minimum information to be provided with all corporate actions:
  - i. where **investors** are referenced, procedures for **investors** holding **certificated physical securities** and **dematerialized securities** must be prescribed;
  - ii. a statement to the effect that election forms apply only to **investors** holding **physical certificated securities**;
  - iii. a statement to the effect that election for holders of **dematerialized securities** must be provided to their appointed **CAP** for **non-managed clients** or **member** for **managed client** in the manner and time stipulated in the custody agreement;
  - iv. if new **securities** are to be issued, a statement to the effect that the option to receive the **security** in certificated or **dematerialized** form is available; and
  - v. any restrictions that may be applicable with regard to a **corporate action** including any restrictions on foreign **investors** and all relevant information.

### 5.3. Minimum requirement for specified corporate actions

- a) **Capitalization issues**
  - i. A capitalization issue is an **allotment** of further **securities** to existing **investors** of a **MERJ issuer**, credited as fully paid up out of the **MERJ issuer's** reserves or profits, in proportion to the existing holdings of the **investors** or otherwise not involving any monetary payments.
  - ii. No **MERJ issuer** may proceed with a capitalization issue unless it has obtained written confirmation from its **External Auditor** that it has the financial resources and sufficient reserves to make the capitalization issue and **MERJ Exchange** agrees to the terms of the capitalization issue.
  - iii. Notwithstanding anything contained in the **Articles** or **Companies Act** or other relevant legislation under which the **MERJ issuer** was incorporated, its





**directors** shall not have the power to conclude a capitalization issue without the prior approval of the shareholders by means of an **ordinary resolution**.

b) **Rights Issues**

- i. A rights issue is an **offer** by a **MERJ issuer** to existing **investors** of a class of **securities** included in the **list of securities** to subscribe for a further issue of **securities** by means of a letter of allocation to the holders of those **securities** in proportion to their existing shareholding.
- ii. These rights may be traded as “nil paid” rights for a period before payment of the additional **securities** only if they are transferable.
- iii. The terms and conditions of a rights issue must be approved by **MERJ Exchange**.
- iv. Notwithstanding anything contained in the **Articles** or **Companies Act** or other relevant legislation under which the **MERJ issuer** was incorporated, its **directors** shall not have the power to conclude a rights issue without the prior approval of the **investors** by means of an **ordinary resolution**.

c) **Share buy-backs**

- i. A share buy-back occurs when a **MERJ issuer** or its subsidiary buys back its own **securities** from **investors**, either in the market or by making a formal **offer**, which decreases the number of issued shares in the market.
- ii. Notwithstanding anything contained in the **Articles** or **Companies Act** or other relevant legislation under which a **MERJ issuer** was incorporated its **directors** and the **directors** of any subsidiary, shall not have the power to authorise a share buy-back without the prior approval of the **investors** by means of an **ordinary resolution**.
- iii. A **MERJ issuer** shall not make any payment in whatever form to acquire any previously issued **securities** if there are reasonable grounds for believing that:
  - a. the **MERJ issuer** would be unable to pay its debts in the ordinary course of business after the purchase of its **securities**; or
  - b. the liabilities of the **MERJ issuer** would exceed by the assets after the repurchases had been completed.
- iv. A **MERJ issuer** may only proceed with the buy-back of its **securities** upon receiving approval from **MERJ Exchange** as to the terms and conditions of the share buy-back.
- v. Any shares acquired in a share buy-back must be cancelled by the **MERJ issuer** upon completion of the acquisition.



## SECTION 6

### VENTURE CAPITAL BOARD (VCAP)

#### 6.1. Definitions and background

- a) The VCAP **Board** caters for **issuers** with little or no operating history, but with the potential for high growth and high returns for **investors**.
- b) Notwithstanding an **issuer's** ability to meet the admission requirements for the VCAP **Board**, **MERJ Exchange** or the **Sponsor Advisor** may advise the **issuer** to seek an **application** on another of its **Boards**.

#### 6.2. Specific Criteria for the VCAP Board

- a) In derogation of LR 2.2 and 2.3, there is no minimum duration requirement, but the **issuer** must be able to show in its **Listing Particulars** that its future earnings and returns on capital are credible and produce 5 (five) year financial projections to support this.
- b) The **issuer** must ordinarily set clear funding milestones that represent key stages in its development unless otherwise agreed by **MERJ Exchange** at its discretion after consultation with the proposed **Sponsor Advisor** of the **issuer**. Achievement of each funding milestone will result in the release of further funds as prescribed in LR 6.5 that is required to achieve the next funding milestone.
- c) The **issuer** must, in its **Listing Particulars**, disclose the applicable funding milestones as agreed with the **Sponsor Advisor**.
- d) Funding milestones may be extended or changed by an **ordinary resolution**, which may only be voted and passed by shareholders who are not subject to the **lock-in period**.
- e) In derogation of LR 2.11, the free float requirements shall be deemed to be met if a minimum of 10% (ten percent) of the issued shares are held in **public hands** by a minimum of 5 (five) **persons**.
- f) A **Sponsor Advisor** and any of its **directors** and **officers** may not own more than 10% (ten percent) individually or in aggregate of the issued **equity capital** of an **issuer** seeking a **listing** on the VCAP **Board**;
- g) Notwithstanding LR 4.8 d), the specific **closed period** for a **MERJ issuer** on the VCAP **Board** is -
  - i. 10 (ten) **business days** before the day of publication of the **MERJ issuer's** annual financial statements, or if shorter, the period from its financial year end to the time of publication; and



- ii. 5 (five) **business days** before the day of **publication** of the **MERJ issuer's** interim or half-yearly financial statements, if any, or if shorter, the period from the relevant financial period end up to and including the day of **publication**.
- h) The **MERJ issuer** may progress to another **Board** once it has reached its final milestones as defined in the **Listing Particulars** and it satisfies the minimum requirements for the other **Board**.

### 6.3. **Specific Lock-in requirements**

In addition to the general lock-in requirements in LR 3.9, the **lock-in period** is applicable for the longer of 6 months from the **listing date** or until such time as the last funding milestone has been met to the satisfaction of the **Sponsor Advisor** and the **Listing Committee**.

### 6.4. **Escrow Procedures**

- a) All funds raised as a result of an **IPO** or **placement** must be placed in a suitable escrow arrangement deemed acceptable and approved by the **Listing Committee** or as may be prescribed by **directive**. Escrow funds may be held with a **bank** in **Seychelles** or a **recognized jurisdiction** or in the case of **security tokens** as otherwise agreed by **MERJ Exchange** or prescribed by **directive**.
- b) Any outward transactions from the escrow account must require the approval of both the **MERJ issuer** and its **Sponsor Advisor** and must be in accordance with the funding milestones as stated in the **Listing Particulars**.
- c) An escrow fund must have a liquidation distribution feature, pursuant to which, if the funding milestones are not completed within the permitted time frame, shareholders (other than the **founding investors**) are entitled to receive, for each **security** held, an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of **securities** then outstanding less the **securities** held by the **founding investors**.



## SECTION 7

### SMALL AND MEDIUM ENTERPRISES (SME) BOARD

#### 7.1. Definitions and background

- a) The Small and Medium Enterprises **Board** (SME **Board**) is for **issuers** with at least one year of operating history and externally audited financial statements.
- b) An **issuer** seeking admission to the SME **Board** must meet these **Listing Rules** unless specifically modified by this section.
- c) Notwithstanding the **issuer's** ability to meet the admission requirements for the SME **Board**, **MERJ Exchange** or the **Sponsor Advisor** may advise the **issuer** to seek an **application** on another of its **Boards**.

#### 7.2. Specified Criteria for an SME listing

- a) In derogation from LR 2.2 and 2.3, the **issuer** must be operational and provide a minimum of 1 (one) year externally audited financial statements for the most recent financial year.
- b) In derogation from LR2.11, the free float requirement shall be deemed to have been met if a minimum of 15% (fifteen percent) of the issued shares are held in **public hands** by a minimum of 20 (twenty) **persons**.
- c) A **Sponsor Advisor** and its **directors** and **officers** may not singularly or collectively own more than 5% (five percent) of the issued **equity capital** of an **issuer** seeking a SME **Board listing**.
- d) Notwithstanding LR 4.8 d), the **closed period** for a **MERJ issuer** on the SME **Board** is -
  - i. 20 (twenty) business days before the day of publication of the **MERJ issuer's** annual financial statements, or if shorter, the period from its financial year end to the time of publication; and
  - ii. 10 (ten) **business days** before the day of publication of the **MERJ issuer's** interim or half-yearly financial statements, if any, or if shorter, the period from the relevant financial period end up to and including the day of publication.

#### 7.3. Specific lock-in requirements

The **lock-in period** is 6 (six) months from the **listing date**.



## SECTION 8

### MAIN BOARD

#### 8.1. Definitions and background

- a) The Main Board is for seasoned **issuers** and **investment entities**, meeting the full listing standard.
- b) An **issuer** seeking admission to the Main **Board** must meet these **Listing Rules** unless specifically modified by this section.
- c) Notwithstanding an **issuer's** ability to meet the admission requirements for the Main **Board**, **MERJ Exchange** may advise the **issuer** to seek an **application** on another of its **Boards**.

#### 8.2. Specific Criteria for a Main Board listing

- a) Notwithstanding the requirements laid down in LR 2.11, an **issuer** having a minimum of 25% (twenty five percent) of the issued shares held in **public hands** by a minimum of 60 (sixty) persons shall be deemed to meet the free float requirement.
- b) A **Sponsor Advisors** and its officers and **directors** may not own more than 5% (five percent) of the issued **equity capital** individually or in aggregate of an **issuer listed** on the Main **Board**.
- c) Notwithstanding LR 4.8 d), the **closed period** for a **MERJ issuer** on the Main **Board** is:
  - i. 25 (twenty-five) **business days** before the day of **publication** of the **issuer's** annual financial statements, or if shorter, the period from its financial year end to the time of **publication**; and
  - ii. 15 (fifteen) **business days** before the day of **publication** of the **issuer's** interim or half-yearly financial statements, or if shorter, the period from the relevant financial period end up to and including the day of **publication**.



