CHAPTER 363

SECURITIES INDUSTRY

SECURITIES INDUSTRY REGULATIONS

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SECURITIES INDUSTRY REGULATIONS

S.I. 1/2012
S.I. 50/2012
S.I. 97/2015

(SECTION 148)

[Commencement 9th January, 2012]

PART I
PRELIMINARY

Citation.

1. These Regulations may be cited as the Securities Industry Regulations.

Interpretation.

2. (1) In these Regulations —

"Act" means the Securities Industry Act; Ch. 363.

"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 sale of securities to that person —

(a) any bank licensed under the Banks and Trust Companies Regulation Act or licensed and operating outside of The Bahamas, whether acting in its individual or fiduciary capacity; Ch. 316.

(b) any registered firm or company registered to conduct securities business and operating outside of The Bahamas, acting for its own account;

(c) any insurance company registered under the Insurance Act or licensed and operating outside of The Bahamas; Ch. 347.

(d) any investment fund licensed or registered under the Investment Funds Act or regulated and operating outside of The Bahamas; Ch. 369A.

(e) any employee benefit plan if the investment decision is made by a plan fiduciary, which is a bank or trust company licensed under the Banks and Trust Companies Regulation Act, an insurance company registered under the Insurance Act, or a registered firm, or if the employee benefit plan has total assets in excess of five million dollars; Ch. 316. Ch. 347.

(f) any director, senior officer or general partner of the issuer of the securities 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, or joint net worth with that person's spouse, 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 or joint income with that person's spouse in excess of three hundred thousand dollars in each of those 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 securities 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 securities 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 securities under the securities laws 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 recognized by the Commission to act on behalf of a person registered under Part V of the Act, a registered firm or a public issuer;

"Fee Rule" means the instrument prescribed from time to time setting out the fees payable to the Commission under the Act;

"Official Register" means the register referred to in section 141;

"prescribed statute" for the purposes of Part IV "Investigations and Inspections" of the Act are those set out in Part B of the First Schedule; Part B First Schedule.

"prescribed written law" for the purposes of Part III "Assistance to Domestic and Overseas Regulatory Authorities" and Part IV "Investigations and Inspections" of the Act are those set out in Part A of the First Schedule; Part A First Schedule.

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

(a) countersigning securities upon issue by the issuer;

(b) monitoring the issue of such securities to prevent unauthorised issue;

(c) registering the transfer of such securities;

(d) exchanging or converting such securities; or

(e) transferring ownership of securities by bookkeeping entry without physical issuance of securities 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 from time to time, under generally accepted accounting principles or under accounting standards otherwise acceptable to the Commission.

Determination of "fit and proper".

3. (1) In considering whether a person is a fit and proper person for the purposes of any provision of securities laws, 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 corporation, the corporation and any director, significant security holder, chief executive officer and any other officer of the corporation.

(2) Without limiting the generality of subsection (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 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 related activity; and

(iv) where the person is a corporation in a group of companies —

(A) any other corporation in the same group of companies; or

(B) any significant security holder or officer of any other corporation in the group of companies;

(c) where the consideration relates to a registration under Part V of the Act or to a registered firm or an application for registration, whether the person has established effective internal control procedures and risk management systems 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.

(3) For the purposes of this regulation, "regulated activity" means the activity carried on or proposed to be carried on by the person that requires registration under the Act.

Solvency.

4. (1) For the purposes of any provision of securities laws, a person has failed to observe the required standards of solvency 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 realizable value of the assets of the person is less than the aggregate of —

(i) its liabilities; and

(ii) the stated capital of its securities.

(2) In addition to the standards of solvency required by subsection (1), the Commission may require a person registered under Part V of the Act to maintain such minimum level of capital as it may deem necessary.

Fees.

5. A person that files or delivers a document, makes an application, takes any other action or requests that the Commission take an action listed in the Fee Rule must, concurrently with that action, pay to the Commission the fee shown in the Fee Rule opposite the description of the action.

Late Fees.

6. (1) A person that files or delivers a document listed in the Fee Rule after the date on which the document was required to be filed or delivered must, concurrently with filing or delivering the document, pay to the Commission the late fee shown in the Fee Rule opposite the description of the document.

(2) A person that is late in paying an annual renewal fee must pay an additional fee equal to that annual renewal fee for each month or part of a month during which the fee and any additional fee imposed under this subsection remains unpaid, up to the date prescribed by the Commission.

(3) If a person has failed to pay the required annual renewal fee and any additional fee imposed under subsection (2) on or before the date prescribed by the Commission for the relevant year, the Commission may revoke the registration of that person.

(4) The Commission, for good cause, may waive any additional fee imposed under subsection (2).

Forms.

7. (1) Subject to subsection (2), the forms referred to in these Regulations, inclusive of their attachments, shall be used in all cases to which they are applicable.

(2) The Commission may —

(a) from time to time as the Commission may consider necessary or convenient —

(i) modify forms referred to in these Regulations and their attachments;

(ii) append to, and reference in, the forms further attachments;

(b) direct that forms referred to in these Regulations and their attachments, where applicable, be modified to meet other cases.

Applications.

8. All applications made under these Regulations shall be in writing, unless the Commission permits otherwise.

Application to investment funds.

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

Ch. 369A.

PART II
THE COMMISSION

Filing of documents.

10. (1) Unless otherwise required by the Commission, a document required to be filed with or delivered to the Commission shall be provided by mailing 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 subsection (1) shall be deemed to be filed or delivered on the day that is the earlier of —

(a) its actual receipt by the Commission; or

(b) the day it was postmarked.

Confidentiality.

10A. The duty not to disclose information pursuant to section 28 of the Act —

S.I. 50/2012.

(a) applies to persons both before and after they have terminated their employment or engagement with the Commission; and

S.I. 50/2012.

(b) includes the duty to maintain the confidentiality of any information received from a foreign regulator.

PART III
APPROVED AUDITOR

Approved auditor.

11. (1) Only an auditor that has been recognized as an approved auditor may act for any person registered under Part V of the Act, a registered firm or a public issuer.

(2) An applicant for recognition as an approved auditor, unless the Commission permits or requires otherwise, shall —

Form 1 Second Schedule.

(a) file an application in Form 1 of the Second Schedule; and

(b) submit the application together with the information and documents specified.

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

(4) Notwithstanding subsection (1), an auditor may act for an approved foreign issuer in connection with a distribution of securities under section 93 of the Act without being recognized as an approved auditor, provided that the auditor is not a resident of The Bahamas.

Qualification for approval.

12. An applicant, in order to be recognized 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 V of the Act, a registered firm or a public issuer in The Bahamas;

(c) not be barred or suspended by any domestic regulatory authority or overseas regulatory authority from acting as auditor for any person under that regulatory authority's jurisdiction; and

8 of 1991.

(d) be licensed under the Public Accountants Act[1].

Duties.

13. (1) An approved auditor shall —

(a) comply with the International Code of Ethics for Professional Accountants of the International Federation of 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 securities laws 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 securities laws.

Duty to notify the Commission.

14. (1) When the approved auditor, in the course of performing the duties required by securities laws, comes to the view that —

[1] This Act (formerly Ch. 364) was repealed and replaced by the Bahamas Institute of Chartered Accountants Act (No. 13 of 2015) now Ch. 364.

(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 51(1) with respect to the operations of a registered firm is present,

he 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.

Duties of person required to appoint an approved auditor.

15. (1) A person required by the Act to appoint an approved auditor shall give notice of the appointment, termination and resignation of an auditor to the Commission and to the affected auditor or auditors.

Form 2 Second Schedule.

(2) The notice shall contain the information required by Form 2 of the Second Schedule and must be sent to the Commission and the affected auditor or auditors within 10 days after the appointment, termination or resignation, as the case may be.

PART IV
BOOKS AND RECORDS AND RECORDS RETENTION REQUIREMENTS

General Standards.

16. Every market participant 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.

17. A registered firm must maintain 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 position;

(c) demonstrate compliance with the registered firm's capital and insurance requirements;

(d) demonstrate compliance with internal control procedures;

(e) demonstrate compliance with the firm's policies and procedures;

(f) permit the identification and segregation of client cash, securities and other property;

(g) identify all transactions conducted on behalf of the the registered firm and each of its clients, including the parties to the transaction and the terms of the purchase or sale;

(h) provide an audit trail for —

(i) client instructions and orders; and

(ii) each trade transmitted or executed for the account of a client or the registered firm;

(i) permit creation of account activity reports for clients;

(j) provide securities pricing;

(k) demonstrate compliance with client account opening requirements;

(l) document correspondence with clients;

(m) document complaints and disciplinary matters; and

(n) document compliance and supervision actions taken by the firm.

Books and records for persons registered under Part V.

18. (1) A person registered under Part V of the Act must maintain 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 capital and insurance requirements;

(d) demonstrate compliance with internal control procedures;

(e) demonstrate compliance with the person's policies and procedures;

(f) document complaints and disciplinary matters; and

(g) document compliance and supervision actions taken by the person.

