

# SECURITIES INDUSTRY REGULATIONS, 2026

## Arrangement of Regulations

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## SECURITIES INDUSTRY ACT, 2024 (NO. 39 OF 2024)

### SECURITIES INDUSTRY REGULATIONS, 2026

The Minister, in exercise of the powers conferred upon him by section 176 of the Securities Industry Act, 2024 (*No. 39 of 2024*) hereby makes the following regulations

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#### PART I - PRELIMINARY

##### 1. Citation.

These Regulations may be cited as the Securities Industry Regulations, 2026.

##### 2. Interpretation.

(1) In these Regulations —

“**Act**” means the Securities Industry Act, 2024;

“**accredited investor**” means any person who comes within any of the following categories, or whom the issuer or selling security holder reasonably believes comes within any of the following categories, at the time of the transaction in capital markets instruments to that person —

- (a) any bank licensed under the Banks and Trust Companies Regulation Act, 2020 or licensed and operating outside of The Bahamas, whether acting in its individual or fiduciary capacity;
- (b) any registered firm or company registered to conduct capital markets business and operating outside of the Bahamas, acting for its own account or in a fiduciary capacity;
- (c) any insurance company registered under the Insurance Act (*Ch. 347*) or licensed and operating outside of The Bahamas;
- (d) any investment fund licensed or registered under the Investment Funds Act or regulated and operating outside of The Bahamas;
- (e) any employee benefit plan if the investment decision is made by a plan fiduciary, which is —
  - (i) a bank or trust company licensed under the Banks and Trust Companies Regulation Act, 2020;

- (ii) an insurance company registered under the Insurance Act (*Ch. 347*);
  - (iii) a registered firm; or
  - (iv) an employee benefit plan that has total assets in excess of five million dollars;
- (f) any director, senior officer or general partner of the issuer of the capital markets instruments being offered or sold, or any director, senior officer or general partner of a general partner of that issuer;
- (g) any individual whose individual net worth at the time of the purchase exceeds one million dollars;
- (h) any individual who had an individual income in excess of two hundred thousand dollars in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year;
- (i) any person, other than an individual, with total assets in excess of five million dollars, not formed for the specific purpose of acquiring the capital markets instruments offered;
- (j) any entity in which all of the equity owners are accredited investors;
- (k) the government of The Bahamas or any public authority established in The Bahamas;
- (l) the government of any foreign jurisdiction, or any agency of that government;
- (m) any person purchasing on behalf of an account that is managed on a fully discretionary basis by that person, if that person is registered or authorised to carry on business as an adviser managing capital markets instruments on a discretionary basis under the laws of The Bahamas or a foreign jurisdiction;
- (n) any person residing outside of The Bahamas who qualifies as an accredited investor, however defined, or has similar status, under the securities legislation of that person's country of residence, or who meets the criteria specified in paragraph (g) or (h) and is otherwise lawfully entitled to purchase the capital markets instruments under the securities legislation applicable to such purchase; or
- (o) any person that is recognised or designated by the Commission as an accredited investor;



**“approved auditor”** means an individual auditor or audit firm recognised by the Commission to act on behalf of a person registered under Part VI of the Act, a registered firm or a public issuer;

**“business continuity arrangements”** means a set of practices that includes putting in place policies, standards, processes and measures to provide for continuous function of the regulated person during operational disruptions;

**“business continuity plan”** means a plan that sets out the roles and responsibilities, resources, and processes that are needed to recover and fulfil the regulated person’s business obligations following an operational disruption and restore its operations to normalcy;

**“critical system”** in relation to a person, means a system or function, the failure of which will cause significant disruption to the operations of the person or significantly impact the person’s service to its customers or other persons that depend on that system, such as a system that —

- (a) processes transactions that are time critical; or
- (b) provides essential services to customers;

**“Fees Rules”** means the instrument prescribed by the Commission setting out the fees payable under the Act;

**“Official Register”** means the register referred to in regulation 157;

**“registrar and transfer agent”** means any person who engages on behalf of an issuer in —

- (a) countersigning capital markets instruments upon issue by the issuer;
- (b) monitoring the issue of such capital markets instruments to prevent unauthorised issue;
- (c) registering the transfer of such capital markets instruments;
- (d) exchanging or converting such capital markets instruments; or
- (e) transferring ownership of capital markets instruments by bookkeeping entry without physical issuance of certificates;

**“services provided by ancillary facility”** includes acting as registrar and transfer agent on behalf of an issuer.

- (2) Any reference in these Regulations to a particular financial statement shall be read to include the equivalent financial statement, whatever it might be called, under generally accepted accounting principles or under accounting standards otherwise acceptable to the Commission.

### 3. Determination of “fit and proper”.

- (1) In considering whether a person is a fit and proper person for the purposes of any provision of the Act, the Commission shall, in addition to any other matter that the Commission may consider relevant, have regard to —
  - (a) the financial status or solvency;
  - (b) the educational or other qualifications or experience, having regard to the nature of the functions that, if the application is allowed or granted, the person will perform;
  - (c) the ability to carry on the regulated activity competently, honestly and fairly; and
  - (d) the reputation, character, reliability and financial integrity, of —
    - (i) where the person is an individual, the individual himself; or
    - (ii) where the person is a company, the company and any director, beneficial owner of securities, chief executive officer and any other officer of the company.
- (2) Without limiting the generality of paragraph (1), the Commission may, in considering whether a person is a fit and proper person, take into account —
  - (a) a decision made in respect of the person by the Commission, any other domestic regulatory authority, or overseas regulatory authority;
  - (b) any information in the possession of the Commission, whether provided by the person or not, relating to —
    - (i) the person;
    - (ii) any other person who is or is to be employed by or associated with the person for the purposes of the regulated activity for which the registration is granted or the application is made;
    - (iii) any other person who will be acting for or on behalf of the person in relation to the regulated activity; and
    - (iv) where the person is a company in a group of companies —
      - (A) any other company in the same group of companies; or
      - (B) any beneficial owner of securities, officer or director of any company in the group of companies;
      - (C) where the consideration relates to a registration under Part VI of the Act or to a registered firm or an application for registration, whether the person has established effective internal control procedures, risk management systems and business continuity arrangements to ensure compliance with all applicable regulatory requirements; and

- (D) the state of affairs of any other business that the person carries on or proposes to carry on.

#### **4. Solvency.**

- (1) A person has failed to observe the required standards of solvency under the Act, when, at any time, there are reasonable grounds to believe that —
- (a) the person is unable to pay its liabilities as they become due; or
  - (b) the realisable value of the assets of the person is less than the aggregate of —
    - (i) its liabilities; and
    - (ii) its shareholders' equity.
- (2) In addition to the standards of solvency required by paragraph (1), the Commission may require a person registered under Part VI of the Act or a registered firm to maintain such minimum level of capital as it may deem necessary.

#### **5. Fees.**

Any reference to a fee payable to the Commission, including late fees, is a reference to contained in the Fees Rules.

#### **6. Forms.**

- (1) Subject to section 183 of the Act, a form referred to in these Regulations is inclusive of its required attachments and shall be used in the case to which it is applicable.
- (2) Where applicable, forms may be completed, filed and delivered to the Commission electronically.

#### **7. Applications.**

Subject to section 183 of the Act, and any directive of the Commission, all applications made under these Regulations shall be made in the form and manner specified by the Commission.

#### **8. Application to investment funds.**

Except where expressly noted, these Regulations do not apply to investment funds and parties related to investment funds governed by the Investment Funds Act, 2019.

## PART II – THE COMMISSION

### 9. Filing of documents with the Commission.

- (1) Unless otherwise required by the Commission, a document required to be filed with or delivered to the Commission shall be provided electronically or hand delivering three copies of the document to the address of the Commission.
- (2) A document filed with or delivered to the Commission under paragraph (1) shall be deemed to be filed or delivered —
  - (a) in the case of documents provided electronically, the date of dispatch; or
  - (b) in the case of hand delivered documents, its actual receipt by the Commission.

### 10. Confidentiality.

The duty not to disclose information pursuant to section 21 of the Act —

- (a) applies to persons both before and after they have terminated their employment or engagement with the Commission; and
- (b) includes the duty to maintain the confidentiality of any information received from an overseas regulatory authority.

## PART III – APPROVED AUDITOR

### 11. Approved Auditor.

- (1) No person may act as an auditor for a person registered under Part VI of the Act unless he has been approved so to do (“approved auditor”).
- (2) An applicant to act as an approved auditor for a specific person, unless the Commission permits or requires otherwise, shall —
  - (a) file an application in Form 1 of the *First Schedule*; and
  - (b) submit the application together with the information and documents specified in the form.
- (3) An applicant who is already approved to act for another person registered under Part VI of the Act, a registered firm or public issuer, must file an application in Form 1 that contains only the information that has changed since the auditor's most recent approval.
- (4) The Commission may require an applicant to provide supplementary information or clarification of the information initially provided in an application.

- (5) An application required under paragraph (2) or (3) must accompany, where appropriate, the filing of the —
  - (a) the application for registration of the person to be registered under Part VI or as a registered firm of the Act; or
  - (b) the preliminary prospectus of the issuer, if the auditor has not previously been approved to act for that public issuer; or
  - (c) in the case of a change of auditor, the notice of termination or resignation of the immediately previous approved auditor under regulation 15.
- (6) Notwithstanding paragraph (1), an auditor may act for an approved foreign issuer in connection with a distribution of securities under section 106 of the Act without being recognised as an approved auditor, provided that the auditor is not a resident of The Bahamas.

## **12. Qualifications for approval.**

An applicant, to be recognised as an approved auditor, must —

- (a) be a licensee in good standing of the Bahamas Institute of Chartered Accountants;
- (b) not be barred or suspended by the Commission from acting for any person registered under Part VI of the Act, a registered firm or a public issuer in The Bahamas;
- (c) not be barred or suspended by any other domestic regulatory authority or an overseas regulatory authority from acting as auditor for any person under that regulatory authority's jurisdiction; and
- (d) be fit and proper.

## **13. Duties.**

- (1) An approved auditor shall —
  - (a) comply with the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants;
  - (b) be independent of the persons being audited; and
  - (c) not cause, assist or abet others in breaching any relevant laws of The Bahamas or the regulations and standards mandated by the Bahamas Institute of Chartered Accountants.
- (2) For the purposes of paragraph (1)(b), **“independent”** means without any direct or indirect material relationship with the person being audited.
- (3) Every financial statement that is required by the Act to be audited must be audited in accordance with generally accepted auditing standards and be accompanied by an auditor's report that —

- (a) identifies all financial periods presented for which the auditor has issued an auditor's report;
  - (b) refers to the former auditor's reports on a comparative period, if the person being audited has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a different auditor; and
  - (c) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.
- (4) The auditor shall make such examinations as will enable the auditor to make the reports required by the Act.

#### **14. Duty to notify the Commission.**

- (1) When the approved auditor, in the course of performing the duties required by the Act, comes to the view that —
- (a) a matter is present that could give rise to a qualification in the audit report on the financial statements; or
  - (b) a material deficiency, weakness or non-compliance with any requirement specified in regulation 56(1) with respect to the operations of a registered firm is present;
  - (c) the auditor shall notify the Commission immediately and cause a copy of the notice to be delivered promptly to the person being audited.
- (2) The notice shall contain complete details about the nature of the circumstances giving rise to the notice.

#### **15. Duty to notify Commission of change of approved auditor.**

- (1) A person required by the Act to appoint an approved auditor shall give to the Commission, notice of the termination or resignation of an auditor.
- (2) The notice shall contain the information required by Form 2 of the *First Schedule* and be sent to the Commission and the affected auditor or auditors within 10 days after the termination or resignation.
- (3) A notice made under this regulation shall accompany the application for an appointment of a new auditor as required by regulation 12.
- (4) The Commission may require a person that is required by the Act to appoint an approved auditor, to appoint a different auditor than the one originally proposed, in which case the person shall promptly apply for a new auditor and submit an application for approval as required under regulation 12.

## **PART IV – BOOKS AND RECORDS AND RECORDS RETENTION REQUIREMENTS**

### **16. Application.**

The requirements in this Part also apply to transactions in and positions held by regulated persons in equity positions held in investment funds.

### **17. General Standards.**

Every person registered under Part VI of the Act or registered firm shall keep such books, records and other documents as are necessary and prudent for the proper recording of its business transactions and financial affairs and the transactions that it executes on behalf of others, and shall keep such other books, records and documents as may be otherwise required by the Commission.

### **18. Books and records for registered firms.**

The records that are required for registered firms under section 194 of the Act and regulation 17 include, but are not limited to, records that —

- (a) permit timely creation and audit of financial statements and other financial information required to be filed or delivered to the Commission;
- (b) permit determination of the registered firm's capital and solvency position;
- (c) demonstrate compliance with the registered firm's capital and insurance requirements;
- (d) demonstrate compliance with business continuity, risk management and internal control procedures;
- (e) demonstrate compliance with the firm's policies and procedures;
- (f) permit the identification and segregation of client cash, capital markets instruments and other assets and, if the assets are held with a third party, the location of the assets and the basis on which they are held must be indicated;
- (g) identify all transactions conducted on behalf of the registered firm and each of its clients, including the parties to the transaction, the time of the transaction, and the terms of the purchase or sale;
- (h) provide an audit trail for —
  - (i) client instructions and orders;
  - (ii) each trade transmitted or executed for the account of a client or the registered firm; and

- (iii) all cash, capital markets instruments and other assets held for clients, including where held;
- (i) permit creation of account activity reports for clients;
- (j) provide pricing for capital markets instruments;
- (k) demonstrate compliance with client account opening requirements;
- (l) demonstrate compliance with know your client and suitability obligations;
- (m) document compliance with conflict of interest requirements;
- (n) document correspondence with clients;
- (o) document complaints and disciplinary matters; and
- (p) document compliance and supervision actions taken by the firm.

## **19. Books and records for persons registered under Part VI.**

- (1) The records that are required for a person registered under Part VI of the Act under section 194 of the Act and regulation 16 include, but are not limited to, records that —
  - (a) permit timely creation and audit of financial statements and other financial information required to be filed or delivered to the Commission;
  - (b) permit determination of the person's capital and solvency position;
  - (c) demonstrate compliance with any applicable capital and insurance requirements;
  - (d) demonstrate compliance with business continuity, risk management and internal control procedures;
  - (e) demonstrate compliance with the person's policies and procedures;
  - (f) document complaints and disciplinary matters;
  - (g) document compliance and supervision actions taken by the person; and
  - (h) the Commission may prescribe to be kept.
- (2) In addition to the requirements set out in paragraph (1), a registered marketplace must maintain —
  - (a) records that provide an audit trail of —
    - (i) orders received by the marketplace, and
    - (ii) transactions executed on the marketplace including details for each transaction of —
      - (A) the time the transaction was executed;
      - (B) the name of the capital markets instrument and, if relevant, the underlying asset, and the price, quantity and date of the transaction;



- (C) the identities and, where appropriate, the roles of the parties to the transaction; and
    - (D) the date and manner of clearance and settlement of the transaction;
  - (b) records of each grant, denial or limitation of access, including the reasons for granting, denying or limiting access to each applicant; and
  - (c) daily trading summaries, including a list of capital markets instruments traded and transaction volumes.
- (3) In addition to the requirements set out in paragraph (1), a registered clearing facility must maintain —
- (a) records that provide an audit trail of transactions cleared and settled through the clearing facility, including details for each transaction of —
    - (i) the time(s) the transaction was cleared and settled;
    - (ii) the name of the capital markets instrument and, if relevant, the underlying asset, and the price, quantity and date of the transaction; and
    - (iii) the identities and, where appropriate, the roles of the parties to the transaction;
  - (b) records of the depository, including —
    - (i) all monies received or paid by the depository, including dividends received in respect of any deposited securities and the disbursement of such dividends to depositors;
    - (ii) all deposited securities and particulars showing for whom the certificates or other evidences of ownership and the instruments of transfer in respect of such certificates or evidences of ownership are held;
    - (iii) the form, book-entry or physical certificates, in which such securities are held; and
    - (iv) whether the securities are held in segregation;
    - (v) all purchases and sales of deposited securities and particulars of other dealings made in respect thereof, the charges and credits arising therefrom, the identity of the buyer and seller of each of those deposited securities or, in the case of other dealings, the identity of the persons executing such dealings and the persons in whose favour such dealings are executed;
  - (c) records of each grant, denial or limitation of participation, including the reasons for granting, denying or limiting participation to each applicant; and

- (d) daily summaries, including a list of capital markets instruments cleared and settled and transaction volumes.

## **20. Data protection.**

Every market participant shall implement and maintain data protection measures consistent with the Data Protection (Privacy of Personal Information) Act (*Ch.324A*) and such other requirements as may be prescribed.

## **21. Storage medium.**

All records and documents required to be maintained by a market participant may be kept by means of mechanical, electrical, electronic or other devices provided —

- (a) such method of record keeping is not prohibited under any applicable legislation;
- (b) there are appropriate internal controls in place to guard against the risk of unauthorised entry, alteration or falsification of the information recorded;
- (c) such method provides a means to furnish promptly to the Commission upon request legible, true and complete copies of those records of the market participant which are required to be preserved; and
- (d) the market participant has suitable back-up and disaster recovery programs.

## **22. Records location and retention requirements.**

- (1) The books and records required to be kept by these Regulations shall be kept —
  - (a) in The Bahamas; and
  - (b) in the English language.
- (2) For a period of two years after the creation of a record, a market participant must keep the record in a manner that permits it to be provided promptly to the Commission, and thereafter the record may be kept in a manner that permits it to be provided to the Commission within a reasonable period of time.
- (3) A record provided under paragraph (2) must be in a form that is capable of being read by the Commission.
- (4) A market participant must keep a record for the longer of —
  - (a) seven years from the date the entry was made; and
  - (b) any period set by any other relevant law.

- (5) This regulation applies to investment funds and parties related to investment funds governed by the Investment Funds Act.

## **PART V – REGISTRATION OF PERSONS UNDER PART VI OF THE ACT**

### **DIVISION 1 – REGISTRATION OF MARKETPLACES AND CLEARING FACILITIES**

#### **23. Application for registration.**

- (1) Unless the Commission permits or requires otherwise, an applicant for registration as a marketplace or clearing facility —
- (a) shall deliver an application in Form 3 of the *First Schedule*; and
  - (b) the application shall be accompanied by the information and documents specified.
- (2) An applicant may be required to provide the Commission with supplementary information or clarification of the information initially provided in an application.

#### **24. Requirements for registration as marketplace or clearing facility.**

- (1) The Commission may grant registration as a marketplace or clearing facility where the Commission is satisfied that the applicant —
- (a) is a company incorporated or registered under the Companies Act (*Ch. 308*);
  - (b) is organised in a manner and has sufficient capacity and resources to carry out its proposed functions in compliance with the Act, including —
    - (i) appropriate corporate governance arrangements;
    - (ii) appropriate and sufficient systems and controls to perform its functions and manage its risks prudently;
    - (iii) observing standards of solvency and levels of capital as required;
  - (c) has adequate regulatory instruments to govern its members or participants;
  - (d) is fit and proper; and
  - (e) meets such other requirements as the Commission may require.
- (2) The initial requirements for registration shall continue to be met by the person throughout the period of registration under the Act.

**25. Systems and controls.**

- (1) A registered marketplace or clearing facility must ensure that the systems and controls used in the performance of its functions are —
  - (a) adequate and appropriate for the nature, scale and complexity of its business;
  - (b) fully and clearly documented and communicated, as appropriate, to members of staff and other functionaries; and
  - (c) regularly reviewed in an objective process, updated as required, and a record is kept of the results of such reviews.
- (2) Paragraph (1) applies in particular to systems and controls concerning —
  - (a) the recording and transmission of information;
  - (b) the assessment and management of risks to the performance of the functions of the registered marketplace or clearing facility;
  - (c) the effecting and monitoring of transactions on the registered marketplace or clearing facility;
  - (d) the operation of the arrangements made for securing the timely discharge, whether by performance, compromise or otherwise, of the rights and liabilities of the parties to transactions effected on the registered marketplace or cleared and settled by the clearing facility, being rights and liabilities in relation to those transactions; and
  - (e) the safeguarding and administration of assets belonging to users of the facilities of the registered marketplace or clearing facility.
- (3) A registered marketplace or clearing facility shall have in place, mechanisms to ensure the resiliency, reliability, integrity and security of its critical systems.
- (4) The reviews contemplated by subparagraph (1)(c) shall take place no less frequently than annually or as otherwise required by the Commission.
- (5) A registered marketplace or clearing facility shall ensure that its board and senior management have appropriate governance and other arrangements in place to ensure the effectiveness of its controls and systems, including its business continuity arrangements.

**26. Business continuity requirements.**

- (1) A registered marketplace or clearing facility shall have in place business continuity arrangements to ensure the resiliency, reliability, integrity and security of its critical systems.
- (2) A registered marketplace or clearing facility shall establish a business continuity plan to implement effective business continuity arrangements,

which plan shall set out the procedures and arrangements for managing disruptive incidents.

- (3) The business continuity plan shall, at minimum, contain such provisions as may be required by the Commission.
- (4) If a registered marketplace or clearing facility relies on a third-party service provider for any critical system, the marketplace or clearing facility is responsible for ensuring those service providers have appropriate business continuity arrangements in place.
- (5) A registered marketplace or clearing facility shall review and test its business continuity plan at least annually and make any modifications to that plan that are necessary due to changes in its technology, operations, structure, business or locations.
- (6) The testing required under paragraph (5) shall include such testing as is prudent and as may be prescribed.
- (7) A registered marketplace or clearing facility must update its business continuity plan to reflect any significant organisational, technological and legal changes and the results of any testing under paragraph (5) and (6).

## **27. Outsourcing.**

- (1) Where a registered marketplace or clearing facility intends to enter into an arrangement with a third-party service provider under which the service provider will perform a material business function, activity, or process on its behalf, the registered marketplace or clearing facility shall notify the Commission as soon as practicable, and in any event not less than thirty days prior to the proposed implementation of the arrangement and —
  - (a) provide a copy of the contract governing the arrangement as set out in paragraph (2);
  - (b) such other information as the Commission may require; and
  - (c) pay the fee, if any, prescribed by the Commission.
- (2) The outsourcing arrangement must be set out in a written contract, which shall, at minimum, provide for —
  - (a) the services to be provided and terms of service;
  - (b) access by the Commission, the registered marketplace or clearing facility and its auditors to any records and information held by the service provider relating to the activities carried out on behalf of the registered marketplace or clearing facility;
  - (c) conditions governing sub-delegation of functions by the service provider; and
  - (d) such other terms and conditions as may be required.

- (3) Notwithstanding any outsourcing arrangement, the registered marketplace or clearing facility shall continue to be responsible for —
  - (a) the fulfillment of all obligations and duties imposed by the Act on the registered marketplace or clearing facility; and
  - (b) all acts undertaken on its behalf by a third-party service provider under an outsourcing arrangement.
- (4) The Commission may, by notice to the registered marketplace or clearing facility, object to the proposed arrangement or to the continued use of a service provider and the registered person shall terminate the arrangement promptly after receipt of such notice from the Commission.

## **28. Promotion and maintenance of standards.**

- (1) The registered marketplace or clearing facility must be able and willing to promote and maintain high standards of integrity and fair dealing in the carrying on of a regulated activity by persons in the course of using the facilities provided by the registered marketplace or clearing facility.
- (2) The registered marketplace or clearing facility must be able and willing to cooperate, by the sharing of information or otherwise, with the Commission and any domestic regulatory authority and shall not be prohibited from providing information to the Commission for the purpose of assisting an overseas regulatory authority pursuant to the Act.
- (3) The registered marketplace or clearing facility must be able and willing to meet and promote international standards and expectations for the operation of a marketplace or clearing facility.

## **29. Regulatory instruments.**

- (1) The regulatory instruments of a registered marketplace or clearing facility shall —
  - (a) not be contrary to the public interest;
  - (b) be publicly disclosed; and
  - (c) be designed to —
    - (i) ensure compliance with the Act;
    - (ii) prevent fraudulent and manipulative acts and practices;
    - (iii) promote just and equitable principles of trade;
    - (iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, capital markets instruments; and
    - (v) provide appropriate sanctions for violations.

- (2) In addition to those requirements set out in paragraph (1), the regulatory instruments of a registered marketplace shall contain provisions to —
  - (a) promote fair trading practices and to facilitate an efficient market; and
  - (b) ensure appropriate transparency of pre-trade and post-trade price information.
- (3) In addition to those requirements set out in paragraph (1), the regulatory instruments of a registered clearing facility shall contain provisions to —
  - (a) develop and operate a prompt and accurate clearance and settlement system;
  - (b) safeguard money and capital markets instruments in its custody, under its control or for which it is otherwise responsible;
  - (c) provide for appropriate requirements to address settlement failures or other defaults by any participant; and
  - (d) provide for appropriate persons to become participants.
- (4) A registered marketplace or clearing facility shall not —
  - (a) permit unreasonable discrimination among clients, issuers, members and participants; or
  - (b) impose any burden on competition that is not reasonably necessary and appropriate.

**30. Notice of change in information – applicant.**

- (1) An applicant for registration under Part VI of the Act shall deliver to the Commission immediate written notice of any change to the information provided in its application form.
- (2) Upon receipt of a notice made in accordance with paragraph (1), the Commission may review the person's fitness for registration and take appropriate action as a result, including imposing conditions on the person's registration or denying registration.

**31. Notice of change in information after registration.**

- (1) A person registered under Part VI of the Act shall, within five days of the change, deliver to the Commission written notice of —
  - (a) any change in any information provided in the person's application for registration; and
  - (b) any change with respect to any other matter as may be set out in guidance issued by the Commission.
- (2) In addition to the notice requirements under paragraph (1), a person registered under Part VI of the Act shall deliver immediate written notice of any of the following in relation to the person —

- (a) the presentation of a petition for the winding up of the person or the summoning of any meeting to consider such a winding-up under Part VI of the Act;
- (b) the application by a person for the appointment of a receiver, administrator or trustee of the person registered under Part VI of the Act;
- (c) the making or any proposal for the making of an arrangement with a creditor or creditors of the person registered under Part VI of the Act;
- (d) the appointment of inspectors by a domestic regulatory authority or overseas regulatory authority to investigate the affairs of the person registered under Part VI of the Act;
- (e) the bringing of any action under the Act against the person registered under Part VI of the Act;
- (f) any claims on or material changes to the insurance arrangements of the person registered under Part VI of the Act;
- (g) any resignations or dismissals of directors, officers or senior employees of the person registered under Part VI of the Act;
- (h) where the person registered under Part VI of the Act becomes aware that a director, officer, employee or significant shareholder has been engaged in activities involving fraud or other dishonesty;
- (i) any material breakdown of administrative or control procedures, including breakdowns of computer systems or other problems resulting or likely to result in failure to maintain proper records or that impair business continuity, and the steps that the person registered under Part VI of the Act proposes to take to correct the problem;
- (j) the date on which the person registered under Part VI of the Act proposes to cease to carry on business and the reasons for the cessation;
- (k) a breach by the person registered under Part VI of the Act of the requirements regarding financial resources, books and records, risk management and internal controls, or business continuity arrangements, together with details of the steps that it is taking to remedy the breach;
- (l) where the person registered under Part VI of the Act has reason to believe that it may be unable to submit a financial report, or pay its annual renewal fees to the Commission;
- (m) the failure of any bank or other entity with which the person registered under Part VI of the Act has deposited or to which it has passed client money;



- (n) where a person registered under Part VI of the Act becomes aware of any actual or contingent claim in relation to its business by or against the person where any amount claimed or disputed is likely to exceed 10% of its financial resources; or
  - (o) any other matter material to the supervision of the person registered under Part VI of the Act.
- (3) For the purposes of paragraph (2), “failure” means the appointment of a liquidator, receiver, administrator, or trustee in bankruptcy or any equivalent procedure in the relevant jurisdiction.
- (4) A person registered under Part VI of the Act shall also provide notice of any change set out in paragraph (2) regarding any affiliate or parent company of the person registered under Part VI.
- (5) Upon receipt of a notice under this regulation, the Commission may review the person’s continued fitness for registration and take appropriate action as a result, including imposing conditions on the person’s registration or revoking that registration.

### **32. Form of notice.**

A notice of change shall contain the information set out in Form 5 of the *First Schedule* and be accompanied by the documents specified thereon.

### **33. Transactions affecting financial resources.**

- (1) A person registered under Part VI of the Act shall obtain the written consent of the Commission before —
  - (a) reducing or changing the nature of its issued capital or the rights and obligations of its security holders;
  - (b) acquiring 10% or more of the voting securities of another company; or
  - (c) entering into any agreement —
    - (i) to sell or merge the whole or any part of the person registered under Part VI to or with a third party; or
    - (ii) the sale of a substantial part of the assets of the person registered under Part VI.
- (2) Prior to a merger, acquisition or sale of all or a substantial part of the assets of a person registered under Part VI, the registered person or its acquiring entity must submit a written plan of merger or acquisition that shall —
  - (a) identify each entity to be merged, the surviving entity, or the entity acquiring all or substantially all of the assets of the person;

- (b) describe the terms and conditions of the merger or acquisition and the mode of carrying the merger or acquisition into effect; and
- (c) be, in form and substance, satisfactory to the Commission.

### **34. Change to products traded or activities on marketplace.**

- (1) A registered marketplace that proposes to make a material change to its scope of activities or add a new product to be traded on the marketplace, shall, as soon as practicable, but no less than thirty days before the intended implementation of the proposed change —
  - (a) apply in writing to the Commission for approval of the proposed change, which application shall include the information set out in paragraph (2); and
  - (b) pay the fee, if any, as prescribed by the Commission.
- (2) The registered marketplace shall submit a written plan describing the proposed new product or the proposed material change, including —
  - (a) a detailed description of the new product or material change in activities;
  - (b) a detailed description of the new business operations;
  - (c) compliance policies relating to the new product or activity;
  - (d) any new rules required regarding the new product or activity;
  - (e) the impact on the overall business of the registrant; and
  - (f) such other information as required by the Commission.
- (3) No such proposed change shall take place until approval is granted by the Commission.

### **35. Reporting of annual financial statements.**

- (1) A person registered under Part VI of the Act must deliver to the Commission no later than the 120th day after the end of its financial year —
  - (a) its audited annual financial statements for the financial year; and
  - (b) any prescribed statistics for the year.
- (2) The financial statements required by paragraph (1)(a) shall consist of —
  - (a) a statement of comprehensive income, a statement of changes in equity, and a cash flow statement for the applicable periods referred to in paragraph (3); and
  - (b) a statement of financial position as at the end of the applicable periods referred to in paragraph (3).
- (3) For the purposes of paragraph (2), the applicable periods are —

- (a) the period that commenced on the date of incorporation or organisation and ended as of the close of the first financial year or, if the person registered under Part VI has completed a financial year, the last financial year, as the case may be; and
  - (b) the period covered by the financial year next preceding the last financial year, if any.
- (4) The annual financial statements shall be approved by the directors, and the approval shall be evidenced by the signatures of two directors duly authorised to signify the approval.