## SECTION 9

### INVESTMENT ENTITIES

#### 9.1. General

An **investment entity** must meet the requirements of the Main **Board** except as modified by this Section 9.

#### 9.2. Listing Requirements

- a) LR 2.2 is not applicable to **investment entities**.
- b) The minimum capitalization and free float requirements laid down in LR 2.11 may be waived for an **investment entity** in appropriate circumstances and shall not be applicable in any case for **open-ended funds** with the exception of an **ETF**.
- c) For the purposes of paragraph b) above, these requirements will automatically be waived where a **MERJ Exchange member** undertakes to **MERJ Exchange** to act as a market maker of the **securities** to be **listed**.
- d) **MERJ Exchange** may include implementing provisions regarding market making in its **Market Rules** or in a **directive**.

See also

- MERJ Exchange Market Rules

#### 9.3. Investment Policy

- a) The principles of the investment policy must be laid down in the constitutional documents of the **investment entity** and the details of the investment policy must be included in a set of company regulations all of which must be obtainable from the **investment entity** at an office in **Seychelles** designated in the **Listing Particulars**.
- b) The **Listing Committee** may require a minimum level of investment to be achieved by the time of the initial listing in cases where the investment policy and the investment guidelines are open and imprecise.
- c) The **investment entity** must be a passive **investor** and must not seek or take legal or management control of any of its underlying **investments** with the exception of underlying **investments** which are **open-ended funds** or in the case of a **real estate investment entity**.

#### 9.4. Management

- a) If the **issuer** is not able to fully satisfy LR 2.2 and 2.3, the operator(s) of the **investment entity** must collectively have appropriate and relevant experience and expertise in the opinion of the **Listing Committee** in fulfilling the respective roles



according to the types of **investments** of the **investment entity**, the types of investors targeted and particular roles of these parties.

- b) Where the **operator** referred to in paragraph a) is regulated to operate collective investment schemes or manage the type of **investments** contemplated for the **investment entity** by the Financial Services Authority or equivalent in a **recognized jurisdiction** it will be deemed to fulfil the requirements in paragraph a).
- c) Where the **issuer** is not able to fully satisfy LR 2.2 and 2.3 and the **Listing Committee** is not satisfied with fulfilment of the requirements in paragraph a), the **issuer** must appoint and retain an independent investment advisor or investment body having suitable experience and expertise (to the satisfaction of the **MERJ Exchange**) with a suitable track record and all principal and key parties appointed in relation to the **investment entity** must be satisfactory to **MERJ Exchange**.

#### 9.5. **Custodians**

- a) An **investment entity** that is expected to invest in custodial **investments** must have one or more custodians charged with responsibility of safekeeping and custody of those custodial **investments** of the **investment entity**.
- b) In relation to derivative contracts that are not securitized derivatives, the provisions relating to safekeeping and custody of the assets set out in paragraph a) shall not apply to such derivatives contracts that have been entered into by the **investment entity** with a particular counterparty nor to the related derivative cash position held with that counterparty, provided that an amount of that related derivatives cash position that is in aggregate, at least equivalent to the **investment entity's** exposure to that counterparty is held in a manner that meets the requirements of paragraph c).
- c) For any cash portions of a relevant derivatives cash position, they must be:
  - i. subject to regulations in **Seychelles** or a **recognized jurisdiction** relating to holding client monies; or
  - ii. held with an entity which satisfies the **financial resources requirement**; or
  - iii. to the extent that the relevant portion of the derivative cash position consists of items other than cash -
    - a. held such that the **investment entity** (or its custodian) retains beneficial ownership of the liquid assets comprised in the derivative cash position and therefore does not take credit risk in respect of such liquid assets on the counterparty or other person with which they are held; or
    - b. held with an entity which satisfies the **financial resources requirement**,

Provided that the **operators** of the **investment entity**:

- A. take all reasonable steps to ensure that the amount of liquid assets that the **investment entity** holds with the relevant counterparty does not exceed a level deemed to be reasonably



- prudent by the **operators** having regard to the counterparty's creditworthiness;
- B. appoint an administrator or other entity deemed suitable by the operators on an ongoing basis responsible for carrying out a periodic verification and reconciliation of the **investment entity's** positions from such derivatives contracts (such reconciliation must be performed with each calculation of net asset value). Such an entity must be a separate legal entity from the investment manager and counterparty to the derivatives contract;
  - C. report any significant discrepancies identified as a result of this reconciliation or verification process to the **Market Regulation Division** without delay; and
  - D. appoint a person to verify the value of its OTC derivative positions in accordance with LR 9.7 and take all reasonable steps to ensure that the policies and procedures to be applied by that person in valuing those positions and the **investment entity's** procedures for monitoring the activities of that person and the risks inherent in the **investment entity's** OTC derivatives positions are, and at all times remain appropriate and are described in the **Listing Particulars**.
- d) A custodian must be a separate legal entity from the **operator(s)** or investment manager(s) and if applicable any investment advisor(s); however, it is permissible for a custodian to be a related entity to one of the aforementioned parties.
  - e) The terms of the appointment of any custodian must be laid out in an agreement ("the custody agreement") outlining the responsibilities of that custodian with regard to the assets of the **investment entity**.
  - f) Any custodian appointed pursuant to this rule must have suitable and relevant experience in the provision of custody services to the satisfaction of **MERJ Exchange**. A licensed financial institution in **Seychelles** or a **recognized jurisdiction** or failing either of these another jurisdiction where it can be demonstrated that the custodian is subject to equivalent prudential regulation and supervision by a regulatory authority will generally be accepted as prima facie compliance with this rule. In the absence of such regulation, **MERJ Exchange** may approve other custodians having regard for the relevant experience of the custodian in providing custody services for the relevant asset(s) and the jurisdiction(s) where the **investment entity** will invest, the amount of assets already in custody of the custodian and any other relevant factor deemed necessary by **MERJ Exchange** to determine the suitability of the custodian.
  - g) The investment manager, **operators**, custodian or other appropriate person approved by **MERJ Exchange**, of an **investment entity** which is a **multi-manager fund**, or a **fund of funds** must satisfy itself that adequate custody arrangements have been entered into by the investment manager or **investment entity** to which the assets of the **investment entity** will be allocated or invested.





## 9.6. Brokers

- a) The **operators**, custodian or investment manager of an **investment entity** or the **investment entity** itself must require any broker which holds assets of the **investment entity**, other than margin deposits, to segregate those assets, either in segregated customer or omnibus client accounts, and separately identify them as belonging to the **investment entity** or the custodian as nominee or fiduciary for the **investment entity**, in order to ensure that such assets are unavailable to the creditors of the broker or any other entity.
- b) The requirement in paragraph a) shall not apply where the assets are held by a broker that meets the **financial resources requirement** and **regulatory requirement**.

## 9.7. Calculation of net asset value (NAV)

- a) The method of valuation of the assets should be in accordance with the applicable accounting standards for the **investment entity**.
- b) The **investment entity** must be able to demonstrate to **MERJ Exchange** adequate arrangements for the calculation of the net asset value of its **securities** in a manner that pays special regard to potential conflicts of interest or it must appoint an independent fund administrator to perform this function.
- c) The valuation must in any case be verified at least on an annual basis by a person independent of the **investment entity**, the investment manager, the custodian, the depositary, the broker and the **operator** of the **investment entity**. For the avoidance of doubt this may be the independent auditor or the **investment entity** administrator.

## 9.8. Foreign funds

Investment entities which are incorporated abroad and which, under the **Seychelles Mutual Fund and Hedge Fund Act 2008** are not subject to authorization in **Seychelles** must be incorporated under the company law of a **recognized jurisdiction**.

### Obligations with respect to listing

## 9.9. Listing Particulars

- a) Except where paragraph c) applies, the **Listing Particulars** must contain the information prescribed in **Listing Particulars** in Schedule – Main Board along with including any additional information prescribed for various types of **investment entities**.
- b) Where the **investment entity** is a **segregated portfolio company** and the application for which the **Listing Particulars** relates is for the issuance and **listing** of a class of **securities** that will be segregated and ring-fenced from other classes of **securities** as well as the core assets of the **issuer** (i.e. in a “Cell”), the information required in the **Listing Particulars** may be limited to that which is relevant to holders of **securities** in that particular Cell and it shall not be necessary to disclose



information which relates to other Cells or **securities** issued and ring-fenced in such other Cells.

- c) In the case of an **investment entity** that is regulated as a collective investment scheme by the **Seychelles Financial Services Authority** or **recognized overseas regulatory authority** and subject to requirements to prepare a standardized prospectus in accordance with national law of the relevant **recognized jurisdiction**, the **investment entity** may present this prospectus plus the following additional information as the **Listing Particulars**:
- i. **security** number/ISIN;
  - ii. trading currency;
  - iii. clearing agent;
  - iv. the form of the **securities**;
  - v. where available, the information on the net asset value (NAV) performance for the past three years;
  - vi. responsibility statements (see Schedule – Director Responsibility Statement and Schedule – Sponsor Advisor Responsibility Statement);
  - vii. a declaration that the latest annual and interim reports constitute an integral part of the **Listing Particulars**;
  - viii. paying agent;
  - ix. primary exchange (if applicable).
- d) The specific risks associated with investing in **investment entities** must be specifically stated in a prominent place in every publication, particularly the **Listing Particulars** and **Official Notice**, that is connected in any way to the **listing**.
- e) The disclosures must cover those risks specifically associated with **investment entities** including the investment policy, the underlying instruments in the planned investment universe of the company, the chosen investment techniques as well as any uncertainties with valuation of **investments** with particular focus on any unlisted or otherwise relative illiquid underlying instruments where the valuation may be difficult to assess and any material counterparty, collateral, custody or settlement risks.
- f) Except where **MERJ Exchange** otherwise agrees, a statement that the **directors** do not anticipate that an active secondary market in the **securities** will develop must be included.

### **Conditions for maintaining listing**

#### **9.10. Annual reporting**

The notes to the annual financial statements must include any additional information as determined by the **Listing Committee** as laid down by **directive**. This information must be confirmed by the **auditors**.