(2) In addition to the requirements set out in subsection (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 investment 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 securities traded and transaction volumes.

(3) In addition to the requirements set out in subsection (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 investment 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 each grant, denial or limitation of access, including the reasons for granting, denying or limiting access to each applicant; and

(c) daily summaries, including a list of securities cleared and settled and transaction volumes.

Storage Medium.

19. 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 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 programmes.

Records location and retention requirements.

20. (1) The books and records required 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 subsection (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 section applies to investment funds and parties related to investment funds governed by the Investment Funds Act.

Ch. 369A.

PART V
REGISTRATION OF PERSONS UNDER PART V OF THE ACT

DIVISION 1-REGISTRATION OF MARKETPLACES AND CLEARING FACILITIES

Application for registration.

21. (1) Unless the Commission permits or requires otherwise, an applicant for registration as a marketplace or clearing facility shall —

(a) deliver an application in Form 3 of the Second Schedule; and Form 3 Second Schedule.

(b) submit the application together with the information and documents specified.

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

Requirements.

22. (1) The Commission may grant registration as a marketplace or clearing facility where the Commission is satisfied that the applicant —

(a) is a corporation 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 and sufficient systems and controls to perform its functions and manage its risks prudently;

(ii) observing standards of solvency and levels of capital as required;

(c) has adequate regulatory instruments to govern its members or participants; and

(d) is fit and proper.

(2) The initial requirements for registration shall continue to be met by the person throughout the period of registration under the Act.

Systems and controls.

23. (1) The marketplace or clearing facility must ensure that the systems and controls used in the performance of its functions are adequate and appropriate for the scale and nature of its business.

(2) Subsection (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 marketplace or clearing facility;

(c) the effecting and monitoring of transactions on the marketplace;

(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 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 facility or clearing facility.

Promotion and maintenance of standards.

24. (1) The 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 securities business by persons in the course of using the facilities provided by the marketplace or clearing facility.

(2) The 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.

Regulatory instruments.

25. The regulatory instruments of a marketplace or clearing facility shall —

(a) not be contrary to the public interest; and

(b) be designed to —

(i) ensure compliance with securities legislation;

(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, securities; and

(v) provide appropriate sanctions for violations.

(2) In addition to those requirements set out in subsection (1), the regulatory instruments of a 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 subsection (1), the regulatory instruments of a clearing facility shall contain provisions to —

(a) develop and operate a prompt and accurate clearance and settlement system;

(b) safeguard money and securities in its custody, under its control or for which it is otherwise responsible; and

(c) provide for appropriate persons to become participants.

(4) A marketplace or clearing facility shall not —

(a) permit unreasonable discrimination among clients, issuers, members and users; or

(b) impose any burden on competition that is not reasonably necessary and appropriate.

DIVISION 2
REPORTING TO THE COMMISSION

Notice of change in information-applicant.

26. (1) An applicant for registration under Part V 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 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.

Notice of change in information after registration.

27. (1) A person registered under Part V 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 firm's application for registration; and

(b) change with respect to any other matter as may be set out in guidance.

(2) In addition to the notice requirements under subsection (1), a person registered under Part V 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;

(b) the application by a person for the appointment of a receiver, administrator or trustee of the person registered under Part V 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 V 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 V of the Act;

(e) the bringing of any action under the Act against the person registered under Part V of the Act;

(f) any claims on or material changes to the person's insurance arrangements;

(g) any resignations or dismissals of directors, officers or senior employees of the person registered under Part V of the Act;

(h) where the person registered under Part V of the Act becomes aware that a 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, and the steps that the person registered under Part V of the Act proposes to take to correct the problem;

(j) the date on which the person registered under Part V 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 V of the Act of the requirements regarding financial resources, books and records and risk management and internal controls, together with details of the steps that it is taking to remedy the breach;

(l) where the person registered under Part V 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 as required by the Regulations;

(m) the failure of any bank or other entity with which the person registered under Part V of the Act has deposited or to which it has passed client money; 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;

(n) where the person registered under Part V 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 V of the Act.

(3) 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.

Form of notice. Form 5 Second Schedule.

28. Notices of change shall contain the information set out in Form 5 of the Second Schedule and be accompanied by the documents specified.

Transactions affecting financial resources.

29. A person registered under Part V of the Act 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;

(b) acquiring 10% or more of the voting securities of another company; or

(c) entering into any agreement to sell or merge the whole or any part of the registered firm to or with a third party.

Reporting to the Commission-annual reporting.

30. (1) A person registered under Part V 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 (l)(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 subsection (3); and

(b) a statement of financial position as at the end of the applicable periods referred to in subsection (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 person registered under Part V 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.

Reporting to the Commission-interim reporting.

31. (1) A person registered under Part V 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 subsection (2) shall be prepared in accordance with generally accepted accounting principles.

(4) The directors of the person registered under Part V of the Act shall review the interim financial statements prior to being filed with the Commission.

Reporting to Commission-other.

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

DIVISION 3
GENERAL

Amendments to incorporating documents etc.

33. (1) A person registered under Part V of the Act shall apply for permission to make any amendment to its memorandum or articles of association.

(2) A 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) An applicant under subsection (1) or (2) shall provide the Commission with all information and documents requested.

(4) The Commission may, if the Commission thinks fit, permit the proposed change to be made or require further amendments.

Security holders and transfers of securities.

34. (1) The security holders of a person registered under Part V of the Act shall be fit and proper persons.

(2) Any proposed issue or transfer of the securities of a person registered under Part V of the Act shall be —

(a) notified to the Commission in Form 6 of the Second Schedule no less than 30 days before the proposed date of the transaction; and

Form 6
Second Schedule.

(b) subject to prior review by and approval of the Commission.

(3) Where the person registered under Part V of the Act is a public issuer in The Bahamas, or has equivalent status elsewhere, subsection (2) shall only apply to any proposed issue or transfer of securities if either —

(a) prior to the transaction, the transferor is a significant security holder of the person registered under Part V of the Act; or

(b) after the transaction, the acquirer would be a significant security holder of the person registered under Part V of the Act.

Renewal process.

Form 7 Second Schedule.

35. (1) A person registered under Part V of the Act shall deliver to the Commission the information set out in Form 7 of the Second Schedule on or before the 31st day of January of each year.

(2) Where, in any year, the person registered under Part V of the Act has failed to file or deliver all required information and pay all required fees on or before the date prescribed by the Commission, the Commission may revoke the registration of the person.

Liquidation and voluntary surrender of registration.

36. (1) No person registered under Part V of the Act shall go into voluntary liquidation without the prior approval of the Commission.

(2) If proceedings for an involuntary liquidation are commenced against a person registered under Part V of the Act, the Commission shall be immediately notified in writing by the person affected or by one of its directors or officers.

(3) A person registered under Part V of the Act may voluntarily surrender its 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; and

(b) all conditions imposed by the Commission on the person have been complied with.

PART VI
REGISTERED FIRMS AND INDIVIDUALS

DIVISION 1
FIRMS

Application to be a registered firm.

37. (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 Second Schedule, specifying the securities activities that are proposed to be carried on by the firm; and — Form 8 Second Schedule.

(b) submit the application together with the information and documents specified.

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

38. (1) The Commission may grant registration if the Commission is satisfied that the applicant — Requirements.

(a) is a company incorporated or registered under the Companies Act, or the International Business Companies Act; — Ch. 308. Ch. 309.

(b) is organised in a manner and has sufficient capacity and resources to carry out its proposed functions in compliance with the securities laws, including —

(i) having appropriate and sufficient systems and controls to perform its functions and manage its risks prudently;

(ii) having appropriate and sufficient insurance coverage; and

(iii) observing standards of solvency and levels of capital as required;

(c) is fit and proper; and

(d) meets such other requirements as may be prescribed.

(2) The initial requirements for registration shall continue to be met by the person throughout the period of registration under the Act.

39. The Commission may refuse to grant registration to an applicant where that applicant's name is — Name of registered firm.

(a) identical to that of any other registered firm or which so nearly resembles the name of a 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.

Supervisory officers.

40. (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 an officer 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 securities business undertaken by the firm to ensure it is carried out in compliance with the law, which responsibility may not be delegated.

Holding client assets.

41. (1) Only those firms registered to carry on the securities business of dealing in securities as agent or principal may hold client cash and other assets.

(2) Firms registered to carry on the business of managing securities and that are not also registered to deal in securities as agent or principal must appoint a custodian acceptable to the Commission to hold client cash and other assets.

Regulatory capital.

42. (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.

Insurance.

43. (1) A registered firm shall at all times maintain insurance policies, in an amount appropriate to the size, complexity and nature of the securities 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 policies 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.

Outsourcing.

44. (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 give the Commission prompt notice of such outsourcing arrangement.

(2) The outsourcing arrangement must be set out in a written contract that permits the Commission access 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.