### **36. Reporting of interim financial statements.**

- (1) A person registered under Part VI of the Act must deliver to the Commission no later than the 30th day after the end of the first, second, third and fourth quarter of its financial year —
  - (a) its financial statements for that quarter; and
  - (b) any prescribed statistics for that quarter.
- (2) The interim financial statements shall include —
  - (a) a statement of comprehensive income;
  - (b) a statement of changes in equity;
  - (c) a cash flow statement;
  - (d) a statement of financial position; and
  - (e) comparative statements in relation to (a), (b), (c) and (d) above.
- (3) The interim financial statements in paragraph (2) shall be prepared in accordance with generally accepted accounting principles.
- (4) The directors of the person registered under Part VI of the Act shall review the interim financial statements prior to being filed with the Commission.

### **37. Reporting to the Commission – other.**

A person registered under Part VI of the Act shall provide to the Commission such other reports and information as the Commission may request.

DIVISION 2 - GENERAL

**38. Amendments to incorporating documents, etc.**

- (1) A person registered under Part VI of the Act shall apply for permission to make any amendment to its memorandum or articles of association.
- (2) A registered marketplace or clearing facility shall apply for permission to make any amendment to its fees or operations or to adopt, amend or repeal a regulatory instrument or procedure.
- (3) The Commission may request information in respect of application made in accordance with paragraph (1) and (2).
- (4) The Commission may, if the Commission thinks fit, permit the proposed change to be made or require further amendments.

**39. Security holders and transfers of securities.**

- (1) All security holders of a person registered under Part VI of the Act, including all direct and indirect beneficial owners, shall be fit and proper.
- (2) Any proposed issue or transfer of the securities held by a beneficial owner of a person registered under Part VI of the Act shall be —
  - (a) notified to the Commission in Form 6 of the *First Schedule* no less than 30 days before the proposed date of the transaction; and
  - (b) subject to prior review by and approval of the Commission.
- (3) Where the person registered under Part VI of the Act is a public issuer in The Bahamas or has equivalent status elsewhere, paragraph (2) shall only apply to any proposed issue or transfer of securities if —
  - (a) prior to the transaction, the transferor is a significant security holder of the person registered under Part VI of the Act; or
  - (b) after the transaction, the acquirer would be a significant security holder of the person registered under Part VI of the Act.

**40. Renewal of registration under Part VI of the Act.**

An application for renewal made under section 61 of the Act shall be made on Form 7 of the *First Schedule*.

**41. Liquidation of registered persons.**

- (1) A person registered under Part VI of the Act that is, or proposes to be, placed in liquidation shall —
  - (a) provide the Commission with all official documents and information relating to the liquidation; and

- (b) comply with any additional requirements prescribed by the Commission or under these Regulations.
- (2) The Commission may publish, or direct the registered person to publish, any document or information submitted to the Commission under paragraph (1), where it considers such publication to be in the public interest.

#### **42. Surrender of registration.**

Where the Commission has approved an application to surrender a registration, the surrender shall not take effect until the later of —

- (a) 21 days after the notice has been received by the Commission; and
- (b) all conditions imposed by the Commission on the person have been complied with.

## **PART VI – REGISTERED FIRMS AND INDIVIDUALS**

### **DIVISION 1 – FIRMS**

#### **43. Application to be a registered firm.**

- (1) Unless the Commission permits or requires otherwise, an applicant for registration as a firm shall —
  - (a) deliver an application in Form 8 of the *First Schedule*, specifying the regulated activities that are proposed to be carried on by the firm; and
  - (b) submit the application together with the information and documents specified.
- (2) The Commission may require an applicant to provide supplementary information or clarification of the information initially provided in an application.

#### **44. Requirements for registration of firm.**

- (1) The Commission may grant registration if the Commission is satisfied that the applicant —
  - (a) is a company incorporated or registered under the Companies Act (*Ch. 308*) or the International Business Companies Act (*Ch 309*);
  - (b) is organized in a manner and has sufficient capacity and resources to carry out its proposed functions in compliance with the Act and all other relevant legislation, including —

- (i) having appropriate and sufficient systems and controls to perform its functions and manage its risks prudently;
  - (ii) having appropriate corporate governance arrangements in place;
  - (iii) having appropriate and sufficient insurance coverage; and
  - (iv) observing standards of solvency and levels of capital and financial resources as required;
- (c) is fit and proper; and
- (d) meets such other requirements.
- (2) The initial requirements for registration shall continue to be met by the person throughout the period of registration under the Act.

#### **45. Name of registered firm.**

The Commission may refuse to grant registration to an applicant where that applicant's name is —

- (a) identical to that of any other registered firm or which so nearly resembles the name of another registered firm as to be likely to deceive or cause confusion in the market;
- (b) likely to suggest, falsely, the patronage of or connection with some person or authority, whether within The Bahamas or elsewhere; or
- (c) likely to suggest, falsely, that the registered firm has a special status in relation to or derived from the Government.

#### **46. Supervisory officers.**

- (1) A registered firm shall have a Chief Executive Officer or managing officer who shall be —
  - (a) registered as such with the Commission; and
  - (b) responsible for managing the day to day operations of the firm in the jurisdiction, which responsibility shall not be delegated.
- (2) A registered firm shall designate a person as the Compliance Officer of the firm who shall be —
  - (a) registered as such with the Commission; and
  - (b) responsible for the supervision of the capital markets business undertaken by the firm to ensure it is carried out in compliance with the law, which responsibility may not be delegated.

#### **47. Holding client assets.**

- (1) Only those firms registered to carry on the regulated activity of dealing in capital markets instruments as agent or principal may hold client cash, capital markets instruments and other assets.

- (2) Firms registered to carry the registered activities of managing or advising on capital markets instruments and that are not also registered to deal in capital markets instruments as agent or principal must appoint a custodian acceptable to the Commission to hold client cash, capital markets instruments and other assets.
- (3) Registered firms may hold client cash, capital markets instruments and other assets at any person approved by the Commission to carry out such activities.
- (4) Registered firms must ensure all client cash, capital markets instruments and other assets, regardless of what entity holds them, is held in accordance with the requirements of the Act.

#### **48. Regulatory capital.**

- (1) A registered firm is required to maintain at all times adequate financial resources to —
  - (a) meet its business commitments;
  - (b) withstand the risks to which its business is subject; and
  - (c) meet the prescribed requirements.
- (2) A registered firm shall maintain regulatory capital calculated in accordance with the capital formula prescribed by the Commission in Rules.

#### **49. Insurance.**

- (1) A registered firm shall at all times maintain insurance coverage, in an amount appropriate to the size, complexity and nature of the capital markets business of the firm, to cover, at least —
  - (a) professional indemnity; and
  - (b) fidelity or bonding.
- (2) The directors of the registered firm shall, on an annual basis, review the amount and type of bonding and insurance held by the firm and ensure that such coverage continues to be sufficient to cover the insurable risks of the business of the registered firm.
- (3) A registered firm shall deliver to the Commission, with the application for renewal of its registration, current details of the insurance coverage held by the firm.
- (4) No registration or renewal of registration will be granted if, in the opinion of the Commission, the amount or extent of coverage is not sufficient.

**50. Renewal of registration under Part VII of the Act.**

- (1) An application for renewal of registration made under Part VII of the Act shall be made on Form 10 of the *First Schedule*.
- (2) The registered firm is responsible for paying the renewal fees for the firm and for any person registered to represent the registered firm.

**51. Security holders and transfers of securities.**

- (1) All security holders of a registered firm, including all direct and indirect beneficial owners, shall be fit and proper.
- (2) Any proposed issue or transfer of the securities of a registered firm shall be —
  - (a) notified to the Commission in Form 6 of the *First Schedule* no less than 30 days before the proposed date of the transaction; and
  - (b) subject to prior review by and approval of the Commission.
- (3) Where the registered firm is a public issuer in The Bahamas, or has equivalent status elsewhere, paragraph (2) shall only apply to a proposed issue or transfer of securities if —
  - (a) prior to the transaction, the transferor is a significant security holder, direct or indirect, of the registered firm, or
  - (b) after the transaction, the acquirer would be a significant security holder, direct or indirect, of the registered firm.

DIVISION 2 – REPORTING TO COMMISSION

**52. Employment of representative.**

- (1) A registered firm shall deliver notice to the Commission no later than 14 days before the commencement of employment of any individual who will be carrying out capital markets business on behalf of the registered firm.
- (2) The notice shall contain the information set out in Form 11 of the *First Schedule* and shall be accompanied by the documents specified.
- (3) The registered firm shall deliver notice to the Commission immediately if an representative for whom a notice has been given under paragraph (1) does not commence employment with the firm as intended.

**53. Termination of representative.**

- (1) A registered firm shall deliver notice to the Commission immediately upon the termination, resignation or retirement of any registered individual who carried out capital markets business on behalf of the registered firm.



- (2) The notice shall be made on Form 12 of the *First Schedule* and shall be accompanied by the documents specified.
- (3) A copy of the notice shall be provided to the registered individual at the same time as it is provided to the Commission.

#### **54. Reporting to the Commission-annual reporting.**

- (1) A registered firm must deliver to the Commission no later than the 120th day after the end of its financial year its audited annual financial statements for the financial year.
- (2) The financial statements required by paragraph (1) shall consist of —
  - (a) a statement of comprehensive income, a statement of changes in equity, and a cash flow statement for the applicable periods referred to in paragraph (3); and
  - (b) a statement of financial position as at the end of the applicable periods referred to in paragraph (3).
- (3) The applicable periods are —
  - (a) the period that commenced on the date of incorporation or organisation and ended as of the close of the first financial year or, if the registered firm has completed a financial year, the last financial year, as the case may be; and
  - (b) the period covered by the financial year next preceding the last financial year, if any.
- (4) The annual financial statements shall be approved by the directors, and the approval shall be evidenced by the signatures of two directors duly authorised to signify the approval.

#### **55. Reporting to the Commission – interim reporting.**

- (1) A registered firm must deliver to the Commission no later than the 30th day after the end of the first, second, third and fourth quarter of its financial year —
  - (a) its financial statements for that quarter;
  - (b) the information on its financial resources as set out in Form 13, or as otherwise prescribed, for that quarter; and
- (c) the trading statistics and operational report set out in Form 14 of the *First Schedule* for that quarter.
- (2) The interim financial statements shall include —
  - (a) a statement of comprehensive income;
  - (b) a statement of changes in equity;
  - (c) a cash flow statement;

- (d) a statement of financial position; and
  - (e) comparative statements in relation to subparagraphs (a), (b), (c) and (d).
- (3) The interim financial statements in paragraph (2) shall be prepared in accordance with generally accepted accounting principles.
  - (4) The directors of the registered firm shall review the interim financial statements prior to the statements being delivered to the Commission.

#### **56. Reporting to Commission – other.**

- (1) For the purposes of section 83(2)(b) of the Act, the approved auditor must provide a report on whether or not the business of the registered firm has been conducted in compliance with the laws relating to —
  - (a) capital and other financial affairs;
  - (b) record keeping;
  - (c) delivering or filing information with the Commission;
  - (d) reconciliations and segregation of client cash, capital markets instruments and other assets; and
  - (e) internal controls, risk management systems and business continuity arrangements.
- (2) A registrant shall provide to the Commission such other reports and information as the Commission may request.
- (3) Any request from the Commission under section 83(2)(b) of the Act or paragraph (2) of this regulation shall be in writing and give the registered firm a period of time that the Commission considers reasonable in which to provide the report or information to the Commission.
- (4) The registered firm shall deliver to the Commission any report or information required by section 83(2)(b) of the Act or this regulation within the period specified in the notice from the Commission under paragraph (3).

#### **57. Notice of change in information – applicant.**

- (1) An applicant for registration shall give immediate written notice of any change to the information provided in the person's application form.
- (2) Upon receipt of a notice under this regulation, the Commission may review the person's fitness for registration and take appropriate action as a result, including imposing conditions on the person's registration or denying registration.

**58. Notice of change in information – after registration.**

- (1) A registered firm shall deliver to the Commission, within five days of the change, written notice of —
  - (a) any change in any information provided in the firm’s application for registration; and
  - (b) any other matter as may be set out in guidance issued by the Commission.
- (2) In addition to the notice requirements under paragraph (1), a registered firm shall deliver to the Commission immediate written notice of the occurrence of any of the following in relation to the registered firm, or its capital markets business —
  - (a) the presentation of a petition for the winding up of the firm or the summoning of any meeting to consider a winding-up of any of them;
  - (b) the application by a person for the appointment of a receiver, administrator or trustee of the registered firm;
  - (c) the making or any proposal for the making of an arrangement with a creditor or creditors of the registered firm;
  - (d) the appointment of inspectors by a domestic regulatory authority or overseas regulatory authority to investigate the affairs of the registered firm;
  - (e) the bringing of any action under the Act against the registered firm;
  - (f) any claims on or material changes to the registered firm’s insurance arrangements;
  - (g) any resignations or dismissals of directors, officers or senior employees of the registered firm;
  - (h) where the registered firm becomes aware that a significant security holder, director, officer or employee has been engaged in activities involving fraud or other dishonesty;
  - (i) any material breakdown of administrative or control procedures, including breakdowns of computer systems or other problems resulting or likely to result in failure to maintain proper records or that may impair business continuity, and the steps that the registered firm proposes to take to correct the problem;
  - (j) the date on which the registered firm proposes to cease to carry on capital markets business and the reasons for the cessation;
  - (k) the inability of the registered firm to perform any of the calculations or reconciliations required by any regulations or to correct any deficiencies identified by the calculations or reconciliations;

- (l) a breach by the registered firm of the requirements regarding financial resources, books and records, business continuity arrangements, and risk management and internal controls, together with details of the steps that the firm is taking to remedy the breach;
- (m) where the registered firm has reason to believe that it may be unable to —
  - (i) submit a financial report as required;
  - (ii) pay its annual renewal fees to the Commission; or
  - (iii) make a payment to a marketplace or clearing facility by the due date as required under the regulatory instruments of any of those entities, thereby causing the default of the registered firm;
- (n) the failure of any bank, registered marketplace, clearing facility, custodian or other entity with which the registered firm has deposited or to which it has passed client cash, capital markets instruments, or other assets; and for these purposes ‘failure’ means the appointment of a liquidator, receiver, administrator, or trustee in bankruptcy or any equivalent procedure in the relevant jurisdiction;
- (o) where the registered firm becomes aware of any actual or contingent claim in relation to its capital markets business by or against the registered firm where any amount claimed or disputed is likely to exceed 10% of the firm’s financial resources;
- (p) where the registered firm is the subject of any written customer complaint involving allegations of forgery, fraud, theft or misappropriation of funds, capital markets instruments or other assets;
- (q) where the registered firm is named as defendant in relation to proceedings related to forgery, fraud, theft or misappropriation of funds, capital markets instruments or other assets;
- (r) where the registered firm is associated in any way in any business or financial activity with any person who has —
  - (i) been convicted on information under the laws of The Bahamas;
  - (ii) been convicted of an offence punishable by one year or more in prison under any foreign law; or
  - (iii) been barred or suspended by any domestic or overseas regulatory authority;
- (s) where the registered firm is named as a defendant or respondent in any domestic or foreign criminal or regulatory proceeding;
- (t) where the registered firm is named as a defendant or respondent in any civil proceeding exceeding twenty-five thousand dollars; or

- (u) any other matter material to the supervision of the registered firm.
- (3) A registered firm shall also provide notice of any change set out in paragraph (2) regarding any affiliate or parent company of the registered firm.
- (4) Upon receipt of a notice under this regulation, the Commission may review the person's continued fitness for registration and take appropriate action as a result, including imposing conditions on the person's registration or revoking that registration.

**59. Form of notice of change of information.**

A notice of change of information shall be made on Form 5 of the *First Schedule* and be accompanied by the documents specified thereon.

**60. Transactions affecting financial resources.**

- (1) A registered firm shall obtain the prior written consent of the Commission before —
  - (a) seeking to reduce or change the nature of its issued capital or the rights and obligations of its security holders; or
  - (b) acquiring 10% or more of the voting securities of another company; or
  - (c) entering into any agreement —
    - (i) to sell or merge the whole or any part of the registered firm to or with a third party; or
    - (ii) for the sale of a substantial part of the assets of the registered firm.
- (2) Prior to a merger, acquisition or sale of all or a substantial part of the assets of a registered firm, the registered firm or its acquiring entity must submit a written plan of merger or acquisition that shall —
  - (a) identify each entity to be merged, the surviving entity, or the entity acquiring all or substantially all of the assets of the registered firm;
  - (b) describe the terms and conditions of the merger or acquisition and the mode of carrying the merger or acquisition into effect; and
  - (c) be in form and substance satisfactory to the Commission.

**61. Material changes to registered firm's business.**

- (1) A registered firm shall obtain the prior written consent of the Commission before —
  - (a) seeking to reduce or change the nature of its issued capital or the rights and obligations of its security holders; or

- (b) acquiring 10% or more of the voting securities of another company; or
- (c) entering into any agreement —
  - (i) to sell or merge the whole or any part of the registered firm to or with a third party; or
  - (ii) for the sale of a substantial part of the assets of the registered firm.
- (2) Prior to a merger, acquisition or sale of all or a substantial part of the assets of a registered firm, the registered firm or its acquiring entity must submit a written plan of merger or acquisition that shall —
  - (a) identify each entity to be merged, the surviving entity, or the entity acquiring all or substantially all of the assets of the registered firm;
  - (b) describe the terms and conditions of the merger or acquisition and the mode of carrying the merger or acquisition into effect; and
  - (c) be in form and substance satisfactory to the Commission.
- (3) No such proposed change or expansion shall take place until approval is granted by the Commission.

### DIVISION 3 – REGISTRATION OF REPRESENTATIVES

#### **62. Categories of representatives.**

- (1) The categories of individuals to be registered as representatives are —
  - (a) Chief Executive Officer;
  - (b) Compliance Officer;
  - (c) Trading Representative;
  - (d) Discretionary Management Representative;
  - (e) Advising Representative; and
  - (f) such other categories as may be prescribed.
- (2) An individual may only be registered as a representative to carry on a regulated activity that the firm for which he or she works is registered to undertake.

#### **63. Application to be a registered representative.**

- (1) Unless the Commission permits or requires otherwise, an applicant for registration as a representative shall —
  - (a) complete and deliver an application in Form 9 of the *First Schedule* specifying the category or categories of registration sought; and
  - (b) submit the application, together with the information and documents specified thereon.

- (2) An applicant may be required to provide supplementary information or clarification of the information initially provided in an application.

**64. Requirements for registration as representative.**

- (1) The Commission may grant registration if it is satisfied that the applicant —
  - (a) is at least 18 years of age;
  - (b) is fit and proper;
  - (c) does not have other interests, whether directly or indirectly, which may conflict with the conduct and integrity of the person's employment with the registered firm;
  - (d) meets the education and experience requirements set out in regulation 65; and
  - (e) meets any other requirements that the Commission may deem appropriate.
- (2) The initial requirements for registration shall continue to be met by the person throughout the period of registration under the Act.

**65. Education and experience.**

- (1) When an individual is to perform an activity that requires registration, the individual must have the education and experience reasonably necessary to perform the activity.
- (2) As a minimum, an applicant for registration in a category listed in regulation 62(1) shall have —
  - (a) no less than six months of relevant capital markets-related experience and have obtained one of the examinations recognised by the Commission for these purposes;
  - (b) at least ten-years of relevant capital markets-related experience; or
  - (c) such other qualifications as the Commission may require.

**66. Trainees.**

At the Commission's discretion, an applicant lacking the experience requirement for individual registration may be registered subject to the condition that all capital markets business carried on by that person that would require registration shall be subject to prior review and approval by a designated registered representative who is an officer of the registered firm.

**67. Notice of change in information – applicant.**

- (1) An applicant for registration shall deliver to the Commission immediate written notice of any change to the information provided in the individual's application form.
- (2) Upon receipt of a notice under this regulation, the Commission may review the person's fitness for registration and take appropriate action as a result, including imposing conditions on the person's registration or denying registration.

**68. Notice of changes in information after registration.**

- (1) A registered representative of a registered firm shall promptly deliver a notice to the Commission and the registered firm if that representative —
  - (a) is the subject of any written customer complaint involving allegations of forgery, fraud, theft or misappropriation of funds, capital markets instruments or other assets;
  - (b) is named as a defendant or respondent in any criminal or regulatory proceeding or any civil proceeding, either domestic or foreign, exceeding twenty-five thousand dollars;
  - (c) is associated in any business or financial activity with any individual who has been —
    - (i) convicted of an indictable offence under the laws of The Bahamas;
    - (ii) convicted of an offence punishable by one year or more in prison under any foreign law; or
    - (iii) barred or suspended in excess of three months by any domestic or overseas regulatory authority; or
  - (d) is a director, significant security holder, partner, officer or sole proprietor or in any way associated with any entity which has been —
    - (i) convicted of an indictable offence under the laws of The Bahamas;
    - (ii) convicted of an offence punishable by one year or more in prison under any foreign law; or
    - (iii) barred or suspended by any domestic regulatory authority or overseas regulatory authority.
- (2) Upon receipt of a notice under this regulation, the Commission may review the person's continued fitness for registration and take appropriate action as a result, including imposing conditions on the person's registration or revoking that registration.



**69. 6Suspension, termination and reinstatement of registration of representative.**

- (1) The registration of a registered representative is —
  - (a) suspended on the date that the registration of the registered firm that sponsored his registration is suspended;
  - (b) terminated on the date that —
    - (i) the registered individual ceases to act on behalf of the registered firm; or
    - (ii) the registration of the registered firm that sponsored his registration is terminated.
- (2) A registered representative whose registration is suspended under paragraph (1) shall not carry on any capital markets business for any person until such time as his registration is reinstated.
- (3) If a registration is suspended under paragraph (1) and has not been reinstated, the registration is revoked on the second anniversary following the date of suspension.
- (4) Unless the Commission permits or requires otherwise, an application for reinstatement shall be made in Form 9 accompanied by such other information as required.
- (5) A registration shall not be reinstated unless the Commission is satisfied that the applicant meets the requirements of regulation 64(1).
- (6) Notwithstanding paragraph (3), if a hearing concerning a suspended individual is commenced, that person's registration remains suspended until a final decision has been issued.

DIVISION 4 – GENERAL

**70. Voluntary surrender of registration of registered firm.**

- (1) No registered firm shall cease to carry on capital markets business without the prior approval of the Commission.
- (2) A registrant may voluntarily surrender the registrant's registration by making application to the Commission and the surrender of the registration shall not take effect until the later of —
  - (a) 21 days after the notice has been received by the Commission; or
  - (b) all conditions imposed by the Commission on the registrant have been complied with.
- (3) Where a registered firm decides to cease to carry on any capital markets business, it shall ensure that any capital markets business that is

outstanding is properly completed or is transferred to another firm registered to carry on that capital markets business.

**71. Liquidation.**

- (1) A registered firm that is being liquidated or proposes to be liquidated shall —
  - (a) deliver to the Commission all official documents related to the liquidation; and
  - (b) meet such other requirements as may be prescribed.
- (2) The Commission may publish or require the registered firm to publish any documents delivered to the Commission under paragraph (1).

## **PART VII – CONDUCT OF BUSINESS**

### **DIVISION 1 – GENERAL**

**72. Application.**

Division 1 and 2 of this Part also apply to transactions carried out by registrants in securities issued by investment funds.

**73. Required standards of a registered firm or individual.**

In addition to those duties set out in sections 81 and 82 of the Act, a registrant shall ensure clients are provided with sufficient and timely disclosure regarding

- - (a) the services that the registered firm provides;
  - (b) the conditions for doing business with the registered firm, including its fees, commission and recoverable disbursements;
  - (c) any risks associated with an investment strategy or products recommended to a client by the firm or individual;
  - (d) the arrangements in place regarding holding client cash, capital markets instruments and other assets and the related risks; and
  - (e) any other matter reasonably to be regarded as necessary to enable the client to make informed decisions regarding proposed investments and the capital markets business conducted with or through the registrant.

**74. Know your client requirements.**

- (1) A registered firm must take reasonable steps to —

- (a) establish the identity of a client and, where there may be cause for concern, the reputation of the client;
  - (b) comply with all obligations regarding identification of clients specified under the Financial Transactions Reporting Act and the Anti-Terrorism Act or other applicable law;
  - (c) ascertain whether the client is an insider of a public issuer or has the equivalent status for an issuer that is publicly traded in another jurisdiction;
  - (d) ensure that it has sufficient personal and financial information about a client to enable it to meet its regulatory obligations when it —
    - (i) makes a recommendation to the client;
    - (ii) accepts an instruction to trade from the client;
    - (iii) makes a discretionary purchase or sale of a capital markets instrument on behalf of the client; and
  - (e) establish the creditworthiness of a client, if the registered firm is financing the client's acquisition of a security.
- (2) If the client is a company, to comply with the obligations under subparagraph (1)(a) and (1)(e), the registered firm must establish the nature of the client's business and the identity of any individual who is a significant security holder, directly or indirectly, of the company.
- (3) The registered firm must make reasonable efforts to keep the information required under this regulation up to date.

## **75. Client account opening form and documentation.**

- (1) A registered firm must maintain account opening documentation for each client.
- (2) No registered firm shall execute any transaction for a client until it has in its possession a 'client account form' executed by the client and approved by the designated officer of the firm.
- (3) The client account form shall contain information concerning the client's —
  - (a) identity;
  - (b) financial status;
  - (c) employment;
  - (d) education;
  - (e) investment objectives;
  - (f) ability to incur risk;
  - (g) status as an insider to any public issuers or equivalent status in another jurisdiction;

- (h) any other information that may be considered reasonable by the firm in making an investment recommendation to the client; and
  - (i) any such other information as prescribed.
- (4) The registered firm must make reasonable efforts to keep the information required under this regulation up to date.

## **76. Terms of business.**

- (1) A registered firm shall —
- (a) inform its customer, in writing, of the agreed terms of business between the registered firm and the customer, including the instructions received and the capacity and scope of discretion, if any, under which the firm will act for the customer; and
  - (b) ensure that the agreed terms of business include —
    - (i) a description of the products and services to be provided;
    - (ii) the fees and commissions to be charged and the basis of the calculation of those amounts;
    - (iii) where applicable, the terms upon which customers' cash, capital markets instruments and other assets are to be held;
    - (iv) any exit fee and the basis upon which the fee is calculated; and
    - (v) the means by which complaints about the registered firm's services can be made.
- (2) A written terms of business made in accordance with paragraph (1) shall include a term providing that the relationship between the registered firm and its customer may be terminated upon giving reasonable notice.

## **77. Suitability obligation.**

A registrant must take reasonable steps to ensure that before it makes a recommendation to, or accepts instructions from, a client or makes a discretionary purchase or sale of a capital market instrument on behalf of a client, the proposed purchase or sale is suitable for the client given the client's financial circumstances, risk tolerance, investment knowledge and experience, and investment needs and objectives.

## **78. Discretionary trading.**

- (1) A registrant, other than one registered to carry on the regulated activity of managing capital markets instruments, may not execute any trade for a client unless the registrant has the client's prior authorisation for the transaction.

- (2) A registrant that is registered to carry on the regulated activity of managing capital markets instruments may only exercise investment discretion over a client's account if —
  - (a) the registered firm has entered into a written agreement with the client granting it such authority; and
  - (b) the agreement has been signed and approved by a designated supervisor of the registered firm prior to the first transaction for the client.

**79. Unregistered, suspend or barred individual.**

No registered firm shall permit —

- (a) any individual associated with the firm to engage in any capital markets business unless that individual is registered to carry on that business by the Commission;
- (b) any individual who is barred or suspended by the Commission or any domestic regulatory authority or overseas regulatory authority to share premises with the registered firm or otherwise carry on business from the premises of the registered firm; or
- (c) any person to share premises with the registered firm or otherwise carry on business from the premises of the registered firm, if that person is carrying on a capital markets business, unless that person is appropriately registered with the Commission.

**80. Reporting to clients – contract note.**

- (1) A registered firm that executes a sale or purchase of capital markets instruments on behalf of a client shall —
  - (a) prepare a written confirmation of the transaction as soon as practicable, and in any event no later than one business day after execution; and
  - (b) unless otherwise expressly directed by the client in writing, issue that confirmation to the client immediately upon preparation.
- (2) A confirmation issued under paragraph (1) shall include —
  - (a) the quantity and description of the instrument;
  - (b) the price at which the transaction was executed and any commission or other fees charged;
  - (c) the settlement date of the transaction;
  - (d) the name of the registered firm involved in the transaction;
  - (e) a statement indicating whether the registered firm acted as principal or agent;

- (f) the name of the marketplace, if any, on which the transaction took place, or, where applicable, a statement that the transaction occurred on more than one marketplace or over more than one day; and
- (g) any other information as may be required by the Commission.

## **81. Reporting to clients – client account statements.**

- (1) Unless otherwise expressly directed by the client in writing, a registered firm must send or deliver a statement of account to each client not less than once every twelve months showing any debit or credit balance and the details of capital markets instruments held for or owned by the client.
- (2) Unless otherwise expressly directed by the client in writing, a registered firm managing client accounts on a discretionary basis must send or deliver to each managed account client not less than once every twelve months, a statement of the portfolio of the client under the registered firm's management.
- (3) The statement required by paragraphs (1) or (2) must —
  - (a) list the funds and capital markets instruments held for or owned by the client;
  - (b) indicate clearly which instruments are held for safekeeping, where those assets are held; and
  - (c) confirm whether the instruments have been segregated from the assets of the registered firm and custodian.

## **82. Supervision and compliance systems.**

- (1) A registered firm shall be responsible for supervising anyone acting on its behalf, whether registered or not, and shall at all times —
  - (a) employ or contract a Compliance Officer; and
  - (b) maintain adequate supervisory personnel in keeping with its size, complexity and nature of its activities and the number of its offices and staff.
- (2) A registered firm must establish, maintain and apply a system of controls and supervision sufficient to provide reasonable assurance that the firm, each individual acting on its behalf, and each third-party service provider acting on its behalf complies with the Act and all other relevant legislation.

**83. Internal controls and risk management systems.**

- (1) A registered firm must establish, maintain and apply systems of risk management and internal controls sufficient to manage the risks associated with its business —
  - (a) in conformity with prudent business practices; and
  - (b) that are appropriate given the firm's size, complexity and nature of products and services undertaken.
- (2) Without limiting the ambit of paragraph (1), the systems and controls must include appropriate and effective controls to —
  - (a) ensure each client's assets are segregated from those of the registered firm and protected from any risk of loss arising from misappropriation, fraud or the insolvency of the registered firm;
  - (b) protect clients' information from any risk of loss, theft, misuse or unauthorised disclosure, access or modification; and
  - (c) identify, monitor and manage conflicts of interest.

**84. Business continuity requirements.**

- (1) A registered firm shall have in place mechanisms to ensure the resiliency, reliability, integrity and security of its critical systems.
- (2) A registered firm must establish and maintain a business continuity plan to implement effective business continuity arrangements, which plan shall set out the procedures and arrangements for managing disruptive incidents.
- (3) The business continuity plan must be appropriate given the registered firm's size, complexity and nature of the products and services carried on and its assessment of the critical systems that must be maintained in a crisis.
- (4) The business continuity plan shall, at minimum, contain such provisions as may be required by the Commission.
- (5) If a registered firm relies on a third-party service provider for any critical system, the registered firm is responsible for ensuring those service providers have appropriate business continuity arrangements in place.
- (6) A registered firm must update its business continuity plan to reflect any significant change in any of its operations, structure, business, or locations.
- (7) A registered firm must review and test its business continuity plan at least annually and make any modifications to that plan that are necessary due to changes in its operations, structure, technology, business or locations.