### 9.11. Interim reporting

The **Listing Committee** may prescribe additional or different requirements in terms of the content and intervals for interim reporting by different types of **investment entities** and these requirements must be adhered to at all times by the **investment entity**.

### 9.12. Publication of net asset value (NAV)

The **investment entity** must publish the net asset value of its **investments** at regular intervals and in any case no less frequently than annually. **MERJ Exchange** may prescribe more frequent reporting intervals and different type of publication in specific individual cases.

### 9.13. Valuation of assets that are difficult to assess

If the underlying assets of the **investment entity** are to a considerable extent of a nature that they are difficult to value or lack marketability, specifically where such assets are unlisted and there is thus no secondary market and regular price determination mechanisms, any special disclosure requirements as laid down by the **Listing Committee** must be observed.

### 9.14. Compliance with the investment policy

- a) The principles of the investment policy must be complied with at all times from the date of **listing** and throughout the duration of the **listing**.
- b) If the **issuer** has been established for less than six (6) months or if the capital is being raised with the **listing**, then the **issuer** must begin complying with the principles of the investment policy no later than three months from the **listing date**.
- c) Where it is no longer possible to comply with the principles of the investment policy, the **investment entity** must notify **investors** of any major deviations from the policy and provide a plan of action and the period within which the plan is to be implemented. The **issuer** must notify the market as soon as the plan of action has been successfully completed and, in any case, no longer than the end of the stated period mentioned.

### 9.15. Changes to investment policy and compensation model

- a) Any changes to the investment policy or compensation model must be notified to the **Listing Committee** within 5 days from the passage of the corresponding resolution authorizing same and shall be considered **material information** for reporting purpose. Such changes must also be disclosed in annual reporting.
- b) Compliance with the amended provisions of the updated investment policy must be adhered to by no later than three months from entry into force.

### 9.16. Suspensions

The **investment entity** must notify **MERJ Exchange** without delay, for dissemination by **MERJ Exchange**, of any suspension in the calculation of the net asset value or of subscriptions or redemptions which shall be considered **material information** for reporting



purposes. Such notification must include the reason for the suspension, details of whether or not fees will be suspended, the actions planned with a view to the resumption of operations or liquidation of the **investment entity**, and (where possible) the anticipated timing.

#### 9.17. **Modifications, exceptions and additions**

##### a) **Feeder funds**

- i. The **master fund(s)** must be **listed** on **MERJ Exchange** or a **recognized exchange** or it must be a regulated collective investment scheme in a **recognized jurisdiction** approved for the same targeted **investors** as the **feeder fund** or **MERJ Exchange** must otherwise be satisfied that the **master fund** would satisfy the requirements if the **master fund** were itself applying for **listing**.
- ii. **MERJ Exchange** must be satisfied that sufficient information regarding the **master fund(s)** will be made available to **investors** in the **feeder fund**, within specific regular time limits.
- iii. **Feeder funds** must include additional information in the **Listing Particulars** for each **master fund**.

##### b) **Closed-ended funds**

A **closed-ended fund** must include in its constitution that it will obtain the prior approval of the holders of its **listed securities** in the following circumstances:

- i. any material changes in the **investment entity's** constitution;
- ii. any change in the rights of any class of **listed securities**. Where the **listed securities** are convertible this requirement will also apply to any change in the rights of any class of **securities** into which the **listed securities** are convertible;
- iii. the creation of any additional classes of **security** in the **investment entity**, whether such classes will be **listed** or not, except where the **issuer** is a **segregated portfolio company** and the new class is created in a new and separate "cell";
- iv. any issue of further **securities** of the same class as existing **listed securities** for cash at a price less than the net asset value per share of those **securities** unless relating to options or warrants and this is set out in the **investment entity's** constitution and **Listing Particulars** or the **securities** are first offered pro rata to existing holders;
- v. any material changes in the investment policies or objectives, investment restrictions or borrowing restrictions of the **investment entity**; and
- vi. any intention of the **investment entity** to extend the life of or terminate the **investment entity** or to compulsorily redeem all of its **securities**.

##### c) **Open-ended funds**



- i. An **open-ended fund**, other than an **ETF**, is not required to comply with LR 2.12.
- ii. Where an **open-ended fund** is expected to invest in assets that traditionally lack liquidity, the **issuer** must provision in its investment policy to maintain a sufficient portion of its assets in liquid **investments** to the satisfaction of **MERJ Exchange**.
- iii. The reporting requirements for management transactions prescribed in LR 4.4 are not applicable for an **open-ended fund**.
- iv. Where an **open-ended fund** has suspended redemptions, it should also suspend subscriptions unless the price of the **securities** based on net asset value is still capable of calculation through objective and reliable means.
- v. Where there has been a suspension in the calculation of net asset value or of subscriptions or redemptions the **open-ended fund** must provide regular updates to **MERJ Exchange**, for dissemination, of progress made towards the resumption of normal operations.
- vi. The decision to lift a suspension in the calculation of net asset value or of subscriptions or redemptions should be notified to **MERJ Exchange** without delay, for dissemination.
- vii. Where there has been a suspension in the calculation of net asset value or of subscriptions or redemptions **MERJ Exchange** may also require a precautionary suspension of trading until the situation is rectified.

#### d) **Retail Funds**

The majority of directors of a **retail fund** must be independent.

#### e) **Real estate investment entities**

- i. The **operator(s)** of a **real estate investment entity** must be independent of the independent valuer.
- ii. The majority of the **operator(s)** of a **real estate investment entity** must be independent of any property manager and any other advisor to the **real estate investment entity**.
- iii. The **operator(s)** and any third party appointed to manage the assets of a **real estate investment entity** shall bear responsibility with regard to the **investors** for ensuring that any underlying entities through which the **real estate investment entity** holds an **investment** comply with these **Listing Rules** and any other legal or regulatory provisions that apply to the **investment entity**.
- iv. The following investment policy restrictions apply where the **real estate investment entity** is a **retail fund** -
  - a. The **operator(s)**, any third party that is appointed to manage the assets of a real estate **investment entity**, any custodian and its agents, as well as closely related natural and legal persons, may not acquire property



investments from **real estate investment entities** or assign any such assets to them;

- b. The **real estate investment entity** may not acquire nor accept any assignment of any property investments from any of the parties aforementioned in paragraph a.
- c. If justified, individual situations may arise where **MERJ Exchange** may at its discretion grant an exemption from the ban on transactions with the persons stated in paragraph a. if this is in the interest of the **investors**.
- d. Co-investment in any property investment is only permitted where the **real estate investment entity** can demonstrate an ability to exert a dominant influence in terms of the investment. **MERJ Exchange** may waive this requirement in the case of a **single asset investment entity** under an approved scheme provided that the fact that the **real estate investment entity** will be a co-investor where it is not able to exert a dominant influence on the property investment is clearly and prominently disclosed to **investors** in the **Listing Particulars**.
- e. The amount of any outstanding mortgage on any one property must not represent more than 80% of the value of that property.
- f. Except in the case of a **single asset investment entity** to which paragraph e above applies, properties subject to mortgage must not exceed 50% by value of the gross assets of the **real estate investment entity**.
- g. Where a **real estate investment entity** issues **securities** which are partly paid, the investment restrictions apply to the gross value of assets excluding any uncalled amount. However, during a period of two years from the **listing date** or date of commencement of operations (if earlier), uncalled capital may be included as part of the gross value of assets, for this purpose, provided always that there is an irrevocable commitment by the holder of the **securities** to subscribe to any call made by the **real estate investment entity**.
- h. The restrictions in paragraphs b to g shall not be considered breached by virtue of appreciations or depreciations in the value of any property which are outside the control of the **real estate investment entity** and investment manager or **operator(s)** where no investment manager is appointed. Any enhancement or other expenditure incurred by the **real estate investment entity** on any property must be taken into account in calculating these investment restrictions. In addition, the investment manager or **operator(s)** where no investment manager has been appointed must have regard to these investment restrictions. In addition, the investment manager or **operator(s)** where one has not been appointed must have regard to these investment restrictions when considering changes in the investment portfolio of the **real estate investment entity**.

f) Independent Valuer

- i. Any property acquired by a **real estate investment entity** or by an underlying entity in which the **real estate investment entity** owns a majority interest in the investment, whether directly or indirectly, must be valued according to



internationally accepted property valuation standards by a suitably qualified independent valuer. Where the price paid by the **real estate investment entity** or said underlying entity for a property is materially different from the valuation the **real estate investment entity** must include details in its annual financial report.

- ii. A **real estate investment entity** must undertake at regular intervals and in any case at least once every three years an independent valuation of its property portfolio, carried out according to internationally accepted property valuation standards by a suitably qualified independent valuer. The frequency of valuation must be agreed in advance with **MERJ Exchange**.
- iii. Where no **investments** have been made prior to the **listing date** and an independent valuer has yet to be appointed, the **Listing Particulars** must include details of the criteria to be used in selecting an independent valuer and the valuation methodology to be used. In such cases the identity of the independent valuer must be agreed in advance with **MERJ Exchange**.
- iv. In order to be acceptable to **MERJ Exchange**, an independent valuer appointed by the **real estate investment entity** must:
  - a. be a member of an institute of chartered surveyors or any other equivalent acceptable to **MERJ Exchange**, recognized as such in the country in which the member conducts its business, with the knowledge of valuing property in the location and of the category of the asset being acquired;
  - b. be independent of the investment manager, any property manager and any other adviser to the **real estate investment entity**; and
  - c. have no significant financial interest in the **real estate investment entity** and have no recent or foreseeable potential fee earning relationship concerning the subject property apart from the valuation fee and must have disclosed any past or present relationship with any interested parties or any previous involvement with the subject property.
- v. The **real estate investment entity** should not have any significant direct or indirect financial interest in the independent valuer's firm or company.

#### g) **Venture capital funds**

In derogation of LR 9.3 c), the investment policy of a **venture capital fund** may provide for it to take legal control over the **issuer** of those **investments**. However, management control by an **investment entity** over such an **issuer** may not be taken. Any management influence must be confined to the provision of strategic advice and may not include involvement in the daily operations of that **issuer**. A **venture capital fund** may appoint non-executive representatives to the board of that **issuer**, provided that such representatives do not form a majority of the board for voting purposes.