(3) Notwithstanding any outsourcing arrangement, the registered firm shall continue to be responsible for —

(a) the fulfilment of all obligations and duties imposed by securities laws 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.

Renewal process.
Form 10
Second Schedule.

45. (1) A registered firm shall deliver to the Commission the information set out in Form 10 of the Second Schedule on or before the 31st day of January of each year.

(2) Where, in any year, the registered firm has failed to file or deliver all required information and pay all required fees on or before the date prescribed by the

Commission, the Commission may revoke the registration of the firm.

Security holders and transfers of securities.

46. (1) The security holders of a registered firm shall be fit and proper persons.

(2) Any proposed issue or transfer of the securities of a registered firm shall be —

Form 6
Second Schedule.

(a) notified to the Commission in Form 6 of the Second 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, subsection (2) shall only apply to a proposed issue or transfer of securities if either —

(a) prior to the transaction, the transferor is a significant security holder of the registered firm; or

(b) after the transaction, the acquirer would be a significant security holder of the registered firm.

DIVISION 2
REPORTING TO COMMISSION

Employment of representative.

47. (1) A registered firm shall deliver notice to the Commission immediately upon the commencement of employment of any individual who will be carrying out securities business on behalf of the registered firm.

Form 11
Second Schedule.

(2) The notice shall contain the information set out in Form 11 of the Second Schedule and shall be accompanied by the documents specified.

(3) The registered firm shall deliver notice to the Commission immediately if an individual for whom a notice has been given under subsection (1) does not commence employment with the firm as intended.

Termination of representative.

48. (1) A registered firm shall file notice with the Commission immediately upon the termination, resignation or retirement of any registered individual who carried out securities business on behalf of the registered firm.

Form 12
Second Schedule.

(2) The notice shall contain the information set out in Form 12 of the Second 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.

Reporting to the Commission- annual reporting.

49. (1) A registered firm 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) the information set out in Form 13 of the Second Schedule for the year.

Form 13 Second Schedule.

(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 subsection (3); and

(b) a statement of financial position as at the end of the applicable periods referred to in subsection (3).

(3) The applicable periods are —

(a) the period that commenced on the date of incorporation or organization 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.

Reporting to the Commission- interim reporting.

50. (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; and

(b) the information set out in Form 13 of the Second Schedule for that quarter.

Form 13 Second Schedule.

(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 subsection (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.

Reporting to Commission-other.

51. (1) For the purposes of section 76(2)(b) of the Act, the prescribed requirements are those relating to —

(a) capital and other financial affairs;

(b) record keeping;

(c) delivering or filing information with the Commission;

(d) re-conciliations and segregation of client assets; and

(e) internal controls and risk management systems.

(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 76(2)(b) of the Act or subsection (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 76(2)(b) of the Act or this regulation within the period specified in the notice from the Commission under subsection (3).

Notice of change in information-applicant.

52. (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.

53. (1) A registered firm shall deliver to the Commission, within five days of the change, written notice of —

Notice of change in information-after registration.

(a) any change in any information provided in the firm's application for registration; and

(b) change with respect to any other matter as may be set out in guidance.

(2) In addition to the notice requirements under subsection (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 securities business, as the case may be —

(a) the presentation of a petition for the winding-up of the firm or a company that is a subsidiary or holding company 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 or a subsidiary or holding company 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 or a subsidiary or holding company 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 or a subsidiary or holding company of the registered firm;

(e) the bringing of any action under the Act against the registered firm or a subsidiary or holding company of 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 or holding company of the registered firm;

(h) where the registered firm becomes aware that a 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, 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 securities business and the reasons for the cessation;

(k) the inability of the registered firm to perform any of the calculations or re-conciliations required by any regulations or to correct any deficiencies identified by the calculations or re-conciliations;

(l) a breach by the registered firm of the requirements regarding financial resources, books and records 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 or other entity with which the registered firm has deposited or to which it has passed client money; 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 securities 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 alle-

gations of forgery, fraud, theft or misappropriation of funds or securities;

(q) where the registered firm is associated in any way in any business or financial activity with any person who has —

(i) received a conviction on information under Bahamian law;

(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;

(r) where the registered firm is named as a defendant or respondent in any domestic or foreign criminal or regulatory proceeding;

(s) where the registered firm is named as a defendant or respondent in any civil proceeding, exceeding twenty-five thousand dollars; or

(t) any other matter material to the supervision of the registered firm.

(3) 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.

Form of notice.
Form 5
Second Schedule.

54. Notices of change shall contain the information set out in Form 5 of the Second Schedule and be accompanied by the documents specified.

Transactions affecting financial resources.

55. 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;

(b) acquiring 10% or more of the voting securities of another company; or

(c) entering into any agreement to sell or merge the whole or any part of the registered firm to or with a third party.

DIVISION 3
REGISTRATION OF INDIVIDUALS

Categories of individual registration.

56. (1) The categories of individual registration are —

(a) Chief Executive Officer;

(b) Compliance Officer;

(c) Trading Representative;

(d) Discretionary Management Representative; and

(e) Advising Representative.

(2) An individual may only be registered to carry on a securities activity that the firm for which he or she works is registered to undertake.

Application to be a registered individual.

57. (1) Unless the Commission permits or requires otherwise, an applicant for registration as an individual shall —

Form 9 Second Schedule.

(a) deliver an application in Form 9 of the Second Schedule Second Schedule specifying the category or categories of registration sought; and

(b) submit the application together with the information and documents specified.

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

Requirements.

58. (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; and

(d) 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.

Education and experience.

59. (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 56(1) shall have —

(a) no less than six months of securities-related experience and have obtained one of the examinations recognised by the Commission from time to time for these purposes; or

(b) at least ten years of securities-related experience.

Trainees.

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

Notice of change in information-applicant.

61. (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.

Notice of changes in information-after registration.

62. (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 or securities;

(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 convicted of an indictable offence under Bahamian law or an offence punishable by one year or more in prison under any foreign law, or 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 of, or in any way

associated with, any entity which has been convicted of an indictable offence under Bahamian law or an offence punishable by one year or more in prison under any foreign law or 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.

Suspension and reinstatement of registration.

63. (1) The registration of a registered individual is suspended on the date that —

(a) the registered individual ceases to act on behalf of the registered firm; or

(b) the registration of the registered firm that sponsored his or her registration is suspended or terminated.

(2) A registered individual whose registration is suspended under subsection (1) shall not carry on any securities business for any person until such time as his or her registration is reinstated.

(3) If a registration is suspended under subsection (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 58(1).

(6) Notwithstanding subsection (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

Voluntary surrender of registration or liquidation.

64. (1) No registered firm shall cease to carry on securities business or go into voluntary liquidation 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 securities business, it shall ensure that any securities business that is outstanding is properly completed or is transferred to another firm registered to carry on that securities business.

PART VII
CONDUCT OF BUSINESS

DIVISION 1
GENERAL

Application.

65. Divisions 1 and 2 of this Part also apply to transactions in investment funds by registered firms.

Required standards of a registered firm or individual.

66. In addition to those duties set out in section 75 of the Act, a registrant shall ensure clients are provided with sufficient and timely disclosure regarding —

(a) the registered firm's fees, commission and recoverable disbursements;

(b) any risks associated with an investment strategy recommended to a client by the firm or individual; and

(c) any other matter reasonably to be regarded as necessary to enable the client to make informed decisions regarding the securities business conducted with or through the registrant.

Know your client.

67. (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) ascertain whether the client is an insider of a public issuer;

(c) 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 securities on behalf of the client; and

(d) 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 obligation under paragraph (l)(a), the registered firm must establish the nature of the client's business and the identity of any individual who is a significant security holder of the company.

(3) The registered firm must make reasonable efforts to keep the information required under this regulation up to date.

Client account opening form and documentation.

68. (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 identity, financial status, employment, education, investment objectives, ability to incur risk, status as an insider to any public issuers, and any other information that may be considered reasonable by the firm in making an investment recommendation to the client.

Suitability obligation.

S.I. 97/2015.

69. 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 security 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 investment needs and objectives.

70. (1) A registrant, other than one registered to carry on the regulated activity of managing securities, 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 securities may only execute investment discretion over a client's account if —

(a) the registered firm has entered into a written agreement with the client granting 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.

Unregistered, suspended or barred individuals.

71. No registered firm shall permit —

(a) any individual associated with the firm to engage in any securities 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 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 securities business unless that person is appropriately registered with the Commission.

Reporting to clients-contract note.

72. (1) Any registered firm that carries out any sale or purchase of securities on behalf of a client shall, within

one business day after the sale or purchase was executed, make a contract note of the transaction.

(2) Unless otherwise expressly directed by the client in writing, any registered firm that carries out any sale or purchase of securities on behalf of a client shall immediately after the sale or purchase was executed, transmit a contract note of the transaction to its client.