**85. Outsourcing.**

- (1) If a registered firm proposes to enter into an arrangement with a third-party service provider whereby that service provider will undertake a material business function, activity or process on behalf of the registered firm, the registered firm shall, as soon as practicable, but no less than thirty days before the intended implementation of the arrangement —
  - (a) give the Commission notice of such outsourcing arrangement, which notice shall contain a copy of the contract governing the arrangement and such other information as the Commission may require; and
  - (b) pay the fee, if any, prescribed by the Commission.
- (2) The outsourcing arrangement must be set out in a written contract, which shall provide for —
  - (a) the services to be provided and terms of service;
  - (b) access by the Commission to any records and information held by the service provider relating to the activities carried out on behalf of the registered firm, as if those records and information were held at the registered firm;
  - (c) access by the firm and its auditors to any records and information held by the service provider relating to the activities carried out on behalf of the registered firm;
  - (d) conditions governing sub-delegation of functions by the service provider; and
  - (e) such other terms and conditions as may be required by the Commission.
- (3) Notwithstanding any outsourcing arrangement, the registered firm shall continue to be responsible for —
  - (a) the fulfilment of all obligations and duties imposed by the Act on the registered firm; and
  - (b) all acts undertaken on its behalf by a service provider under an outsourcing arrangement.
- (4) The Commission may, by notice to the registered firm, object to the proposed arrangement or to the continued use of a service provider and the registered firm shall terminate the arrangement promptly after receipt of such notice from the Commission.

**86. General obligations regarding systems, controls, etc.**

- (1) The registered firm's systems of controls and related policies and procedures must be —



- (a) fully and clearly documented and communicated, as appropriate, to members of staff and other functionaries;
  - (b) updated promptly to reflect any significant changes in any of its operations, structure, business or locations; and
  - (c) subject to an objective, regular review and amended as necessary to ensure they function effectively.
- (2) A registered firm shall ensure that its board and senior management have appropriate governance and other arrangements in place to ensure the effectiveness of its systems and controls, including its business continuity arrangements.

## **87. Complaints.**

A registered firm shall establish effective complaints handling systems and procedures that ensure that —

- (a) adequate records of complaints, including a central register, are established and maintained;
- (b) all complaints are responded to in writing within 14 days of receipt of the complaint; and
- (c) each complaint is effectively and fairly resolved.

## **88. Trading listed securities.**

- (1) Subject to paragraph (2), all trading within The Bahamas in capital markets instruments listed on a registered exchange located in The Bahamas shall take place on that exchange.
- (2) Paragraph (1) shall not apply to —
  - (a) a trade by an executor, administrator or guardian or by an authorised trustee or assignee, an interim or official receiver or a custodian under the Bankruptcy Act (*Ch. 69*), or by a receiver or a liquidator under the Companies Act (*Ch. 308*), or at a judicial sale; or
  - (b) a trade by an owner of a security, for the owner's account, to an affiliate or an associate of the owner; or
  - (c) a prescribed trade.

## **89. Prompt delivery.**

A registered firm shall deliver funds or capital markets instruments promptly to its clients and to other registered firms in accordance with the regulatory instruments —

- (a) issued by the applicable marketplace or clearing facility; or
- (b) as may be prescribed by the Commission.

## **90. Priority of client orders.**

- (1) A registered firm shall give priority to orders for the accounts of clients of the registered firm over all other orders for the same security at the same price.
- (2) In this regulation “orders for the accounts of clients of the registered firm” shall not include an order for an account in which the registered firm or an officer, director or employee of the firm has an interest, direct or indirect, other than an interest in a commission or fee charged.

## **91. Trading as principal.**

- (1) A registered firm may only trade as principal if it is registered to carry on that capital markets business.
- (2) Where a registered firm seeks to purchase capital markets instruments as principal, and there is a competing bid on behalf of its client for the purchase of those instruments which equals or is better than the bid made by the registered firm, the competing client bid shall be preferred to that made by the registered firm.
- (3) Where a registered firm seeks to sell capital markets instruments as principal, and there is a competing offer on behalf of its client for the sale of those instruments which equals or is better than the offer made by the registered firm, the competing client offer shall be preferred to that made by the registered firm.
- (4) For the purposes of this regulation, trading as a principal includes trading on behalf of an affiliate of the registered firm or any of its officers, directors or significant security holders.
- (5) Where a registered firm purchases securities as a principal, it shall record such capital markets instrument in a book of accounts separate from the book of accounts relating to instruments held as an agent.

## **92. Conflicts of interest.**

- (1) A registered firm shall —
  - (a) make reasonable efforts to identify existing and potential conflicts of interest that the registered firm, acting reasonably, would expect to arise between —
    - (i) the firm, including each individual acting on the firm's behalf, and its clients, or
    - (ii) one client and another; and
  - (b) establish policies and procedures to avoid conflicts of interest arising or, if conflicts arise, to manage and mitigate conflicts to ensure appropriate disclosure and fair treatment to all its clients.

- (2) If a registrant has a material interest in a transaction to be entered into with or for a client, or a relationship which gives rise to a conflict of interest in relation to the transaction, the registrant shall not knowingly either advise, or exercise discretion, in relation to that transaction unless the registrant has —
  - (a) fairly disclosed that material interest or relationship, as the case may be, to the client; and
  - (b) taken reasonable steps to ensure that neither the material interest nor relationship adversely affect the interests of the client.

**93. Fair allocation of investment opportunities.**

A registered firm must establish and maintain policies and procedures to ensure fairness in the allocation of investment opportunities among its clients.

**94. Churning.**

- (1) No registrant shall carry out trades that are excessive in volume or frequency with or for a client whose trading the registrant controls or directs.
- (2) No person who has discretionary authority over, or who is a trustee for, an account of another, shall effect, or cause to be effected, trades that are excessive in volume and frequency for the person whose account he or she has discretionary authority over, or is a trustee for.
- (3) For the purposes of this regulation, whether trades are excessive in volume or frequency shall be determined on the basis of such factors as the amount of profits or commissions of the registrant in relation to the size of the client's account, the investment objectives of the client and the pattern of trading in the account.

**95. Transactions in capital markets instruments outside scope of employment.**

- (1) No registered representative associated with a registered firm shall, without written authorisation from that firm, participate in any manner in —
  - (a) transactions involving capital markets instruments not endorsed by the firm; or
  - (b) transactions in capital markets instruments outside the regular scope of the individual's employment with the registered firm.
- (2) Paragraph (1) shall not apply to the individual's personal transactions or those undertaken in the course of the individual's personal duties as an executor of an estate, as a trustee or in a similar fiduciary capacity.

**96. Improper use of client assets.**

No registrant shall make improper use of a client's capital markets instruments, funds or other assets, such as, but not limited to, borrowing, lending or pledging of funds, instruments or other assets without the client's prior written authorisation.

**97. Voting securities not beneficially owned.**

Voting securities of an issuer registered in the name of a registered firm or in the name of the firm's nominee, that are not beneficially owned by the registered firm, shall be voted by the firm at any meeting of security holders of the issuer only as instructed by the beneficial owner.

**98. Forwarding documents to clients.**

- (1) Where securities of an issuer are registered in the name of, but not beneficially owned by, a registered firm or its nominee, the firm shall send its client that is the beneficial owner of the securities, a copy of any documents sent to the registered firm or its nominee as registered security holder as soon as practicable after receipt, unless the client instructs the firm that the documents need not be sent.
- (2) A person who is required by law to send a document to a registered security holder shall —
  - (a) promptly provide the registered firm with the number of copies of the document as requested by the firm to enable it to comply with paragraph (1); and
  - (b) shall pay or reimburse the registered firm for the reasonable costs of complying with paragraph (1).

**99. Short-selling.**

- (1) The prohibition in section 88 of the Act does not apply to —
  - (a) a short sale of securities where binding arrangements are made before the time of the sale that will enable delivery of securities of the class sold to be made to the purchaser on the agreed settlement date of the transaction, provided the conditions set out in paragraphs (4), (5) and (6) are fulfilled; or
  - (b) a short sale of securities carried out on a registered exchange or recognised foreign exchange in compliance with the requirements of that exchange.
- (2) Short sales may only be transacted by registered firms having the creditworthiness and liquid assets to cover such transactions in the event that the client fails to settle the transaction or the market moves in an unfavourable direction.

- (3) A person —
  - (a) that places an order for the sale of a security through a registered firm that is acting as the person's agent; and
  - (b) that —
    - (i) at the time of placing the order, does not own the security; or
    - (ii) if acting as agent, knows the person's principal does not own the security,shall, at the time of placing the order to sell, declare to the registered firm that the person or person's principal does not own the security.
- (4) A registered dealer that carries out a short sale for any person shall declare such fact on the trade ticket or in such other manner as the Commission may require.
- (5) Short sales must be reported promptly to —
  - (a) the exchange on which the securities are listed; or
  - (b) if unlisted, to the Commission within two business days.
- (6) Registered firms must report to the Commission the net short position in each security carried on their books within 10 days of the end of each month and the Commission may post such reports on its website.
- (7) Registered firms must report promptly to the Commission all failures to settle short sales on their agreed settlement dates and make all due efforts to ensure that such failed trades are settled as soon as practicable.
- (8) The Commission may —
  - (a) prescribe additional exemptions from the requirements regarding short sales;
  - (b) impose prohibitions or additional conditions on persons entering into short sales;
  - (c) specify the securities that may be subject to short sales; and
  - (d) place temporary restrictions on effecting short sales in specified securities where necessary or appropriate to stabilise the market in those securities.
- (9) For the purposes of this regulation, "short sale" in relation to a security means any sale of the security which the seller does not own at the time of entering into the agreement to sell, including such a sale where the at the time of entering into the agreement to sell, the seller or the registered firm has —
  - (a) borrowed or agreed to borrow the securities for delivery at settlement; and
  - (b) if agreed to borrow, has a reasonable expectation that the securities will be available for delivery on the settlement date.

DIVISION 2 – RECONCILIATIONS AND CLIENT ASSETS

**100. Reconciliations.**

- (1) A registered firm shall perform reconciliations as often as is necessary and prudent given the nature of the transactions undertaken and records kept to ensure the accuracy of its records, and shall perform reconciliations —
  - (a) at least once every month —
    - (i) on all balances with banks; and
    - (ii) on its records of client funds, capital markets instruments and other assets for which it is accountable with statements obtained from the custodians of those assets.
  - (b) at least once every business day for all balances and positions of the firm and its clients with marketplaces and clearing facilities.
- (2) The registered firm shall correct any differences immediately.
- (3) The Commission may require a registered firm to perform reconciliations more frequently than as set out in paragraph (1).

**101. Segregation of client cash and assets.**

- (1) A registered firm that holds client capital markets instruments and other assets, including cheques and other similar instruments, must hold the capital markets instruments and other assets separate and apart from its own property and in trust for the client.
- (2) A registered firm that holds cash on behalf of a client must hold the cash separate and apart from the property of the firm in a designated trust account with a bank holding an unrestricted license under the Banks and Trust Companies Regulation Act, 2020, or other deposit-taking institution outside The Bahamas as may be approved by the Commission for this purpose.
- (3) Paragraph (2) shall not apply to a registered firm where —
  - (a) the registered firm also holds a banking licence under the Banks and Trust Companies Regulation Act, 2020; and
  - (b) the services that the registered firm provides to the customer include accepting deposits of money which may be withdrawn or repaid on demand or after a fixed period or after notice and the registered firm employs those deposits in whole or in part by lending or otherwise investing them for the account and at the risk of the registered firm.
- (4) A registered firm may allow a registered marketplace or clearing facility to hold or control client cash, capital markets instruments and other assets for the purpose of —

- (a) a transaction for the client with or through that registered marketplace or clearing facility; or
- (b) meeting the client's obligation to provide collateral for a transaction, provided that the client is notified that the cash, capital markets instruments or other assets may be so held or controlled

**102. Capital markets instruments subject to safekeeping agreement.**

- (1) A registered firm that holds unencumbered capital markets instruments for a client under a written safekeeping agreement must —
  - (a) segregate the instruments from all other capital markets instruments; and
  - (b) identify the instruments as being held in safekeeping for the client in —
    - (i) the registrant firm's capital markets instruments position records;
    - (ii) the client's ledger; and
    - (iii) the client's statement of account.
- (2) Unencumbered capital markets instruments held for a client under a written safekeeping agreement must only be released on an instruction from the client.

**103. Capital markets instruments not subject to safekeeping agreement.**

- (1) A registered firm that holds unencumbered capital markets instruments for a client that are either fully paid for or are excess margin instruments, but are not held under a written safekeeping agreement, must —
  - (a) segregate and identify the instruments as being held in trust for the client; and
  - (b) describe the instruments as being held in segregation on —
    - (i) the registered firm's capital markets instruments position records,
    - (ii) the client's ledger, and
    - (iii) the client's statement of account.
- (2) If a client is indebted to a registered firm, the registered firm may sell or lend the capital markets instruments described in paragraph (1), but only to the extent reasonably necessary to cover the indebtedness.
- (3) Capital markets instruments described in paragraph (1) may be segregated in bulk.

**104. Reporting to the Commission.**

- (1) The registered firm shall prepare and deliver a report to the Commission on a quarterly basis —
  - (a) confirming that it is in compliance with the requirements of this Division; or
  - (b) if it is not in compliance with these requirements, providing full details of the non-compliance and what actions the registered firm is taking to rectify the problem.
- (2) The report required by paragraph (1) shall be as set out in Form 14 of the *First Schedule*.

**DIVISION 3 – ADVERTISING AND COMMUNICATION STANDARDS****105. Registration not to be advertised.**

A person shall not represent, orally or in writing, that the Commission has in any way approved the financial standing, fitness or conduct of any registrant or evaluated the merits of any capital markets instrument or issuer.

**106. Advertising standards.**

- (1) No person shall publish, make or issue an advertisement or other public invitation, including a public announcement, for persons to invest in a capital markets instrument or engage in a transaction in capital markets instruments, unless the advertisement or other invitation —
  - (a) contains sufficient relevant information so that it is not misleading; and
  - (b) where it is made, issued or published —
    - (i) outside The Bahamas, it complies with any laws in the jurisdiction where the advertisement or other invitation is made, issued or published; or
    - (ii) in The Bahamas and the Commission has given notice under paragraph (2), it is approved by the Commission prior to publication.
- (2) The Commission may give notice to a person that it requires advertisements or other public invitations regarding capital markets instruments proposed to be made in The Bahamas by that person be subject to pre-approval by the Commission.
- (3) If the Commission has given notice under paragraph (2), any affected person wishing to publish, make or issue such an advertisement or public invitation in The Bahamas shall file with the Commission an application containing the information set out in Form 15 of the *First Schedule*.



**107. Communication with clients.**

All communications by registrants with clients, whether in writing or otherwise, shall use clear, plain and concise language that can be readily understood by the client and shall not omit any material information.

## **PART VIII – DISTRIBUTIONS AND PROSPECTUS REQUIREMENTS**

### **DIVISION 1 – PUBLIC DISTRIBUTIONS**

**108. Definitions.**

- (1) In this Part —  
“**printed**” or “**written**” includes material distributed by electronic means;  
and  
“**vendor**” means the issuer or selling security holder of the securities being distributed.
- (2) In this Part, unless otherwise stated, a reference to a prospectus includes a preliminary prospectus and a prospectus in final form.

**109. Prospectus form.**

Without limiting the obligations under section 95(2) of the Act, a preliminary prospectus and a prospectus in final form —

- (a) shall be prepared in accordance with Form 16 of the *First Schedule*;
- (b) shall contain or be accompanied by such financial statements, reports and other documents as are required under the Act or as prescribed by the Commission; and
- (c) may contain any information required under any other applicable statute.

**110. Materials to be filed with preliminary prospectus.**

An issuer that files a preliminary prospectus with the Commission shall file and deliver the documents required by section 1 of Appendix B to Form 16 of the *First Schedule*.

**111. Materials to be filed with final prospectus or made available for public inspection.**

- (1) An issuer that files a prospectus in final form with the Commission shall file the documents required by section 2 of Appendix B to Form 16 of the *First Schedule*.
- (2) At least two business days before filing of the prospectus in final form, the issuer shall deliver to the Commission the required copies of the prospectus marked to show all changes from the preliminary prospectus.
- (3) An issuer that files a prospectus in final form shall make the documents set out in section 4 of Appendix B to Form 16 of the *First Schedule* available for public inspection during normal business hours at a place in The Bahamas throughout the period of distribution of the securities under the prospectus.

**112. Advertisements in connection with a distribution.**

- (1) Subject to any guideline of the Commission, for the purposes of section 98(1)(a) of the Act, during the period between the issue of the receipt for the preliminary prospectus and the receipt for the prospectus it is permissible to —
  - (a) distribute any communication to the public regarding the proposed distribution provided the communication —
    - (i) identifies the issuer and security proposed to be issued;
    - (ii) states the security's price, if then determined;
    - (iii) states the name and address of a person from whom purchases of the security may be made;
    - (iv) states the name and address of a person from whom a preliminary prospectus may be obtained, including the web address of the issuer where a copy of the prospectus can be retrieved and printed in readable form, if any; and
    - (v) contains only such further information as may be permitted or required by any guidelines issued by the Commission;
  - (b) distribute a preliminary prospectus; and
  - (c) solicit expressions of interest from a prospective purchaser if, prior to such solicitation or immediately after the prospective purchaser indicates an interest in purchasing the security, a copy of the preliminary prospectus is forwarded to the person.
- (2) Material given on distribution (2) From the date of the delivery by the Commission of a receipt for a preliminary prospectus relating to a security, a vendor or other person participating in a distribution on behalf of the vendor, shall not distribute any printed or written material or

electronically provide or make available any material respecting the security that is not permitted by paragraph (1).

### **113. Marketing restrictions for prospectus offerings.**

No person shall, in connection with a distribution of security by means of a prospectus, make any oral or written representation or disclose any fact to any person with respect to the issuer or the securities being distributed under the prospectus that is not contained in the prospectus for which a receipt has been issued by the Commission.

### **114. Prospectus certificates.**

- (1) For the purposes of section 102 of the Act, every prospectus shall contain a certificate signed by —
  - (a) the chief executive officer and the chief financial officer, or the persons acting in such capacities for the issuer, whatever their titles;
  - (b) on behalf of the board of directors of the issuer, by any two directors of the issuer duly authorised to sign, other than the persons referred to in paragraph (a);
  - (c) the selling security holder, if any; and
  - (d) any person who is a promoter of the issuer.
- (2) The certificate required by paragraph (1) shall be in the following form —

“The foregoing constitutes full, true and plain disclosure of all material information relating to the issuer and the securities distributed by this prospectus and contains no misrepresentation that is likely to affect the value or the market price of the securities being offered.”
- (3) If there is an underwriter, the prospectus shall contain a certificate in the following form, signed by the underwriter or underwriters that, with respect to the securities offered by the prospectus, are in a contractual relationship with the issuer or selling security holder —

“To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material information relating to the issuer and the securities distributed by this prospectus and contains no misrepresentation that is likely to affect the value or the market price of the securities being offered.”

### **115. Expert opinions.**

The Commission may require that a report, valuation, statement or opinion from an expert must be included in a prospectus or provided to or filed with the Commission.

**116. Expert's consents.**

- (1) If any expert is named in a prospectus as having —
  - (a) prepared or certified any part of the prospectus;
  - (b) opined on financial statements from which selected information included in the prospectus has been derived and which audit opinion is referred to in the prospectus; or
  - (c) prepared or certified a report or valuation referred to in the prospectus, the issuer shall file, no later than the time the prospectus is filed, a written consent from the expert.
- (2) The consent referred to in paragraph (1) shall —
  - (a) refer to the report, valuation, financial statement or opinion stating the date of the report, valuation, financial statement or opinion; and
  - (b) contain statements that the person referred to in subsection (1) —
    - (i) consents to being named in the prospectus;
    - (ii) consents to the use of the person's report, valuation, financial statement or opinion;
    - (iii) has read the prospectus; and
    - (iv) has no reason to believe that there are any misrepresentations in the information contained in it that are —
      - (A) derived from the report, valuation, statement or opinion; or
      - (B) within the knowledge of the person as a result of the services performed by that person in connection with the report, financial statements, valuation, statement or opinion.
- (3) In addition to any other requirement of this regulation, the consent of an auditor or accountant shall also state —
  - (a) the dates of the financial statements on which the report of the person is made; and
  - (b) that the person has no reason to believe that there are any misrepresentations in the information contained in the prospectus that are —
    - (i) derived from the financial statements on which the person has reported; or
    - (ii) within the knowledge of the person as a result of the preparation or audit of the financial statements.
- (4) Paragraph (1) does not apply to an approved rating organisation that issues a rating of the securities being offered under a prospectus.

### **117. Statement of rights.**

Every prospectus shall contain a statement of rights given to a purchaser under the Act in the following form —

“The Securities Industry Act, 2024, as amended, and the Regulations made under the Act, provide a purchaser with the right to withdraw from an agreement to purchase securities offered by this prospectus.

This right may be exercised within two business days after receipt of the prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission and damages if the prospectus or any amendment contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation. The purchaser should refer to the Securities Industry Act, 2024, as amended, and the Regulations made under that Act, for the particulars of these rights or consult with a legal adviser.”

### **118. Reasons the Commission shall refuse receipt.**

The Commission shall refuse to issue a receipt for a prospectus if it appears that

—

- (a) the prospectus or any other document filed with the prospectus —
  - (i) contains a misrepresentation;
  - (ii) contains any statement, promise, estimate or forecast that is misleading, false or deceptive;
  - (iii) fails to disclose any material information which may be required under the Act; or
  - (iv) fails to comply with any requirement of the Act;
- (b) the distribution in connection with which the prospectus is filed is deceptive;
- (c) an unconscionable consideration has been or is intended to be given for promotional purposes or for the acquisition of the security;
- (d) the past conduct of the issuer, or any director, senior officer, promoter, or controller, or any other person who exercises or is reasonably considered by the Commission likely to exercise influence over its management or policies, suggests to the Commission that the business or affairs of the issuer are likely to be conducted in a manner that is not honest or financially responsible or that may be unfair to holders of its securities;
- (e) the proceeds that the issuer will receive from the distribution, together with its other resources, are not sufficient to accomplish the purpose of the distribution stated in the prospectus;

- (f) an expert who has prepared or certified a part of the prospectus or report used in connection with it, or who has filed a consent with the Commission, is not acceptable to the Commission;
- (g) the issuer is in default in filing or delivering any document with the Commission required under the Act, or under any law under which it is incorporated or organised; or
- (h) an underwriter named in the prospectus and that is participating in the distribution in The Bahamas is not registered under the Act to carry out that activity.

### **119. Prospectus amendments.**

- (1) An amendment to a preliminary prospectus or a prospectus shall consist of either —
  - (a) an amendment in the form of an addendum that does not fully restate the text of the prospectus; or
  - (b) a complete restatement of the prospectus, as amended.
- (2) An amendment to a preliminary prospectus or a prospectus shall contain the certificates required by regulation 114 and, in the case of an amendment that does not fully restate the text of the preliminary prospectus or prospectus, shall be numbered and dated as follows —
 

“Amendment No. (insert amendment number) dated (insert date of amendment) to (Preliminary) Prospectus dated (insert date of preliminary prospectus or prospectus).”
- (3) An issuer that files an amendment to a preliminary prospectus or prospectus shall file or deliver to the Commission the documents set out in section 3 of Appendix B to Form 16 of the *First Schedule*.
- (4) Where an amendment is required to be filed, the issuer shall make immediate public disclosure of that fact.

### **120. Distribution list.**

Every registered firm participating in the distribution of a security to which section 95 of the Act applies, and if there is no registered firm, the vendor, shall maintain a record of the names and addresses of all persons to whom the preliminary prospectus has been forwarded.

### **121. Withdrawal from purchase.**

- (1) An agreement of purchase and sale for a security to which section 95 of the Act applies is not binding upon the purchaser, if the vendor, or the registered firm from whom the purchaser purchased the security, receives written notice evidencing the intention of the purchaser not to be bound by the agreement of purchase and sale not later than midnight on the second

day, exclusive of Saturdays, Sundays and holidays, after receipt by the purchaser of the prospectus and any amendment to the prospectus.

- (2) For the purposes of paragraph (1) —
  - (a) the receipt of the notice referred to in paragraph (1) by a registered firm who acted as agent of the vendor with respect to the sale of the security shall be deemed to be receipt by the vendor as of the date on which the registered firm received such notice;
  - (b) where the prospectus or an amendment to the prospectus is sent by prepaid mail, it shall be deemed to have been received in the ordinary course of mail by the person to whom it was addressed;
  - (c) the receipt of the prospectus or an amendment to the prospectus by a registered firm who is acting solely as agent of the purchaser shall be deemed to be receipt by the purchaser; and
  - (d) a registered firm shall not be considered to be acting as agent of the purchaser unless the registered firm is acting solely as agent of the purchaser and receives no compensation from or on behalf of the vendor with respect to the purchase and sale.
- (3) The onus of proving that the time for giving notice under paragraph (1) has expired is upon the registered firm from whom the purchaser has agreed to purchase the security, or if there is no registered firm, on the vendor.

## **122. Best efforts distributions/minimum offerings.**

- (1) If a minimum subscription amount is required in a distribution done on a best-efforts basis, the distribution shall not continue for more than 90 days after the date of the receipt for the prospectus if subscriptions representing the minimum amount of funds are not obtained within that period.
- (2) The period set out in paragraph (1) may be extended if each person who subscribed within that period consents to the continuation.

## **123. Escrow requirements.**

- (1) Any underwriter that is distributing an issuer's securities, other than on a firm commitment basis, or any issuer that is distributing its own securities shall escrow any proceeds from such offering with a bank licensed under the Banks and Trust Companies Regulation Act, 2020 or such other entity which has been approved by the Commission for this purpose.
- (2) An underwriter that is distributing securities on a firm commitment basis may escrow such proceeds in a separate bank account in trust for the issuer of the securities which are being offered.
- (3) The proceeds of the distribution shall remain in the escrow or trust account until —

- (a) the subscription period ends; or
- (b) the minimum subscription amount or other offering goals have been satisfied.

## DIVISION 2 – EXEMPT OFFERINGS

### **124. Offering to accredited investors.**

- (1) The requirement to file a prospectus under section 95 of the Act does not apply to a distribution of securities of an issuer, if —
  - (a) each purchaser that —
    - (i) is an accredited investor;
    - (ii) has been provided with an offering memorandum and such other information as required by regulation 127; and
    - (iii) has provided the vendor with an affidavit attesting to the investor's status as an accredited investor and acknowledging that the securities purchased are subject to restrictions on resale; and
  - (b) no advertisement or general public solicitation by any of the issuer, the selling security holder, any of their agents or any registered firm takes place.
- (2) The exemption in paragraph (1) is not available if the issuer —
  - (a) is an investment fund, as that term is defined in the Investment Funds Act; or
  - (b) is not an operating company.
- (3) The affidavit required by subparagraph (1)(a)(iii) shall be retained by the vendor.

### **125. Exemptions not available.**

The exemption under regulation 124 shall not be available for any vendor, if such vendor, any of its predecessors, affiliates, directors, senior officers, or significant security holders, either in The Bahamas or any other jurisdiction, has been —

- (a) convicted of a criminal offence involving fraud or dishonesty; or
- (b) the subject of any regulatory action involving a finding of fraud or dishonesty against that person.

### **126. Rights offerings.**

- (1) The requirement to file a prospectus under section 95 of the Act does not apply to a distribution of securities by an issuer, in a right, transferable or



otherwise, granted by the issuer to holders of its securities to purchase additional securities of its own issue, and the issue of securities on the exercise of the right, if the issuer —

- (a) files with the Commission a notice and the disclosure documents under regulation 127 that are to be sent to its security holders and the Commission does not inform the issuer in writing within ten days of the filing that it objects to the distribution; and
  - (b) sends to its security holders the disclosure documents and any other information relating to the securities that are satisfactory to the Commission.
- (2) The prospectus exemption in paragraph (1) is not available to an issuer if, after the exercise of the rights, there would be —
- (a) in the case of debt securities, an increase of more than 25 percent in the principal amount of debt outstanding; or
  - (b) in the case of all other securities, an increase of more than 25 percent in the number of the outstanding securities of the class.
- (3) The calculation of the increase in the number of securities issued or principal amount outstanding on exercise of the rights in paragraph (2) is to be carried out assuming the exercise of all rights issued under this rights offering and the exercise of any other rights issued by the issuer under the rights offering prospectus exemption during the 12 months immediately before the acceptance date of this rights offering

## **127. Offering memorandum and other disclosure documents.**

Each purchaser under a distribution described in regulations 124 or 126 must be provided at the time of the purchase with —

- (a) an offering memorandum, in English, setting out a description of the issuer's business, the securities being issued and their rights, the intended use of the proceeds of the transaction, the risk factors associated with the issuer and its securities, any rights the holders of the securities may have, and any other information required by the Commission;
- (b) the latest audited financial statements of the issuer;
- (c) the latest available unaudited financial statements, if any; and
- (d) any other information or documents as required by the Commission.

## **128. Sale by selling security holder on registered exchange.**

- (1) Subject to paragraph (2), the requirement to file a prospectus under section 95 of the Act does not apply to a distribution by a selling security holder if —

- (a) the distribution is conducted by or through a registered firm;
  - (b) the issuer of the security being distributed has been a public issuer for at least twelve months immediately preceding the date of commencement of the distribution;
  - (c) no selling or promotional expenses are incurred in connection with the distribution except for services customarily performed by a registered firm;
  - (d) the distribution takes place through the facilities of a registered exchange;
  - (e) at the time of the distribution, the selling security holder does not have knowledge or possession of any undisclosed material information in respect of the public issuer;
  - (f) if the securities being distributed have been acquired by the selling security holder under a prospectus exemption, at least six months have elapsed from the date of the initial exempt distribution; and
  - (g) notice of the intention to distribute securities in a trading transaction is disclosed by press release and filed with the Commission no less than three business days and no more than ten business days prior to the first sale by the selling security holder.
- (2) The exemption in paragraph (1) is not available unless —
- (a) the first sale takes place no less than three business days and no more than ten business days after the date of issue of the press release required by paragraph (1)(g); and
  - (b) the final sale takes place no later than the sixtieth day after the date of issue of the press release required by paragraph (1)(g).