#### h) **Exchange traded funds**

##### Listing requirements

- i. An **exchange traded fund** must include "ETF" in its name.



- ii. **Listing** is restricted to **ETFs** that relate to underlying **investments** permitted by **MERJ Exchange** under the terms of paragraphs iv. to ix., that have a price that is set regularly, and that are publicly accessible.
- iii. **MERJ Exchange** may permit further underlying **investments**.
- iv. **Equity securities** that are listed or admitted to trading on **MERJ Exchange** or another foreign **securities exchange** with equivalent regulation are permitted as underlying **investments** for **ETFs**. Furthermore, **debt securities** and **ETFs** that are **listed** on **MERJ Exchange** or on a foreign **securities exchange** with equivalent regulation are also permitted as underlying **investments**.
- v. All derivatives that are **listed** or admitted to trading on **MERJ Exchange** or an exchange with equivalent regulation are permitted as underlying **investments** for **ETFs**.
- vi. Standardized options and futures contracts which are traded on **MERJ Exchange** or an exchange with equivalent regulation are permitted as underlying **investments** of **ETFs**.
- vii. The following reference rates are permitted as underlying **investments** for **ETFs**:
  - a. freely convertible foreign currencies; the requirement that a currency must be freely convertible may be waived provided that redemptions in currencies that are not freely convertible are prohibited;
  - b. standard market interest and swap rates, such as the 3-month Libor or Euribor. This excludes rates fixed unofficially (e.g. in an agreement between two parties);
  - c. precious metals, specifically gold, silver, platinum and palladium;
  - d. commodities that are traded on a **recognized exchange** and for which spot prices are published.
- viii. Indices are permitted as underlying **investments**, provided the **issuer** ensures compliance with the following requirements:
  - a. the index is composed of permitted underlying **investments**, as prescribed in this LR 9.17 h);
  - b. the index sponsor has issued index regulations that can be viewed, free of charge, on the internet. The **issuer** must provide interested **investors** with these index regulations free of charge upon request, without demanding any proof of interest;
  - c. the level of the index is published openly and free of charge on the internet at regular intervals, but at least once a month. The **issuer** must disclose the last published index level to interested **investors** free of charge upon request, without demanding any proof of interest.
- ix. Baskets composed of the underlying **investments** listed in paragraphs iv. to viii are permitted as underlying **investments** for **ETFs**.
- x. For the purposes of this LR 9.17 h), foreign **securities exchanges** recognized as having equivalent regulation are those that hold full membership of the Federation of European Securities Exchanges (FESE) or the World Federation of Exchanges (WFE). Further exchanges may be





recognized in a ruling as having equivalent regulation. **MERJ Exchange** may demand that the **issuer** provides evidence of equivalent regulation.

- xi. An **ETF** must be fully covered at all times.
  
- xii. An **ETF** must make provision for distributions to **investors** where applicable and such distributions must be made on at least an annual basis and announced in accordance with these **Listing Rules**.

#### Ongoing Obligations

- xiii. The **ETF** must publish the following details on its website daily –
  - d. the net asset value (NAV) of the underlying assets of the **ETF**;
  - e. the number of units/shares outstanding;
  - f. information about dividends or any income or capital distributions paid in relation to the **ETF**; and
  - g. the index level (if applicable) for the preceding day.
  
- xiv. An actively managed **ETF** must on each business day prior to the commencement of trading in the units of the **ETF** disclose on its website and send to **MERJ Exchange** the identities and quantities of the underlying **investments** held by the **ETF**.



## SECTION 10

### SPECIALIST SECURITIES

#### 10.1. Special Purpose Acquisition Companies (SPAC)

##### a) General requirements

- i. A **SPAC** is created with the intention of pooling capital to be used toward the acquisition of part or the whole of an asset.
- ii. A **SPAC** should usually be formed as a closed-ended company.
- iii. A **SPAC** may not raise funds through any form of debt financing except if to be used as part of a qualifying acquisition as defined in LR 10.1 g).
- iv. A **SPAC** may not have any prior written or oral agreement to acquire the assets of any other entity up until the date of **IPO** of the **SPAC**, but the **SPAC** may be in discussions with one or more potential acquisition targets.
- v. The **Articles** must include provisions for liquidation of the **SPAC** after 24 (twenty-four) months if there has been no qualifying acquisition unless extended by a maximum of an additional 12 (twelve) months by an **ordinary resolution**.

##### b) The following free float and shareholder spread requirements apply in derogation from LR 2.11 for a **SPAC**:

- i. **Founding investors** must provide the seed capital, the amount of which must be clearly disclosed in the **Listing Particulars**, to establish the **SPAC** and result in holding of a minimum of 5% (five percent) and no more than 20% (twenty percent) of the issued **securities** after the **IPO**.
- ii. A **SPAC** looking to raise between \$200,000 (two hundred thousand US Dollars) and \$10,000,000 (ten million US Dollars) must have a minimum of 25 (twenty-five) **investors** each having no more than 4% (four percent) of the issued **securities** and no more than an aggregate of 10% (ten percent) in the case of associated parties.
- iii. A **SPAC** looking to raise more than \$10,000,000 (ten million US Dollars) but less than \$30,000,000 (thirty million US Dollars) must have a minimum of 50 (fifty) **investors** each having no more than 4% (four percent) and no more than an aggregate of 10% (ten percent) in the case of associated parties.
- iv. A **SPAC** looking to raise more than \$30,000,000 (thirty million US Dollars) must have a minimum of 100 (one hundred) **investors** each having no more than 4% (four percent) and no more than an aggregate of 10% (ten percent) in the case of associated parties.

##### c) Restrictions on transfer of shares

The **lock-in period** shall apply to **founding investors** until the completion of a



qualifying acquisition as described in this section.

d) Additional issuances

A **SPAC** may not raise additional capital after its **IPO** and before a qualifying acquisition except through a renounceable **rights offer** to existing **investors**.

e) Use of **IPO** proceeds of a **SPAC**:

- i. The **SPAC** must place a minimum of 90% (ninety percent) of the **IPO** proceeds in an approved escrow account to be released under the following conditions:
  - a. For a qualifying acquisition as defined in LR 10.1 g; or
  - b. In the event of a SPAC winding up.
- ii. **Underwriters**, if any, must agree to place 50% (fifty percent) of their commissions raised during an **IPO** in the escrow account until a qualifying acquisition has been completed.
- iii. Up to a maximum of 10% (ten percent) of the proceeds may be used to cover expenses specifically related to a qualifying acquisition.

f) Escrow Procedures

- i. Escrow funds must be held in an escrow or trust account by an escrow agent approved by the **Listing Committee** with a **bank** in **Seychelles** or a **recognized jurisdiction**.
- ii. Any outward transactions from the escrow account must require the approval of both the **issuer** and its **Sponsor Advisor** jointly.
- iii. An Escrow fund must have a liquidation distribution feature, pursuant to which, if the qualifying acquisition is not completed within the permitted time frame, shareholders (other than the **founding investors** in respect of their **securities**) are entitled to receive, for each **security** held, an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of **securities** then outstanding less the **securities** held by the **founding investors**.

g) Qualifying acquisitions

- i. A **SPAC** shall have up to a maximum of 24 (twenty-four) months to conclude a qualifying acquisition subject to an extension of a maximum of an additional 12 (twelve) months if approved by an **ordinary resolution**.
- ii. The acquisition may include one or more acquisitions if concluded in conjunction but in any case, must utilize a minimum of 75% (seventy five percent) of the proceeds held in escrow for the **SPAC** excluding deferred underwriter commissions, taxes payable and interest accrued.



- iii. The acquisition shall require approval of the **investors** of the **SPAC** by **ordinary resolution** at a general meeting and a majority of the **Board of Directors**.
  - iv. A company, which is the target of any acquisition by the **SPAC** where the acquisition would result in a reverse **takeover** of the **SPAC**, must meet these **Listing Rules** and satisfy the **Sponsor Advisor** and **Listing Committee** that it is suitable for listing on **MERJ Exchange** prior to the acquisition and for the avoidance of doubt the provisions of LR 4.8 are applicable to the **SPAC**.
- h) Post-acquisition

The **securities** of the **affected persons** of the **SPAC** must be held in escrow post the qualifying acquisition and subsequently released as follows:

- i. 10% (ten percent) to be released after 6 (six) months;
  - ii. 50% (fifty percent) of the remaining **securities** to be released after 12 (twelve) months; and
  - iii. the remaining **securities** to be released after 18 (eighteen) months.
- i) Liquidation and delisting
- i. Failing to complete a qualifying acquisition in the prescribed time frame, the **SPAC** shall distribute all funds held in escrow on a pro-rata basis to all non-founding holders of its **securities** within 30 (thirty) days from the end of the 24 (twenty-four) month or 36 (thirty-six) month period as applicable.
  - ii. Distributed funds shall include the 50% (fifty percent) underwriting commission and capital contributed by the founders and any interest accrued but shall be net of any taxes that must be withheld and costs associated with the distribution.
  - iii. The **founding investors** shall not be entitled to receive any distribution in a liquidation.
  - iv. The **SPAC** will be delisted by **MERJ Exchange** on or shortly after the date the distributions are completed.

## 10.2. Securitization Vehicle (SV)

- a) An **issuer** that is a **securitization vehicle** must comply with the initial and on-going requirements for **listing** on the either the **Main Board** or **Debt Board** as applicable except as modified by this LR 10.2.
- b) An **issuer** that is a **securitization vehicle** is not required to observe LR 2.2 or 2.3.
- c) An issuer that is a securitization vehicle
- d) The objects of an **issuer** that is a **securitization vehicle** must be limited to those associated with securitizing specific and defined **investments**.