(3) A contract note shall set out —

(a) the quantity and description of the security;

(b) the price at which the transaction was effected and the commission and any other fees charged on the transaction;

(c) the settlement date of the transaction;

(d) the name of the registered firm involved in the transaction:

(e) whether the registered firm was acting as principal or agent;

(f) the marketplace, if any, on which the transaction took place, or, if applicable, a statement that the transaction took place on more than one marketplace or over more than one day; and

(g) any other information required by the Commission.

Reporting to clients-client account statements.

73. (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 three months showing any debit or credit balance and the details of securities held for or owned by the client.

(2) The statement required by subsection (1) must list the securities held for or owned by the client and indicate clearly which securities are held for safekeeping and confirm whether they have been segregated from the assets of the registered firm.

(3) 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 three months, a statement of the portfolio of the client under the registered firm's management.

Supervision, compliance and risk management systems.

74. (1) A registered firm shall be responsible for supervising anyone acting on its behalf, whether registered or not, and shall maintain adequate supervisory personnel in keeping with its activities and the number of its branch offices and staff.

(2) A registered firm must establish, maintain and apply a system of controls and supervision sufficient to —

(a) provide reasonable assurance that the firm and each individual acting on its behalf complies with securities laws and all other relevant legislation; and

(b) manage the risks associated with its business in conformity with prudent business practices.

(3) The system of controls referred to in subsection (2) must be documented in the form of written policies and procedures.

Complaints.

75. 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.

Trading listed securities.

76. (1) Subject to subsection (2), all trading within The Bahamas in securities listed on a registered securities exchange located in The Bahamas shall take place on that securities exchange.

(2) Subsection (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 or by a receiver or a liquidator under the Companies Act or at a judicial sale; or

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(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.

Prompt delivery.

77. A registered firm shall deliver funds or securities promptly to its clients and to other registered firms in accordance with the regulatory instruments of the

applicable marketplace or clearing facility or as may be prescribed by the Commission.

Priority of client orders.

78. (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.

Trading as principal.

79. (1) A registered firm may only trade as principal if it is registered to carry on that securities business.

(2) Where a registered firm seeks to purchase securities as principal, and there is a competing bid on behalf of its client for the purchase of those securities 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 securities as principal, and there is a competing offer on behalf of its client for the sale of those securities 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 securities in a book of accounts separate from the book of accounts relating to securities held as an agent.

Conflicts of interest.

80. (1) A registered firm shall —

(a) make reasonable efforts to identify existing conflicts of interest and conflicts the registered firm, acting reasonably, would expect to arise between the firm, including each individual acting on the firm's behalf, and its clients; and

(b) establish policies and procedures to avoid conflicts of interest arising or, if conflicts arise, to ensure 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.

Fair allocation of investment opportunities.

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

Churning.

82. (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.

Transactions in securities outside scope of employment.

83. (1) No registered individual associated with a registered firm shall, without written authorisation from that firm, participate in any manner in —

(a) transactions involving securities not endorsed by the firm; or

(b) securities transactions outside the regular scope of the individual's employment with the registered firm.

(2) Subsection (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.

Improper use of client assets.

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

Voting securities not beneficially owned.

85. 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.

Forwarding documents to clients.

86. (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 the client of the firm on behalf of whom the account is held 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 to send a document to registered security holders under the Act 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 subsection (1); and

(b) pay or reimburse the registered firm for the reasonable costs of complying with subsection (1).

DIVISION 2
RECONCILIATIONS AND CLIENT ASSETS

Reconciliations.

87. (1) A registered firm shall perform reconciliations as often as necessary 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 all balances and positions with marketplaces and clearing facilities;

(b) at least once every business day, on the registered firm's own margin accounts with marketplaces and clearing facilities; and

(c) at least twice per month —

(i) on the balance in each trust account in which client cash is held as recorded by the

firm to the balance as recorded by the bank with which that account is held;

(ii) on the balance in each client transaction account with registered marketplaces or clearing facilities as recorded by the firm, to the balance as recorded by the registered marketplace or facility; and

(iii) on its records of client assets for which it is accountable with statements obtained from the custodians of those assets.

(2) The registered firm shall correct any differences immediately.

Segregation of client cash and assets.

88. (1) A registered firm that holds client assets, including cheques and other similar instruments, must hold the 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 or other deposit-taking institution outside The Bahamas as may be approved by the Commission for this purpose.

S.I. 97/2015.

(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; and Ch. 316.

(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.

S.I. 97/2015.

(4) A registered firm may allow a registered marketplace or clearing facility to hold or control client cash for the purpose of —

(a) a transaction for the client with or through that marketplace or facility; or

(b) meeting the client's obligation to provide collateral for a transaction, provided that the

client is notified that the cash may be so held or controlled.

Securities subject to safekeeping agreement.

89. (1) A registered firm that holds unencumbered securities for a client under a written safekeeping agreement must —

(a) segregate the securities from all other securities; and

(b) identify the securities as being held in safekeeping for the client in —

(i) the registrant firm's security position record;

(ii) the client's ledger; and

(iii) the client's statement of account.

(2) Unencumbered securities held for a client under a written safekeeping agreement must only be released on an instruction from the client.

Securities not subject to safekeeping agreement.

90. (1) A registered firm that holds unencumbered securities for a client that are either fully paid for or are excess margin securities, but are not held under a written safekeeping agreement, must —

(a) segregate and identify the securities as being held in trust for the client; and

(b) describe the securities as being held in segregation on —

(i) the registered firm's security position record;

(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 securities described in subsection (1), but only to the extent reasonably necessary to cover the indebtedness.

(3) Securities described in subsection (1) may be segregated in bulk.

Reporting to the Commission.

91. (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 subsection (1) shall be included in Form 13 of the Second Schedule.

Form 13 Second Schedule.

DIVISION 3
ADVERTISING AND COMMUNICATION STANDARDS

Registration not to be advertised.

92. 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 security or issuer.

Advertising standards.

93. No person shall publish, make or issue an advertisement or other public invitation, including a public announcement, for persons to invest in a security or engage in a securities transaction, 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 subsection (2), it is approved by the Commission prior to publication.

(2) The Commission may give notice that it requires advertisements or other public invitations regarding securities proposed to be made in The Bahamas by a person to be subject to pre-approval by the Commission.

(3) If the Commission has given notice under subsection (2), any affected person wishing to publish, make or issue such an advertisement in The Bahamas shall file with the Commission an application containing the information set out in Form 14 of the Second Schedule.

Form 14 Second Schedule.

PART VIII
DISTRIBUTIONS AND PROSPECTUS REQUIREMENTS

DIVISION 1
PUBLIC DISTRIBUTIONS

Definitions.

94. (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.

Prospectus form.

95. Without limiting the obligations of an issuer under subsection 83(2) of the Act, a preliminary prospectus and a prospectus in final form —

Form 15
Second Schedule.

(a) shall be prepared in accordance with Form 15 of the Second Schedule;

(b) shall contain 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.

Materials to be filed with preliminary prospectus.
Form 15
Second Schedule.

96. 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 15 of the Second Schedule.

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

97. (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 15.

(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 15 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.

Advertisements in connection with a distribution.

98. (1) Subject to any guideline of the Commission, for the purposes of section 85(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 —

(i) identifying the issuer and security proposed to be issued;

(ii) stating the security's price, if then determined;

(iii) stating the name and address of a person from whom purchases of the security may be made;

(iv) stating 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) containing only such further information as may be permitted or required by any guideline of 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) 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 subsection (1).

Marketing restrictions for prospectus offerings.

99. 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 which is not contained in the prospectus for which a receipt has been issued by the Commission.

Prospectus certificates.

100. (1) For the purposes of section 89 of the Act, every prospectus shall contain a certificate signed —

(a) by 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) by the selling security holder; and

(d) by any person who is a promoter of the issuer.

(2) The certificate required by subsection (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."

Expert opinions.

101. The Commission may require that a report, valuation, statement or opinion from a lawyer, auditor, accountant, engineer, appraiser or any other expert must be included in a prospectus or provided to or filed with the Commission.

Experts' consents.

102. (1) If any lawyer, auditor, accountant, engineer or appraiser, or any other person whose profession or business gives authority to a statement made by that person, 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 lawyer, auditor, accountant, engineer, appraiser or other person.

(2) The consent referred to in subsection (1) shall —

(a) refer to the report, valuation, statement or opinion stating the date of the report, valuation, 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, 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 a 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 audit of the financial statements.

(4) Subsection (1) does not apply to an approved rating organisation that issues a rating of the securities being offered under a prospectus.

Statement of rights.

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

Ch. 363.

"The Securities Industry Act 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 as amended, and the regulations made under that Act, for the particulars of these rights or consult with a legal adviser."

Ch. 363.

104. 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 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 as a registered firm.

Prospectus amendments.

105. (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 100 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 15 of the Second Schedule.

Form 15 Second Schedule.

(4) Where an amendment is required to be filed, the issuer shall make immediate public disclosure of that fact.

Distribution list.