## **129. Sales to employees.**

The requirement to file a prospectus under section 95 of the Act does not apply to a distribution by an issuer of securities of its own issue or that of an affiliate to its directors, officers or employees or the directors, officers or employees of an affiliate if —

- (a) in the case of employees, the employees are not induced to purchase the securities by expectation of employment or continued employment with the issuer; and
- (b) no commission or other remuneration is paid or given for the distribution except for professional services or for services other than the solicitation of employees

## **130. Approved foreign issuer distributions.**

- (1) For the purposes of section 106 of the Act, to be an “approved foreign issuer” an issuer must meet —

- (a) both of the following criteria —
    - (i) be a public issuer, or equivalent status, in a recognised foreign jurisdiction for 3 years; and
    - (ii) have securities listed on a recognised foreign exchange; or
  - (b) such alternative criteria as may be prescribed.
- (2) The prospectus exemption contained in section 106 of the Act shall only be available to an approved foreign issuer that —
- (a) files with the Commission the documents set out in section 1 of the *Second Schedule* at least five business days before it proposes to distribute its securities in The Bahamas; and
  - (b) gives to each purchaser in The Bahamas the documents set out in section 2 of the *Second Schedule*, no later than two business days before the date the purchaser enters into an agreement to purchase the securities.

**131. Notices required to be filed with Commission on exempt sales.**

- (1) No later than five days after the first sale of securities using any exemption set out in this Division, the issuer shall file the information required by Form 17 of the *First Schedule*, providing the required details of the offering.
- (2) The issuer shall file a report with the Commission within five days after any subsequent sale of securities under the same exemption.

**132. Resale restrictions.**

- (1) The first trade in securities previously acquired pursuant to an exemption contained in regulations 124 or 126, other than a further trade under an exemption in the Act, is deemed to be a distribution, unless —
  - (a) the issuer is and has been a public issuer for the twelve months immediately preceding the date of the trade
  - (b) the trade is not a control block distribution;
  - (c) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade;
  - (d) no extraordinary commission or consideration is paid to a person in respect of the trade;
  - (e) if the vendor is an insider of the public issuer, such seller has no reasonable grounds to believe that the public issuer is in default of securities laws; and
  - (f) at least six months have elapsed from the date of the initial distribution.

- (2) A person who purchases a security pursuant to an exemption from the prospectus requirement at a time when the condition set out in paragraph (1)(f) has not been satisfied shall be in the same position as the vendor for the remainder of the period specified in paragraph (1)(f).
- (3) Where a security of an issuer is distributed on conversion or exchange of another security of the same issuer at a time when the condition set out in paragraph (1)(f) has not been satisfied in respect of the convertible or exchangeable security, a person who takes such security distributed on conversion or exchange shall be in the same position for the remainder of the period specified in such paragraph as if such conversion or exchange had not occurred.

### DIVISION 3 – GENERAL

#### **133. Commission may require preparation and filing of supplementary information.**

The Commission shall have the authority to require the vendor or other involved party to provide additional information, reports, materials or attachments in connection with a distribution or exempt distribution and may also require that the prospectus, preliminary prospectus or other disclosure document contain additional information or attachments which are not specified in these Regulations.

#### **134. Prohibition.**

No person shall distribute any communication in respect of a security, whether in the course of a distribution to the public or otherwise, except in accordance with these Regulations, any exemption granted by the Commission or as otherwise prescribed.

## **PART IX – CONTINUING DISCLOSURE OBLIGATIONS OF PUBLIC ISSUERS**

### **DIVISION 1 – ROUTINE REPORTING**

#### **135. Annual financial statements.**

- (1) For purposes of section 114(1) of the Act, the audited annual financial statements of a public issuer shall be filed with the Commission by the 120<sup>th</sup> day after the end of its financial year.
- (2) The financial statements required by paragraph (1) shall include —
  - (a) a statement of comprehensive income, a statement of changes in equity, and a cash flow statement for the applicable periods referred to in paragraph (3); and
  - (b) a statement of financial position as at the end of the applicable periods referred to in paragraph (3).
- (3) The applicable periods are —
  - (a) the period that commenced on the date of incorporation or organisation and ended as of the close of the first financial year or, if the public issuer has completed a financial year, the last financial year, as the case may be; and
  - (b) the period covered by the financial year next preceding the last financial year, if any.
- (4) Where a change has been made in the ending date of a financial year of a public issuer, the public issuer shall provide the Commission with a notice of the change and the reasons for it no later than the 10th day after the decision is made to change the date.
- (5) The annual financial statements of a public issuer shall be approved —
  - (a) if the public issuer is organised or constituted as a company, by the directors of the public issuer, and the approval shall be evidenced by the signatures of two directors duly authorised to signify the approval; and
  - (b) if the public issuer is organised or constituted other than as a company, by any two persons authorised to sign on behalf of the public issuer, and the approval shall be evidenced by the signatures of two such persons duly authorised to signify the approval.

#### **136. Interim financial statements.**

- (1) For purposes of section 114(6) of the Act, the interim financial statements of a public issuer shall be filed with the Commission within 45 days of the

end of the first, second, third and fourth quarter interim period to which they relate.

- (2) The interim financial statements of a public issuer shall include —
  - (a) a statement of comprehensive income;
  - (b) a statement of changes in equity;
  - (c) a cash flow statement;
  - (d) a statement of financial position; and
  - (e) comparative statements in relation to (a), (b), (c) and (d) above.
- (3) The interim financial statements in paragraph (2) shall be prepared in accordance with generally accepted accounting principles.
- (4) The directors of a public issuer shall review its interim financial statements prior to being filed with the Commission.
- (5) The directors of a public issuer may permit the audit committee of the board of directors to conduct the review required by paragraph (5).

### **137. Annual report.**

- (1) For purposes of section 114(7)(a) of the Act, an annual report of a public issuer shall be filed with the Commission by the 120th day after the end of each financial year.
- (2) The annual report of the public issuer shall contain the information required by Form 18 of the *First Schedule* or such other information as may be prescribed.

### **138. Management discussion and analysis.**

- (1) For purposes of section 114(7)(b) of the Act, a public issuer is required to prepare and file a management discussion and analysis concurrently with the filing of the annual financial statements of the public issuer.
- (2) The management discussion and analysis of a public issuer shall contain the information required by Form 19 of the *First Schedule*.
- (3) Notwithstanding paragraph (2), a management discussion and analysis of a public issuer may discuss such other matters which the public issuer reasonably believes are necessary for a full, true and complete understanding of the financial results, financial position and future prospects of the public issuer.
- (4) The management discussion and analysis that a reporting issuer is required to file under paragraph (1) must be approved by the board of directors before being filed.

- (5) For purposes of section 115(1)(d) of the Act, a public issuer is required to send its annual management discussion and analysis to all security holders to whom it sends its annual audited financial statements.

## DIVISION 2 – MATERIAL CHANGE REPORTING

### 139. Reporting to the Commission.

- (1) The issuer shall file with the Commission a copy of the press release issued in connection with a material change immediately upon its release to the media.
- (2) For the purposes of paragraph 112(1)(b) of the Act, the prescribed report is a report containing the information set out in Form 20 of the *First Schedule*.

## DIVISION 3 – PROXIES

### 140. Definitions.

In this Division —

“**dissident**” means any person other than a person who is part of the management of the public issuer or its affiliates and associates, by or on behalf of whom a solicitation is made, and includes a committee or group that solicits proxies, any members of the committee or group, and any person whether or not named as a member, who acting alone or with one or more other persons, directly or indirectly, engages in organising, directing or financing any such committee or group, except —

- (a) a person who contributes not more than \$250 and who does not otherwise participate in the solicitation;
- (b) a bank, other lending institution or a registered firm that in the ordinary course of business lends money or executes orders for the purchase or sale of securities and that does not otherwise participate in the solicitation;
- (c) a person who is employed to solicit and whose activities are limited to the performance of duties in the course of such employment;
- (d) a person who only sends soliciting material or performs other administrative or clerical duties;
- (e) a person employed in the capacity of lawyer, accountant, advertiser, public relations or financial adviser and whose

activities are limited to the performance of duties in the course of such employment; and

- (f) an officer, director or employee of a person by or on behalf of whom a solicitation is made, if he or she does not directly participate in the solicitation.

#### **141. Proxy statements.**

- (1) For the purposes of section 116 of the Act —
  - (a) the prescribed form of management proxy statement is Form 21 of the *First Schedule*; and
  - (b) the prescribed form of dissident proxy statement is Form 22 of the *First Schedule*.
- (2) A person shall not solicit proxies unless —
  - (a) in the case of solicitation by or on behalf of the management of the public issuer, a management proxy statement accompanies the notice of the meeting; or
  - (b) in the case of any other solicitation, a dissident proxy statement stating the purpose of the solicitation, is sent to the auditor of the public issuer, to each security holder whose proxy is solicited, to each director, and if paragraph (b) applies, to the public issuer.

#### **142. Form of proxy.**

- (1) A form of proxy required by paragraph 116(2) of the Act to be sent to security holders and to be filed with the Commission shall indicate in bold face type —
  - (a) the meeting at which it is to be used; and
  - (b) whether the proxy is solicited by or on behalf of the management of the public issuer.
- (2) A form of proxy shall contain a blank space for a date and shall state that, if it is not dated in the space, it is deemed to bear the date on which it is sent by the person making the solicitation.
- (3) A form of proxy, an accompanying management proxy statement or a dissident proxy statement shall set out, in bold-face type, that the security holder may appoint a proxy-holder, other than a person designated in the form of proxy, to attend and act on their behalf at the meeting, and shall contain instructions on the manner in which the security holder may make the appointment.
- (4) If a form of proxy shows a person as designated proxy-holder, it shall provide a means for the security holder to designate some other person as proxy-holder.



- (5) A form of proxy shall provide a means for the security holder to specify that the securities registered in the security holder's name shall be voted for or against each matter or group of related matters identified in the notice of meeting, management proxy statement, dissident proxy statement or a security holder proposal under regulation 144, other than the appointment of an auditor, the remuneration of the auditor and the election of directors.
- (6) A form of proxy may confer authority as to a matter for which a choice is not specified by the security holder in accordance with paragraph (5) if the form of proxy, management proxy statement, or dissident proxy statement states in bold-face type how the proxy-holder will vote the securities in respect of each matter or group of related matters.
- (7) A form of proxy shall provide a means for the security holder to specify that the shares registered in the security holder's name shall be voted or withheld from voting in respect of the appointment of an auditor, the remuneration of the auditor, or the election of directors.
- (8) A form of proxy, management proxy statement or dissident proxy statement shall state that the shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the security holder on any ballot that may be called for and that, if the security holder specifies a choice with respect to any matter to be acted upon, the shares shall be voted accordingly.

#### **143. Discretionary authority – form of proxy.**

- (1) Discretionary authority may be conferred by way of a form of proxy in respect of amendments or variations to matters identified in the notice of meeting or other matters that may properly come before the meeting where —
  - (a) the person by or on whose behalf the solicitation is made is not aware within a reasonable time before the solicitation that the amendments or other matters are to be presented for action at the meeting; and
  - (b) the form of proxy, management proxy statement, or dissident proxy statement states specifically that it confers such discretionary authority.
- (2) Discretionary authority to vote shall not be conferred for —
  - (a) the appointment of an auditor or the election of a director unless a good faith proposed nominee for the appointment or election is named in the form of proxy, a management proxy statement, a dissident proxy statement, or a security holder proposal under regulation 144; or

- (b) any meeting other than the meeting specified in the notice of meeting or any adjournment of that meeting

#### **144. Security holder proposals.**

- (1) A holder of securities that are entitled to be voted at a meeting of security holders may —
  - (a) submit to the public issuer a notice of a proposal; and
  - (b) discuss at the meeting any matter about which the security holder would have been entitled to submit a proposal.
- (2) If a public issuer receives notice of a proposal and the public issuer solicits proxies, it shall set out the proposal in the management proxy statement required by regulation 141 or attach the proposal to the proxy statement.
- (3) If so requested by the person who submits notice of a proposal, the public issuer shall include in the management proxy statement, or attach to it, a statement in support of the proposal from the person submitting the proposal and the name and address of that person.
- (4) The proposal referred to in paragraph (2) and the statement referred to in paragraph (3) shall together not exceed any maximum number of words prescribed by the Commission.
- (5) A proposal may include nominations for the election of directors if the proposal is signed by one or more holders of securities representing in the aggregate not less than five per cent of the securities or five per cent of the shares of a class or series of securities of the public issuer entitled to vote at the meeting to which the proposal is to be presented, but this paragraph does not preclude nominations being made at a meeting of security holders.
- (6) A public issuer is not required to comply with paragraphs (2) and (3) where —
  - (a) the proposal is not submitted to the public issuer at least sixty days before the anniversary date of the last annual meeting, if the matter is proposed to be raised at an annual meeting, or at least sixty days before a meeting other than the annual meeting, if the matter is proposed to be raised at a meeting other than the annual meeting;
  - (b) it clearly appears that the primary purpose of the proposal is to enforce a personal claim or redress a personal grievance against the public issuer or its directors, officers or security holders;
  - (c) it clearly appears that the proposal does not relate in a significant way to the business or affairs of the public issuer; or
  - (d) substantially the same proposal was submitted to security holders in a management proxy statement or a dissident proxy statement

relating to a meeting of security holders held within two years preceding the receipt of the security holder's request and the proposal was defeated.

- (7) No public issuer or person acting on its behalf incurs any liability by reason only of circulating a proposal or statement in compliance with this regulation.
- (8) If a public issuer refuses to include a proposal in a management proxy statement, the public issuer shall, within 10 days after receiving the proposal, send to the person who submitted the proposal notice of its intention to omit the proposal from the management proxy statement and the reasons for the refusal.
- (9) On the application of a person submitting a proposal who claims to be aggrieved by a public issuer's refusal under paragraph (8), the Commission may restrain the holding of the meeting to which the proposal is sought to be presented and make any further order it thinks fit.
- (10) The public issuer or any person aggrieved by a proposal may apply to the Commission for an order permitting the public issuer to omit the proposal from the management proxy statement, and the Commission, if it is satisfied that paragraph (6) applies, may make such order as it thinks fit.
- (11) In this regulation, "**proposal**" means a matter that a holder of securities entitled to be voted upon proposes to raise at a meeting of security holders.

#### **145. Proxy statements – general.**

- (1) The information in a management proxy statement or a dissident proxy statement shall be given as of a specified date not more than thirty days prior to the date upon which the proxy statement is first sent to any of the security holders of the public issuer.
- (2) A proxy statement may omit any information contained in any other proxy statement, notice of meeting or form of proxy sent to the persons whose proxies are solicited in connection with the same meeting if reference is made to the particular document containing the information.

#### **146. Requirement to file draft copies of proxy materials.**

- (1) If the Commission gives notice that it intends to require the filing of draft copies of proxy-related materials by a public issuer under subsection 116(5) of the Act, the public issuer shall file with the Commission the required copies of all materials proposed to be sent to security holders in connection with a meeting not less than the number of days set out in the Commission notice prior to the proposed date that such materials are to be sent to its security holders.

- (2) If the Commission takes no action within the specified notice period following the date the materials were filed with the Commission under paragraph (1), the materials may be sent to security holders by the public issuer.
- (3) The Commission may, by notice, require dissidents to file draft copies of all proxy related materials that the dissidents propose to send to security holders under section 116 of the Act and such notice shall specify the materials that must be filed with the Commission and the required procedure for review.

#### **147. Commission authority.**

The Commission may issue an order prohibiting a public issuer from holding a scheduled meeting of security holders or from transacting any business at such a meeting, even after a notice of meeting has been sent.

### **DIVISION 4 – DELIVERY METHOD**

#### **148. Alternative delivery methods.**

- (1) Subject to paragraph (2), every financial statement, annual report, proxy material and other document required to be prepared and filed with the Commission in Division 1 and 3 of Part IX, shall be concurrently sent by the public issuer to each security holder, to the address as shown on the register of the public issuer at the time such documents are filed with the Commission.
- (2) A public issuer satisfies the obligation under this Part with respect to the sending and delivery of any document, report or statement to its security holders by —
  - (a) sending the document, report or statement to its security holders by —
    - (i) way of compact disc or other external memory device addressed to the latest address of the security holder as shown on the securities register provided that the security holder has given written consent for the document, report or statement to be delivered to him in this format; or
    - (ii) electronic mail, where the security holder has given written consent to such delivery method and the public issuer posts the document, report or statement on its website;
  - (b) publishing the document, report or statement in two daily newspapers of general circulation in The Bahamas;
  - (c) posting the document, report or statement on the website of the public issuer and publishing a notice in two daily newspapers to be

- approved by the Commission, notifying the security holders about the availability of such document, report or statement;
- (d) mailing the document, report or statement to the latest address of the security holder as shown on the register of the public issuer; or
  - (e) making the document, report or statement available in such other manner as the Commission may determine.
- (3) Notwithstanding paragraph (2), a security holder may make a request for a hard copy of any document, report or statement required to be sent under Part IX of the Regulations or the Act and the public issuer shall, as soon as practicable, send such document, report or statement, without charge, addressed to the latest address of the security holder as shown on the register of the public issuer.

## **PART X – MISCONDUCT**

### **149. Application.**

This Part also applies to investment funds and parties related to investment funds.

### **150. Policies and procedures to prevent insider trading.**

Any market participant that may, in the course of that person's business, have access to material information about an issuer or its securities or related financial instruments shall establish and maintain policies and procedures to prevent the use or transmission of that information in a manner contrary to law.

### **151. Exemption to prohibited representations.**

- (1) The prohibition in subsection 135(1) of the Act regarding a representation that any person will resell or repurchase a security, shall not apply to a representation that is contained in an enforceable written agreement and the person to whom the representation is made is an accredited investor.
- (2) The prohibition in subsection 135(5) of the Act regarding a representation regarding listing of a security or derivative on any exchange, shall not apply if the exchange has granted approval to the listing, conditional or otherwise, or has consented to, or indicated that it does not object to the listing representation

## **PART XI – REPORTING BY SECURITY HOLDERS OF PUBLIC ISSUERS**

### **152. Insider reports.**

The report required to be filed with the Commission under section 143 of the Act shall be —

- (a) made in Form 23 of the *First Schedule*; and
- (b) filed with the Commission and sent to the public issuer no later than the fifth day after the date of the event triggering the obligation to file a report under section 143 of the Act.

### **153. Register of security holders of public issuer.**

- (1) A public issuer shall keep up to date register of its directors, officers and security holders that shall contain details of all holdings of and transactions in the securities of the public issuer carried out by those persons, including all information required by section 143 of the Act.
- (2) The register shall be kept at the issuer's registered office or such other place as permitted by law.
- (3) The register shall be open to inspection for a reasonable period each business day.
- (4) Inspection of the register shall be permitted —
  - (a) without charge to any security holder of the issuer; and
  - (b) to any other person by payment of such sum as may be prescribed.
- (5) The register shall be produced at the commencement of the issuer's annual general meeting and be kept open and accessible during the meeting to any person attending the meeting.
- (6) Any person may require a copy of the whole or any part of the register on payment of such sum as may be prescribed

## **PART XII – CIVIL LIABILITY FOR MISREPRESENTATIONS**

### **154. Promoter liability for misrepresentation in a prospectus.**

For the purposes of section 172(1)(d) of the Act, the prescribed period is two years.

## **PART XIII – GENERAL PROVISIONS**

### **155. Application.**

This Part also applies to investment funds and parties related to investment funds.

### **156. Recognised foreign jurisdictions and foreign exchanges.**

- (1) Pursuant to section 201(a) of the Act, the foreign jurisdictions set out in the *Third Schedule* are recognised.
- (2) Pursuant to section 201(b) of the Act, the foreign exchanges set out in the *Third Schedule* are recognised.

### **157. Official register – contents.**

- (1) The Commission's Official Register shall contain information on current and former —
  - (a) registrants;
  - (b) approved auditors;
  - (c) public issuers;
  - (d) persons registered under Part VI of the Act; and
  - (e) investment funds and parties related to investment funds regulated by the Investment Funds Act.
- (2) The information required under paragraph (1) shall include —
  - (a) information which was filed with the Commission;
  - (b) final decisions of any disciplinary or criminal proceedings by any regulatory or judicial authority, domestic or foreign; and
  - (c) orders arising from any bankruptcy, insolvency or similar filing, whether domestic or foreign.
- (3) The Official Register may contain any other information that the Commission deems necessary or appropriate.

## **PART XIV – TRANSITION**

### **158. Definitions.**

In this Part —

“**effective date**” is the date on which these Regulations are published in the Gazette;

**“first relevant period”** means the period between the effective date and the first transition date;

**“first transition date”** means the day that is six months after the effective date;

**“former Regulations”** means the Securities Industry Regulations, 2012;

**“second relevant period”** means the period between the effective date and the second transition date;

**“second transition date”** means the day that is the first anniversary of the effective date.

#### **159. Books and records requirements.**

- (1) The books and records obligations set out in regulations 17 and 18 shall not take effect until the first transition date with respect to a person who, immediately before the effective date was a securities exchange, clearing facility, broker-dealer or securities investment advisor registered under the former Act.
- (2) Until the first transition date, regulations 51, 52 and 53 of the former Regulations shall continue to have effect, notwithstanding the repeal of the former Act and former Regulations.

#### **160. Ongoing obligation to meet systems and controls, business continuity and outsourcing registration requirements for existing registered securities exchanges and clearing facilities.**

- (1) The obligations set out in regulations 25, 26 and 27 shall not apply until the first transition date to a person who, immediately before the effective date, was a securities exchange or clearing facility registered under the former Act.
- (2) Until the first transition date, regulation 23 of the former Regulations shall continue to have effect, notwithstanding the repeal of the former Act and former Regulations.

#### **161. Capital requirements.**

For the purposes of regulation 48(3) and notwithstanding the repeal of the Securities Industry Act, 1999 and the Securities Industry Regulations, 2000, regulation 55 of the Securities Industry Regulations, 2000, shall continue to apply in respect of the minimum required capital for registered firms, unless otherwise prescribed.



**162. Required standards of registered firms and terms of business.**

- (1) The obligations set out in regulations 73 and 76 shall not apply until the second transition date to a person that, immediately before the effective date, was a registered firm under the former Act.
- (2) Until the second transition date, regulation 73 of the former regulation shall continue to have effect, notwithstanding the repeal of the former Act and former Regulations.

**163. Internal controls, risk management, business continuity and outsourcing requirements.**

- (1) The obligations set out in regulations 82, 83, 84, 85 and 86 shall not apply until the first transition date to a person that, immediately before the effective date was a registered firm under the former Act.
- (2) Until the first transition date, regulations 38(1)(b) and 44 of the former Regulations shall continue to have effect notwithstanding the repeal of the former Act and former Regulations.

**164. Short-selling.**

The provisions set out in regulation 99 regarding short selling by registered firms shall not apply until the first transition date.

**165. Reconciliation of accounts.**

- (1) The obligation set out in regulation 100(1)(b) to perform daily reconciliation of all balances and positions of the registered firm and its clients with marketplaces and clearing facilities shall not apply until the first transition date.
- (2) Until the first transition date, regulation 87(1)(b) of the former regulations shall continue to have effect, notwithstanding the repeal of the former Act and former Regulations.

**166. Disclosure to clients.**

The obligation set out in regulation 107 regarding the use of plain language in all communications with clients shall not apply until the first transition date.

**167. Extension of time.**

The Commission, may, at its discretion, grant extensions to any time period set out in this Part.

## **PART XV – REPEALS**

### **168. Repeal.**

The Securities Industry Regulations, 2012 are repealed.

**FIRST SCHEDULE****Form 1****Application for Recognition as an Approved Auditor**

(Regulation 11)

*Instructions: If the Applicant is currently approved by the Commission to act as auditor for a person registered under Part VI of the Act, a registered firm or a public issuer, the Applicant is only required to answer items 1 to 4 and 9 in full and provide any information on items 5 to 8 that has changed since the last approval by the Commission was granted.*

**Item 1 – Name of Applicant**

State full legal name of the Applicant.

**Item 2 – Type of Application**

State whether the Applicant is applying for recognition as an individual or as a firm of accountants.

**Item 3 – Who Acting For**

State the full legal name of the person registered under Part VI of the Act, registered firm or public issuer for whom the applicant will be acting as auditor.

**Item 4 – Previous Commission Approval**

If applicable, state the most recent approval received from the Commission to act as an approved auditor and the audit client for which that approval was granted.

**Item 5 - Full Contact Details of Applicant**

State the Applicant's principal business address and provide email address(es), telephone numbers and fax numbers. If the Applicant operates at more than one address in The Bahamas, provide details for each office.

**Item 6 – Details of Qualification of Applicant**

Provide names, addresses and qualifications of the Applicant (if individual application) or of all professional members of the firm (if application is on behalf of a firm); include membership status of each named person with the Bahamas Institute of Chartered Accountants and whether he/she is licensed under The Bahamas Institute of Chartered Accountants Act (*Ch. 364*).

**Item 7 – Discipline History**

State whether the Applicant or any member of the Applicant firm has ever been –

- (a) barred or suspended by the Commission from acting on behalf of or being associated with any stock exchange, clearing facility, registered firm, public issuer, or other person in the Bahamas;

- (b) barred or suspended from acting on behalf of or being associated with any financial institution or other regulated entity by any domestic regulatory authority;
- (c) refused registration or recognition or been suspended, censured or disciplined by any overseas regulatory authority; or
- (d) disciplined by any professional association or been denied admission, renewal or had its membership revoked.

If so, please provide full details.

**Item 8 – Name and Address of Senior Official of Applicant Responsible for this Application**

Give the name, business telephone number and email address of a senior official of the Applicant who is knowledgeable about the application and who may be contacted to discuss it.

**Item 9 – Additional Information**

Include any other information known to the Applicant required to (a) establish the Applicant's qualifications and suitability for recognition, (b) to make this application true, complete and not misleading.

**Item 10 – Date, Certification and Signature**

Date the application. Unless applying for recognition as an individual, have the form signed by two senior partners of the Applicant. The signatories must certify the following statement:

“We, the undersigned, hereby affirm that to the best of our information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.

“We are aware of the requirements imposed on Approved Auditors under the Securities Industry Act, 2024 and the Regulations, and if this application is granted, we undertake that the Applicant will comply with these requirements.”

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

An application fee must be submitted with this application. The appropriate fee can be found in the Fees Rules.

**Form 2**  
**Notice of Appointment, Termination or Resignation of Auditors**  
**(Regulation 15)**

*Instructions: If this form relates to the appointment of an auditor, it must be accompanied by a completed Form 1 from the newly appointed auditor.*

**Item 1 – Names and Addresses of Affected Parties**

State the names, principal business addresses and provide email address(es), telephone numbers and fax numbers of:

- a. the person registered under Part VI of the Act, registered firm or public issuer giving the notice;
- b. the newly appointed auditor;
- c. the auditor whose appointment is being terminated or is resigning (if any).

**Item 2 – Description of Change and Effective Date**

Provide information regarding –

- a. The reason for the appointment, termination or resignation of auditors;
- b. The effective date of the appointment, termination or resignation;
- c. Whether the auditor's report for either of the past two years included an adverse opinion, a disclaimer of opinion or any qualification of the auditor's opinion;
- d. Whether there were disagreements with the former auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that if not resolved to the satisfaction of the former auditor, would have caused the auditor to make reference to the subject matter of the disagreement in the audit report. If there were such disagreements, provide details of the relevant issues.

**Item 3 – Contact Person**

Give the name, business telephone number and email address of a senior officer of the person registered under Part VI of the Act, registered firm or public issuer who is knowledgeable about the change, and who may be contacted to discuss it.

**Item 4 – Date the Report**

**Item 5 – Certification and Signature**

Include the signature of a senior officer certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.”

*WARNING: Intentional misstatement or failure to disclose information may constitute an offence.*

A fee is required to be submitted with this form. The appropriate fee can be found in the Fees Rules.

**Form 3****Application for Registration as a Marketplace or Clearing Facility  
(Regulation 23)****Item 1 – Name of Applicant**

State the full legal name of the Applicant.

**Item 2 – Type of Application**

State whether the Applicant is applying for registration as a marketplace or clearing facility.

**Item 3 – Full Business Contact Details of Applicant**

State the Applicant's principal business address and provide email address(es), telephone numbers and fax numbers. If the Applicant operates at more than one address in The Bahamas, provide details for each office.

**Item 4 – Full Details on Security Holders, Directors and Officers**

Provide completed Form 4 for each security holder, director and officer of the Applicant.

If the securities of the Applicant are traded on a securities exchange in any jurisdiction, provide full details of the listing.

Provide a list of all affiliates of the Applicant and indicate nature of relationship, business the affiliate is in, where it is incorporated, etc.

**Item 5– Discipline History**

State whether the Applicant or any director, officer or significant security holder of the Applicant has ever been –

- (a) disciplined by any stock exchange, regulatory authority or professional association in any jurisdiction or been denied admission, registration or renewal or had its membership or registration revoked;
- (b) declared bankrupt, been convicted of a crime or been sued under any commercial law, securities law, companies law or law concerning fraud;
- (c) involved with an application for regulatory approval in any jurisdiction where that application has been refused or withdrawn;
- (d) dismissed from any office or employment or barred from entry to any profession or occupation; and
- (e) compulsorily wound up or made any arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims.

If so, please provide full details.

**Item 6 – Operational Capabilities**

Provide a detailed description of the Applicant's operational capabilities, including the physical premises, trading system, clearing and settlement systems, security, communication and market surveillance systems, and staff resources, as applicable.

**Item 7 – Policies and Procedures**

Provide a summary of the Applicant's written supervisory, internal controls, risk management and business continuity policies and procedures. Attach a complete copy of these policies and procedures.

**Item 8 – Rules**

Provide a summary of the Applicant's rules/proposed rules including rules regarding membership, listing, business conduct, and clearing and settlement, as applicable. Attach a complete copy of these rules.

**Item 9 – Financial Statements**

The following must be submitted –

Where the Applicant has been established within six months of the date of application and the Applicant has not commenced operations –

- (a) a statement from a senior officer of the Applicant confirming that the Applicant has not commenced trading since the date of establishment and that no financial statements have been produced or dividends declared; and
- (b) an audited statement of financial position, showing the minimum financial resources required as at a date not more than 21 days before the date of the application.

For all other Applicants –

- (a) audited financial statements for the two financial years immediately prior to the date of the application or, if shorter, since the date of establishment;
- (b) the auditor's report accompanying the financial statements; and
- (c) the most recent interim financial statements certified by the Chief Executive Officer and the Treasurer to be true and complete.

If the Applicant has any significant security holders that are companies, the Applicant must also submit for each such security holder –

- (a) audited financial statements for the two financial years immediately prior to the date of the application or, if shorter, since the date of establishment;
- (b) the auditor's report accompanying the financial statements; and
- (c) the most recent interim financial statements certified by the Chief Executive Officer and the Treasurer to be true and complete.

**Item 10 – Proposed Fees**

Provide a summary of the proposed fee schedule, including, as applicable, fees for membership, listing, execution of trades, clearing and settlement and any other charges. Attach a copy of the complete schedule.

**Item 11 – Other Regulatory Approvals**

If the Applicant is registered, licensed or authorised by any other regulatory authority in The Bahamas or elsewhere, provide details of that status, including the name of the regulatory authority, type of registration, license or authorisation, date of approval, registration number, etc.

**Item 12 – Business Plan**

Provide a summary of the Applicant's business plan and budget for the next three years, which shall include financial and operational projections, staffing requirements and listing projections, as applicable. Attach a complete copy of the detailed plan.