### 10.3. Asset-backed securities (ABS)

- a) 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.
- b) **MERJ 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 **MERJ Exchange** at an early stage to establish the requirements. Where **asset-backed 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, **MERJ Exchange** may (but is not obliged to) require the underlying assets to be **listed** and/or traded on **MERJ Exchange**, another **designated market** or other regulated, regularly operating open market recognized for this purpose by **MERJ Exchange**.
- c) 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 **MERJ Exchange** and subject to such conditions as **MERJ Exchange** may impose.
- d) Where options or conversion rights relating to **equity securities** are used to back an issue of **asset-backed securities**, paragraph c shall apply to the **securities** resulting from the exercise of those options or rights.
- e) 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 **MERJ Exchange**, adequate experience and expertise.
- f) The entity appointed pursuant to paragraph e) must be required to provide periodic financial reports on the performance and credit quality of the underlying portfolio for the benefit of the trustee.
- g) The **issuer** must appoint a custodian acceptable to **MERJ Exchange** or make the trustee referred to in paragraph a) 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 **asset-backed 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.



# SECTION 11

## DEBT SECURITIES

### 11.1. Definitions and background

An **issuer** seeking a listing of **debt securities** must meet these **Listing Rules** unless specifically modified by this section.

### 11.2. Additional Criteria for a debt securities

- a) A **Sponsor Advisor** and its **officers** collectively may not own more than 5% (five percent) of the issued **equity capital** individually or in aggregate of an **issuer** seeking a **listing** of **debt securities**.
- b) Notwithstanding LR 4.8 d), the **closed period** for an **issuer** of **debt securities** is:
  - i. 25 (twenty-five) **business days** before the day of publication of the **issuer's** annual financial statements, or if shorter, the period from its financial year end to the time of publication;
  - ii. 15 (fifteen) **business days** before the day of publication of the **issuer's** interim or half-yearly financial statements, or if shorter, the period from the relevant financial period end up to and including the day of publication; and
  - iii. any other period as determined by **MERJ Exchange** during which any information, determined at the sole discretion of **MERJ Exchange**, must be communicated to the **investors**.

### 11.3. Minimum Issue

- a) The minimum amount of the issue may not be less than USD 300,000 or its equivalent value in any other currency.
- b) Paragraph a) does not apply in the case of a **tap issue** of **debt securities** where the debt amount is not fixed.

### 11.4. Convertible bonds, exchangeable bonds and bonds with warrants attached

- a) Convertible bonds, exchangeable bonds and bonds with warrants may only be **listed** if the **securities** to which they relate are **listed** in on **MERJ Exchange** or on another **designated market** or will be admitted for **listing** at the same time.
- b) The requirement in paragraph a) may be waived if the **Listing Committee** is satisfied that the holders of the **debt securities** have at their disposal all the necessary information to form an opinion concerning the value of the **securities** related to such **debt securities**.





## SECTION 12

### INTERNATIONAL ISSUERS AND CROSS LISTINGS

#### 12.1. International issuers

- a) An **issuer** that is an **international issuer** may seek a **primary listing** or **secondary listing** on **MERJ Exchange** subject to these **Listing Rules**.
- b) If the **issuer** is in the process of fund raising through an **offering** as part of a **listing** on another **securities exchange**, admission to **MERJ Exchange** will be conditional upon the outcome of that **offering**, which may require, at the discretion of **MERJ Exchange**, an **announcement** confirming the outcome of the fund raising, and that any applicable minimum subscription has been reached and that the **securities** have been unconditionally allotted.

#### 12.2. Cross Listings

- a) A **cross listing** occurs where an **issuer** maintains a **primary listing** on **MERJ Exchange** and a **secondary listing** on a **designated market** or vice versa.
- b) In the case of an **international issuer**, all the necessary statutory and regulatory approvals, as applicable, must be obtained in the **issuers'** country of incorporation.
- c) An **issuer** with a **primary listing** on **MERJ Exchange** may seek and obtain a **secondary listing** on another **designated market** subject to maintaining its obligations under these **Listing Rules**.
- d) The **application** requirements for a **cross listing** are found in Schedule – Cross Listing Application.
- e) **MERJ Exchange** reserves the right to refuse the **listing** of an **issuer** prior to the intended **listing date**, even in a situation where such **issuer** has complied with the initial and ongoing **listing** obligations of the **designated market**, or if it is, in the opinion of **MERJ Exchange**, likely to impair **investor** interest and the reputation and integrity of **MERJ Exchange** or **Seychelles** financial markets.

#### 12.3. Fast-track securities

- a) For the purpose of these **Listing Rules**, **international issuers** of **fast-track securities** are not considered **MERJ issuers** and all **listing** obligations on the applicable **designated market** remain applicable to the **issuer**.
- b) In order for a **fast-track security** to be eligible for admission to the **list of securities**, it must have been **listed** on the equivalent of the **MERJ Exchange Main Board** of a **designated market** for a continuous period of not less than 18 (eighteen) months.





- c) A **MERJ Exchange member** or **Sponsor Advisor** may submit an application for a **fast-track security** to be included in the **list of securities** (see Schedule – Fast-track Securities Application).
- d) **MERJ Exchange**, at the sole discretion of the **Listing Committee**, may admit, suspend or delist a **fast-track security** to or from the **list of securities**,



## SECTION 13

# SPONSOR ADVISOR APPLICATIONS AND QUALIFICATIONS

### 13.1. Categories of Sponsor Advisors

- a) **MERJ Exchange** may permit a **Sponsor Advisor** to provide services to all **issuers** or only certain categories of **issuers** such as the following in accordance with the qualifications and experience of the **sponsor advisor**.
- b) **MERJ Exchange** will ordinarily only permit a **Sponsor Advisor** to represent **issuers**, with the exception of any **issuer** that is a **securitization vehicle** or **investment entity**, with a substantial presence in the same jurisdiction of the **Sponsor Advisor** or any of its Representative Officers.
- c) **MERJ Exchange** would consider an **issuer** to have a substantial presence in a jurisdiction where the **issuer** or its operating subsidiary is domiciled or has branch in the jurisdiction.

### 13.2. General qualification requirements

Each applicant seeking to become a **Sponsor Advisor** for **MERJ Exchange** must:

- a) complete and submit the **MERJ Exchange Sponsor Advisor** application form;
- b) be engaged in qualifying business activities as determined by **MERJ Exchange** as applicable to the category of **Sponsor Advisor** for which application is being made;
- c) have **directors** who are all at least 21 (twenty-one) years of age and have full legal capacity;
- d) have **directors, officers** and representatives who are of good character and high business integrity and shall never have been:
  - i. convicted of an offence resulting from dishonesty, fraud or embezzlement;
  - ii. censured or fined by a self-regulatory organization, or recognized professional body; or
  - iii. barred from entry to the professional bodies for reasons relating to their profession or occupation,
- e) demonstrate adequate knowledge of the **Listing Rules** and relevant laws and regulations;
- f) have adequate procedures and supervisory duties imposed by the **AMLA** and any other relevant legislation;



- g) have appropriate risk management and other relevant systems and controls in terms of these **Listing Rules**;
- h) hold Fidelity Insurance Cover or be self-insured to the satisfaction of **MERJ Exchange** in respect of negligence, fraud and misappropriation by **directors, officers** and employees involved in the administration of their duties; and
- i) be ordinarily resident in the **Seychelles** or if not ordinarily resident in **Seychelles** or not a juristic person incorporated in **Seychelles** then the applicant must be domiciled or have a Representative Officer resident in the jurisdiction where the applicant intends to target **issuers** for provision of its services are domiciled.

### 13.3. Specific requirements

- a) Every **Sponsor Advisor** must:
  - i. be a juristic person;
  - ii. have at least one representative **officer** and an alternate approved by **MERJ Exchange** in the employ of the company;
  - iii. have a minimum number of qualified authorized representatives with a minimum duration of relevant experience as may be prescribed by **directive** in full time employ who have satisfied the minimum **competency requirements**;
  - iv. have been engaged in a qualifying activity as may be prescribed by **directive** for at least the past 2 (two) years;
  - v. be approved by the **Executive Committee** of **MERJ Exchange** and admitted to the official register of **Sponsor Advisors** of **MERJ Exchange**;

### 13.4. Application for registration as a Sponsor Advisor

- a) An application to be a **MERJ Exchange Sponsor Advisor** shall be subject to the following:
  - i. the application must be made to **MERJ Exchange in writing**;
  - ii. the application must be accompanied by a non-refundable fee as determined by **MERJ Exchange** (see Schedule Fees and Charges);
  - iii. the **issuer** must agree **in writing** to be bound by the provisions of **the Act**, these **Listing Rules** and the **Schedules**; and
  - iv. any other condition as prescribed by **MERJ Exchange**.
- b) Each **issuer** must complete an application form and submit along with all requested supporting documents and **Responsibility Statements** to the **Executive Committee** of **MERJ Exchange**.



- c) **MERJ Exchange** may request further information that it deems necessary to verify information submitted by the **issuer** to support the application.
- d) **MERJ Exchange** shall be entitled to refuse an application provided such refusal is within a reasonable period of time with **notice** given to the **issuer in writing** with reason for the rejection.
- e) An **issuer** refused registration has the right to representation to the DAB in terms of LR 14.
- f) No exemptions to these requirements shall be allowed for **Sponsor Advisors** unless stipulated **in writing** by **MERJ Exchange**.

### 13.5. Representative Officers

Every representative **officer** shall:

- a) be responsible for the communication between **MERJ Exchange** and the **Sponsor Advisor**;
- b) comply with the **Listing Rules** and **Schedules**;
- c) at all times be registered with **MERJ Exchange**;
- d) receive all **notices** from **MERJ Exchange**;
- e) be responsible for any communication with **MERJ Exchange** that must be provided **in writing**; and
- f) at all times comply with the **Code of Conduct** for **Sponsor Advisors** of **MERJ Exchange**.

### 13.6. Inspections

**MERJ Exchange** may inspect the affairs of a **Sponsor Advisor**, its **officers**, representatives or any **person** involved in its management and administration in relation to services provided to a **MERJ issuer** at any time and any documentation held on behalf of third parties.