106. Every registered firm participating in the distribution of a security to which section 83 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.

Withdrawal from purchase.

107. (1) An agreement of purchase and sale for a security to which section 83 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 subsection (1) —

(a) the receipt of the notice referred to in subsection (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 licensed 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 subsection (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.

Escrow requirements.

108. (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 financial institution which has been approved by the Commission for this purpose.

(2) An underwriter 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

Offering to accredited investors.

109. (1) The requirement to file a prospectus under section 83 of the Act does not apply to a distribution of securities of an issuer, if —

(a) each purchaser —

(i) is an accredited investor;

(ii) has been provided with an offering memorandum and such other information as required by regulation 112; 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 subsection (1) is not available if the issuer —

(a) is an investment fund, as that term is defined in the Investment Funds Act ; or Ch. 369A.

(b) is not an operating company.

(3) The affidavit required by sub-paragraph (1)(a)(iii) shall be retained by the vendor.

Exemptions not available.

110. The exemption under regulation 109 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 foreign jurisdiction been —

(a) convicted of a criminal offence involving fraud or dishonesty triable on information; or

(b) the subject of any regulatory action involving a finding of fraud or dishonesty against that person.

Rights offerings.

111. (1) The requirement to file a prospectus under section 84 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 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 112 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 is satisfactory to the Commission.

(2) The prospectus exemption 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 subsection (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.

Offering memorandum and other disclosure documents.

112. Each purchaser under a distribution described in regulations 109 and 111 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 intended use of the proceeds of the transaction, the risk factors associated with the issuer and its securities, 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.

Sale by selling security holder on registered marketplace.

113. (1) Subject to subsection (2), the requirement to file a prospectus under section 83 of the Act does not apply to a distribution by a control block person 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 securities 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 subsection (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).

Sales to employees.

114. The requirement to file a prospectus under section 83 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.

Approved foreign issuer distributions.

115. (1) For the purposes of section 93 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 securities exchange;or

(b) such alternative criteria as may be prescribed.

(2) The prospectus exemption contained in section 93 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 Third 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 Third Schedule, no later than two business days before the date the purchaser enters into an agreement to purchase the securities.

Notices required to be filed with Commission on exempt sales.
Form 16
Second Schedule.

116. (1) No later than five days prior to the first sale of securities using any exemption set out in this Division, the issuer shall file the information required by Form 16 of the Second 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.

Resale restrictions.

117. (1) The first trade in securities previously acquired pursuant to an exemption contained in regulations 109 and 111, 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

Commission may require preparation and filing of supplementary information.

118. 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.

Prohibition.

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

PART IX
CONTINUING DISCLOSURE OBLIGATIONS OF PUBLIC ISSUERS

DIVISION 1
ROUTINE REPORTING

Annual financial statements.

120. (1) For purposes of section 101(1) of the Act, the audited annual financial statements of a public issuer shall be filed with the Commission by the 120th day after the end of its financial year.

(2) The financial statements required by subsection (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 subsection (3); and

(b) a statement of financial position as at the end of the applicable periods referred to in subsection (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 a 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.

Interim financial statements.

121. (1) For purposes of section 101(5) 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 subsection (2) shall be prepared in accordance with generally accepted accounting principles.

(4) The interim financial statements shall include notes.

(5) The directors of a public issuer shall review its interim financial statements prior to being filed with the Commission.

(6) The directors of a public issuer may permit the audit committee of the board of directors to conduct the review required by paragraph (5).

Annual report.

122. (1) For purposes of section 101(6)(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

Form 17 Second Schedule.

(2) The annual report of the public issuer shall contain the information required by Form 17 of the Second Schedule.

Management discussion and analysis.

123. (1) For purposes of section 101(6)(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.

Form 18 Second Schedule.

(2) The management discussion and analysis of a public issuer shall contain the information required by Form 18 of the Second Schedule.

(3) Notwithstanding subsection (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 subsection (1) must be approved by the board of directors before being filed.

(5) For purposes of section 102(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

Reporting to the Commission.

124. (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.

Form 19 Second Schedule.

(2) For the purposes of paragraph 99(1)(b) of the Act, the prescribed report is a report containing the information set out in Form 19 of the Second Schedule.

DIVISION 3
PROXIES

Definitions.

125. 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 shares 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 ministerial 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.

Proxy statements.

126. (1) For the purposes of section 103 of the Act —

(a) the prescribed form of management proxy statement is Form 20 of the Second Schedule; and — Form 20 Second Schedule.

(b) the prescribed form of dissident proxy statement is Form 21 of the Second Schedule. — Form 21 Second 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.

Form of Proxy.

127. (1) A form of proxy required by subsection 103(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 mailed 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 shares 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 129, 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 subsection (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 shares 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.

Discretionary authority - form of proxy.

128. (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 129; or

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

Security holder proposals.

129. (1) A holder of securities that are entitled to be voted at a meeting of security holders may —

(a) submit to the public issuer 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 126 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 subsection (2) and the statement referred to in subsection (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 shares representing in the aggregate not less than five per cent of the shares or five per cent of the shares of a class or series of shares of the public issuer entitled to vote at the meeting to which the proposal is to be presented, but this subsection does not preclude nominations being made at a meeting of security holders.

(6) A public issuer is not required to comply with subsections (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 subsection (8), the Commission may restrain die 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 subsection (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 proposes to raise at a meeting of security holders.

Proxy statements - General.

130. (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.

Forms 20 and 21 Second Schedule.

(2) Where practicable and appropriate, the information required by Forms 20 and 21 of the Second Schedule shall be presented in table form.

Forms 20 and 21 Second Schedule.

(3) All amounts required by Forms 20 and 21 of the Second Schedule shall be stated in figures.

(4) Information required by more than one applicable item need not be repeated.

(5) No statement need be made in response to any item that is inapplicable and negative answers to any item may be omitted.

(6) 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.

Requirement to file draft copies of proxy materials.

131. (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 103(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 subsection (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 103 of the Act and such notice shall specify the materials that must be filed with the Commission and the required procedure for review.

Commission authority.

132. 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.

PART X
MISCONDUCT

Application.

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

Policies and procedures to prevent insider trading.

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

Exemption to prohibited representations.

135. (1) The prohibition in subsection 118(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 118(3) of the Act regarding a representation regarding listing of a security on a securities exchange shall not apply if the securities 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

Insider reports.

136. The report required to be filed with the Commission under section 128 of the Act shall be —

Form 22 Second Schedule.

(a) made in Form 22 of the Second 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 128 of the Act.

Register of security holders of public issuer.

137. (1) A public issuer shall keep an 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 128 of the Act.

(2) The register shall be kept at the issuer's registered office or at the place where the issuer's register of security holders is kept and be open to inspection for a reasonable period each business day.

(3) 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.

(4) 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.

(5) 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

Promoter liability for misrepresentation in a prospectus.

138. For the purposes of section 143(1)(d) of the Act, the prescribed period is two years.

PART XIII
GENERAL PROVISIONS

Application.

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

Recognised foreign jurisdictions.

140. (1) Pursuant to section 165(a) of the Act, the foreign jurisdictions set out in the Fourth Schedule are recognised.

(2) Pursuant to section 165(b) of the Act, the foreign securities exchanges set out in the Fourth Schedule are recognised.

Official Register-contents.

141. (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 V of the Act; and

(e) investment funds and parties related to investment funds regulated by the Investment Funds Act. Ch. 369A.

(2) The information required under subsection (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

Definition.

142. In this Part —

"effective date" is the date on which the Act comes into force;

"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, 2000;

"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.

Approved auditor.

143. A person who, immediately before the effective date, was acting as an auditor of a registered securities exchange, registered firm or public issuer, shall be deemed not in contravention of the obligation to be recognised as approved auditor under regulation 11 by virtue of continuing to carry on that business —

(a) during the first relevant period; or

(b) if the person applies for recognition during the relevant period, on or from the effective date until the date that the application for recognition is granted or refused by the Commission or is withdrawn by the applicant.

Books and records requirements.

144. (1) The books and records obligations set out in regulations 17 and 18 shall not take effect until the second 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 second 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.

Ongoing obligation to meet registration requirements for existing registered securities exchanges and clearing facilities.

145. The obligation set out in regulation 22(2) shall not apply until the second transition date to a person who, immediately before the effective date, was a securities exchange or clearing facility registered under the former Act.

Change of registration categories-firms.

146. On the effective date, a person or company registered under the former Act as a —

(a) broker-dealer Class I is registered to carry on any of the securities activities set out in Part 2 of the First Schedule to the Act; First Schedule.

(b) broker-dealer Class II is registered to carry on any of the securities activities set out in Part 2 of the First Schedule to the Act, other than the activities listed in section 1(b); and First Schedule.

(c) securities investment advisor is registered to carry on any of the securities activities set out in sections 3 and 4 of Part 2 of the First Schedule to the Act. First Schedule.

Ongoing obligation to meet registration requirements for existing registered firms.