**Item 13 – Contact Person at Applicant**

Give the name, business telephone number and email address of a senior official of the Applicant who is knowledgeable about the application and who may be contacted to discuss it.

**Item 14 – Date the Application****Item 15 – Certification and Signature**

Include the signature of the Chief Executive Officer and Treasurer certifying the following statement:

"We, the undersigned, hereby affirm that to the best of our information, knowledge and belief that

- a. The Applicant is currently in compliance with all the applicable provisions of the Act and these Regulations; and
- b. The contents of this form and any attachments provided with this form are true, correct and not misleading."

*WARNING: Intentional misstatement or failure to disclose information may constitute an offence.*

Required attachments:

1. Copy of the Applicant's written supervisory, internal controls and risk management policies and procedures.
2. Evidence of the Applicant's good standing with the Registrar of Companies.
3. Certified copy of the Applicant's Memorandum and Articles of Association, or equivalent incorporation documents.
4. Copies of required financial statements;
5. Copy of the rules of the marketplace or clearing facility, including rules regarding membership, listing, business conduct, and clearing and settlement, as applicable;
6. A schedule of the proposed fees, including fees for membership, listing, execution of trades, clearing and settlement and any other charges;
7. Evidence of the Applicant's registration with any other regulatory authority, if applicable.
8. Copy of the Applicant's detailed business plan for the next three years, including financial and operational projections, staffing requirements and listing projections, as applicable;
9. Completed Form 4s for each security holder, director and officer.

An application fee must be submitted with this application. The appropriate fee can be found in the Fees Rules.



**Form 4**  
**Personal Questionnaire for Directors, Officers and Security Holders of Persons Registered Under Part VI of the Act or Registered Firms**  
**Regulation**

General

Please complete relevant sections and provide all required attachments indicated within this form.

Instructions:

**1. Personal Details:**

Name of Firm:	
Name of Person	
Previous Name	
Mobile Number	
Fax	
Email Address	
Type of Registration Application	
(Indicate role(s) for which approval is sought	

**2. Personal Address Details**

**Home Address**

Address Line 1		Country	
Address Line 2		State/Island	
Postal Code		City	
From Date			

**Previous Addresses (Within last 10 years)**

Previous Address 1:

Address Line 1		Country	
Address Line 2		State/Island	

Postal Code		City	
From Date			

Previous Address 2:

Address Line 1		Country	
Address Line 2		State/Island	
Postal Code		City	
From Date			

Previous Address 3:

Address Line 1		Country	
Address Line 2		State/Island	
Postal Code		City	
From Date			

Previous Address 4:

Address Line 1		Country	
Address Line 2		State/Island	
Postal Code		City	
From Date			

4.      **Personal Other Details**

State of Birth	
Place of Birth	
Police Certificate Date (An affidavit may be used if a Police Certificate is not available)	
Citizenship	

Identification Type Details  
Please provide identification information (Passport, Voter's Registration, National Identification,

Social Security, Tax Identification or other and number)

Identification Type	Identification Number	Expiry Date

Employment Details

Employment Type	Employer Name	Nature of Business	Title Position Held – Start Date	End Date

Present or Prior

Employment Name:	
Address Line 1:	
Address Line 2:	
Postal Code:	
Country:	
State/Island:	
City:	
Telephone:	
Fax:	
Email Address:	
Nature of Business:	
Title of Position Held:	
Relevant Start Date:	
Relevant End Date:	

Reference (Provide the name, position, telephone number of reference)

Name:
Position:
Telephone:

Associations

List Companies that applicant is (a) presently the Director/Significant Security Holder or (b) previously been the Director/Significant Security Holder

Association Type	Applicant Type	Company Name	Country of Incorporation	Nature of Business

**5. Education History**

Qualification/Degree	Start Year	End Year	Other Details

<b>Name of College/University</b>	
Country	
State/Island	
City:	
Qualification/Degree	
Field of Study:	
Start Year:	
End Year:	
Other Details	

**Other Professional Qualifications**

Do you have any other professional qualifications? - e.g. lawyer, accountant, etc.

Qualification/Degree

Qualification/Degree	Start Year	End Year	Other Details

Qualification	
Start Year:	
End Year:	
Other Details:	
Registration Body:	
Registration/Licence Number:	

**6. Previous Positions**

Are you or have you ever been director, officer, direct or indirect beneficial security holder, or employee of any other entity registered with the Commission? (If yes, provide full details.)

If yes

Position Name	Entity Name	Details

**Previous Registration**

Have you ever been licensed in a similar capacity in any other jurisdiction? (If yes, provide full details including copy of evidence of such.)

**Discipline History**

Details
A. Have you or any person with whom you were associated as a director, manager, officer or direct or indirect beneficial security holder in any jurisdiction ever been disciplined by any stock exchange, securities regulatory body or professional association, or been denied admission, registration or renewal or had a membership or registration revoked? (If yes, provide full details)
B. Have you or any person with whom you were associated as a director, direct or indirect beneficial security holder, manager, or officer, in any jurisdiction ever been declared bankrupt, been convicted of a crime, or sued under any commercial law, securities law, companies law or law concerning fraud? (If yes, provide full details)
C. Have you, at any time, been involved with an application for regulatory approval in any jurisdiction where that application has been refused or withdrawn? (If yes, provide full details)
D. Have you, in any jurisdiction, been dismissed from any office or employment or barred from entry to any profession or occupation? (If yes, provide full details)
E. Has any person with which you were associated as a director, manager, officer or direct or indirect beneficial security holder, in any jurisdiction, been compulsorily wound up or made any arrangement with its creditors or ceased trading in circumstances where its

creditors did not receive or have not yet received full settlement of their claims, either while you were associated with it or within one year after you ceased to be associated with it ? (If yes, provide full details)

F. In carrying out your duties will you be acting on the directions or instructions of any other person? (If yes, provide full details)

## 8. Required Attachments

### 9. Attestation

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief, the contents of this form and any attachments provided with this form are true, correct and not misleading and that I am in compliance with all the applicable provisions of the Act.

“I undertake that, as long as I continue to be a director, direct or indirect beneficial security holder, manager, or officer of the registered firm, I will

- (a) continue to comply with all the applicable provisions of the Act, and
- (b) notify the Commission immediately of any material changes affecting the accuracy or completeness of the answers to any of the questions above.

“I also hereby authorize the Commission to make such enquiries and seek such further information as it thinks appropriate in verifying the information given in this Application, or in any other documents submitted as part of this application, for the purposes of performing its due diligence and background checks. I understand that the results of these checks may be disclosed to the person who submitted this application.”

Signature:

Date:

### Sponsoring Registered Firm

Is the applicant intended to join the firm at a later date?

Provide intended date of employment of this Applicant (dd-MMM-yyyy):

### Notice:

The Registered Firm is required to give immediate notice to the Commission if the applicant does not commence employment with the Registered Firm on the date noted above.

Submitting this form will be treated as an official authorisation from Senior Officer or Director of Registered Firm

**Declaration**

I, \_\_\_\_\_ hereby declare the following:

I am aware that should I knowingly or intentionally supply false or misleading information herein, I may be liable to prosecution.

Signature:

Date:

**Form 5****Notice of Change of Information****Regarding a Person Registered under Part VI of the Act or Registered Firm****(Regulation 32 and 59)****Item 1 – Name of Registered Person**

State full legal name of the person registered under the Act.

**Item 2 – Full Business Contact Details of Registered Person**

State the person's principal business address and provide email address(es), telephone numbers and fax numbers.

**Item 3 – Category of Registration**

State the person's category or categories of registration under the Act.

**Item 4 – Details of Changes Giving Rise to Notice**

Information on Application Form: Attached and marked as an exhibit to this notice is a statement of particulars of any change to any information set out in the person's application to the Commission for registration.

Events under regulations 31 or 58: Attached and marked as an exhibit to this notice is a statement of particulars of any event required to be disclosed under the Regulation.

**Item 5 – Contact Person at Registered Person**

Give the name, business telephone number and email address of a senior official of the registered person who is knowledgeable about the notice and who may be contacted to discuss it.

**Item 6 – Date the Notice****Item 7 – Certification and Signature**

Include the signature of a senior officer certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.”

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.



**Form 6****Notice of Proposed Issue or Transfer of Securities of a Person Registered under Part VI of the Act or Registered Firm  
(Regulation 39 and 51)****Item 1 – Name of Registered Person**

State full legal name of the person registered under the Act.

**Item 2 – Full Business Contact Details of Registered Person**

State the person's principal business address and provide email address(es), telephone numbers and fax numbers.

**Item 3 – Category of Registration**

State the person's category or categories of registration under the Act.

**Item 4 – Details of Proposed Transaction**

Provide details of the proposed issue or transfer of securities of the registered person, including number of securities to be issued or transferred, the names of the selling security holder(s) and acquiring security holder(s), the percentage holdings of each person before and after the proposed transaction and the date of the proposed transaction. Include information on all beneficial owners, if any, of the acquiring person.

Provide a completed Form 4 for each acquiring person.

**Item 5 – Contact Person at Registered Person**

Give the name, business telephone number and email address of a senior official of the registered person who is knowledgeable about the notice and who may be contacted to discuss it.

**Item 6 – Date the Notice****Item 7 – Certification and Signature**

Include the signature of a senior officer certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.”

**WARNING:** Intentional misstatement or failure to disclose information may constitute an offence.

A fee is required to be submitted with this form. The appropriate fee can be found in the Fees Rules.

**Form 7**  
**Annual Information Update Form**  
**Persons Registered Under Part VI of the Act**  
**(Regulation 40 )**

General Instruction: If space is insufficient, attach a schedule.

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

**Section A – Details of the Registered Person**

Name:	
Regulated Activity Carried On:	
Address:	
P.O. Box:	
Telephone:	Email:

**Section B –Officer Details.**

Chief Executive Officer:	
Direct telephone line:	Email:
Treasurer:	
Direct telephone line:	Email:

Other Officers	
Name	Title

**Section C – Directors and Ownership Details**

Names of Directors

**Security holders:**

Names	Number and type of securities held

**Section D – General Information**

Financial Year End:
Number of Employees:

Please indicate any additional changes with respect to the registered person that are considered important or appropriate to report. Attach additional information to this form, if necessary, to explain the changes.

Declaration:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief that:

- (a) the contents of this form and any attachments provided with this form are true, correct and not misleading; and
- (b) all of the information filed with the Commission is current and applicable.”

Signature: \_\_\_\_\_

Name (Chief Executive Office)r: \_\_\_\_\_

(print)

Date: \_\_\_\_\_

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

A fee is required to be submitted with this form. The appropriate fee can be found in the Fees Rules.

**FORM 8**  
**Application for Registration as a Registered Firm**  
**(Regulation 43)**

**General**

Please complete relevant sections and provide all required attachments indicated within this form.

**1. Applicant Details:**

Name of Applicant	
Place of Incorporation	
Incorporation Date	
Registration Number	
Authorised Share Capital (including currency) and total share capital outstanding	

**2. Type of Registrant Application**

State the capital markets business for which registration is sought

**3. Address Details**

State the Applicant's principal business address and provide email address(es), telephone and fax numbers. If the applicant operates at more than one address in The Bahamas, provide details for each office

Primary Business Address	Secondary Business Address
Address Line 1	Address Line 1
Address Line 2	Address Line 2
Postal Code	Postal Code
Country	Country
State/Island	State/Island
City	City
Telephone	Telephone
Fax	Fax
Email Address	Email Address

Registered Office (if different from Business Address)

		Same as Primary Address	
Address Line 1		State/Island	
Address Line 2		City	
Postal Code		Telephone	
Country		Fax	
		Email Address	

4. Full Details on Security Holders , Directors and Officers

Provide information for each beneficial security holder, director and officer of the applicant.

For each individual, a task would be automatically assigned by the system once the payment of application fees is confirmed. Kindly pay the fees for all individuals as per the fee details listed on the website. You do not need to initiate any forms for these individuals manually.

Note that where the applicant is a publicly traded entity in The Bahamas or elsewhere, the Personal Questionnaire form is only required to be provided for significant security holders of the applicant.

Name	Role(s)

Securities Information

If the securities of the Applicant are traded on an exchange in any jurisdiction, provide full details of listing

Exchange Name	Jurisdiction or country	Securities Type	Number of Securities	Other Information

**Affiliates**

Provide a list of affiliates of the applicant and indicate the nature of the relationship, business that the affiliate is in, where incorporated, etc.

Affiliate Name	Nature of Relationship	Business of Affiliate	Country of Incorporation	Incorporation Date

**5. Full Details on Persons to be Carrying on Capital Markets Business on Behalf of the Applicant**

Provide information for each person who is to carry on business on behalf of the applicant, including chief executive officer, the compliance officer, MLRO and any representative to be registered (if applicable under the legislation).

Name	Role(s)

**6. Discipline History**

State whether the applicant or any director, officer or significant security holder of the applicant has ever been disciplined as below. If so please provide full details:

A. Disciplined by any stock exchange, regulatory authority or professional association in any jurisdiction or been denied admission, registration or renewal or had its membership or registration revoked	
B. Declared bankruptcy, been convicted of a crime or been sued under any commercial law, securities law, companies law or law concerning fraud;	

C. Involved with application for regulatory approval in any jurisdiction where that application has been refused or withdrawn;	
D. Dismissed from any office or employment or barred from entry to any profession or occupation; and	
E. Compulsorily wound up or made any arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims.	

**7. Operational Capabilities**

Provide a detailed description of the applicant’s operational capabilities, including the physical premises, risk management systems, internal controls, business continuity arrangements, banking, clearing and custody arrangements, inclusive of communication capabilities, as applicable. Provide names and addresses of principal bankers, custodians and other service providers

**Service Providers**

Service Provider Type	Service Provider Name	Address	Postal Code	State/Island

Please set out the following details, including email address and telephone number of contact persons at each service provider.

Service Provider Type	
Service Provider Name	
Address 1	
Address 2	
Postal Code	
Country	



State/Island	
City	

Contact Person details:	
First Name	
Middle Name	
Last Name	
Telephone	
Fac	
Email Address	

Professional Indemnity Insurance				
Insurance Company	Start Date of Coverage	End Date	Currency	Coverage

Other Regulatory Approvals

If the Applicant is registered, licensed or authorised by any other regulatory authority in The Bahamas or elsewhere, provide details of that status below.

Authority Name	Type of Registration/Licence	Approval Date	Registration Number	Registration Status

8. Policies and Procedures

Provide a summary of the applicant's written supervisory, internal controls, risk management and business continuity policies and procedures, including portfolio management, front and back office operations, operational controls, reporting policies, code of conduct, etc., as applicable. Attach a complete copy of these policies and procedures.

**Business Plan**

Provide summary of the applicant's business plan and budget for the next three years, which include financial and operational projections and staffing requirements, a description of the products and services offered and the method by which they are to be offered, and the nature of the clientele of the firm. Attach a complete copy of the detailed plan.

**9. Financial Statements**

The following must be submitted:

Where the Applicant has been established within six months of the date of the application and Applicant has not commenced operations –

- (a) a statement from a senior officer of the Applicant confirming that the Applicant has not commenced trading since the date of establishment and that no financial statements have been produced or dividends declared; and
- (b) an audited statement of financial position, showing the minimum financial resources required as at a date not more than 21 days before the date of the application.

For all other Applicants –

- (a) audited financial statements for the two financial years immediately prior to the date of the application or, if shorter, since the date of establishment;
- (b) the auditor's report accompanying the audited financial statements; and
- (c) the most recent interim financial statements certified by the Chief Executive Officer and the Treasurer to be true and complete.

**10. Required Attachments****11. Contact Person at Applicant**

Give a name, business telephone number and email address of a senior official of the applicant who is knowledgeable about the application and who may be contacted to discuss it.

Full Name	
Title	
Business Telephone	
Email Address	

**12. Attestation**

“We, the undersigned, hereby affirm that to the best of our information, knowledge and belief that:

- a. The applicant is currently in compliance with all the applicable provisions of the Act and these Regulations; and
- b. The contents of this form and any attachments provided with this form are true, correct and not misleading”

Name:	Name:
Title:	Title:
Signature	Signature
Date	Date

**FORM 9**  
**Application for Recognition as Chief Executive Officer, Compliance Officer or Registered Representative of Registered Firm**  
**Regulation 63, 69 and Form 8**

General  
 Please complete relevant sections and provide all required attachments indicated within this form.

**1. Personal Details:**

Name of Firm:	
Name of Person	
Previous Name	
Mobile Number	
Fax	
Email Address	
Type of Registration Application (Indicate role(s) for which approval is sought)	

**2. Personal Address Details**

Home Address

Address Line 1		Country	
Address Line 2		State/Island	
Postal Code		City	
From Date			

Previous Addresses (Within last 10 years)

Previous Address 1:

Address Line 1		Country	
Address Line 2		State/Island	
Postal Code		City	
From Date		To Date	

Previous Address 2:

Address Line 1		Country	
Address Line 2		State/Island	

Postal Code		City	
From Date		To Date	

## Previous Address 3:

Address Line 1		Country	
Address Line 2		State/Island	
Postal Code		City	
From Date		To Date	

## Previous Address 4:

Address Line 1		Country	
Address Line 2		State/Island	
Postal Code		City	
From Date		To Date	

**4. Personal Other Details**

State of Birth			
Place of Birth			
Police Certificate Date (An affidavit may be used if a Police Certificate is not available):			
Citizenship			

Identification Type Details		
Please provide identification information (Passport, Voter's Registration, National Identification, Social Security, Tax Identification or other and number)		
Identification Type	Identification Number	Expiry Date

## Employment Details

Employment	Employer	Nature of	Title of	Start Date	End Date
------------	----------	-----------	----------	------------	----------

Type	Name	Business	Position Held		

Present or Prior:

Employer Name:	
Address Line 1:	
Address Line 2:	
Postal Code:	
Country:	
State/Island:	
City:	
Telephone:	
Fax:	
Email Address:	
Nature Of Business:	
Title Of Position Held:	
Relevant Start Date:	
Relevant End Date:	

**Reference (Provide the name, position, telephone number of reference)**

Name:	
Position:	
Telephone:	

### Associations

List Companies that applicant is (a) presently the Director/Significant Security Holder or (b) previously been the Director or/Significant Security Holder

Association Type	Applicant Type	Company Name	Country of Incorporation	Nature of Business

### 5. Education History

Qualification/Degree	Start Year	End Year	Other Details

Name of College/University:	
Country:	
State/Island:	
City:	
Qualification/Degree:	
Field of Study:	
Start Year:	
End Year:	
Other Details:	

**Other Professional Qualifications**

Do you have any other professional qualifications? - e.g. lawyer, accountant etc.

Qualification/Degree	Start Year	End Year	Other Details

Qualification:	
Start Year:	
End Year:	
Other Details:	
Registration Body:	
Registration/Licence Number:	

**6. Previous Positions**

Are you or have you ever been a director, officer, direct or indirect beneficial security holder, or employee of any other entity registered with the Commission? (If yes, provide full details.)

If yes:

Position Name	Entity Name	Details

**Previous Registration**

Have you ever been licensed in a similar capacity in any other jurisdiction? (If yes, provide full details including copy of evidence of such.)

Details:

**Discipline History**

A. Have you or any person with whom you were associated as a director, security holder, manager, officer or significant security holder in any jurisdiction ever been disciplined by any stock exchange, securities regulatory body or professional association, or been denied admission, registration or renewal or had a membership or registration revoked? (If yes, provide full details)	
B. Have you or any person with whom you were associated as a director, security holder, manager officer or significant security holder, in any jurisdiction ever been declared bankrupt, been convicted of a crime, or sued under any commercial law, securities law, companies law or law concerning fraud? (If yes, provide full details)	
C. Have you, at any time, been involved with an application for regulatory approval in any jurisdiction where that application has been refused or withdrawn? (If yes, provide full details)	
D. Have you, in any jurisdiction, been dismissed from any office or employment or barred from entry to any profession or occupation? (If yes, provide full details)	
E. Has any person with which you were associated as a director, manager, officer or direct or indirect beneficial security holder, in any jurisdiction, been compulsorily wound up or made any arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims, either while you were associated with it or within one year after you ceased to be associated with it ? (If yes, provide full details)	
F. In carrying out your duties will you be acting on the directions or instructions of any other person? (If yes, provide full details)	



**8. Required Attachments****9. Attestation**

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief, the contents of this form and any attachments provided with this form are true, correct and not misleading and that I am in compliance with all the applicable provisions of the Act.

I undertake that, as long as I continue to be a director, security holder, manager, officer, or security holder of the registered firm, I will

- continue to comply with all the applicable provisions of the Act, and
- notify the Commission immediately of any material changes affecting the accuracy or completeness of the answers to any of the questions above.

“I also hereby authorise the Commission to make such enquiries and seek such further information as it thinks appropriate in verifying the information given in this Application, or in any other documents submitted as part of this application, for the purposes of performing its due diligence and background checks. I understand that the results of these checks may be disclosed to the person who submitted this application.”

Signature:

Date:

**Sponsoring Registered Firm**

Is the applicant intended to join the firm at a later date?

Provide intended date of employment of this Applicant (dd-MMM-yyyy):

**Notice:**

The Registered Firm is required to give immediate notice to the Commission if the applicant does not commence employment with the Registered Firm on the date noted above.

Submitting this form will be treated as an official authorisation from Senior Officer or Director of Registered Firm

**Declaration**

I, \_\_\_\_\_ hereby declare the following:

I am aware that should I knowingly or intentionally supply false or misleading information herein, I may be liable to prosecution.

Signature:

Date:

**Form 10**  
**Annual Information Update Form**  
**Registered Firms and Representatives**  
(Regulation 50)

General Instruction: If space is insufficient, attach a schedule.

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

**Section A – Details of the Registered Firm**

Name:		
Securities business(es) for which registered:		
Address:		
P.O. Box:		
Telephone:		Email:

**Section B – Details of Registered Individuals**

Chief Executive Officer:	
Direct telephone line:	Email:
Compliance Officer:	
Direct telephone line:	Email:

**Individuals registered as representatives of the firm.**

Name	Registration type

**Section C – Directors and Ownership Details**

<b>Names of Directors</b>


Security holders:

Names	Number and type of securities held

Section D – General Information

Assets Under Management:		
Financial Year End:		
Number of Employees:		
Insurance Coverage: (specify separately for each type of insurance held)		
Type:		
From	To	Amount

Please indicate any additional changes with respect to the registered firm that the firm considered important or appropriate to report. Attach additional information to this form, if necessary, to explain the changes.


For each person registered as a representative of the firm, please indicate any changes with respect to the person that have taken place that have not previously been notified to the Commission. Attach additional information to this form, if necessary, to explain the changes.

Name of Representative	Description of Change
------------------------	-----------------------


Declaration:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief that:

a.

the contents of this form and any attachments provided with this form are true, correct and not misleading; and

b.

all of the information filed with the Commission by the Registered Firm is current and applicable.”

Signature: \_\_\_\_\_

Name (Chief Executive Officer: \_\_\_\_\_

(print)

Date: \_\_\_\_\_

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

A fee is Fees are required to be submitted with this form. The appropriate fees can be found in the Fees Rules.

The registered firm is responsible for paying the renewal fees for the firm and for each of its registered representatives.

**Form 11**  
**Notice of Employment of Personnel to Carry on Securities Business on Behalf of**  
**Registered Firm**  
**(Regulation 52)**

**Item 1 – Name and Address of Registered Firm**

State full legal name of the registered firm giving notice. Provide principal business address, email address(es), telephone numbers and fax numbers.

**Item 2 – Nature of Notice:**

State nature of notice:

- (a) employment of individual(s) currently registered with the Commission; or
- (b) employment of person of unregistered individual who will be applying for registration.

**Item 3 - Employment of Individual Previously Registered with the Commission**

Provide the name, address and telephone number for each new employee. Attached a completed Form 9 for each such employee and include details of his or her registration, e.g. licence number, date, status. Provide the date that each such individual is to begin employment with the Registered Firm.

**Item 4 – Employment of Previously Unlicensed Individual**

Provide name, address and telephone number for each new employee who has never been registered with the Commission. Attach a completed Form 9 for each employee. Provide the date that each such individual is to begin employment with the Registered Firm.

**Item 5 – Senior Officer**

Give the name, business telephone number and email address of a senior officer of the registered firm who is knowledgeable about this notice and who may be contacted to discuss it.

**Item 6 – Date the Report****Item 7 – Certification and Signature**

Include the signature of a senior officer certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.”

**WARNING:** Intentional misstatement or failure to disclose information may constitute an offence.

**Notice:** The Registered Firm is required to give immediate notice to the Commission if a person named in this form does not commence employment with the Registered Firm on the date set out in this form.

**Form 12****Notice of Termination, Resignation or Retirement of Registered Individual by Registered Firm  
(Regulation 53)****Item 1 – Name and Address of Registered Firm**

State full legal name of the registered firm giving notice. Provide principal business address, email address(es), telephone numbers and fax numbers.

**Item 2 – Name of Terminated, Resigned or Retired Individual**

Provide full details on the relevant individual:

- full name, address, telephone number, date of birth;
- registration information, e.g. licence number, date, category, status.

**Item 3 – Effective Date of Termination, Resignation or Retirement**

Provide relevant effective date.

**Item 4 – Summary of Circumstances**

Provide a brief summary of the reasons for the registered individual leaving the employment of the firm.

**Item 5 – Senior Officer**

Give the name, business telephone number and email address of a senior officer of the registered firm who is knowledgeable about the notice, and who may be contacted to discuss it.

**Item 6 – Effect of Termination**

Include the following statement on the notice:

“The termination of employment of a registered individual results in the immediate suspension of that person's registration, until such time as notice of reinstatement of registration has been given by the Commission.”

**Item 7 – Date the Report****Item 8 – Certification and Signature**

Include the signature of a senior officer certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.”

**WARNING:** Intentional misstatement or failure to disclose information may constitute an offence.

A fee must be submitted with this Form. The appropriate fee can be found in the Fees Rules.

Note: A copy of the completed Form is to be provided to the terminated employee.

**Form 13**  
**Financial Report**  
**(Regulations 55)**

As of and for the Period ending: \_\_\_\_\_

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

SUMMARY FINANCIAL INFORMATION

A.	TANGIBLE NET WORTH	
1	Share capital	\$
2	Additional paid up capital	\$
3	Retained earnings	\$
4	Reserves	\$
5	Total Shareholder's Equity (sum of lines 1 to 4)	\$
6	Intangible Assets	\$
7	TANGIBLE NET WORTH (line 5 less line 8)	\$
B.	NET INCOME	
	Income	
8	Fees & Commissions	\$
9	Other Income	\$
10	Total Income (sum of lines 8 and 9)	\$
	Expenses	
11	Advisory fees and commissions	\$
12	Staff costs	\$
13	Rental expense	\$
14	Professional fees	\$
15	Depreciation and amortization	\$
16	Other general and administrative costs	\$
17	Total Expenses (sum of lines 11 to 16)	\$
	NET INCOME (line 10 less line 17)	\$

Include the signature of the Chief Executive Officer, Treasurer or other senior officer certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief that

a. The Applicant is currently in compliance with all the applicable provisions of the Act and these Regulations; and

b. The contents of this form and any attachments provided with this form are true, correct and not misleading.”

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

A fee is required to be submitted with this form. The appropriate fee can be found in the Fees Rules.



**Form 14**  
**Trading Statistics and Operational Report**  
**(Quarterly Report)**  
**(Regulations 55 and 104)**

As of and for the Period ending: \_\_\_\_\_

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

**TRADING STATISTICS**

Publicly Traded Securities:	<b>Listed</b>	<b>Unlisted</b>
Total number of trades executed		
Number of Securities traded for period		
Bought		
Sold		
Value of Securities traded for period		
Bought		
Sold		

**Exempt transactions executed for the period**

Security	Securities/Par Value @ Price	Total Value

Certification regarding reconciliation and segregation of client assets		
The Registered Firm is in compliance with the reconciliation and segregation requirements of Division 2 of Part VIII of the Regulations.	Yes <input type="checkbox"/>	
	No <input type="checkbox"/>	(if no, attach full details, including the actions that are being taken to rectify the problems.)

Include the signature of the Chief Executive Officer, Treasurer or other senior officer certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief that

- (a) The Applicant is currently in compliance with all the applicable provisions of the Act and these Regulations; and
- (b) The contents of this form and any attachments provided with this form are true, correct and not misleading.”

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

A fee is required to be submitted with this form. The appropriate fee can be found in the Fees Rules.

**Form 15****Application for Approval of Advertisement Made in The Bahamas  
(Regulation 106)****Item 1 – Name and Address of Applicant**

State full legal name of the Applicant submitting the advertisement for approval and provide full contact details – mailing address, phone number and email address.

**Item 2 – Registration Status of Applicant**

Give full details on the Applicant's registration with the Commission, if any, including types of business authorised to carry on, registration number etc.

**Item 3 – Details of Advertisement or Other Public Invitation**

Describe where the advertisement will be published, including the name of newspaper, journal or other media. Provide a copy of the proposed advertisement or the complete text of advertisement, if it is to be distributed via electronic means, such as on the radio, television or Internet.

**Item 4 - Senior Officer**

Give the name, business telephone number and email address of a senior officer of the Applicant who is knowledgeable about the application and who may be contacted to discuss it.

**Item 5 – Date the Form****Item 6 – Certification and Signature**

Include the signature of a senior officer certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.”

Required attachments:

- (a) Copy of proposed advertisement as noted in item 3.
- (b) Any other relevant information as requested by the Commission.
- (c) An application fee must be submitted with this application. The appropriate fee can be found in the Fees Rules.

**WARNING:** Intentional misstatement or failure to disclose information may constitute an offence.

**Form 16**  
**Prospectus**  
**(Regulation 109, 110, 111 and 119)**

**THE PURPOSE OF A PROSPECTUS**

*The objective of a prospectus is to provide information concerning the issuer that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under the Act to provide full, true and plain disclosure of all material information relating to the issuer and the securities to be distributed.*

**GENERAL INSTRUCTIONS**

*In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect.*

*Unless an item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this Form apply to both the preliminary prospectus and the prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.*

*The disclosure must be understandable to readers and presented in an easy to read format. If technical terms are required, clear and concise explanations should be included.*

*No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.*

*Where the term "issuer" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to the issuer's material affiliates. An affiliate will generally be considered material if it contributes more than ten percent of the revenue or constitutes more than ten percent of the assets of the issuer, taken on a consolidated basis.*

*If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information after subsequent to that date, present the information as of the date of the change or a date after subsequent to the change instead.*

*If the term "class" is used in any item to describe securities, the term includes a series of a class.*

*If an issuer discloses financial information in a preliminary prospectus or prospectus in a currency other than the Bahamian dollar, prominently disclose the currency in which the financial information is denominated.*

**PART A - COVER PAGE DISCLOSURE**

**1. Required Language**

State in italics at the top of the cover page the following:

*"The Securities Commission of The Bahamas has not expressed any opinion about the*

*merits of these securities or determined that this prospectus is accurate or complete. It is illegal for anyone to tell you otherwise.”*

**2. Preliminary Prospectus Disclosure**

If the prospectus is a preliminary prospectus, print the following in red ink and italics on the top of the cover page:

*“A copy of this preliminary prospectus has been filed with the Securities Commission of The Bahamas but has not yet become final for the purpose of the distribution of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the final prospectus is obtained from the Commission.”*

**3. Basic Disclosure about the Offering**

State the following, immediately below the disclosure required under sections 1 and 2, with the bracketed information completed as applicable:

[PRELIMINARY] PROSPECTUS  
[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR SECONDARY OFFERING]  
[Date]  
[Name of Issuer]  
[number and type of securities qualified for distribution under the prospectus and the price per security]

**4. Name and Address of Issuer**

State the full corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which the entity exists and carries on business. Include the issuer's address and telephone number of the issuer's registered office, head or management office, its e-mail address, its website address, its jurisdiction of incorporation or organisation and the statute under which it was incorporated or organised.