### 13.7. Termination of Sponsor Advisor status

A **Sponsor Advisor** may terminate its status with **MERJ Exchange** by giving 20 (twenty) **business days**' notice **in writing** of such termination and the reasons thereof to **MERJ Exchange**.

- a) **MERJ Exchange** shall give written response within 10 (ten) **business days** of receipt of such termination notice.
- b) **MERJ Exchange** may accept the notice of termination unconditionally or



conditionally or upon such conditions as it may deem fit, provided that any termination notice will satisfy **MERJ Exchange** that all outstanding obligations in terms of the **Listing Rules** and the **Schedules** are met.

- c) The termination of that **Sponsor Advisor** shall only be effected once notice has been received **in writing** from **MERJ Exchange**.
- d) Instant termination of **Sponsor Advisor** status shall be at the discretion of **MERJ Exchange** if the **Sponsor Advisor** is:
  - i. placed under judicial management;
  - ii. placed under curatorship;
  - iii. liquidated;
  - iv. suspended by **MERJ Exchange**;
  - v. granted any judgment not set aside by a Court of Law;
  - vi. found to have submitted misleading or untrue material in its application;  
or
  - vii. deemed to be bringing **MERJ Exchange** into disrepute.
- e) **MERJ Exchange** will notify all other **Sponsor Advisors** of termination of the status of a **Sponsor Advisor** by way of an **announcement**.

### 13.8. Fees and Charges

- a) **Sponsor Advisors** shall negotiate with their clients the **fees** that they may charge for their services.
- b) **Sponsor Advisors** may charge different **fees** for different categories of services.



## SECTION 14

### FUNCTIONS AND DUTIES OF SPONSOR ADVISORS

A **Sponsor Advisor** must –

- a) have as its overriding principle in terms of its services as a **Sponsor Advisor** the preservation of the reputation of **MERJ Exchange**;
- b) be independent of the **External Auditor** for any **MERJ issuer** it represents;
- c) register each Representative Officer with **MERJ Exchange**;
- d) **notify MERJ Exchange** immediately upon giving a **MERJ issuer** 30 (thirty) **business days**’ notice if it relinquishes the role of **Sponsor Advisor**;
- e) submit a “Sponsor Advisor Responsibility Statement” (see Schedule – Sponsor Advisory Responsibility Statement) to **MERJ Exchange** before bringing an **issuer to list**;
- f) have an obligation to **MERJ Exchange** to assess the appropriateness of an **issuer** for initial and ongoing **listing on MERJ Exchange**;
- g) conduct a reasonable and proper investigation into an **issuer**, including a due diligence assessment (see Schedule – Long Form Due Diligence), before taking on the responsibility of a **Sponsor Advisor** and recommending an **issuer** for **listing on MERJ Exchange**;
- h) once satisfied with due diligence, completeness of **admission documents** and overall suitability of the **issuer** for a **listing on MERJ Exchange**, recommend an **issuer to MERJ Exchange** for a **listing** on a particular **Board of MERJ Exchange**;
- i) ensure that all the documentation and information required by **MERJ Exchange** is submitted timeously and in the form required by **MERJ Exchange**;
- j) manage the **listing** process of the **issuer** and thereafter ensure that the **MERJ issuer** complies with **the Act** and these **Listing Rules** at all times;
- k) advise and monitor the **MERJ issuer** of the **lock-in period** and **closed period** of **MERJ Exchange**;
- l) monitor the **trading** activity in the **securities** of the **MERJ issuer** particularly during **closed periods**;



- m) relay the **MERJ issuer's** information relating to any **related party transactions** promptly to the **Market Regulation Division**;
- n) assist and advise the **MERJ issuer** in terms of its ongoing obligations required by **the Act** and these **Listing Rules (See also Directive on Regular Reporting Obligations and Directive on Ad hoc Reporting)**;
- o) attend in person or via teleconference at the Annual General Meeting and general meetings of the **MERJ issuer**;
- p) either attend the meetings of the **Board of Directors** whether in person or via teleconference or at a minimum receive and review a complete set of meeting documents including minutes of meetings of the **Board of Directors**, at the discretion of the **Sponsor Advisor**;
- q) maintain regular contact with the **MERJ issuer** to ensure it remains informed about important events relating to the **issuer**;
- r) review any proposed **announcement** from a **MERJ issuer** ensuring compliance with legal and regulatory requirements as well as these **Listing Rules**, assist with preparation of the **announcement** in an acceptable format and thereafter submit the **announcement** to the **Head of Market Regulation** for distribution to the **investment community**;
- s) immediately **notify** the **Head of Market Regulation** of any suspected breach of these **Listing Rules** by a **MERJ issuer**;
- t) as soon as is practical but not later than 1 (one) day after receipt of the resignation or notification of dismissal of a **Company Secretary** or **auditor**, **notify** the **Head of Market Regulation** of any such resignations; and
- u) generally act as the conduit between **MERJ Exchange** and the **MERJ issuer** for all communications; and
- v) adhere to **Code of Conduct**;



## SECTION 15

### CODE OF CONDUCT

#### 15.1. General code of conduct

This **Code of Conduct** for **MERJ Exchange** is binding upon all **MERJ issuers** and **Sponsor Advisors** and their **directors, officers**, employees and agents who shall:

- a) at all times comply with these **Listing Rules** honestly, fairly, with due skill, care and diligence and preserve the integrity of the market and of **MERJ Exchange**;
- b) exercise independent professional judgment at all times;
- c) conduct themselves in such a manner and implement such actions as to further the objects of **MERJ Exchange** and the **Securities Authority**;
- d) maintain sufficient knowledge of and comply with **the Act** and all applicable legislation in the **Seychelles** or their country of incorporation;
- e) not engage in any conduct likely to bring **MERJ Exchange**, the **Securities Authority** or **Seychelles** into disrepute;
- f) to the extent required by **MERJ Exchange, directors, officers**, employees and agents of **MERJ issuers** and **Sponsor Advisors** must maintain appropriate guarantees or professional indemnity or fidelity insurance cover to mitigate the risks inherent in their business and to which their clients are exposed; and
- g) **directors, officers**, employees and agents of an **issuer** and **Sponsor Advisor** may not request or induce in any manner an **investor** to waive any right or benefit conferred on the **investor**.

#### 15.2. Specific Code of Conduct

No **MERJ issuer** or **Sponsor Advisor** and their **officers**, employees or agents involved in the **listing** and administration of **listed securities** may bring **MERJ Exchange** into disrepute, which includes but is not limited to the following as it relates to **securities** maintained in the **list of securities**:

- a) the artificial manipulation of **listed securities** or manipulative pricing practices;
- b) the normal or artificial influencing or dictating or deviating materially from the **listing price** or **trading price** in a **listed security**;
- c) using improper, false or deceptive appearances of the **listing** activities of a **listed security**;
- d) using improper, false or deceptive appearances of the demand in a **listed security**;





- e) entering the market to influence the **listing** price of a **listed security**;
- f) employing any device or scheme to create fraud in a **listed security**; and
- g) the **MERJ issuer** conducting its business in an improper manner.

### 15.3. Disclosure to investors

Where a **MERJ issuer** or **Sponsor Advisor** or their **directors, officers**, employees and agents promote any **listed security** maintained in the **list of securities** to an **investor** or potential **investor** it/they must:

- a) be factually correct;
- b) be adequate and appropriate in the circumstances of that particular **security** taking into account the level of knowledge of the **investor** or potential **investor**;
- c) be provided timeously so as to afford the **investor** or potential **investor** reasonably sufficient time to make an informed decision about the proposed **trade**;
- d) disclose in monetary terms all amounts, sums, values, charges, **fees**, remuneration, or other monetary obligations mentioned or referred to therein;
- e) disclose full and accurate information about the **fees** and any other charges that may be levied on **investor** or potential **investor**;
- f) provide a general explanation of the nature and material terms and risks of a relevant transaction to enable the **investor** or potential **investor** to make an informed decision; and
- g) disclose to the **investor** or potential **investor** the existence of any personal interest in the **MERJ issuer** or **Sponsor Advisor**, or any circumstances that give rise to an actual or potential conflict of interest in relation to such **securities**.

### 15.4. Advertisements

A **MERJ issuer** or **Sponsor Advisor** and their **officers**, employees and agents must:

- a) not provide any fraudulent or misleading advertising, canvassing or marketing for a potential new **listing** of a class of **security** or one maintained in the **list of securities** as applicable;
- b) provide accurate, complete, and unambiguous information about listing and **securities services**;
- c) discern fact from opinion;
- d) not provide advertising that contains any statement, promise, or forecast that is fraudulent, untrue or misleading;



- e) explain the risks attached to any new **listing** of a class of **security** or one maintained in the **list of securities** as applicable; and
- f) must carry the **MERJ issuer's** logo and be easily identifiable as being an **advertisement** of the **MERJ issuer**.



## SECTION 16

### DISPUTE RESOLUTION

#### 16.1. Disputes

Disputes are categorized and defined as:

- a) a decision or action of **MERJ Exchange** which excludes any decision or action relating to a dispute brought under LR 16.4a).

#### 16.2. Composition of the Dispute Resolution Body

- a) The Dispute Resolution Body established by **MERJ Exchange** for the purpose of these **Listing Rules** shall comprise not less than 3 (three) persons and shall be appointed by the **Executive Committee**.
- b) The following persons shall not be eligible for appointment to the Dispute Resolution Body;
  - i. an employee of **MERJ Exchange** who may not be appointed or co-opted unless required in terms of any statute and the **Listing Rules** or to perform administrative duties;
  - ii. **Controlling Body** members, with the exception of the **Head of Market Regulation**, unless such **Controlling Body** member is a party to the hearing.
- c) Members of the Dispute Resolution Body shall not have any conflict or potential conflict of interest in respect of any matter before the Dispute Resolution Body. A conflicted member shall not participate in the proceedings of the Dispute Resolution Body in respect of which he holds a conflict or potential conflict of interest.
- c) d) The **Executive Committee** may co-opt an individual or appoint an individual to replace a member who is not able to participate in any dispute resolution body procedures due to illness, conflict of interest or otherwise.