147. The obligation set out in regulation 38(2) shall not take effect until the second transition date with respect to a person who, immediately before the effective date, was a broker-dealer or securities investment advisor registered under the former Act.

Obligation to have a compliance officer.

148. The obligation set out in regulation 40(2) to have a registered compliance officer shall not take effect until the second transition date with respect to a registered firm that, immediately before the effective date, was a securities investment advisor registered under the former Act.

Capital requirements.

149. Until such time as the Commission prescribes other requirements, the minimum required capital for registered firms under subsection 42(2) of the Regulations shall be that set out in Regulation 55 of the former Regulations, which regulation shall continue to have effect, notwithstanding the repeal of the former Act and former Regulations.

Insurance requirements.

150. (1) The insurance requirements set out in regulation 43 shall not take effect until the second transition date with respect to a registered firm that, immediately before the effective date, was a broker-dealer or securities investment advisor registered under the former Act.

(2) Notwithstanding the repeal of the former Act, until the second transition date, section 52 of the former Act shall continue to have effect in relation to a registered firm that, immediately before the effective date, was a broker-dealer registered under the former Act.

Change of registration categories-individuals.

151. (1) On the effective date, an individual registered as a —

(a) broker, stockbroker or principal of a broker-dealer is registered as a representative, trading;

(b) associated person of a broker-dealer is registered as a representative, advising only; and

(c) securities investment advisor is registered as a representative, discretionary management,

of the registered firm by which he is employed.

(2) On the effective date, an individual registered as a principal under the former Act who is the chief executive officer or managing officer of a registered firm is registered as the chief executive officer or managing officer, as the case may be, of that registered firm.

(3) On the effective date, an individual registered as a principal under the former Act who is the designated compliance director of a registered firm is registered as the compliance officer of that registered firm.

Application of certain conduct of business rules.

152. The obligations set out in regulations 73, 74, 75, 80, 81, 85, 86, 87, 89, 90 and 91 shall not apply until the second transition date to a registered firm that, immediately before the effective date, was a broker-dealer or securities investment advisor registered under the former Act.

Public issuer continuing disclosure obligations-annual financial statements.

153. The requirements imposed on a public issuer set out in regulation 120(2) regarding annual financial statements shall not take effect until the issuer's first financial year ending after the second transition date.

Public issuer continuing disclosure obligations-annual report. Form 17. Second Schedule.

154. The requirements imposed on a public issuer set out in regulation 122(2) to prepare an annual report in Form 17 of the Second Schedule shall not take effect until the issuer's first financial year ending after the second transition date.

Public issuer continuing disclosure obligations-management discussion and analysis.

155. The requirements imposed on a public issuer set out in regulation 123 regarding preparing and filing management discussion and analysis shall not take effect until the issuer's first financial year ending after the second transition date.

Public issuer proxy rules.

156. (1) The proxy requirements set out in regulations 125 to 131 apply to a public issuer's security holder meetings that take place after the second transition date.

(2) The proxy requirements set out in Part XIV of the former Regulations shall continue to be in effect with respect to security holder meetings that take place on or prior to the second transition date, notwithstanding the repeal of the former Act and former Regulations.

Extension of time.

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

PART XV
REPEALS

Repeal.

158. The Securities Industry Regulations, 2000 are repealed.

FIRST SCHEDULE (Regulation 2)

PRESCRIBED LEGISLATION FOR THE PURPOSES OF PARTS III & IV OF THE ACT

PART A:

The prescribed written laws are:

Banks and Trust Companies Regulation Act, Chapter 316;

Central Bank of The Bahamas Act, Chapter 351;

External Insurance Act, Chapter 348;

Financial and Corporate Service Providers Act, Chapter 369;

Financial Intelligence Unit Act, Chapter 367;

Financial Transactions Reporting Act, Chapter 368;

Investment Funds Act, Chapter 369A;

Securities Industry Act, Chapter 363; and

Insurance Act, Chapter 347.

PART B:

The prescribed statutes are:

Anti-Terrorism Act, Chapter 107;

Banks and Trust Companies (Money Transmission Business) Regulations, Chapter 316;

Business License Act, Chapter 329;

Companies Act, Chapter 308;

Financial and Corporate Services Providers Act, Chapter 369;

Financial Intelligence (Transactions Reporting) Regulations, Chapter 367;

Immigration Act, Chapter 191;

International Business Companies Act, Chapter 309 and

Proceeds of Crime Act, Chapter 93.

SECOND SCHEDULE

PRESCRIBED FORMS

Form 1 (Regulation 11)
Application for Recognition as an Approved Auditor

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 - 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 4 - Details of Qualification of Applicant

Provide names, addresses and qualifications of the Applicant (if individual application) or of all professional members of 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 Public Accountants Act, 1991.

Item 5 - 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 6 - 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 7 - Additional Information

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

Item 8 - Persons for whom Auditor is Proposing to Provide Audit Services

Provide the name of any person registered under Part V of the Act, registered firm or public issuer for which the auditor provides or is proposing to provide audit services.

Item 9 - 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, 2007 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 Fee Rule.

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

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 under Part V 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 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 under Part V 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 Fee Rule.

Form 3 (Regulation 21)
Application for Registration as a Marketplace or Clearing Facility

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,[1] 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;

[1] Note that where the Applicant is a publicly traded entity in The Bahamas or elsewhere, Form 4s are only required to be provided for significant security holders of the Applicant.

(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 and risk management 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 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.
10. An application fee must be submitted with this application. The appropriate fee can be found in the Fee Rule.

Form 4 (under Forms 3 & 8)
Personal Questionnaire for
Directors, Officers and Security Holders of
Persons Registered Under Part V of the Act or Registered Firms

General Instructions:

If insufficient space is provided, please attach a separate sheet of paper.

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

A. Personal details

1. Name of the registered person (marketplace, firm etc.) in connection with which this questionnaire is being completed.	
2. Full legal name of Applicant: Surname, Given names	
3. List any previous names of the Applicant.	
4. Indicate role(s) for which approval is sought	Director: ( ) Officer: ( ) Security holder: ( )
5. If applying as security holder, set out number and class of securities of entity listed in 1. held/proposed to be held. Indicate if Applicant is a significant security holder of the entity listed in 1. above	Number & class of securities: Significant security holder: Yes: ( )
6. Home address	
7. Previous home addresses during the last ten years (with relevant dates)	Previous address 1: Dates at this address: Previous address 2: Dates at this address: Previous address 3: Date at this address:
8. Date of Birth Place of birth (including town, state and country)	
9. Citizenship	The Bahamas ( ) Other ( )
10. Identification number (Passport No., Voters Registration No., National Identification No., Social Security No., Tax Identification No. or specify other type)	Number: Type:

B. Employment and Educational History

11. Present occupation or employment including: • the name and address of the employer, • the nature of business, • title of position held, and • relevant start date Provide the name, position & telephone number of a reference	
12. Prior occupations and employment during the last ten years, including: • the name and address of the employer, • the nature of business, • title of position held, and relevant dates, leave no period unaccounted for For each employer, provide the name, position & tele-phone number of a reference	
13.List companies of which the Applicant —	
(a) currently is a director or significant security holder (b) has been a director or significant security holder at any time during the last ten years	(a) Current director or significant security holder (b) Previous director or significant security holder
(Specify the name of the entity, the country of incorporation, and the nature of business in each case)	
14. Describe the formal education or training the Applicant has (including professional qualify-cations or degrees and year in which they were obtained).	
15. Are you or have you ever been a director, officer, security holder, or employee of any other entity registered with the Commission? If yes, please provide details	No( ) Yes ( )(if yes, attach full details)
16. Have you been licensed as a registered representative or similar capacity in any other jurisdiction?	No( ) Yes ( )(if yes, attach full details, including copy of evidence of such registration)

C. Discipline History

17. Have you or any person with which you were associated as a director, security holder, manager, officer or significant security holder, in any jurisdiction, 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?	No( ) Yes ( )(if yes, attach full details)
18. Have you or any person with which 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 been sued under any commercial law, securities law, companies law or law concerning fraud?	No( ) Yes ( )f yes, attach full details)
19. Have you at any time been involved with an application for regulatory approval in any jurisdiction where that application has been refused or withdrawn?	No( ) Yes ( )(if yes, attach full details)
20. Have you, in any jurisdiction, been dismissed from any office or employment or barred from entry to any profession or occupation?	No( ) Yes ( )(if yes, attach full details)
21. Has any person with which you were associated as a director, manager, officer or 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?	No( ) Yes ( )(if yes, attach full details)
22. In carrying out your duties will you be acting on the directions or instructions of any other person?	No( ) Yes ( )(if yes, attach full details)

"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 person named in item 1, I will

- Continue to comply with all the applicable provisions of the Act, and
- Notify the Commission immediately of any material changes affecting the 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 Personal Questionnaire, 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."