**5. Market for Securities**

- (1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer of the same class as the securities being offered are traded or quoted and the market price of those securities as of the latest practicable date.
- (2) If no market for the securities being offered in the distribution exists or is expected to exist after the distribution, state the following in bold type: “There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors.”

**6. Underwriter(s)**

- (1) State the name of each underwriter.
- (2) If applicable, comply with the requirements of Part L – Underwriter Conflicts of Interest, for cover page prospectus disclosure.

- (3) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the prospectus, and provide the anticipated date for closing of the offering, if known.

If there is no underwriter involved in the distribution, provide a statement in bold type to the effect that no underwriter has been involved in the preparation of the prospectus or performed any review of the contents of the prospectus.

### **PART B - SUMMARY OF PROSPECTUS**

7. **Information Summary** - Include near the front of the prospectus, but after the cover page, the following summary information about issuer and the securities to be distributed

- (a) a description of the principal activities and business of the issuer;
- (b) the securities to be distributed, including offering price and expected net proceeds;
- (c) the use of proceeds;
- (d) key risk factors;
- (e) financial information included in the prospectus, including type of information and whether or not audited;
- (f) the names of the directors and senior officers of the issuer;
- (g) the names and addresses of any promoters; and
- (h) the security holdings in the issuer of the persons named in (d) and (e), and their expected security holdings following completion of the distribution.

Provide a cross-reference to where the detailed information is provided in the prospectus.

8. **Investor Warning** - Include a warning statement at the beginning of the summary to the effect that the information which follows is only a summary of the information contained in the prospectus, and that prospective purchasers are advised to read the entire prospectus prior to deciding whether to invest in the securities being distributed.

### **PART C - DETAILS OF THE DISTRIBUTION**

9. **Details of the Distribution** – State the following dates in respect of the distribution –

- (a) the opening and closing dates of the distribution;
- (b) the date for the allotment of securities; and
- (c) the date of listing of the securities on a securities exchange, if any.

10. **Securities to be Distributed** – Provide the full details of —

- (a) the number and type of securities to be distributed;
- (b) the classes of securities and rights attaching to the securities regarding voting, dividends, liquidation and any special rights;

- (c) the number of securities proposed to be distributed to different groups of purchasers;
- (d) the terms and conditions for each class of securities of the issuer where there is, or is to be, more than one class of securities of the issuer outstanding; and
- (e) if, in conjunction with the distribution, securities of the same or another class are sold or subscribed for under a prospectus exemption, the nature of such sale or subscription and the number and characteristics of the securities concerned.

**11. Pricing of Securities** – Provide the full details concerning the pricing of securities, including –

- (a) prices applied to different classes of purchasers; and
- (b) the basis for determining the offering price, and if estimates are provided, explain the prices used in determining the estimates.

**12. Proceeds** – Provide the full details concerning —

- (a) the estimated net proceeds to be received by the issuer or selling security holder;
- (b) in the case of an offering to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling security holder from the sale of the securities offered; and
- (c) the minimum subscription amount needed to be raised in order to satisfy the purposes of the distribution.

**13. Principal Purposes**

- (1) Describe in reasonable detail each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the issuer, including for —
  - (a) the acquisition of specified property or other specified assets;
  - (b) specified capital expenditures;
  - (c) repayment of debt;
  - (d) general working capital;
  - (e) expenses relating to the distribution;
  - (f) commissions and brokerage fees; and
  - (g) the time frame for full utilisation of the proceeds from the distribution.
- (2) If the closing of the offering is subject to a minimum subscription, provide disclosure of the use of proceeds for the minimum and maximum amounts.
- (3) If more than 10 percent of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used and, if the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer and the outstanding amount owed.

If it would aid investors in understanding this information, set it out in a table.

14. **Expenses** – State the expenses incurred by the issuer in connection with the distribution on an aggregate basis, including the aggregate remuneration paid for services of experts.
15. **Yield on Debt Securities** – If debt securities are being distributed at a premium or a discount, state in bold type the effective yield if held to maturity.
16. **Selling Security Holders** – If a security is being distributed for the account of a selling security holder, state the name of the security holder and a cross-reference to the applicable section in the prospectus where further information about the selling security holder is provided. State the portion of the expenses of the distribution to be borne by the selling security holder, including a statement to that effect and discuss the reason why this is the case.
17. **Redemption or Repurchase of Securities Being Distributed** – If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

#### **PART D - BUSINESS OF THE ISSUER**

18. **Historical Information About the Issuer** – Disclose the following historical information about the issuer —
- (a) the history of the business or enterprise including the general development of the business of the issuer over its three most recently completed financial years, and any subsequent period to the date of the prospectus, including only major events or conditions that have influenced the general development of the business of the issuer;
  - (b) the changes in the business of the issuer that are expected to occur during the current financial year of the issuer;
  - (c) any significant acquisition or disposition completed by the issuer during the most recently completed financial year or the current financial year;
  - (d) all changes in the authorised, issued and paid-up capital of the issuer, and changes therein in the three years immediately preceding the date of the prospectus, including the date of allotment, number and type of securities allotted, consideration given and cumulative issued and paid-up capital, issue price, and disclose whether any capital was fully or partly paid-up for noncash consideration and describe the non-cash consideration, and whether any capital remains not fully-paid at the date of the prospectus; and
  - (e) details of outstanding warrants, options, convertible securities and uncalled capital, including date of issue, exercise price, number outstanding, and expiry dates.
19. **Business Overview** – Disclose the following regarding the issuer —



- (a) the relationship between the issuer and its affiliates, including a list of affiliates and the percentage equity and voting interest held in each affiliate by the issuer, and the following additional information for each material affiliate —
  - (i) date and jurisdiction of incorporation;
  - (ii) brief history;
  - (iii) principal business activities, products and services;
  - (iv) the interest of the issuer in the affiliate;
  - (v) issued and paid-up capital; and
  - (vi) affiliates of the material affiliate;
- (b) a diagram showing the relationship between the issuer and its affiliates;
- (c) the principal business activities of the issuer;
- (d) the types of products manufactured or services provided by the issuer;
- (e) the principal technology used or to be used by the issuer in conducting its principal business activities;
- (f) any brand names, patents, trademarks, licences, technical assistance agreements, franchises and other intellectual property rights pertaining to the issuer, and where any of these intellectual property rights are licensed, state the identity of the licensor and the relationship between the issuer and the licensor, and provide a summary of the salient terms of the licence agreement;
- (g) the estimated market coverage of the issuer, position and share which are supported by studies and/or reports;
- (h) any significant new or proposed products or services;
- (i) the principal markets for the products or services of the issuer, and if exported, the relative percentage and names of countries exported to;
- (j) the types, sources and availability of raw materials and inputs used by the issuer;
- (k) the quality control procedures or quality management programmes implemented by the issuer;
- (l) full details of any interruptions in the business of the issuer which may have had a significant effect on the operations of the issuer during the twelve months immediately preceding the date of the prospectus;
- (m) information on employees of the issuer, other than those who are directors or senior officers, including total number of employees in The Bahamas and elsewhere;
- (n) the marketing, distribution, sales strategy and procedures of the issuer;
- (o) the production and operating capacities and output of the issuer;
- (p) the major customers and major suppliers of the issuer;
- (q) locations of the issuer's —
  - (i) principal assets, both tangible and intangible;
  - (ii) production facilities;

- (iii) principal place of business; and
  - (iv) marketing and distribution network;
- (r) any approvals, major licences and permits obtained, conditions attaching (if any) and status of compliance, in respect of the principal business activities of the issuer; and
- (s) any material land and buildings owned or leased by issuer including —
  - (i) approximate age of buildings;
  - (ii) tenure and date of expiry of leases, if not owned by the issuer;
  - (iii) description and existing use of the land or building; and
  - (iv) details of last valuation conducted, if any.

**20. Industry Overview** – For each industry in which the issuer operates, disclose the following —

- (a) a description of the industry and the position of the issuer within the industry;
- (b) each sub-segment or sector within the industry material to the issuer;
- (c) growth prospects for the industry;
- (d) competitors and competition within the industry;
- (e) relevant laws and regulations of any jurisdiction governing the industry and peculiarities of the industry;
- (f) demand and supply conditions within the industry;
- (g) substitute products and services; and
- (h) industry's reliance on, and vulnerability to, imports.

**21. Future Plans, Strategies and Prospects** – Disclose the following in respect of the issuer —

- (a) a description of the business development plans (if any) and future plans of the issuer as well as steps taken (including time frame) to realise those plans; and
- (b) growth strategies of the issuer in the light of the industry prospects, outlook, conditions, and competition.

## **PART E – RISK FACTORS**

**22. Risk Factors** —

- (1) Describe the risk factors relating to the issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the issuer.
- (2) If there is a risk that security holders of the issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

- (3) Describe any risk factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed and that are not otherwise described above.

## INSTRUCTIONS

*Include —*

- (a) risks associated with the issuer's financial position;*
- (b) business factors that may adversely affect the issuer's operations;*
- (c) other factors that may adversely affect the issuer's financial results; and*
- (d) other factors that may adversely affect the value or market price of the securities being offered.*

*Disclose the risks in the order of seriousness, from the most serious to the least serious.*

## PART F – FINANCIAL INFORMATION

### 23. Financial Statements

- (1) **Interpretation of “issuer”** – The financial statements of an issuer required under this Part to be included in a prospectus must include —
- (a) the financial statements of any predecessor entity that formed, or will form, the basis of the business of the issuer, even though the predecessor entity is, or may have been, a different legal entity, if the issuer has not existed for three years;
  - (b) the financial statements of a business or businesses acquired by the issuer within three years before the date of the prospectus or proposed to be acquired, if a reasonable investor reading the prospectus would regard the primary business of the issuer to be the business or businesses acquired, or proposed to be acquired, by the issuer; and
  - (c) the restated combined financial statements of the issuer and any other entity with which the issuer completed a transaction within three years before the date of the prospectus or proposes to complete a transaction, if the issuer accounted for or will account for the transaction as a continuity of interests.

#### Annual financial statements

- (2) Include audited annual financial statements of the issuer consisting of —
  - (a) statement of comprehensive income, a statement of changes in equity and a cash flow statement for each of the three most recently completed financial years ended more than 120 days before the date of the prospectus,
  - (b) a statement of financial position as at the end of the three most recently completed financial years described in paragraph (a),
  - (c) notes to the financial statements, and
  - (d) the auditor's reports on the financial statements.
- (3) If the issuer has not completed three financial years, include the financial statements described under subsection (2) for each completed financial year ended more than 90 days before the date of the prospectus.

- (4) If the issuer has not included in the prospectus financial statements for a completed financial year, include the financial statements described under subsection (2) or (3) for a period from the date the issuer was formed to a date not more than 90 days before the date of the prospectus.
- (5) If an issuer changed its financial year end during any of the financial years referred to in this section and the transition year is less than nine months, the transition year is deemed not to be a financial year for the purposes of the requirement to provide financial statements for a specified number of financial years in this section.
- (6) Notwithstanding subsection (5), all financial statements of the issuer for a transition year referred to in subsection (5) must be included in the prospectus.
- (7) If financial statements of any predecessor entity, business or businesses acquired by the issuer, or of any other entity are required under this section, then include —
  - (a) statements of comprehensive income, statements of changes in equity and cash flow statements for the entities or businesses for as many periods before the acquisition as may be necessary so that when these periods are added to the periods for which the issuer's statements of comprehensive income, statements of retained earnings, and cash flow statements are included in the prospectus, the results of the entities or businesses, either separately or on a consolidated basis, total three years,
  - (b) statement of financial positions for the entities or businesses for as many periods before the acquisition as may be necessary so that when these periods are added to the periods for which the issuer's statement of financial positions are included in the prospectus, the financial position of the entities or businesses, either separately or on a consolidated basis, total three years,
  - (c) if the entities or businesses have not completed three financial years, the financial statements described under paragraphs (a) and (b) for each completed financial year of the entities or businesses for which the issuer's financial statements in the prospectus do not include the financial statements of the entities or businesses, either separately or on a consolidated basis, and ended more than 120 days before the date of the prospectus; and
  - (d) the auditors reports for the financial statements required by this subsection.

**Interim financial statements**

- (8) Include comparative interim financial statements of the issuer for the most recent interim period, if any, ended —
  - (a) subsequent to the most recent financial year in respect of which annual financial statements of the issuer are included in the prospectus, and
  - (b) more than 45 days before the date of the prospectus.

- (9) The interim financial statements referred to in subsection (8) must include —
- (a) a statement of financial position as at the end of the interim period and a statement of financial position as at the end of the immediately preceding financial year, if any,
  - (b) a statement of comprehensive income, a statement of changes in equity and a cash flow statement, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any,
  - (c) notes to the financial statements.
- 24. Discussion of Financial Results (MD&A)** – Provide the management discussion and analysis in the form prescribed by Form 19 for the most recently completed financial year of the issuer for which audited financial statements are required.
- 25. Consolidated Capitalization** – Provide a summary of the share and loan capital of the issuer and describe any material change in, and the effect of the material change on, the share and loan capital of the issuer, on a consolidated basis, since the date of the issuer's current annual financial statements, including any material change that will result from the distribution of the securities being offered under the prospectus.

### **INSTRUCTIONS**

*An issuer may provide the disclosure required by section 25 in a table showing in the first column consolidated capitalization as of the latest annual period for which financial statements have been prepared, then showing the same information in a second column to reflect any material changes since the date of those financial statements (if any) to the latest practical date before the date of the prospectus and finally, showing the same information in a third column as adjusted to reflect the offering (pro forma). If the only changes are those resulting from the offering, the second column can be omitted.*

### **26. Acquisitions Since the Date of the Last Audited Annual Financial Statements**

- (1) If issuer has made a significant acquisition of a business since the date of its last audited financial statements or the proceeds, or any part of the proceeds, of the securities to be issued is to be applied directly or indirectly to a significant acquisition of a business, include —
- (a) statements of comprehensive income for the acquired business for the preceding three fiscal years, certified by an approved auditor; and
  - (b) a statement of financial position, similarly certified, as of a date not more than 90 prior to the date of the prospectus or at the date of the acquisition if it took place more than ninety days before the filing of the prospectus.
- (2) For the purposes of this provision, a significant acquisition of a business is the purchase of the securities or assets of another entity that is expected to contribute at least fifteen per cent (15%) to either the (a) net assets or (b) profit before taxation and extraordinary items of the issuer, measured as at the end of its last fiscal year prior to the acquisition.

- (3) In the case of a smaller acquisition of a business or assets, state brief details of the consideration paid or payable and how satisfied, the assets and liabilities and profits and losses for the last complete financial year of the entity acquired.

**27. Financial Forecast**

- (1) A forecast may be included in a prospectus only if —
- (a) the forecast is identified as such in the prospectus;
  - (b) the forecast is for a period of twelve months or less in the future;
  - (c) a disclaimer immediately follows the forecast stating in substance that the forecast is only a forecast and actual results may differ materially from the forecast; and
  - (d) the assumptions upon which the forecast is based are disclosed.
- (2) Where a forecast is to be included in the prospectus, it shall be reported upon by the issuer's approved auditors who shall report on the assumptions on which the forecast is based, and for which the directors alone are responsible, the calculations and any other aspect which in the opinion of the auditors is relevant to investors.
- (3) The report of the auditors shall be set out in the prospectus.
- (4) For these purposes, a "forecast" means an estimate of the most probable results of operations of an issuer, alone or together with one or more of its affiliates, that contains any or all of —
- (a) an estimate of earnings or a range of earnings;
  - (b) an estimate of the most probable financial position; and
- an estimate of changes in financial position, for one or more periods that are future periods not completed when the estimate is made, but does not include an estimate that is prepared in the ordinary course of business and without reference to a specific distribution of securities.

- 28. Accounting matters** – Describe any changes in and disagreements with accountants or auditors on accounting and financial disclosure. In the event that If an independent auditor resigned or was dismissed over accounting or financial policies, or had offered an adverse, disclaimed, modified or qualified opinion, the issuer must set out the details of the same.

**PART G – DIVIDENDS OR DISTRIBUTIONS**

- 29. Amount** – Disclose the amount of cash dividends or distributions declared per security for each class of the issuer's securities for each of the three most recently completed financial years and its current financial year.
- 30. Restrictions** – Describe any restrictions that could prevent the issuer from paying dividends or distributions.
- 31. Policy** – Disclose the issuer's dividend or distribution policy and any intended change in dividend or distribution policy.

**PART H – ISSUANCE OF THE SECURITIES**

32. **Disclosure of Market Out for Firm Underwriting** – If securities are offered by an underwriter under a firm underwriting and the underwriter's obligations are subject to conditions, include a statement in substantially the following form, with the bracketed information completed and with grammatical and other modifications necessary to reflect the terms of the offering:
- “Under an agreement dated • between • [name of issuer or selling security holder] and • [name of underwriter], as underwriter, • [name of issuer/selling security holder] has agreed to sell and the underwriter has agreed to purchase on • [date] the securities at a price of •, payable in cash to • [name of issuer or selling security holder] against delivery. The obligations of the underwriter under the agreement may be terminated at its discretion on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter is, however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.”
33. **Best Efforts Offering** – Outline briefly terms and conditions governing the offering of any securities being offered other than on the basis described in section 32. State that the proceeds of such distribution shall be deposited with a bank licensed under the Banks and Trust Companies Regulation Act, 2020 (*Ch. 316*) or such other institution which has been approved by the Commission for this purpose.
34. **Over-Allotments** – If the underwriter has any arrangement with the issuer, such as an over-allotment option, under which the underwriter may purchase additional securities in connection with the offering, indicate that this arrangement exists and state the amount of additional securities that the underwriter may purchase under the arrangement. Give a brief description of the securities.
35. **Minimum Offering** – If a minimum amount of funds is required under the issue and the securities are being offered on a best efforts basis, state the minimum needed and the maximum that could be raised. Also indicate that the offering will not continue for a period of more than 90 days after the date of the receipt for the prospectus if subscriptions representing the minimum amount of funds are not obtained within that period, unless each person who subscribed within that period consents to the continuation. State that until the closing of the offering, funds received from subscriptions will be held by a depository who is with a bank licensed under the Banks and Trust Companies Regulation Act (*Ch. 316*) or such other institution which has been approved by the Commission for this purpose, and if the minimum amount of funds is not raised, the funds will be returned to the subscribers.
36. **Listing Application** – If application has been made to list or quote the securities being offered on a stock exchange, include a statement in substantially the following form with the bracketed information completed:

“The issuer has applied to [list/quote] the securities offered under this prospectus on the [name of exchange or other market]. [Listing/Quotation] will be subject to the issuer fulfilling all the listing requirements of the [name of exchange or other market].”

- 37. Conditional Listing Approval** – If application has been made to list or quote the securities being offered and conditional listing approval has been received, include a statement in substantially the following form, with the bracketed information completed:

“The [name of exchange or other market] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of the issuer] fulfilling all of the requirements of the [name of exchange or market] on or before [date], [including offering of these securities to a minimum number of public security holders].”

#### *INSTRUCTIONS*

*The disclosure in sections 36 and 37 may be made only if the requirements of Regulation 151 have been met.*

### **PART I – DESCRIPTION OF SECURITIES BEING OFFERED**

- 38. Equity Securities** – If equity securities are being offered, state the description or the designation of the class of the equity securities and describe all material attributes and characteristics of the securities including, as applicable, —
- (a) dividend rights;
  - (b) voting rights;
  - (c) rights upon dissolution or winding up;
  - (d) pre-emptive rights;
  - (e) conversion or exchange rights;
  - (f) redemption, retraction, purchase for cancellation or surrender provisions;
  - (g) sinking or purchase fund provisions;
  - (h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
  - (i) provisions requiring a security holder to contribute additional capital.
- 39. Preferred Shares or Debt Securities**
- (1) If preferred shares are being offered, provide the information required by section 38 as applicable, as well as any information required by Part J of this Form.
  - (2) If debt securities are being offered provide the disclosure required by Part J, section 43 in lieu of the information set out in section 38.
- 40. Other Securities** – If securities other than equity securities or debt securities are being offered, describe fully the material attributes and characteristics of those securities. Consult with the Commission to obtain information as to additional required disclosure.



- 41. Modification of Terms** – Describe provisions as to modification, amendment or variation of any rights or other terms attached to the securities being offered. If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.
- 42. Other Attributes**
- (1) If the rights attaching to the securities being offered are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being offered, include information about the other securities that will enable investors to understand the rights attaching to the securities being offered.
  - (2) If securities of the class being offered may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.
  - (3) List the documents (other than the securities laws or other legislation) that affect the rights of security holders and state that these have been filed with the Commission. State that copies are available from the issuer or any underwriter free of charge, and (if applicable) are available on the Internet. If the information is posted on a website, provide the complete web address.

#### *INSTRUCTIONS*

*This Part requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being offered or any other class of securities do not need to be set out in full.*

### **PART J – DEBT SECURITIES AND PREFERRED SHARES**

- 43. Debt Securities** – If debt securities are being offered, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including —
- (a) provisions for interest rate, maturity and premium, if any;
  - (b) conversion or exchange rights;
  - (c) redemption, retraction, purchase for cancellation or surrender provisions;
  - (d) sinking or purchase fund provisions;
  - (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;
  - (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants including restrictions against payment of dividends and restrictions against giving security on the assets of the issuer or its subsidiaries and provisions as to the release or substitution of assets securing the debt securities;
  - (g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates; and
  - (h) any financial arrangements between the issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.
- 44. Earnings Coverage Ratios**

- (1) If the securities being offered are preferred shares or debt securities having a term to maturity in excess of one year, disclose the following earnings coverage ratios adjusted in accordance with subsection (2) —
  - (a) the earnings coverage ratio based on the issuer's annual financial statements for its most recently completed financial year; and
  - (b) the earnings coverage ratio based on the 12-month period ended on the last day of the most recently completed period for which interim financial statements of the issuer have been included in the prospectus.
- (2) Adjust the ratios referred to in subsection (1) to reflect —
  - (a) the issuance of the securities being offered under the prospectus, based on the price at which these securities are expected to be offered;
  - (b) in the case of an offering of preferred shares;
    - (i) the issuance of all preferred shares issued since the date of the annual or interim financial statements; and
    - (ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual or interim financial statements and of all preferred shares to be repurchased, redeemed, or otherwise retired from the proceeds to be realized from the sale of securities under the prospectus;
  - (c) the issuance of all long-term financial liabilities, as determined in accordance with International Financial Reporting Standards ("IFRS");
  - (d) the repayment, redemption or other retirement of all long-term financial liabilities, as determined in accordance with IFRS, since the date of the annual or interim financial statements and all long-term financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities offered under the prospectus; and
  - (e) the servicing costs that were incurred, or are expected to be incurred, in relation to the adjustments.
- (3) If the earnings coverage ratio is less than one-to-one, disclose in the prospectus the dollar amount of the earnings required to achieve a ratio of one-to-one.
- (4) If the prospectus includes a pro forma statement of comprehensive income, calculate the pro forma earnings coverage ratio and disclose it in the prospectus.

**INSTRUCTIONS**

- (1) *Cash flow coverage may be disclosed but only as a supplement to earnings coverage and only if the method of calculation is fully disclosed.*
- (2) *Earnings coverage is calculated by dividing an entity's earnings (the numerator) by its interest and dividend obligations (the denominator).*

- (3) *For the earnings coverage calculation —*
- (a) *the numerator should be calculated using consolidated net income before interest and income taxes,*
  - (b) *imputed interest income from the proceeds of an offering should not be added to the numerator,*
  - (c) *an issuer may also present, as supplementary disclosure, a coverage calculation based on earnings before discontinued operations and extraordinary items,*
  - (d) *for offerings of debt securities, the appropriate denominator is interest expense determined in accordance with IFRS, after giving effect to the new debt issue and any retirement of obligations, plus the amount of interest that has been capitalized during the period,*
  - (e) *for offerings of preferred shares —*
    - (i) *the appropriate denominator is dividends declared during the period, together with undeclared dividends on cumulative preferred shares, after giving effect to the new preferred share issue, plus the issuer's annual interest requirements, including the amount of interest that has been capitalized during the period, less any retirement of obligations, and*
    - (ii) *dividends should be grossed-up to a before-tax equivalent using the issuer's effective income tax rate, and*
  - (f) *for offerings of both debt securities and preferred shares, the appropriate denominator is the same as for a preferred share issue, except that the denominator should also reflect the effect of the debt being offered pursuant to the prospectus.*
- (4) *The denominator represents a pro forma calculation of the aggregate of an issuer's interest obligations on all long-term debt and dividend obligations (including both dividends declared and undeclared dividends on cumulative preferred shares) with respect to all outstanding preferred shares, as adjusted to reflect —*
- (a) *the issuance of all long-term debt and, in addition in the case of a distribution of preferred shares, all preferred shares issued, since the date of the annual or interim financial statements,*
  - (b) *the issuance of the securities that are being offered under the prospectus, based on a reasonable estimate of the price at which these securities will be offered,*
  - (c) *the repayment or redemption of all long-term debt since the date of the annual or interim financial statements, all long-term debt to be repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus and, in addition, in the case of a distribution of preferred shares, all preferred shares repaid or redeemed since the date of the annual or interim financial statements and all preferred shares to be repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus, and*

- (d) *the servicing costs that were incurred, or will be incurred, in relation to the above adjustments.*
- (5) *For debt securities, disclosure of earnings coverage shall include language similar to the following —*  
*“[Name of the issuer]’s interest requirements, after giving effect to the issue of [the debt securities being offered under the prospectus], amounted to \$• for the 12 months ended •. [Name of the issuer]’s earnings before interest and income tax for the 12 months then ended was \$•, which is • times [name of the issuer]’s interest requirements for this period.”*
- (6) *For preferred share issues, disclosure of earnings coverage shall include language similar to the following —*  
*“[Name of the issuer]’s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares being offered under the prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of •%, amounted to \$• for the 12 months ended •. [Name of the issuer]’s interest requirements for the 12 months then ended amounted to \$•. [Name of the issuer]’s earnings before interest and income tax for the 12 months ended • was \$•, which is • times [name of the issuer]’s aggregate dividend and interest requirements for this period.”*
- (7) *If the earnings coverage ratio is less than one-to-one, disclose the dollar amount of the coverage deficiency (i.e. the dollar amount of earnings required to attain a ratio of one-to-one).*
- (8) *Other earnings coverage calculations may be included as supplementary disclosure to the required earnings coverage calculations outlined above as long as their derivation is disclosed and they are not given greater prominence than the required earnings coverage calculations.*

**45. Credit Ratings** – If any credit ratings have been received from an approved rating organisation for the securities being offered and the ratings continue in effect, disclose

- (a) each security rating, including a provisional rating, received from an approved rating organisation;
- (b) the name of each approved rating organisation that has assigned a rating for the securities being offered;
- (c) a definition or description of the category in which each approved rating organisation rated the securities being offered and the relative rank of each rating within the organisation’s classification system;
- (d) an explanation of what the rating addresses and what attributes, if any, of the securities being offered are not addressed by the rating;
- (e) any factors or considerations identified by the approved rating organisation as giving rise to unusual risks associated with the securities being offered;

- (f) a statement that a security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency; and
- (g) any announcement made by, or any proposed announcement known to the issuer to be made by, an approved rating organisation that the organisation is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this paragraph.

#### **PART K – SELLING SECURITY HOLDER**

46. **Selling Security Holder** – If any of the securities are being offered for the account of a selling security holder, state the following —
- (a) the name and address of the security holder;
  - (b) the number or amount of securities of the class being offered presently owned by the security holder;
  - (c) the number or amount of securities of the class being offered for the account of the security holder;
  - (d) the number or amount of securities of the issuer of any class to be owned by the security holder after the offering, and the percentage that number or amount represents of the total outstanding; and
  - (e) whether the securities referred to in paragraph (b), (c) or (d) are owned both of record and beneficially, of record only, or beneficially only.

#### **PART L – UNDERWRITER CONFLICTS OF INTEREST**

47. **Relationship between Issuer or Selling Security Holder and Underwriter** – If the issuer or selling security holder is one of the underwriters or an associate or affiliate of an underwriter, or if the issuer or selling security holder is indebted to an underwriter or an associate or affiliate of an underwriter, provide the information required by Appendix A.

#### **PART M – INTEREST OF EXPERTS**

48. **Names of Experts** – Provide the name and address of each person –
- (a) who is named as having prepared or certified a statement, report or valuation in the prospectus or an amendment to the prospectus; and
  - (b) whose profession or business gives authority to the statement, report or valuation made by the person.
49. **Interest of Experts**
- (1) Disclose all registered or beneficial interests, direct or indirect, in any securities or other property of the issuer or of one of the issuer's associates or affiliates —
    - (a) held by an expert named in section 48 and, if the expert is not an individual, by the designated professionals of that expert, when that expert prepared the report, valuation, statement or opinion referred to in subsection paragraph 48(a);

- (b) received by an expert named in section 48 and, if the expert is not an individual, by the designated professionals of that expert after the time specified in subsection paragraph 48(a); or
  - (c) to be received by an expert named in section 48 and, if the expert is not an individual, by the designated professionals of that expert.
- (2) For the purposes of subsection (1), a “designated professional” means, in relation to an expert named in section 48, —
  - (a) each partner, employee or consultant of the expert who participated in and who was in a position to directly influence the preparation of the report, valuation, statement or opinion referred to in paragraph 48(a); and
  - (b) each partner, employee or consultant of the expert who was, at any time during the preparation of the report, valuation, statement or opinion referred to in subsection paragraph 48(a), in a position to directly influence the outcome of the preparation of the report, valuation, statement or opinion, including, without limitation —
    - (i) any person who recommends the compensation of, or who provides direct supervisory, management or other oversight of, the partner, employee or consultant in the performance of the preparation of the report, valuation, statement or opinion referred to in paragraph 48(a), including those at all successively senior levels through to the expert's chief executive officer;
    - (ii) any person who provides consultation regarding technical or industry specific issues, transactions or events for the preparation of the report, valuation, statement or opinion referred to in subsection paragraph 48(a); and
    - (iii) any person who provides quality control for the preparation of the report, valuation, statement or opinion referred to in subsection paragraph 48(a).
- (3) For the purposes of subsection (1), if the person's or company's interest in the securities represents less than one per cent of the issuer's outstanding securities of the same class, a general statement to that effect is sufficient.
- (4) Despite subsection (1), an auditor who is independent in accordance with the auditor's rules of professional conduct in the jurisdiction is not required to provide the disclosure in subsection (1) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct.
- (5) If a person or a director, officer or employee of a person or company referred to in subsection (1) is or is expected to be elected, appointed or employed as a director, officer or employee of the issuer or of any associate or affiliate of the issuer, disclose the fact or expectation.