#### 16.3. Dispute Resolution Body Procedures

- a) All procedures for disputes will be handled in terms of this LR 16.3.;
- b) All disputes must be presented in writing to the **Head of Market Regulation**;



- c) A matter that is the subject of any existing litigation cannot be submitted for dispute resolution in terms of this Rule 16.6.
- d) The **Head of Market Regulation** will confirm receipt of the dispute in writing.
- e) The Complainant shall deliver a written memorandum to the **Head of Market Regulation** with a clear and concise summary of the matter in dispute as well as the redress sought, and the **Head of Market Regulation** shall also circulate this to the other party within 7 (seven) **business days**.
- f) The Defendant shall then have 7 (seven) **business days** to file a written statement containing its summary of the matter in dispute, which shall again be forwarded to the **Head of Market Regulation** and the Complainant within 7 (seven) **business days**.
- g) The Dispute Resolution Body may request all parties involved in the dispute to provide copies of additional relevant documentation and correspondence required to review the dispute as it deems necessary.
- h) The Dispute Resolution Body will investigate the dispute and attempt to facilitate a resolution to the dispute within 15 (fifteen) **business days** and issue a recommendation **notice** to the parties.
- i) Where a Complainant or Defendant is dissatisfied with the recommendation, it must inform the **Head of Market Regulation in writing** within 5 (five) **business days** of the receipt of the recommendation **notice** and upon receipt thereof, the dispute shall be dealt with by **MERJ Exchange** pursuant to and in accordance with the following dispute resolution scheme as detailed below. The parties shall receive a **notice** from the **Head of Market Regulation** in this regard.
- j) The **MERJ Exchange Executive Committee** reserves the right to refer the matter to the **Disciplinary Committee** at any time after the dispute has been received **in writing** from the Complainant.
- k) Nothing contained in these **Listing Rules** shall be interpreted as subjugating any obligations between **MERJ issuers, Sponsor Advisors**, and **MERJ Exchange** or its appointed **clearing agency** or **securities facility** and all parties to the dispute shall comply promptly and fully with all such obligations notwithstanding the fact that a dispute is submitted under these **Listing Rules**.
- l) The outcome of all disputes, including those of the Dispute Appeals Body will be forwarded to the **Securities Authority**.
- m) All costs associated with the hearing of the dispute before the Dispute Resolution Body relating to venue, recording, refreshments, transcribing and any independent arbitrator shall be borne in equal proportions by the parties respectively.
- n) For the purposes of achieving fairness between the parties, the Dispute Resolution Body shall in its sole discretion be entitled to make an award against the losing party to pay the legal costs that the successful party has incurred in addition to the proportionate costs due by the successful party in terms of LR 16.6 (m) above.



#### 16.4. **Dispute Appeal Body (DAB)**

- a) If a recommendation notice issued by the dispute resolution is not accepted by a party to the dispute, such party may submit all relevant documentation to the DAB within 5 (five) **business days** of receipt of the notice in terms of LR 16.6(h).
- b) The DAB shall be chaired by **Head of Market Regulation** or his nominee and two other persons to be appointed by the **Executive Committee**
- c) The Chairperson of the Dispute Resolution Body shall notify both parties to the dispute of the referral to the DAB and request each party to inform the DAB as to their respective legal representatives, within 10 (ten) **business days**.
- d) If either or both of the parties to the dispute fail to reply in terms of LR 16.7(c) above, such party or both as the case may be, will be deemed not to have a legal representative and be deemed to act on their own behalf.
- e) The DAB shall have the following powers:
  - i. to notify the parties or their legal representatives of the time and location of the meeting;
  - ii. to resolve a dispute through mediation, conciliation, recommendation or determination;
  - iii. to act independently in resolving a dispute or in making a determination;
  - iv. to follow informal, fair and cost-effective procedures;
  - v. to, where appropriate, apply principles of equity in resolving a Complaint;
  - vi. to report to the **Securities Authority** and to a body representative of the relevant category of financial institutions on matters that may be of interest to them;
  - vii. in making any determination, to provide for the effective enforcement of the determination in his discretion;
  - viii. allocate settlement costs as appropriate including costs arising out of this dispute;
- f) in exercising the above powers, the DAB must ensure that the questions, concerns and disputes of the parties are treated equitably and consistently in a timely, efficient and courteous manner.



## SECTION 17

### DISCIPLINARY ACTIONS AND SANCTIONS

#### 17.1. General Powers of the Disciplinary Committee

- a) **MERJ Exchange** derives its disciplinary powers from Section 12 (2) of **the Act**.
- b) The **Disciplinary Committee** derives its powers from its appointment by the **Executive Committee** of **MERJ Exchange** *inter alia*, to oversee and direct all disciplinary matters relating to these **Listing Rules**.
- c) Disciplinary actions and sanctions shall be administered by the **Disciplinary Committee** of **MERJ Exchange** or any person to whom it has delegated its powers. The purpose of any disciplinary actions or sanctions imposed under this section are to facilitate and promote a well-regulated and orderly market as well as deter any actions that may increase systemic risk in the market. The powers and functions of the **Disciplinary Committee** as it relates to these **Listing Rules** include the following:
  - d) The **Disciplinary Committee** may investigate and take disciplinary action at any time against a **Sponsor Advisor** or **MERJ issuer** (which in this section for the purposes of disciplinary proceedings shall include a **Sponsor Advisors'** or **MERJ issuers' directors, officers** or employees) who contravene or fail to comply with these **Listing Rules** and **Schedules**.
  - e) The **Disciplinary Committee** may suspend or restrict the **Sponsor Advisor's** activities as they relate to the services being provided to any **MERJ issuer** on an interim basis when a matter is under investigation.
  - f) The **Disciplinary Committee** has the power to receive, consider and deal with any referrals to it.
  - g) Any disciplinary action brought against a **MERJ issuer**, or **Sponsor Advisor** by the **Disciplinary Committee** will be brought to the attention of the **Executive Committee** and **Securities Authority** and a report on the disciplinary proceedings shall be furnished to the **Securities Authority in writing** within 30 (thirty) days after the completion of the disciplinary proceedings.

#### 17.2. Co-operation of MERJ issuers and Sponsor Advisors

- a) A **MERJ issuer** or **Sponsor Advisor** must co-operate with the **Disciplinary Committee** in regard to any investigation pertaining to the contravention or non-compliance with these **Listing Rules**.
- b) The **Disciplinary Committee** may require a **MERJ issuer** or **Sponsor Advisor** to disclose information or produce documents and evidence relevant to the suspected



breach of these **Listing Rules**, whether in the **MERJ issuer's** or **Sponsor Advisor's** possession or in the custody of any other party.

- c) The **Disciplinary Committee** may prescribe the format required for the purpose of investigating compliance with these **Listing Rules**.
- d) The level of co-operation afforded by the **MERJ issuer** or **Sponsor Advisor** will be taken into account upon the sanctioning of the **MERJ issuer** or **Sponsor Advisor**.

### 17.3. Investigation protocol

- a) The **Disciplinary Committee** may appoint an official, who may be an employee of **MERJ Exchange**, to inspect the affairs of a **MERJ issuer** or **Sponsor Advisor**, or any **director, officer** or employee of a **MERJ issuer** or **Sponsor Advisor**, to ascertain whether the affairs of the **MERJ issuer** or **Sponsor Advisor** comply with these **Listing Rules**.
- b) **MERJ Exchange** shall have the right to:
  - i. gain access to the premises of any **MERJ issuer** or **Sponsor Advisor**;
  - ii. have access to any records, recordings, documents, or any information required to complete the investigation or to make copies of or take extracts of documents and information, including electronic recordings;
  - iii. question any **director, officer**, or employee or agent of the **MERJ issuer** or **Sponsor Advisor**; and
  - iv. request information from any third parties providing services to **MERJ Exchange** or the **MERJ issuers** or **Sponsor Advisor**.
- c) On completion of an inspection, a report shall be submitted by the **Disciplinary Committee** to the **Executive Committee**.

### 17.4. Burden of proof

The burden of proof rests solely with **MERJ Exchange** and **the Disciplinary Committee** shall not find an allegation proven unless it is satisfied on a balance of probabilities on consideration of the evidence that the **Sponsor Advisor** or **MERJ issuer** has contravened or not complied with these **Listing Rules**.

### 17.5. Composition of the Disciplinary Committee

- a) The **Disciplinary Committee** shall not comprise less than 3 (three) persons and shall be appointed by the **Executive Committee**.
- b) The following persons shall not be eligible for appointment as a member of the **Disciplinary Committee** :



- i. an employee of **MERJ Exchange** who may not be appointed or co-opted unless required in terms of any statute and these **Listing Rules**;
  - ii. **Controlling Body** members unless such member of the **Controlling Body** is party to the hearing.
- c) Members of the Disciplinary Committee shall not have any conflict or potential conflict of interest in respect of any matters before it. A conflicted member shall not participate in the proceedings of the Disciplinary Committee in respect of which he holds a conflict or potential conflict of interest.
- d) The **Executive Committee** may co-opt a person or appoint a person to replace a member who is not able to participate in any Disciplinary Committee procedures due to illness, conflict of interest or otherwise.

#### 17.6. **Disciplinary Committee protocol**

- a) The **Disciplinary Committee** may vary any of its procedures to adapt to the circumstance of any particular alleged contravention or non-compliance of these **Listing Rules**.
- b) The **Disciplinary Committee** shall:
- i. consider any contraventions by a **MERJ issuer** or **Sponsor Advisor** in respect of a breach of these **Listing Rules**;
  - ii. consider the contravention tabled in respect of the breach;
  - iii. consider the charge tabled against a **MERJ issuer** or **Sponsor Advisor** in respect of the breach; and
  - iv. consider its responsibilities in respect of any allegation that the integrity and reputation of **MERJ Exchange** has been or may be impaired as a result of the conduct of the **MERJ issuer** or **Sponsor Advisor** involved.
- c) The **Disciplinary Committee** shall produce a disciplinary report including:
- i. the nature of the disciplinary proceeding;
  - ii. the facts referred to it;
  - iii. the investigations undertaken by it; and
  - iv. any other relevant facts that it has ascertained,

in contemplation of the hearing to be held in terms of LR17.7 .