Date:	Signature:

Other documents to be attached:

1. A copy of Work Permit or Permanent Residence Permit (for non-Bahamian citizens)
2. A copy of the relevant pages of the applicant's passport (to include name, date of birth, nationality, signature, expiration date and photograph).
3. Applicant's current Police Certificate (not more than three months old) or an affidavit in acceptable form, if the Police Certificate is not available.
4. Three recent photographs of Applicant, individually signed on the back by the Applicant.

Form 5 (Regulations 28 & 54)
Notice of Change of Information
Regarding a Person Registered under Part V of the Act or Registered Firm

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 27 or 53: 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 (Regulations 34 & 46)
Notice of Proposed Issue or Transfer of Securities of a Person Registered under Part V of the Act or Registered Firm

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.

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.

Form 7 (Regulation 35)
Annual Information Update Form
Persons Registered Under Part V of the Act

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:	Facsimile:	Email:

Section B -Officer Details.

Chief Executive Officer:	
Direct line:	Email:
Treasurer:	
Direct 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 Officer) _____

(print)

Date: _____

Form 8 (Regulation 37)
Application for Registration as a Registered Firm

Item 1 - Name of Applicant

State full legal name of the Applicant.

Item 2 - Type of Registration Application

State the securities business(es) for which registration is sought —

- Dealing as agent only, including underwriting
- Dealing as agent or principal, including underwriting
- Arranging deals in securities
- Managing securities on a discretionary basis
- Advising on securities

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[2], 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 listing.

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

Item 5 - Full Details on Persons to be Carrying on Securities Business on Behalf of Applicant

Provide completed Form 9 for each person who is to carry on securities business on behalf of the Applicant, including the Chief Executive Officer, the Compliance Officer and any representative to be registered.

[2] Note that where the Applicant is a publicly traded entity in The Bahamas or elsewhere, Form 4s are only required to be provided for significant security holders of the Applicant.

Item 6 - 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 compromise or 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 7 - Operational Capabilities

Provide a detailed description of the Applicant's operational capabilities, including the physical premises, risk management systems, banking, clearing and custody arrangements, communication capabilities, as applicable.

Provide names and addresses of principal bankers, custodians, and other service providers.

Item 8 - Policies and Procedures

Provide a summary of the Applicant's written supervisory, internal controls and risk management 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.

Item 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.

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 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.

Item 10 - 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 name of authority, type of registration, license or authorisation, date of approval, registration number, etc.

Item 11 - Business Plan

Provide a summary of the Applicant's business plan for the next three years, which shall 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.

Item 12 - 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 13 - Date the Application

Item 14 - 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. The arrangements made for execution and settlement of securities transactions and for custody of securities on behalf of customers.
3. An organisational chart for the firm together with job descriptions for each position. (Include total number of employees in the company).
4. Evidence of the Applicant's good standing with the Registrar of Companies.

5. Certified copy of the Applicant's Memorandum and Articles of Association, or equivalent incorporation documents.

6. Copies of required financial statements.

7. Evidence that the company has adequate indemnity insurance on behalf of its directors, officers and employees.

8. Evidence of the Applicant's registration with any other regulatory authority, if applicable.

9. Copy of the Applicant's detailed business plan for the next three years, which shall include financial and operational projections, staffing requirements, a description of the products and services offered and the method by which they are to be offered, and die nature of the clientele of the firm.

10. Completed Form 4 for each security holder, director and officer.

11. Completed Form 9 for the Chief Executive Officer, Compliance Officer and each representative to be registered to act for the firm.

12. An application fee must be submitted with this application. The appropriate fee can be found in the Fee Rule.

Form 9 (Regulation 57 & Form 8)
Application for Registration as CEO, Compliance Officer or Registered Representative of Registered Firm

General Instructions: If insufficient space is provided, please attach a separate sheet of paper.

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

i. Personal Details

1. Name of the registered firm.	
2. Full legal name of Applicant: Surname, Given names	
3. List any previous names of the Applicant.	
4. Indicate role(s) for which applying	Chief Executive Officer: ( ) Compliance Officer: ( ) Representative-Trading: ( ) Representative-Discretionary Management: ( ) Representative - Advising only: ( )
5. Indicate if this is an application for reinstatement of a previous registration	No( ) Yes ( )(if yes, attach full details)
6. Home address	
7. Previous home addresses during the last ten years (with relevant dates)	Previous address 1: Dates at this address: Previous address 2: Dates at this address: Previous address 3: Dates at this address:
8. Date of Birth Place of birth (including town, state and country)	
9. Citizenship	The Bahamas ( ) Other( ) _____
10. Identification number (Passport No., Voters Registration No., National Identification No., Social Security No., Tax Identification No. or specify other type)	Number: Type:

B. Employment and Educational History

11. Present occupation or employment including: • the name and address of the employer • the nature of business • title of position held, and • relevant start date Provide the name, position, telephone number of a reference	
12. Prior occupations and employment during the last ten years, including: • the name and address of the employer • the nature of business • title of position held, and • relevant start date For each employer, provide the name, position and telephone number of a reference	
13. List companies that Applicant — (a) currently is a director or significant security holder (b) has been a director or significant security holder at any time during the last ten years (specify the name of the entity, the country of incorporation, and the nature of business in each case)	(a) Current director or significant security holder (b) Previous director or significant security holder
14. Describe the formal education or training the applicant has in securities related activities (including qualifications and year in which they were obtained)	
15. Do you have any other professional qualifications (e.g. lawyer, accountant, etc.)?	No( ) Yes ( )(if yes, attach full details)
16. Are you or have you ever been a director, officer, security holder, or employee of any other entity registered with the Commission? If yes, please provide details	No( ) Yes ( )(if yes, attach full details)
17. Have you ever been licensed as a registered representative or similar capacity in any other jurisdiction?	No( ) Yes ( )(if yes, attach full details)

C. Discipline History

18. Have you or any person with which you were associated as a director, security holder, manager, officer or significant security holder, in any jurisdiction, 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?	No( ) Yes ( )(if yes, attach full details)
19. Have you or any person with which 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 been sued under any commercial law, securities law, companies law or law concerning fraud?	No( ) Yes ( )(if yes, attach full details)
20. Have you at any time been involved with an application for regulatory approval in any jurisdiction where that application has been refused or withdrawn?	No( ) Yes ( )(if yes, attach full details)
21. Have you, in any jurisdiction, been dismissed from any office or employment or barred from entry to any profession or occupation?	No( ) Yes ( )(if yes, attach full details)
22. Has any person with which you were associated as a director, manager, officer or 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?	No( ) Yes ( )(if yes, attach full details)

23. In carrying out your duties will you be acting on the directions or instructions of any other person?	No( ) Yes ( )(if yes, attach full details)

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 1 am in compliance with all the applicable provisions of the Act. I undertake that, as long as I continue to be the Chief Executive Officer, Compliance Officer or registered representative 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 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 registered firm that submitted this application.

Date:	Signature:

Sponsoring Registered Firm

Provide intended date of employment of the Applicant:
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.

Authorisation from Senior Officer or Director of Registered Firm

Date:	Signature: Title:

Other documents to be attached:

1. A copy of Work Permit or Permanent Residence Permit (for non-Bahamian citizens).
2. A copy of the relevant pages of the applicant's passport (to include name, date of birth,

nationality, signature, expiration date and photograph).

3. Applicant's current Police Certificate (not more than three months old) or an affidavit in acceptable form, if the Police Certificate is not available.

4. Three recent photographs of Applicant, individually signed on the back by the Applicant.

5. Copy of any relevant degree, educational course(s) passed.

6. An application fee must be submitted with this application. The appropriate fee can be found in the Fee Rule.

Form 10 (Regulation 45)
Annual Information Update Form
Registered Firms

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: Facsimile: Email:

Section B – Details of Registered Individuals

Chief Executive Officer:
Direct line:……...Email:
Compliance Officer:
Direct line:……...Email:

Individuals registered as representatives of the firm

Name	**Registration type**

Section C – Directors and Ownership Details

Names of Directors
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.

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:_____

Form 11 (Regulation 47)
Notice of Employment of Personnel to Carry on Securities Business on Behalf of Registered Firm

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. Attach a completed Form 10 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 10 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 (Regulation 48)
Notice of Termination, Resignation or Retirement of Registered Individual by Registered Firm

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 Fee Rule.

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

Form 13 (Regulations 49 & 91)
Financial and Operational Report
As of and for the Period ending: _____

(Specify - Annual or Quarterly Report)

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)	$_____

TRADING STATISTICS

Publicly Traded Securities:

	Listed	**Unlisted**
Total No. 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 VII of the Regulations.	Yes ( ) No (...)(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."

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

Form 14 (Regulation 93)
Application for Approval of Advertisement
Made in The Bahamas

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 Fee Rule.

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

Form 15 (Regulation 95)
Prospectus

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 judgement 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 subsequent to that date, present the information as of the date of the change or a dale 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

Required Language.

1. 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."