**50. Exemption** – Section 49 does not apply to —

- (a) auditors of a business acquired by the issuer provided they have not been or will not be appointed as the issuer's auditor after subsequent to the acquisition, and

- (b) the issuer's predecessor auditors, if any, for periods when they were not the issuer's auditor.

#### **PART N – PROMOTERS**

**51. Promoters** – For a person that is, or has been within the two years immediately preceding the date of the preliminary prospectus, a promoter of the issuer or of a subsidiary of the issuer state —

- (a) the person's name and address;
- (b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised by the person;
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter, directly or indirectly, from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return; and
- (d) for an asset acquired by the issuer or by a subsidiary of the issuer from a promoter within the two years before the date of the preliminary prospectus or to be so acquired —
  - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined;
  - (ii) the person making the determination referred to in subparagraph (i) and the person's relationship with the issuer, the promoter, or an affiliate of the issuer or of the promoter; and
  - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

#### **PART O – DIRECTORS AND SENIOR OFFICERS**

**52. Identification** – State the following with respect to each director and senior officer of the issuer —

- (a) name, occupation and professional qualifications;
- (b) summary of business and management experience;
- (c) designation and functions;
- (d) beneficial security holdings (both direct and indirect) in the issuer; and
- (e) directorships and major security holdings in any public issuer in the three years immediately preceding the date of the prospectus.

**53. Compensation**

- (1) State the aggregate cash remuneration and other cash or non-cash benefits paid to the directors and senior officers of the issuer for services rendered in all capacities to the issuer for the last past two years, the current year and any future commitments of the issuer in tabular format identifying the number of directors and senior officers at each of the following compensation levels —

- (a) zero to five hundred thousand dollars;
    - (b) five hundred thousand dollars to one million dollars;
    - (c) one million dollars to two million dollars; and
    - (d) greater than two million dollars.
  - (2) Report the aggregate amounts of remuneration waived or deferred for each of the previous two years and the current year.
  - (3) Report the cash and non-cash remuneration separately.
  - (4) Remuneration shall include, without limitation, cash, bonuses, securities, options, insurance, pensions, the payment of any expenses including housing, automobiles, lodging, relocation etc., reimbursements of any kind, non-cash gifts, forgiveness of debts and extension of loans.
- 54. Audit Committee** – Disclose the members of the audit committee of the issuer and state whether or not the person is independent of the issuer.
- 55. Key Employees** – For each key employee of the issuer who is not a director or senior officer, including key technical personnel, disclose the following —
- (a) name and professional qualifications;
  - (b) profile including business and management or technical experience;
  - (c) designation and functions; and
  - (d) beneficial security holdings (both direct and indirect) in the issuer.
- 56. Regulatory History etc.** – For each person identified in the prospectus as a promoter, director, senior officer or key employee, disclose the following in respect of each person —
- (a) if a petition under any bankruptcy or insolvency law was filed (and not struck out) against such person, or any partnership in which he was a partner, or any corporation of which he was a director or senior officer, in any jurisdiction in the ten years immediately preceding the date of the prospectus;
  - (b) if such person was convicted in a criminal proceeding in any jurisdiction in the ten years immediately preceding the date of the prospectus, or is a named subject of a pending criminal proceeding in any jurisdiction; or
  - (c) if such person was the subject of any order, judgment or ruling of any court or competent jurisdiction or regulatory authority temporarily enjoining him from acting as a market actor (or equivalent) or as a director or employee of an issuer or financial institution and engaging in any type of business practice or activity in any jurisdiction, in the ten years immediately preceding the date of the prospectus.
- 57. Relationships** – Provide full details of any relationships or associations between the major security holders, promoters, directors, senior officers or key employees. This should include information direct and indirect security holdings in the issuer of directors and significant security holders before and after the distribution.
- 58. Employment Agreements** – Provide a summary of any existing or proposed service, management, or employment agreements between the issuer and its directors, senior officers and key employees.



**59. Large Security holders** – Disclose at least the following information about any security holder who directly or indirectly beneficially owns in excess of ten percent of any class of securities of the issuer —

- (a) name of security holder;
- (b) class and number of any securities held;
- (c) nationality or jurisdiction of incorporation; and
- (d) where securities are held under a nominee name or trustee arrangement, state that fact.

## **PART P –RELATED PARTY TRANSACTIONS**

### **60. Related-Party Transactions**

- (1) If the financial statements included in a prospectus, or the notes thereto, disclose related-party transactions, provide full details of the related party transaction including —
  - (a) the parties to the transaction;
  - (b) the date of the transaction;
  - (c) the relationship of each of the parties to the issuer;
  - (d) the value of the transaction;
  - (e) any security holder approvals obtained in connection with the transaction; and
  - (f) any future transactions involving the parties.
- (2) Provide full details of and discuss any conflict of interest or potential conflict of interest between the issuer and any of its directors, senior officers, key employees, or direct or indirect beneficial security holders.
- (3) Disclose any conflict of interest or potential conflict of interest in respect of any expert named in the prospectus or who has filed a consent with the Commission under the Regulations.

**61. Loans to a director of affiliate or the issuer** – Provide the names and relevant particulars of any loan in excess of ten thousand dollars to any senior officer, director, direct or indirect beneficial security holder, or person directly or indirectly controlling or controlled by the issuer.

**62. Interest of Management and Others in Material Transactions.** Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the issuer —

- (a) a director or officer of the issuer;
- (b) a proposed management nominee for election as a director of the issuer;
- (c) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series outstanding voting securities; and
- (d) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

**INSTRUCTIONS**

- (1) *The materiality of the interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to security holders.*
- (2) *This Item does not apply to any interest arising from the ownership of securities of the issuer if the security holder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in The Bahamas.*
- (3) *Give a brief description of the material transactions. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to the issuer.*
- (4) *For any transaction involving the purchase of assets by or sale of assets to the issuer or a subsidiary of the issuer, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.*
- (5) *You do not need to give information under this Item for a transaction if —*
  - (a) *the rates or charges involved in the transaction are fixed by law or determined by competitive bids,*
  - (b) *the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction,*
  - (c) *the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services, or*
  - (d) *the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than ten per cent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of the issuer or the issuer's subsidiaries.*
- (6) *Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than ten per cent of any class of equity securities of another company furnishing the services to the issuer or its subsidiaries.*

**PART Q – REPORT OF THE DIRECTORS**

- 63. Directors' Report** – Include in the prospectus a report signed by the directors of the issuer stating whether, after due inquiry by them, in relation to the interval between the date to which the most recently completed financial year of the issuer for which audited financial statements of the issuer are include in the prospectus and the date of the prospectus, —
- (a) the business of the issuer has, in their opinion, been satisfactorily maintained;

- (b) there has, in their opinion, arisen any circumstances which have adversely affected the trading or the value of the assets of the issuer;
- (c) the current assets of the issuer appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are any contingent liabilities by reason of any guarantees or indemnities given by the issuer; and
- (e) there have been any changes in the published reserves or any unusual factors affecting the financial position of the issuer.

### **PART R – OTHER REQUIRED DISCLOSURE**

- 64. Legal Proceedings** – Provide details of any material legal proceedings to which the issuer is a party, or of which any property or assets of the issuer is the subject matter, and any such proceedings known to the issuer to be contemplated, including the name of the court or agency; the date instituted; the principal parties to the proceedings; the nature of the claim; the amount claimed, if any; if the proceedings are being contested; and the present status of the proceedings.
- 65. Transfer Agents, Registrars, Trustees or other agents** – For each class of securities, state the names and addresses of any transfer agent, registrar, trustee, or other agent appointed by the issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the issuer, or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.
- 66. Constatng Documents** – If the articles and by-laws of the issuer or other constating or organisational documents of the issuer —
- (a) restrict in any way the transfer of securities of the issuer;
  - (b) provide for the remuneration of directors;
  - (c) provide voting and borrowing powers of directors, including voting powers in relation to proposals, arrangements or contracts in which they are interested; or
  - (d) provide for changes in capital and variations of class rights, provide a summary of such terms and provisions.
- 67. Optioned Securities** – If any capital of the issuer is under option, or agreed conditionally or unconditionally to be put under option, disclose the following if not disclosed elsewhere in the prospectus —
- (a) the number, description and amount of the securities concerned;
  - (b) the period during which the option is exercisable;
  - (c) the exercise price;
  - (d) the consideration given or to be given for the option; and
  - (e) the names of the grantees, provided that, where options have been granted or agreed to be granted to all security holders or holders of debt securities, or to any class thereof, or to directors and employees under a share option scheme, it shall be sufficient, so far as the names are concerned, to record that fact without giving the names of the individual grantees.

- 68. Rights Offerings** – If the securities are being distributed by a way of rights or allotted to the holders of an outstanding security, disclose the pro-rata entitlement and the last date on which transfers were or will be accepted for registration for participation in the distribution. Include a statement of the treatment of any fractions, whether the documents of title are renounceable and whether approval has been obtained from the security holders of the issuer.
- 69. Convertible Debt** – Disclose the amount of any outstanding convertible debt securities of the issuer and the conditions governing, and the procedures for, conversion, exchange or subscription of such securities.
- 70. Share Ownership Schemes** – If the issuer has a share ownership scheme for participation by employees, disclose details of the scheme.

#### **PART S – OTHER MATERIAL FACTS**

- 71. Other Material Facts** – Give particulars of any material facts about the securities being offered that are not disclosed under any other items and are necessary in order for the prospectus to contain full, true and plain disclosure of all material information relating to the securities being offered, and not to make any misrepresentation likely to affect the value or market price of the securities.

#### **PART T – PURCHASER’S STATUTORY RIGHTS**

- 72. Statutory Rights of Withdrawal and Rescission** – Include the statement of rights given to a purchaser of securities in the form set out below:

“The Securities Industry Act, 2024, as amended, and the regulations made under the Act, provide a purchaser with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission and damages if the prospectus or any amendment contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation. The purchaser should refer to the Securities Industry Act, 2024, and the regulations made under that Act, for the particulars of these rights or consult with a legal adviser.”

#### **PART U – MATERIAL CONTRACTS AND DOCUMENTS AVAILABLE FOR INSPECTION**

- 73. Material Contracts** – Identify and give particulars of every material contract, other than contracts entered into in the ordinary course of business, that were entered into within the two years immediately preceding the date of the prospectus, by the issuer, and state a reasonable time and place in The Bahamas at which the contracts or copies of the contracts may be inspected, without charge, during the period of distribution of the securities under the prospectus. Any management contract or contract providing for special bonuses or profit-sharing arrangements shall be deemed a material contract.
- 74. Documents to be Made Available for Inspection**
- (1) Identify the documents to be made available by the issuer for inspection pursuant to regulation 97(2). (These documents are listed in section 4 of Appendix B.)

- (2) State a reasonable time and place in The Bahamas at which the documents set out forth in paragraph (1) may be inspected, without charge, during the period of distribution of the securities under the prospectus.

#### **PART VI – CERTIFICATES**

- 75. Certificates** – Include the certificates required under Regulation 114 or 119 .
- 76. Date of Certificates** – The certificates in a preliminary prospectus, a final prospectus or an amendment to a preliminary or final prospectus must be dated not more than two business days before the date of filing the preliminary prospectus, final prospectus or amendment, as applicable.

**WARNING:** Intentional misstatement or failure to disclose information may constitute an offence.

Fee must be submitted with all prospectuses. The appropriate fees can be found in the Fees Rules.

#### **Appendix A to Form 16 Underwriter Conflicts of Interest**

##### **Required Information for Front Page of the Prospectus**

1. A statement in bold type, naming each underwriter that the issuer or the selling security holder is an associate or affiliate of, or indebted to.
2. A summary of the basis on which paragraph 1 applies to the distribution.
3. A cross-reference to the applicable section in the body of the prospectus where further information concerning the relationship between the issuer or selling security holder and underwriter is provided.

##### **Required Information for the Body of the Prospectus**

4. A statement naming each underwriter that the issuer or the selling security holder is an associate or affiliate of or indebted to.
5. The basis on which the issuer or selling security holder is an associate or affiliate of each underwriter referred to in paragraph 4.
6. If the issuer or selling security holder or an associate or affiliate is indebted to the underwriter or an associate or affiliate of the underwriter, provide —
  - (a) the amount of the indebtedness;
  - (b) the extent to which the issuer or selling security holder is in compliance with the terms of the agreement governing the indebtedness;
  - (c) the extent to which a related issuer has waived a breach of the agreement since its execution;
  - (d) the nature of any security for the indebtedness; and
  - (e) the extent to which the financial position of the issuer or selling security holder or the value of the security has changed since the indebtedness was incurred.

7. Disclosure as to whether the issue was required, suggested or consented to by the underwriter or an associate or affiliate of the underwriter and, if so, on what basis.
8.
  - (a) Information about the extent to which the proceeds of the issue will be applied, directly or indirectly, for the benefit of the underwriter or an associate or affiliate of the underwriter, or
  - (b) If the proceeds will not be applied for the benefit of the underwriter or an associate or affiliate of the underwriter, a statement to that effect.
9. If a portion of the proceeds of the distribution is to be directly or indirectly applied to or towards the payment of indebtedness referred to in paragraph 6, particulars of the indebtedness or securities in respect of which the payment is to be made and of the payment proposed to be made.
10. Any other material facts with respect to the relationship between the issuer and the underwriter that could negatively affect the impartiality of the underwriter.

**Appendix B to Form 16****Materials to be Provided to the Commission and Made Available for Public Inspection****1. Materials to be provided with preliminary prospectus.**

- (1) An issuer that files a preliminary prospectus shall —
  - (a) file the following with the preliminary prospectus —
    - (i) a signed copy of the preliminary prospectus;
    - (ii) a certificate, dated as of the date of the preliminary prospectus, executed on behalf of the issuer by one of its executive officers certifying that the issuer is in full compliance with the requirements of all applicable securities legislation, and that offering will not result in a breach or violation of securities legislation; and
    - (iii) a copy of each report or valuation referred to in the preliminary prospectus for which a consent is required to be filed under regulation 102; and
  - (b) deliver to the Commission, concurrently with the filing of the preliminary prospectus, the experts' consents required to be filed under regulation 116.
- (2) The following documents shall be filed with the preliminary prospectus —
  - (a) a copy of any agreement made with an underwriter;
  - (b) a copy of the legal opinion or opinions regarding the legality of the issue;
  - (c) a copy of all material contracts referred to in section 73 of this Form, but no disclosure shall be required of any portion of any such contract if the Commission determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of investors;
  - (d) a certified copy of the issuer's memorandum and articles of association;
  - (e) a copy of underlying agreements or indentures affecting any stock, bonds or debentures offered or to be offered; and
  - (f) copies of any other documents the Commission deems necessary.
- (3) The fee specified in the Fees Rules must be submitted with the preliminary prospectus.

**2. Materials to be provided with final prospectus.**

An issuer that files a prospectus in final form shall —

- (a) file the following with the prospectus —
  - (i) a signed copy of the prospectus;
  - (ii) a copy of each document referred to in section 1(2) that relates to the securities being issued, and that have not previously been filed;
  - (iii) a copy of each opinion, report or valuation referred to in the prospectus, for which a consent is required to be filed under regulation 102 and that has not previously been filed; and
  - (iv) a submission to jurisdiction and appointment of agent for service of process of the issuer in the form set out in Appendix C, if an issuer is

incorporated or organised in a foreign jurisdiction and does not have an office in The Bahamas;

- (v) a submission to jurisdiction and appointment of agent for service of process of the selling security holder or promoter, as applicable, in the form set out in Appendix D, if a selling security holder or promoter of an issuer is incorporated or organised under a foreign jurisdiction and does not have an office in The Bahamas or is an individual who resides outside of The Bahamas; and
  - (vi) the experts' consents required to be filed under regulation 116;
- (b) deliver to the Commission at least two business days before filing of the prospectus in final form, blacklined copies of the prospectus showing all changes from the preliminary prospectus; and
- (c) deliver to the Commission the appropriate fee as set out in the Fees Rules.

### **3. Required documents for an amendment.**

An issuer that files an amendment to a preliminary prospectus or prospectus shall —

- (a) file a signed copy of the amendment;
- (b) deliver to the Commission a copy of the amended preliminary prospectus or prospectus blacklined to show the changes;
- (c) file or deliver any supporting documents required to be filed or delivered with a prospectus unless the documents originally filed or delivered with the prospectus are correct as of the date the amendment is filed;
- (d) file any consent letter required to be filed with a prospectus, dated as of the date of the amendment; and
- (e) file the appropriate fee as set out in the Fees Rules.

### **4. Documents to be available for public inspection**

Copies of the following documents must be made available for public inspection during normal business hours at a place in The Bahamas throughout the period of distribution of the securities under the prospectus —

- (a) a copy of any agreement made with an underwriter;
- (b) a copy of the legal opinion or opinions in respect to the legality of the issue;
- (c) a copy of all the relevant opinions of experts contained in this Form;
- (d) a copy of all material contracts referred to in section 73 of this Form, but no disclosure shall be required of any portion of any such contract if the Commission determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of investors;
- (e) a certified copy of the issuer's memorandum and articles of association;
- (f) a copy of underlying agreements or indentures affecting any securities, bonds or debentures offered or to be offered; and
- (g) copies of any other documents the Commission deems necessary.



**Appendix C to Form 16**  
**Submission to Jurisdiction and Appointment of Agent for Service of Process – Issuer**

1. Name of issuer:
2. Jurisdiction of incorporation of issuer:
3. Address of principal place of business of issuer:
4. Description of Securities (the “Securities”) being distributed:
5. Date of Prospectus (the “Prospectus”) pursuant to which the Securities are offered:
6. Name of agent for service (the “Agent for Service”)
7. Address for service of process on Agent for Service in The Bahamas:
8. The issuer designates and appoints the Agent for Service at the address of the agent stated above as its agent upon whom may be served any notice, writ, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the “Proceeding”) arising out of, or relating to, or concerning, the distribution of the securities made or purported to be made pursuant to the Prospectus, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.
9. The issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of The Bahamas in any proceeding arising out of, or related to, or concerning, the distribution of the Securities made or purported to be made pursuant to the Prospectus.
10. This Submission to Jurisdiction and Appointment of Agent for Service of Process shall be governed by and construed in accordance with the laws of The Bahamas.

Dated: \_\_\_\_\_:

[Issuer]

By:

\_\_\_\_\_  
[Name and Title]

The undersigned accepts the appointment as Agent for Service of process of

\_\_\_\_\_  
[Name of Issuer]

pursuant to the terms and conditions of the foregoing Appointment of Agent for Service of Process.

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Agent]

By:

\_\_\_\_\_  
(Print the name of person signing and, if the Agent is not an individual, the title of the person signing on behalf of the Agent.)

**Appendix D to Form 16****Submission to Jurisdiction and Appointment of Agent for Service of Process  
Selling Security Holder or Promoter**

1. Name of issuer:
2. Jurisdiction of incorporation of issuer:
3. Address of principal place of business of issuer:
4. Description of Securities (the "Securities") being distributed:
5. Date of Prospectus (the "Prospectus") pursuant to which the Securities are offered:
6. Name of Selling Security Holder or Promoter Filing Form ("Filer") & Relationship to Issuer:
7. Jurisdiction of Incorporation or Residence of Filer:
8. Address of Filer:
9. Name of agent for service (the "Agent for Service")
10. Address for service of process on Agent for Service in The Bahamas:
11. The Filer designates and appoints the Agent for Service at the address of the agent stated above as its agent upon whom may be served any notice, writ, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, or relating to, or concerning, the distribution of the securities made or purported to be made pursuant to the Prospectus, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.
12. The Filer irrevocably and unconditionally submits to the non-exclusive jurisdiction of The Bahamas in any proceeding arising out of, or related to, or concerning, the distribution of the Securities made or purported to be made pursuant to the Prospectus.
13. This Submission to Jurisdiction and Appointment of Agent for Service of Process shall be governed by and construed in accordance with the laws of The Bahamas.

Dated: \_\_\_\_\_  
\_\_\_\_\_ :

[Filer]

By:

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[Name and Title]

The undersigned accepts the appointment as Agent for Service of process of

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[Name of Filer]

pursuant to the terms and conditions of the foregoing Appointment of Agent for Service of Process.

Dated: \_\_\_\_\_

[Agent]

By:

---

(Print the name of person signing and, if the Agent is not an individual, the title of the person signing on behalf of the Agent.)

**Form 17**  
**Notice of Exempt Transaction**  
**(Regulation 131)**

**Item 1 – Name and Address of Issuer and Vendor**

State the name of the issuer of the securities and include its business address and jurisdiction of incorporation or organisation. If the vendor is other than the issuer, provide the vendor's name, address and jurisdiction of incorporation or organisation, if relevant.

**Item 2 – Date of Transaction(s)**

State the date or dates the transactions closed/took place.

**Item 3 – Nature of Transaction**

Indicate the exemption used for the transaction.

**Item 4 – Summary of Transaction**

Provide a summary of the transaction, including type of securities issued, number or principal amount of securities issued, terms, etc.

**Item 5 – Investors**

Provide names, addresses and purchase amounts for each investor. Attach evidence that each investor is an accredited investor, if that status is required for the exemption used.

**Item 6 – Senior Officer**

Give the name, business telephone number and email address of the vendor (if an individual) or a senior officer of the issuer or vendor who is knowledgeable about the transaction, and who may be contacted to discuss it.

**Item 7 – Date the Report****Item 8 – Certification and Signature**

Include the signature of the person identified in Item 6, confirming the Notice, and certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.”

**WARNING:** Intentional misstatement or failure to disclose information may constitute an offence.

A fee must be submitted with this form. The appropriate fee can be found in the Fees Rules.

**Form 18**  
**Annual Report**  
**(Regulation 137)**

**Item 1 – Name and Address of Public Issuer**

Include the full corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which the entity exists and carries on business. Include the issuer's address and telephone number of the issuer's registered office, head or management office, its e-mail address, its website address and its jurisdiction of incorporation or organisation.

**Item 2 – Annual Financial Statements and Auditor's Report**

Include the latest audited annual financial statement of the issuer prepared as required under the Act.

**Item 3 – Management Discussion and Analysis of Financial Condition and Operating Performance**

Include the latest Management Discussion and Analysis prepared as required.

**Item 4 – Report from the Board of Directors**

Provide a report from the Board of Directors containing an overview of the performance of the issuer and its prospects.

**Item 5 – Information on Directors and Officers**

For each director of the issuer, provide his or her name, current principal occupation and any prior occupation during the past 5 years and the periods that the director served as a director of the issuer.

For each senior officer of the issuer, provide his or her name, current position with the issuer and any prior occupation, with the issuer or otherwise, during the past 5 years.

**Item 6 – Information on any Holding Company or Material Subsidiaries**

Provide the names, addresses and jurisdiction of incorporation of the holding company, if any, and any material subsidiary of the public issuer.

**Item 7 – Advisors and Service Providers**

Provide the names and addresses of the legal advisors, auditors, principal bankers, registrar and transfer agent(s) and any other significant service providers to the issuer.

**Item 8 – Other Information Required by Law or Rule**

Include any other information required by the constitutive documents of the issuer, by law or by rule not otherwise disclosed under another Item.

**WARNING:** Intentional misstatement or failure to disclose information may constitute an offence.

**Form 19**  
**Management Discussion and Analysis**  
**(Regulation 138)**

**GENERAL PROVISIONS****(a) What is Management Discussion and Analysis?**

Management discussion and analysis ("MD&A") is a narrative explanation, through the eyes of management, of how the issuer performed during the period covered by the financial statements and of the issuer's financial condition and future prospects. MD&A complements and supplements the issuer's financial statements, but does not form part of the financial statements.

The objective when preparing the MD&A should be to improve the issuer's overall financial disclosure by giving a balanced discussion of the issuer's results of operations and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news. The MD&A should

- help current and prospective investors understand what the financial statements show and do not show;
- discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations;
- discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and
- provide information about the quality, and potential variability, of the issuer's earnings and cash flow, to assist investors in determining if past performance is indicative of future performance.

**(b) Date of Information**

In preparing the MD&A, the issuer should take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

**(c) Explain the Analysis**

Explain the nature of, and reasons for, changes in the issuer's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. The discussion should assist the reader to understand trends, events, transactions and expenditures.

**(d) Focus on Material Information**

Focus the MD&A on material information. There is no need to disclose information that is not material. Exercise judgment when determining whether information is material.

**(e) What is Material?**

Would a reasonable investor's decision whether or not to buy, sell or hold securities in the issuer likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality under generally accepted accounting principles.

**(f) Forward-Looking Information**

Issuers are encouraged to provide forward-looking information if there is a reasonable basis for making the statements. Preparing the MD&A necessarily involves some degree of prediction or projection. For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect the issuer's business. However, MD&A does not require that the issuer provide a detailed forecast of future revenues, income or loss or other information.

All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, the material assumptions and appropriate risk disclosure and cautionary language.

The issuer must discuss any forward-looking information disclosed in the MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading. Examples include statements that were unreasonably optimistic or aggressive, lacked objectivity or were not adequately explained. The issuer's timely disclosure obligations might also require that the issuer publish a news release and file a material change report in these circumstances.

**(g) Development Stage Issuers Without Significant Revenues**

If the issuer is in its development stage and does not have significant revenues from operations, focus the discussion and analysis of results of operations on expenditures and progress towards achieving the business objectives and milestones of the issuer.

**(h) Numbering and Headings**

The numbering, headings and ordering of items included in this Form are guidelines only. There is no need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

**(i) Omitting Information**

There is no need to respond to any item in this Form that is inapplicable.

**(j) Defined Terms**

If a term is used but not defined in this Form, refer to the Securities Industry Act, 2024 and the Securities Industry Regulations made under the Act.

**(k) Plain Language**

Write the MD&A so that readers are able to understand it. If technical terms are used, explain them in a clear and concise manner.

**CONTENT OF ANNUAL MD&A****Item 1 – Date**

Specify the date of the issuer's MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the issuer's most recently completed financial year.

**Item 2 – Overall Performance**



Provide an analysis of the issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the issuer's business. Compare the issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following —

- (a) operating segments that are reportable segments as those terms are used in generally accepted accounting principles;
- (b) other parts of the issuer's business if —
  - (i) they have a disproportionate effect on revenues, income or cash needs; or
  - (ii) there are any legal or other restrictions on the flow of funds from one part of the issuer's business to another;
- (c) industry and economic factors affecting the issuer's performance;
- (d) why changes have occurred or expected changes have not occurred in the issuer's financial condition and results of operations; and
- (e) the effect of discontinued operations on current operations.

#### **INSTRUCTIONS**

*When explaining changes in the issuer's financial condition and results, include an analysis of the effect on continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.*

*Financial condition reflects the overall health of the company and includes the issuer's financial position (as shown on the balance sheet) and other factors that may affect the issuer's liquidity, capital resources and solvency. A discussion of financial condition should include important trends and risks that have affected the financial statements and trends and risks that are reasonably likely to affect them in the future.*

*Include information for a period longer than two financial years if it will help the reader to understand a trend better.*

#### **Item 3 – Selected Annual Information**

Provide the following financial data derived from the issuer's financial statements for each of the three most recently completed financial years —

- (a) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;
- (c) net income or loss, in total and on a per-share and diluted per-share basis;
- (d) total assets;
- (e) total long-term financial liabilities; and
- (f) cash dividends declared per-share for each class of share.

Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the business. Include in the discussion any other information the issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

#### **INSTRUCTION**

*Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to or from foreign accounting principles, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.*

**Item 4 – Results of Operations**

Discuss the analysis of the issuer's operations for the most recently completed financial year, including —

- (a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold or the introduction of new products or services;
- (b) any other significant factors that caused changes in net sales or total revenues;
- (c) cost of sales or gross profit;
- (d) for issuers that have significant projects that have not yet generated operating revenue, describe each project, including the issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;
- (e) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;
- (f) commitments, events, risks or uncertainties that the issuer reasonably believes will materially affect the issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;
- (g) effect of inflation and specific price changes on the issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;
- (h) a comparison in tabular form of disclosure made previously about how the issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the issuer's ability to achieve its business objectives and milestones; and
- (i) unusual or infrequent events or transactions.

**INSTRUCTION**

*The discussion under paragraph (d) of Item 4 should include —*

- (i) *whether or not the issuer plans to expend additional funds on the project; and*
- (ii) *any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.*

**Item 5 – Summary of Quarterly Results**

Provide the following information in summary form, derived from the issuer's financial statements, for each of the eight most recently completed quarters —

- (a) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and
- (c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

### *INSTRUCTIONS*

*In the case of the annual MD&A, the most recently completed quarter is the quarter that ended on the last day of the most recently completed financial year.*

*The issuer does not have to provide information for a quarter prior to the issuer becoming a public issuer if the issuer has not prepared financial statements for those quarters.*

*For Items 2, 3, 4 and 5 consider identifying, discussing and analyzing the following factors —*

- (A) changes in customer buying patterns, including changes due to new technologies and changes in demographics;*
- (B) changes in selling practices, including changes due to new distribution arrangements or a reorganisation of a direct sales force;*
- (C) changes in competition, including an assessment of the issuer's resources, strengths and weaknesses relative to those of its competitors;*
- (D) the effect of exchange rates;*
- (E) changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;*
- (F) changes in production capacity, including changes due to plant closures and work stoppages;*
- (G) changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenues;*
- (H) changes in the terms and conditions of service contracts;*
- (I) the progress in achieving previously announced milestones;*
- (J) for resource issuers with producing mines, identify changes to cash flow caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes; and*
- (K) if the issuer has an equity investee that is significant to the issuer, the nature of the investment and significance to the issuer.*

*Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to or from foreign accounting principles, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.*

### **Item 6 – Liquidity**

Provide an analysis of the issuer's liquidity, including —

- (a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the issuer's capacity, to meet the issuer's planned growth or to fund development activities;
- (b) trends or expected fluctuations in the issuer's liquidity, taking into account demands, commitments, events or uncertainties;
- (c) its working capital requirements;
- (d) liquidity risks associated with financial instruments;
- (e) if the issuer has or expects to have a working capital deficiency, discuss its ability to meet its obligations as they become due and how the issuer expects to remedy the deficiency;
- (f) balance sheet conditions or income or cash flow items that may affect the issuer's liquidity;
- (g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the issuer and the effect these restrictions have had or may have on the ability of the issuer to meet its obligations; and
- (h) defaults or arrears or significant risk of defaults or arrears on —
  - (i) dividend payments, lease payments, interest or principal payment on debt;
  - (ii) debt covenants; and
  - (iii) redemption or retraction or sinking fund payments,
 and how the issuer intends to cure the default or arrears or address the risk.