### 17.7. The hearing

- a) The hearing of the **Disciplinary Committee** shall commence within 20 (twenty) **business days** after the completion of the initial disciplinary report.
- b) Parties involved in the disciplinary investigation will be given **notice** of the time and place of a hearing.
- c) A representative of the **MERJ issuer** or **Sponsor Advisor** concerned must be present at the hearing.
- d) Disciplinary hearings will be conducted in private.
- e) The Defendant is entitled to legal representation at its own cost.
- f) Evidence admitted from the Defendant may be oral or written.
- g) The Defendant to a disciplinary hearing may submit evidence to the **Disciplinary Committee** at any time up until 10 (ten) days before the hearing.
- h) The **Disciplinary Committee** may in the interest of fairness and transparency require any **director, officer** or employee of the Defendant and/or other parties involved in the investigation to appear before the **Disciplinary Committee**.
- i) The Defendant may appear in person or be legally represented at any pre-hearing review or hearing and shall be entitled to:
  - i. be heard in argument;
  - ii. give evidence in their own defence; and
  - iii. give evidence in mitigation.
- j) At a hearing, **MERJ Exchange** may take into account information obtained by the **Securities Authority**.
- k) The **Disciplinary Committee** may grant consent order in respect of any **settlement** negotiated between **MERJ Exchange** and the Defendant either prior to the start or before the conclusion of the hearing in relation to any disciplinary outcome on **MERJ Exchange**.

### 17.8. Sanctions

- a) Where the Defendant has been found guilty of a contravention or non-compliance in terms of these **Listing Rules** the **Disciplinary Committee** may:
  - i. issue a warning or reprimand **notice in writing** to a **Sponsor Advisor** or **MERJ issuer**;
  - ii. in the case of a **MERJ issuer**, levy a fine not exceeding \$500,000 (five



hundred thousand US Dollars);

- iii. temporarily suspend the **Sponsor Advisor** or **MERJ issuer** for a period not exceeding 6 (six) months;
  - iv. issue a cease and desist order;
  - v. terminate the registration of the **Sponsor Advisor** or **MERJ issuer**;
  - vi. direct the **Sponsor Advisor** or **MERJ issuer** to terminate the **director** and/or the employment of an **officer** or employee found to be party to the contravention or non-compliance;
  - vii. require a or **Sponsor Advisor** to cancel the registration of the employee found to be party to the contravention or non-compliance;
  - viii. issue an order directing restitution to any injured person;
  - ix. require a **Sponsor Advisor** or **MERJ issuer** that is the subject of an investigation or a hearing as a result of a contravention or failure to comply with these **Listing Rules**, to pay the costs incurred of such investigation or hearing;
  - x. require the **Sponsor Advisor** or **MERJ issuer** to take steps and give **in writing** an undertaking or any other remedy to prevent the recurrence of the contravention or non-compliance that has given rise to the disciplinary proceeding;
  - xi. in urgent cases, such as criminal activity, refer the matter immediately to the **Executive Committee** of **MERJ Exchange**, who may suspend the **Sponsor Advisor** or **MERJ issuer** for such period as the **Executive Committee** deems necessary; or
  - xii. at any stage refer the matter to the **Executive Committee** of **MERJ Exchange**, which may in its sole discretion publish by way of a **notice** or **announcement** to other **Sponsor Advisors** or **MERJ issuers** the outcome of any disciplinary hearing.
- b) Where a **Sponsor Advisor** or **MERJ issuer** is aggrieved with the outcome of the disciplinary hearing and/or the sanction imposed, the **Sponsor Advisor** or **MERJ issuer** may appeal against the outcome and/or sanction imposed to the Disciplinary Appeal Committee within 14 (fourteen) **business days** by filing with the Chairperson of the **Disciplinary Committee** a notice of the intention to appeal, setting out the grounds upon which the appeal is founded.
- c) The Disciplinary Appeal Committee shall convene the appeal hearing within 30 (thirty) **business days** of the notice of appeal being filed and notify the parties to the hearing of the date and time of the appeal hearing.



- d) In the appeal hearing the appeal shall be limited to the evidence that was adduced in the disciplinary hearing and no new evidence shall be permitted.
- e) The parties to the appeal hearing shall be entitled to be legally represented and may make submissions orally or **in writing**, which shall be limited to the evidence that was adduced in the disciplinary hearing.
- f) The Disciplinary Appeal Committee shall be constituted by 3 (three) persons nominated by the Chairperson of the **Disciplinary Committee** who were not members of the **Disciplinary Committee** that is subject to the appeal.
- g) The decision made by the Disciplinary Appeal Committee is final and binding on all parties and may not form the subject matter of any appeal process or litigation process in **Seychelles** or any international jurisdiction.
- h) The level of co-operation afforded by the **Sponsor Advisor** or **MERJ issuer** will be taken into account upon the sanctioning of the **Sponsor Advisor** or **MERJ issuer**.
- i) **MERJ Exchange** may, upon the imposition of any sanctions contemplated in this section, publish the sanctions by notice or other means at its sole discretion.



## SECTION 18

### CONFIDENTIALITY

**MERJ Exchange** shall treat as confidential any information received from **MERJ issuers or Sponsor Advisor** in relation to a complaint or dispute, except where:

- a) the information is publicly available;
- b) disclosure is required by law or by any other regulatory authority or applicable legislation;
- c) disclosure is expressly permitted by law and **the Act**;
- d) disclosure is required by these **Listing Rules**; or

authority has been granted **in writing** by the **Sponsor Advisor** or **MERJ issuer** as appropriate.



## SECTION 19

### CORPORATE GOVERNANCE

#### 19.1. General Requirements

- a) All **MERJ issuers** are mandated to report on their level of compliance to the Model Code on Corporate Governance (MCCG) (see Schedule – Model Code on Corporate Governance).
- b) The MCCG applies to all **MERJ issuers** regardless of the manner and form of incorporation established, and each **MERJ issuer** in conjunction with **MERJ Exchange** will have to consider the best approach that suits its size and application.
- c) All **MERJ issuers** are required to have **Articles** in terms of the **Companies Act, IBC Act, CSL Act** or other relevant law under which the company was incorporated that sets out the rights, duties and responsibilities of shareholders, **directors** and others within a company and that include any specific provisions required under these **Listing Rules**.
- d) All **listed MERJ issuers** should develop strategies and policies to guide their activities to fall in line with actions of good corporate citizenship.

#### 19.2. MERJ issuer Meetings and resolutions

- a) Notwithstanding anything contained in the **Companies Act, IBC Act, CSL Act** or other company law under which a **MERJ issuer** is registered, a shareholder meeting must not begin until sufficient **persons** are present in person or in proxy at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all the voting rights that are entitled to be exercised.
- b) More than 50% (fifty percent) of shareholders entitled to vote must be required to approve and pass an **ordinary resolution**. The company's **Articles** must not under any circumstances change this minimum requirement; however, it may implement a higher percentage.
- c) 75% (seventy five percent) of the shareholders entitled to vote must be required to approve and pass a **special resolution**. The **Articles** must not under any circumstances change this minimum requirement; however, it may implement a higher percentage.
- d) At least an **ordinary resolution** must be required to amend the **Articles**.



### 19.3. Unissued authorised shares

- a) Notwithstanding anything contained in the **Articles** or **Companies Act** or other relevant legislation under which a **MERJ issuer** was incorporated, the **directors** of a **MERJ issuer** must not have the power to allot or issue **securities** without the prior approval of the shareholders by means of general or specific authority approved by an **ordinary resolution**.
- b) Under a general authority granted at a general meeting, the **directors** of a **MERJ issuer** may not issue additional **securities** representing more than 15% (fifteen) in number or market value of the issued **securities** per annum.
- c) Under a general authority granted at a general meeting, the **directors** of a **MERJ issuer** may not issue **securities** at a discount of more than 10% (ten percent) of the **VWAP** of that **security** calculated over a period of 90 (ninety) days prior to the issuance.
- d) The shareholders of a **MERJ issuer** may approve by specific authority the **allotment** or issuance of additional **securities** by the **directors** on a specific date or over a specified period.
- e) The **directors** of a **MERJ issuer** may only issue additional **securities** after receiving **notice in writing** from **MERJ Exchange** of its approval of the terms and conditions of the new share issuance.



#### 19.4. Composition of the Board of Directors

- a) An **issuer** that is a **trading company, holding company** or a **venture capital fund** must have and maintain at least 2 (two) executive **directors** who are in the full time employ of the **issuer** including at a minimum a Managing Director/CEO and a **Financial Director** or equivalent and at least one independent non-executive director that is not an **affected employee** and has no **interest in securities** of the **issuer**.
- b) Notwithstanding paragraph a) the **Sponsor Advisor** may recommend that this requirement be extended to other **issuers** based on the nature or scope of activities of an **issuer** and the **Listing Committee** may extend this requirement pursuant to LR 1.2 i) to the issuer as a condition of **listing**.



## SECTION 20

### LIMITATION OF LIABILITY

Save in the case of the gross negligence or willful default or breach, **MERJ Exchange**, its **directors, officers** and employees shall not be liable to any person for any loss, liability, damage, expense, costs or claim suffered or incurred arising out of or in connection with the performance of their duties in terms of **the Act**, these **Listing Rules** and any complaint or dispute resolution.

To the fullest extent permitted by law, each **Sponsor Advisor** or **MERJ Issuer**, as the case may be, irrevocably agrees to indemnify and hold **MERJ Exchange**, its **directors, officers, employees** ("Indemnified Parties") and to keep the Indemnified Parties indemnified and held harmless, from and against all claims and losses arising out of or in connection with any claim made or instituted against any of the Indemnified Parties by any third party, where such claim arises in relation to, or as a result of any matter which liability is excluded in terms of paragraph a above.





## SECTION 21

### DEVIATIONS FROM LISTING RULES

Notwithstanding anything contained in these **Listing Rules**, **MERJ Exchange** may at its discretion, allow any **MERJ issuer** any deviation it feels appropriate under specific circumstances.