### INSTRUCTIONS

*In discussing the issuer's ability to generate sufficient amounts of cash and cash equivalents, describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.*

*In discussing trends or expected fluctuations in the issuer's liquidity and liquidity risks associated with financial instruments discuss —*

*(A) provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment. Examples of such situations are provisions linked to credit rating, earnings, cash flows or share price; and*

*(B) circumstances that could impair the issuer's ability to undertake transactions considered essential to operations. Examples of such circumstances are the inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.*

*In discussing the issuer's working capital requirements discuss situations where the issuer must maintain significant inventory to meet customers' delivery requirements or any situations involving extended payment terms.*

*In discussing the issuer's balance sheet conditions or income or cash flow items, present a summary, in table form, of contractual obligations including payments due for each of the next five years and thereafter. An example of a table that may be adapted to the issuer's particular circumstances follows:*

Contractual	Payments Due by Period
-------------	------------------------

Obligations					
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Long Term Debt					
Capital Lease Obligations					
Operating Leases					
Purchase Obligations <sup>1</sup>					
Other Long Term Obligations <sup>2</sup>					
Total Contractual Obligations					

<sup>1</sup> "Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on the issuer that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

<sup>2</sup> "Other Long Term Obligations" means other long-term liabilities reflected on the issuer's balance sheet.

*The table may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations or other details to the extent necessary for an understanding of the timing and amount of the issuer's specified contractual obligations.*

## Item 7 – Capital Resources

Provide an analysis of the issuer's capital resources, including —

- (a) commitments for capital expenditures as of the date of the issuer's financial statements including —
  - (i) the amount, nature and purpose of these commitments;
  - (ii) the expected source of funds to meet these commitments; and
  - (iii) expenditures not yet committed but required to maintain the issuer's capacity, to meet the issuer's planned growth or to fund development activities;
- (b) known trends or expected fluctuations in the issuer's capital resources, including expected changes in the mix and relative cost of these resources; and
- (c) sources of financing that the issuer has arranged but not yet used.

### INSTRUCTIONS

*Capital resources are financing resources available to the issuer and include debt, equity and any other financing arrangements that the issuer reasonably considers will provide financial resources to the issuer.*

*In discussing the issuer's commitments discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.*

## Item 8 – Off-Balance Sheet Arrangements

Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the issuer including, without limitation, such considerations as liquidity and capital resources.

In the discussion of off-balance sheet arrangements, the issuer should discuss their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments. The discussion should include —

- (a) a description of the other contracting party(ies);
- (b) the effects of terminating the arrangement;
- (c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;
- (d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and
- (e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

#### **INSTRUCTIONS**

*Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with the issuer, under which the issuer has —*

*(A) any obligation under certain guarantee contracts;*

*(B) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;*

*(C) any obligation under certain derivative instruments; or*

*(D) any obligation under a material variable interest held by the issuer in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the issuer, or engages in leasing, hedging or, research and development services with the issuer.*

*Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.*

*Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from the previous year where such discussion is necessary to understand the disclosure.*

*The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.*

#### **Item 9 – Transactions with Related Parties**

Discuss all transactions involving related parties as defined by generally accepted accounting principles and include the disclosure required by generally accepted accounting principles to the extent not contained in the notes to the financial statements.

#### **INSTRUCTION**

*In discussing the issuer's transactions with related parties, the discussion should include both*

*qualitative and quantitative characteristics that are necessary to understand the transactions' business purpose and economic substance. Discuss –*

*(A) the relationship and identify the related person or entities;*

*(B) the business purpose of the transaction;*

*(C) the recorded amount of the transaction and the measurement basis used;*

*(D) any ongoing contractual or other commitments resulting from the transaction;*

*(E) any additional disclosure required by generally accepted accounting principles.*

*If the disclosure required by this item is provided in a note to the issuer's financial statements, the issuer may provide a cross reference to the note and otherwise omit this discussion in the MD&A.*

#### **Item 10 – Fourth Quarter**

Discuss and analyze fourth quarter events or items that affected the issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the issuer's business and dispositions of business segments.

#### **Item 11 – Proposed Transactions**

Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required security holder or regulatory approvals.

#### **INSTRUCTION**

*The issuer does not have to disclose this information if the issuer has filed a Material Change Report[Form 20] regarding the transaction on a confidential basis and the report remains confidential.*

#### **Item 12 – Critical Accounting Estimates**

Provide an analysis of the issuer's critical accounting estimates. The analysis should —

(a) identify and describe each critical accounting estimate used by the issuer including —

(i) a description of the accounting estimate;

(ii) the methodology used in determining the critical accounting estimate;

(iii) the assumptions underlying the accounting estimate that relate to matters highly uncertain at the time the estimate was made;

(iv) any known trends, commitments, events or uncertainties that the issuer reasonably believes will materially affect the methodology or the assumptions described; and

(v) if applicable, why the accounting estimate is reasonably likely to change from period to period and have a material impact on the financial presentation;

(b) explain the significance of the accounting estimate to the issuer's financial condition, changes in financial condition and results of operations and identify the financial statement line items affected by the accounting estimate;

(c) discuss changes made to critical accounting estimates during the past two financial years including the reasons for the change and the quantitative effect on the issuer's overall financial performance and financial statement line items; and

(d) identify the segments of the issuer's business that the accounting estimate affects and discuss the accounting estimate on a segment basis, if the issuer operates in more than one segment.

**INSTRUCTIONS**

*An accounting estimate is a critical accounting estimate only if –*

*(A) it requires the issuer to make assumptions about matters that are highly uncertain at the time the accounting estimate is made; and*

*(B) different estimates that the issuer could have used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on the issuer's financial condition, changes in financial condition or results of operations.*

*As part of the description of each critical accounting estimate, in addition to qualitative disclosure, provide quantitative disclosure when quantitative information is reasonably available and would provide material information for investors. Similarly, in the discussion of assumptions underlying an accounting estimate that relates to matters highly uncertain at the time the estimate was made, provide quantitative disclosure when it is reasonably available and it would provide material information for investors. For example, quantitative information may include a sensitivity analysis or disclosure of the upper and lower ends of the range of estimates from which the recorded estimate was selected.*

**Item 13 – Changes in Accounting Policies including Initial Adoption**

Discuss and analyze any changes in the issuer's accounting policies, including —

- (a) for any accounting policies that the issuer has adopted or expects to adopt after the end of the issuer's most recently completed financial year, including changes the issuer has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that the issuer does not have to adopt until a future date, the issuer should —
  - (i) describe the new standard, the date the issuer is required to adopt it and, if determined, the date it plans to adopt it;
  - (ii) disclose the methods of adoption permitted by the accounting standard and the method the issuer expects to use;
  - (iii) discuss the expected effect on the issuer's financial statements, or if applicable, state that the issuer cannot reasonably estimate the effect; and
  - (iv) discuss the potential effect on the issuer's business, for example technical violations or default of debt covenants or changes in business practices; and
- (b) for any accounting policies that the issuer has initially adopted during the most recently completed financial year, the issuer should —
  - (i) describe the events or transactions that gave rise to the initial adoption of an accounting policy;
  - (ii) describe the accounting principle that has been adopted and the method of applying that principle;
- (iii) discuss the effect resulting from the initial adoption of the accounting policy on the issuer's financial condition, changes in financial condition and results of operations;
- (iv) if the issuer is permitted a choice among acceptable accounting principles —
  - (A) state that the issuer made a choice among acceptable alternatives;
  - (B) identify the alternatives;



- (C) describe why the issuer made the choice that the issuer did; and
- (D) discuss the effect, where material, on the issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and
- (v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to the initial adoption of the accounting policy, explain the decision regarding which accounting principle to use and the method of applying that principle.

**INSTRUCTION**

*The issuer does not have to present the discussion under paragraph (b) of Item 13 for the initial adoption of accounting policies resulting from the adoption of new accounting standards.*

**Item 14 – Financial Instruments and Other Instruments**

For financial instruments and other instruments –

- (a) discuss the nature and extent of the issuer's use of, including relationships among, the instruments and the business purposes that they serve;
- (b) describe and analyze the risks associated with the instruments;
- (c) describe how the issuer manage these risks, including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;
- (d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and
- (e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognised in income for the period, and the total amount and financial statement classification of deferred or unrecognised gains and losses on financial instruments.

**INSTRUCTIONS**

*"Other instruments" are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.*

*The discussion under paragraph (a) of Item 14 should enhance a reader's understanding of the significance of recognised and unrecognised instruments on the issuer's financial position, results of operations and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.*

*For purposes of paragraph (c) of Item 14, if the issuer is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future earnings and cash flows may be useful in describing the issuer's exposure to price risk.*

*For purposes of paragraph (d) of Item 14, disclose and explain the income, expenses, gains and losses from hedging activities separately from other activities.*

**Item 15 – Additional Disclosure for Issuers Without Significant Revenue**

If the issuer has not had significant revenue from operations in either of its last two financial years, it should disclose a breakdown of the material components of —

- (a) capitalized or expensed development costs;
- (b) expensed research and development costs;
- (c) deferred development costs;
- (d) general and administration expenses; and
- (e) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (a) through (d),

for each of the two most recently completed financial years.

This disclosure is not required if the information has been disclosed in the financial statements to which the MD&A relates.

**Form 20**  
**Material Change Report**  
**(Regulation 139)**

**Item 1 – Name and Address of Public Issuer**

State the name of the public issuer and include its principal business address, email address(es), telephone numbers and fax numbers.

**Item 2 – Date of Material Change****Item 3 – Press Release**

State the date that the press release disclosing the material change was issued, and describe the method of dissemination.

**Item 4 – Description of Material Change**

Provide sufficient disclosure regarding the material change to enable a reader to appreciate the significance and impact of the material change without having to refer to any other sources.

Examples of matters that would be subject to disclosure include: dates, parties and relationship to the issuer if related parties, terms and conditions, effect on financial condition, value, reasons for the change, purpose of the change, and a general comment on the probable impact of the material change on the public issuer.

**Item 5 – Senior Officer**

Give the name, business telephone number and email address of a senior officer of the public issuer who is knowledgeable about the material change and who may be contacted to discuss it.

**Item 6 – Date the Report****Item 7 – Certification and Signature**

Include the signature of a senior officer certifying the following statement:

“I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.”

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

**Form 21**  
**Management Proxy Statement**  
**(Regulation 141)**

**GENERAL INSTRUCTIONS:**

- (1) Where practicable and appropriate, the information required by this Form shall be presented in table form.
- (2) All amounts required by this Form shall be stated in figures.
- (3) Information required by more than one applicable item need not be repeated.
- (4) No statement need be made in response to any item that is inapplicable and negative answers to any item may be omitted.

**Item 1 – Name and Address of Public Issuer**

Include the full corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which the entity exists and carries on business. Include the issuer's complete mailing address and telephone number of the issuer's executive offices, its e-mail address, its website address and its jurisdiction of incorporation or organisation.

**Item 2 – Meeting Date, Time and Place Information**

State the date, time and place of the meeting of security holders.

On the first page of the proxy statement, state the date on which the proxy statement and form of proxy are first sent or given to security holders.

**Item 3 – Revocability of Proxy**

State whether or not the person giving the proxy has the power to revoke it. If the right of revocation before the proxy is exercised is limited or is subject to compliance with any formal procedure, briefly describe such limitation or procedure.

**Item 4 – Solicitation**

State the solicitation is made by the issuer.

Give the name of any director of the issuer who has informed the issuer in writing that the director intends to oppose any action intended to be taken by the company and indicate the action which the director intends to oppose.

Describe the method(s) of solicitation of security holders.

State the names of the persons by whom the cost of solicitation has been or will be borne, directly or indirectly and the total amount estimated to be spent and the total expenditure to date in connection with the solicitation of security holders.

If specially engaged employees, representatives or other persons have been or are to be employed to solicit security holders, state —

- i. the material features of any contract or arrangement for such solicitation and the identity of the parties;
- ii. the anticipated costs thereof; and
- iii. the approximate number of such employees or any other person (naming such other person) who will solicit security holders.

**Item 5 – Voting Securities and Principal Holders of Voting Securities**

Provide —

- (a) The number of securities of each class of securities of the issuer entitled to be voted at the meeting and the number of votes to which each security of each such class is entitled on each matter to be acted upon at the meeting.
- (b) The name of each person who, to the knowledge of the directors or officers of the issuer, beneficially owns or exercises control or direction over securities carrying more than 10 per cent of the voting rights attached to any class of outstanding voting securities of the issuer entitled to be voted at the meeting, the approximate number of the securities so owned, controlled or directed by each such person and the percentage of the class of outstanding voting securities of the issuer represented by the number of voting securities so owned, controlled or directed.
- (c) If a change in the effective control of the issuer has occurred since the beginning of its last financial year, the name of the person who, to the knowledge of the directors or officers of the issuer, acquired control, the date and description of the transaction in which control was acquired and the percentage of voting rights attached to all outstanding voting securities entitled to be voted at the meeting now owned, controlled or directed by the person.

- (d) The percentage of votes required for the approval of any matter to be submitted to a vote of security holders that requires approval by more than a majority of the votes cast on the matter at the meeting.

**Item 6 – Election of Directors**

If directors are to be elected, provide —

- (a) A statement of any right of any class of security holders to elect a specified number of directors or to cumulate their votes and of any conditions precedent to the exercise of the rights.
- (b) In table form, so far as practicable, with respect to each person proposed by management for nomination for election as a director and each director whose term of office will continue after the meeting —
- i. the name of each person, the time when his or her term of office or the term of office for which he or she is a proposed nominee expires and all other major positions and offices with the issuer or any of its significant affiliates currently held by the person, indicating which of the persons are proposed nominees for election as directors at the meeting;
  - ii. the present principal occupation or employment of each such person, the name and principal business of any company or other organisation in which the occupation or employment is carried on and similar information as to all principal occupations or employments of each such person within the five preceding years, unless the person is now a director and was elected to his or her present term of office by a vote of security holders at a meeting the notice of which was accompanied by a proxy statement containing that information;
  - iii. if any such person is or has been a director of the issuer, the period or periods during which the person has so served;
  - iv. the number of securities of each class of voting securities of the issuer and of its holding body corporate beneficially owned, directly or indirectly, or over which control or direction is exercised by each such person; and
  - v. if more than 10 per cent of the votes attached to voting securities of any class of the issuer or of its holding body corporate are beneficially owned or subject to control or direction by any such person and the person's associates, the number of each class of voting securities so owned, controlled or directed by the associates and the name of each associate.
- (c) The details of any contract, arrangement or understanding between any proposed management nominee and any other person, except the directors and officers of the issuer acting solely in such capacity, pursuant to which the nominee is to be elected, including the name of the other person.

**Item 7 - Directors' and Officers' Remuneration**

Provide a statement of executive compensation completed in accordance with section 53 of Form 15 [Prospectus Form] of the Regulation.

**Item 8 – Interests of Insiders in Material Transactions**

Provide the details of any material interest of —

- i. a director or senior officer of the issuer;
- ii. a proposed management nominee for election as a director of the issuer;
- iii. a significant security holder; and

iv. an associate or affiliate of every person referred to in subparagraphs i, ii and iii, in any transaction since the beginning of the issuer's last completed financial year or in any proposed transaction that has materially affected or will materially affect the issuer or any of its affiliates. Include, where practicable, the approximate amount of the direct or indirect material interest.

Include the name and address of each person whose interest in a transaction is disclosed and that person's relationship to the issuer.

Where a material transaction referred to in this Item involves the purchase or sale of assets by the issuer or any affiliate otherwise than in the ordinary course of business, include the cost of the assets to the purchaser and the cost of the assets to the seller if acquired by the seller within the two years prior to the transaction.

#### **Item 9 – Appointment of Auditors**

If a new auditor is proposed for appointment, provide the name of the proposed auditor, the name of each auditor appointed within the preceding five years and the date on which each auditor was first appointed.

#### **Item 10 – Particulars of Matters to Be Acted Upon**

List separately all items to be considered and voted upon by the security holders, such as, election of directors, compensation issues, corporate matters including amendments to articles or by-laws, mergers, consolidations, acquisitions and similar matters, property issues, election of independent accountants, capitalization matters and other corporate items.

List separately any proposal by a substantial security holder or dissenter.

If there is any challenge to any of the items on the agenda or any contrary or additional proposal by any substantial security holder or dissenter, the company shall include and provide their information and recommendations regarding such items or proposals.

If any matter on the agenda is not required to be submitted to a vote of the security holders, give the reasons for so submitting it and the action intended to be taken by management in the event of a negative vote by the security holders.

Along with the above items listed, the company may provide additional information about each item and may express its recommendations as to whether the security holder should approve, reject or abstain from the proposal.

In all cases, provide sufficient details on the items to be considered so that the security holders may form a reasoned judgment concerning the matter.

#### **Item 11 – Dissent & Appraisal Rights**

Provide a statement of the rights of appraisal or similar rights of dissenters with respect to any matter to be acted upon and include a brief summary of any statutory procedure required to be followed by dissenting security holders in order to perfect such rights.

#### **Item 12 – Financial Information**

Include the issuer's certified financial statements and the auditor's report thereon for the issuer's most recently completed fiscal year.

#### **Item 13 – Approval of Directors**

Include a statement, signed by a director or officer of the issuer, that the contents and the sending of the proxy statement have been approved by the directors.

**Item 14 – Certification of Distribution**

A management proxy statement that is filed with the Commission shall be accompanied by a statement signed by a director or officer certifying that a copy of the statement has been sent to

- 
- (a) each director;
  - (b) each security holder entitled to notice of the meeting to which the circular relates;
- and
- (c) the auditor of the issuer.

**WARNING:** Intentional misstatement or failure to disclose information may constitute an offence.

A fee must be submitted with this form. The appropriate fee can be found in the Fees Rules.

**Form 22**  
**Dissident Proxy Statement**  
**(Regulation 141)**

**GENERAL INSTRUCTIONS:**

- (1) Where practicable and appropriate, the information required by this Form shall be presented in table form.
- (2) All amounts required by this Form shall be stated in figures.
- (3) Information required by more than one applicable item need not be repeated.
- (4) No statement need be made in response to any item that is inapplicable and negative answers to any item may be omitted.

**Item 1 – Name of Public Issuer**

Include the full corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which the entity exists and carries on business.

**Item 2 – Date, Time and Place Information**

State the date, time and place of the meeting of security holders.

On the first page of the proxy statement, as delivered to security holders, state the date on which the proxy statement are first sent or given to security holders.

**Item 3 – Revocability of Proxy**

State whether or not the person giving the proxy has the power to revoke it. If the right of revocation before the proxy is exercised is limited or is subject to compliance with any formal procedure, briefly describe such limitation or procedure.

**Item 4 – Solicitation**

Provide —

- (1) Details of the identity and background of each dissident, including —
  - (a) the dissident's name and address;
  - (b) the dissident's present principal occupation or employment and the name, principal business and address of any company or other person in which the occupation or employment is carried on;
  - (c) all material occupations, offices or employments during the preceding five years, with starting and ending dates of each and the name, principal business and address of the body corporate or other business organisation in which each such occupation, office or employment was carried on; and
  - (d) whether the dissident is or has been a dissident within the preceding ten years and, if so, the body corporate involved, the principals and the dissident's relationship to them, the subject matter and the outcome of the solicitation.
- (2) The circumstances under which each dissident became involved in the solicitation and the nature and extent of activities as a dissident.
- (3) Details of the interest of each dissident in the securities of the issuer to which the solicitation relates, including —



- (a) the number of securities of each class of voting securities of the issuer that the dissident owns beneficially, directly or indirectly, or over which the dissident exercises control or direction;
  - (b) whether the dissident is or was within the preceding year a party to a contract, arrangement or understanding with any person in respect of securities of the issuer, including joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits or the giving or withholding of proxies and, if so, the names of the parties to, and the details of the contract, arrangement or understanding;
  - (c) the number of each class of securities of an affiliate of the issuer that the dissident owns beneficially, directly or indirectly, or over which the dissident exercises control or direction; and
  - (d) the number of securities of each class of securities of the issuer that each associate of the dissident beneficially, directly or indirectly, owns or exercises control or direction over and the name and address of each such associate.
- 4) Describe the method(s) of solicitation of security holders.
- (a) State the names of the persons by whom the cost of solicitation has been or will be borne, directly or indirectly and the total amount estimated to be spent and the total expenditure to date in connection with the solicitation of security holders.
  - (b) If specially engaged employees, representatives or other persons have been or are to be employed to solicit security holders, state —
    - i. the material features of any contract or arrangement for such solicitation and the identity of the parties;
    - ii. the anticipated costs thereof; and
    - iii. the approximate number of such employees or any other person (naming such other person) who will solicit security holders.

**Item 5 – Election of Directors**

If the dissident is proposing directors for election, provide —

- 1) In table form, so far as practicable, with respect to each person proposed by the dissident for nomination for election as a director and each director whose term of office will continue after the meeting;
  - (a) the name of each person, the time when his or her term of office or the term of office for which he or she is a proposed nominee expires and all other major positions and offices with the issuer or any of its significant affiliates currently held by the person, indicating which of the persons are proposed nominees for election as directors at the meeting;
  - (b) the present principal occupation or employment of each such person, the name and principal business of any body corporate or other organisation in which the occupation or employment is carried on and similar information as to all principal occupations or employments of each such person within the five preceding years, unless the person is now a director and was elected to his or her present term of office by a vote of security holders at a meeting the notice of which was accompanied by a proxy statement containing that information;

- (c) if any such person is or has been a director of the issuer, the period or periods during which the person has so served;
  - (d) the number of securities of each class of voting securities of the issuer and of its holding body corporate beneficially owned, directly or indirectly, or over which control or direction is exercised by each such person; and
  - (e) if more than 10 per cent of the votes attached to voting securities of any class of the issuer or of its holding body corporate are beneficially owned or subject to control or direction by any such person and the person's associates, the number of each class of voting securities so owned, controlled or directed by the associates and the name of each associate.
- (2) The details of any contract, arrangement or understanding between any proposed dissident nominee and any other person, except the directors and officers of the issuer acting solely in such capacity, pursuant to which the nominee is to be elected, including the name of the other person.

**Item 6 – Interests of Insiders in Material Transactions**

Provide details on any material interest of —

- (a) a proposed dissident nominee for election as a director of the issuer,
  - (b) a dissident; and
  - (c) an associate or affiliate of every person referred to in subparagraphs (a) and (b),
- in any transaction since the beginning of the issuer's last completed financial year or in any proposed transaction that has materially affected or will materially affect the issuer or any of its affiliates. Include, where practicable, the approximate amount of any direct or indirect material interest of the person.

Include the name and address of each person whose interest in a transaction is disclosed and that person's relationship to the issuer.

Where a material transaction referred to in this Item involves the purchase or sale of assets by the issuer or any affiliate otherwise than in the ordinary course of business, include the cost of the assets to the purchaser and the cost of the assets to the seller if acquired by the seller within the two years prior to the transaction.

**Item 7 – Particulars of Matters to be Acted Upon**

List separately all items to be considered and voted upon by the security holders for which the dissident is soliciting proxies, such as, election of directors, compensation issues, corporate matters including amendments to articles or by-laws, mergers, consolidations, acquisitions and similar matters, property issues, capitalization matters and other corporate items.

In all cases, provide sufficient details on the items to be considered so that the security holders may form a reasoned judgment concerning the matter.

**Item 8 – Approval of Dissident**

Include a statement, signed by the dissident or a person authorised by the dissident, that the contents and the sending of the circular have been approved by the dissident.

**Item 9 – Certification of Distribution**

A dissident proxy statement that is filed with the Commission shall be accompanied by a statement signed by the dissident or a person authorised by the dissident certifying that a copy of the statement has been sent to —

- (a) each director;
- (b) each security holder entitled to notice of the meeting to which the circular relates;
- (c) the auditor of the issuer; and
- (d) the issuer.

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

**Form 23**  
**Report of Insider of Public Issuer**  
**(Regulation 152)**

**1. Identification of Public Issuer**

Name of Public Issuer

**2. Identification of Insider**

Family Name or Corporate Name		
Given Names		
Street Address		
City, Country	Postal Code	
Business Telephone Number	Business E-mail address	
Change from Previous Report	Yes	No

**3. Insider Data**

Relationship to Public Issuer		Date last report filed	
		or	
Change in Relationship from last report		If initial report, date on which you became insider	
Yes	No		

**4. Holdings and Changes of Insider**  
(if initial report, complete columns A, D, E and F only. See also instructions to Box 4)

A	B
---	---

Designation of Class of Securities	Balance of Class of securities on last report

C							
Date			Nature	Transactions Number/Value Acquired	Number/ Value Disposed of	Unit Price/Exercise Price	US \$
Day	Mo	Year					

D	E	F
Present Balance of Class of securities held	Nature of Ownership	Name of Registered holder (if applicable)

Attachment:

Yes: \_\_\_\_\_ No: \_\_\_\_\_

**5. Remarks**

***WARNING: Intentional misstatement or failure to disclose information may constitute an offence.***

**I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading. It is an offence to file a report that, at the time and in light of the circumstances in which it is made, contains a misrepresentation.**

**6. Signature**

Name (Block letters)	Signature	Date of report	
	Day	Month	Year

**INSTRUCTIONS**

No report must be filed if:

- The insider does not own or have control or direction over securities of the public issuer, or
- There has been no change in such person's ownership or direction or control over securities of the public issuer since the last report filed.

**BOX 1 Name of the public issuer**

Provide the full legal name of the public issuer. Use a separate report for each public issuer.

**BOX 2 Person connected to public issuer data**

Indicate all of your relationship(s) to the public issuer using the following codes:

Significant security holder	1
Director of the public issuer	2
Senior officer of the public issuer	3
Director or senior officer of a significant security holder referred to in 1	4
Director or senior officer of an affiliate of the public issuer, other than in 2, 3 and 4	5

If you have filed a report before, indicate whether your relationship to the public issuer has changed.

Specify the date of the last report you filed, and if it is an initial report, the date on which you became an insider.

**BOX 3      Name, address and telephone number of the insider**

Provide your name, address and business telephone number.

**BOX 4      Insider holdings and changes**

Show direct and indirect holdings separately, both in the initial report and where a transaction is reported. Indicate only one transaction per line.

For an initial report complete only:

- A.      Designation of class of securities held.
- D.      Present balance of class of securities held.
- E.      Nature of ownership (see List of Codes).
- F.      Identification of the registered holder where ownership is indirect.

If you acquired or disposed of securities while an insider, complete sections A to F:

- A.      Indicate a designation of the securities traded that is sufficient to identify the class, including yield, series, and maturity.
- B.      Indicate the number of securities, or for debt securities, the aggregate nominal value of the class held, directly and indirectly, before the transaction that is being reported.
- C.      Indicate for each transaction:
  - the date of the transaction (not the settlement date);
  - the nature of the transaction (see List of Codes below);
  - the number of securities acquired or disposed of, or for debt securities, the aggregate nominal value;
  - the unit price paid or received on the day of the transaction, excluding the commission.
  - if the report is in American dollars, check the space under “\$ US”
- D.      Indicate the number of securities, or in the case of debt securities, the aggregate nominal value, of the class held, directly or indirectly, after the transaction that is being reported.
- E.      Indicate the nature of ownership, control or direction in respect of the class of securities held using the following codes:

Direct ownership	0
Indirect ownership (identify the registered holder)	1
Control or direction (identify the registered holder)	2

- F.      For securities that are indirectly held, or over which control or direction is exercised, identify the registered holder.

**LIST OF CODES*****Nature of transaction***

Acquisition or disposition in the public market	1
Acquisition or disposition carried out privately	2

Acquisition or disposition under a prospectus	3
Acquisition or disposition under a prospectus exemption	4
Acquisition or disposition pursuant to a takeover bid, merger or acquisition	5
Acquisition or disposition under a purchase/ownership plan	6
Stock dividend	7
Conversion or exchange	8
Stock split or consolidation	9
Redemption/retraction/cancellation/repurchase	10
Short sale	11
Compensation for property	12
Compensation for services	13
Acquisition or disposition by gift	14
Acquisition by inheritance or disposition by bequest	15
<b><i>Issuer Derivatives</i></b>	
Grant of options	16
Exercise of options	17
Expiry of options	18
Grant of warrants	19
Exercise of warrants	20
Expiry of warrants	21
Grant of rights	22
Exercise of rights	23
Expiry of rights	24
<b><i>Third Party Derivatives</i></b>	
Acquisition or disposition (writing) of third party derivative	25
Exercise of third party derivative	26
Other settlement of third party derivative	27
Expiry of third party derivative 2	28
<b><i>Miscellaneous</i></b>	
Change in nature of ownership	29
Other	30

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**BOX 5      Remarks**



Add any explanation necessary to make the report clearly understandable.  
If space provided for any item is insufficient, additional sheets may be used. Additional sheets must refer to the appropriate Box and must be properly identified and signed.  
Commission staff are not permitted to alter a report.

**BOX 6      Signature and filing**

Manually sign and date the report.

Legibly print or type the name of each individual signing the report.

If the report is filed on behalf of a company, partnership, trust or other entity, legibly print or type the name of that entity after the signature.

If the report is signed on behalf of an individual by an agent, file a duly completed power of attorney with the first report signed by the agent.

File one copy of the report with the Commission within the prescribed time limits.

**SECOND SCHEDULE**

**Approved Foreign Issuer Distribution  
Materials to be Provided to the Commission and Delivered to Purchasers  
(Regulation 130)**

**1. Documents to be filed with Commission.**

A foreign issuer relying on the prospectus exemption in regulation 130 must file with the Commission, at least five business days before it proposes to offer its securities for sale in The Bahamas —

- (a) a certificate signed by the Chief Executive Officer of the issuer stating that the issuer meets the requirements to be an approved foreign issuer;
- (b) a copy of the receipt (or equivalent) issued by an overseas regulatory authority showing that the foreign prospectus has become final for purposes of a distribution of securities in a recognised foreign jurisdiction;
- (c) a copy of all documents incorporated or deemed incorporated by reference into the foreign prospectus;
- (d) a copy of all expert reports, valuations and consents filed in the recognised foreign jurisdiction in connection with the distribution;
- (e) a copy of the foreign prospectus, and each supplement or amendment;
- (f) a certificate signed by the Chief Executive Officer of the issuer that the foreign prospectus constitutes full, true and plain disclosure of all material information about the issuer and the securities being distributed;
- (g) any other documents required by the Commission;
- (h) a submission to the jurisdiction of the Commission in the form set out in Appendix C to Form 16;
- (i) any other documents or information requested by the Commission; and
- (j) the required fee as specified in the Fees Rules.

**2. Documents to be delivered to purchasers**

A foreign issuer relying on the prospectus exemption in regulation 130 must deliver to each purchaser in The Bahamas, no later than two business days before the date the purchaser enters into an agreement to purchase the securities —

- (a) a copy of the foreign prospectus;
- (b) any documents incorporated by reference into the prospectus; and
- (c) any supplementary information required by the Commission.

**THIRD SCHEDULE****Recognised Foreign Jurisdictions and Stock Exchanges  
(Regulation 156)****Recognised Foreign Jurisdictions:**

All jurisdictions that are members in good standing with the International Organisation of Securities Commissions.

**Recognised Foreign Securities Exchanges:**

All securities exchanges in countries that are members in good standing with the International Organisation of Securities Commissions.