Preliminary Prospectus Disclosure.

2. 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."

Basic Disclosure about the Offering.

3. 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]

Name and Address of Issuer.

4. 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.

Market for Securities.

5. (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 and 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 he 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."

Underwriter(s).

6. (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.

(4) 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

Information Summary.

7. 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) the history of the issuer;

(b) a description of the principal activities and business of the issuer;

(c) a description of the relationship between the issuer and its affiliates;

(d) the names of the directors and senior officers of the issuer;

(e) the names and addresses of any promoters; and

(f) the security holdings in the issuer of the persons named in (d) and (e), and their expected security holdings following completion of the distribution.

Investor Warning.

8. 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

Details of the Distribution.

9. 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.

Securities to be Distributed.

10. 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 under a prospectus exemption, the nature of such sale or subscription and the number and characteristics of the securities concerned.

Pricing of Securities.

11. 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.

Proceeds.

12. 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.

Principal Purposes.

13. (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.

Expenses.

14. 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.

Yield on Debt Securities.

15. If debt securities are being distributed at a premium or a discount, state in bold type the effective yield if held to maturity.

Selling Security holders.

16. 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.

Redemption or Repurchase of Securities Being Distributed.

17. 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

Historical Information About the Issuer.

18. 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 non-cash 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. Disclose the following regarding the issuer — Business Overview.

(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 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.

Industry Overview.

20. 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.

Future Plans, Strategies and Prospects.

21. 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

Risk Factors.

22. Describe the factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being offered.

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.

PART F - FINANCIAL INFORMATION

Financial Statements.

23. (1) Interpretation of "issuer" - The financial statements of an issuer required tinder 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 report 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 120 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 120 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; and

(c) notes to the financial statements.

Discussion of Financial Results (MD&A).

24. Provide the management discussion and analysis in the form prescribed by Form 18 for the most recently completed financial year of the issuer for which audited financial statements are required.

Consolidated Capitalization.

25. 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.

Acquisition Since the Date of the Last Audited Annual Financial Statements.

26. (1) If issuer has made a significant acquisition 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, 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 120 days 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 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.

Financial Forecast.

27. (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

(c) 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.

Accounting matters.

28. Describe any changes in and disagreements with accountants or auditors on accounting and financial disclosure. In the event that 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 details of the same.

PART G - DIVIDENDS OR DISTRIBUTIONS

Amount.

29. 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.

Restrictions.

30. Describe any restrictions that could prevent the issuer from paying dividends or distributions.

Policy.

31. Disclose the issuer's dividend or distribution policy and any intended change in dividend or distribution policy.

PART H - ISSUANCE OF THE SECURITIES

Disclosure of Market Out for Firm Underwriting.

32. 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."*

Best Efforts Offering.

33. Outline briefly terms and conditions governing the offering of any securities being offered other than on the basis described in section 32.

Over-Allotments.

34. 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.

Minimum Offering.

35. 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 120 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 a licensed dealer, bank or trust company, and if the minimum amount of funds is not raised, the funds, will be returned to the subscribers.

Listing Application.

36. 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 he subject to the issuer fulfilling all the listing requirements of the [name of exchange or other market]."

Conditional Listing Approval.

37. 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]."

PART I - DESCRIPTION OF SECURITIES BEING OFFERED

Equity Securities.

38. 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.

Preferred Shares or Debt Securities.

39. (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 section 43 *in lieu* of the information set out in section 38.

Other Securities.

40. 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.

Modification of Terms.

41. 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.

Other Attributes.

42. (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

Debt Securities.

43. 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.

Earnings Coverage Ratios.

44. (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 realised 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 capitalised 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.

Credit Ratings.

45. 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 organization 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

Selling Security Holder.

46. 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

Relationship between Issuer or Selling Security Holder and Underwriter.

47. 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

Names of Experts.

48. 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.

Interest of Experts.

49. (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 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 paragraph (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 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 paragraph 48(a); and

(iii) any person who provides quality control for the preparation of the report, valuation, statement or opinion referred to in 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. Section 49 does not apply to — Exemption.

(a) auditors of a business acquired by the issuer provided they have not been or will not be appointed as the issuer's auditor 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. 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 — Promoters.

(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

Identification.

52. 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.

Compensation.

53. (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.

Audit Committee.

54. Disclose the members of the audit committee of the issuer.

Key Employees.

55. For each key employee[3] 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.

Regulatory History etc.

56. 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, judgement 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.

Relationships.

57. Provide full details of any relationships or associations between the major security holders, promoters, directors, senior officers or key employees. This should include information of direct and indirect security holdings in the issuer of directors and significant security holders before and after the distribution.

[3] Key employees include personnel who may not hold an officer title but who make or are expected to make significant contributions to the business of the company – such as senior software designers at a computer software company.

Employment Agreements.

58. Provide a summary of any existing or proposed service, management, or employment agreements between the issuer and its directors, senior officers and key employees.

Large Security holders.

59. Disclose at least the following information about any security holder who 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

Related-Party Transactions.

60. (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 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.

Loans to a director of affiliate or the issuer.

61. Provide the names and relevant particulars of any loan in excess of ten thousand dollars to any senior officer, director, security holder, or person directly or indirectly controlling or controlled by the issuer.

PART Q - REPORT OF THE DIRECTORS

Directors' Report.

62. 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 included 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

Legal Proceedings.

63. Provide details of any material legal proceedings to which the issuer is a patty, 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.

Transfer Agent and Registrar.

64. If securities are to be distributed, state the names and addresses of the transfer agent(s) and registrar(s) of the issuer and the location of the register(s) of transfers of that class of securities.

Register of Securities.

65. If securities, other than equity or preferred shares, are to be distributed, state the location of each register on which transfers of the securities may be recorded.

Constating Documents.

66. If the articles and by-laws of the issuer or other constating or organizational 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.

Optioned Securities

67. 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.

Rights Offerings

68. 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.

Convertible Debt

69. 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.

Share Ownership Schemes

70. If the issuer has a share ownership scheme for participation by employees, disclose details of the scheme.

PART S - OTHER MATERIAL FACTS

Other Material Facts

71. 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

Statutory Rights of Withdrawal and Rescission

72. Include the statement of rights given to a purchaser of securities in the form set out below —

> *"The Securities Industry Act, 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, 2007, as amended, 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

Material Contracts

73. 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.

Documents to be Made Available for Inspection

74. (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 forth in paragraph (1) may be inspected, without charge, during the period of distribution of the securities under the prospectus.

PART V - CERTIFICATES

Certificates.

75. Include the certificates required under regulations 100 [Prospectus] or 105 [Amendment to prospectus] of these Regulations.

Date of Certificates.

76. 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 Fee Rule.

Appendix A to Form 15
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. Provision of —

(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 15
Materials to be Provided to the Commission and Made Available for Public Inspection

Materials to be provided with preliminary prospectus.

1. (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 102.

(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 Fee Rule must be submitted with the preliminary prospectus.

Materials to be provided with final prospectus.

2. 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 relate 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 102;

(b) deliver to the Commission at least two business days before filing of the prospectus in final form, black-lined 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 Fee Rule.

Required documents for an amendment.

3. 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 black-lined 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 Fee Rule.

Documents to be available for public inspection.

4. 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 15
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 15
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:_____

[Name and Title]

The undersigned accepts the appointment as Agent for Service of Process of

_____

[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 16 (Regulation 116)
Notice of Exempt Transaction

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 organization. If the vendor is other than the issuer, provide the vendor's name, address and jurisdiction of incorporation or organization, 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 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 Fee Rule.

Form 17 (Regulation 122)
Annual Report

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 organization.

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.

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

Form 18 (Regulation 123)
Management Discussion and Analysis

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 judgement 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 require 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, 20[10] and the Securities Industry Regulations 20[10].

(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

(l) 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 analysing 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 reorganization 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 through-put, 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 issuers 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 issuers 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[4]					
Other Long Term Obligations[5]					
Total Contractual Obligations					

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;

[4] "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.

[5] "Other Long Term Obligations" means other long-term liabilities reflected on the issuer's balance sheet.

(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 analyse 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 19] 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 analyse 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 analyse the risks associated with the instruments;

(c) describe how the issuer manages 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 recognized 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 19 (Regulation 124)
Material Change Report

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, 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 20 (Regulation 126)
Management Proxy Statement

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 organization.

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, 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 Regulations.

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 judgement 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 Fee Rule.

Form 21 (Regulation 126)
Dissident Proxy Statement

Item 1 - Name of Public lssuer

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 —

- the dissident's name and address;
- 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;
- 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 organization in which each such occupation, office or employment was carried on; and

- 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 organization 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 judgement 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 22 (Regulation 136)
Report of Insider of Public Issuer

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 Fax Number**	
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							
Transaction							
Date			**Nature**	**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

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	**Mo**	**Yr**

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" .

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

Issuer Derivatives

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 right 24

Third Party Derivatives

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

Miscellaneous

Change in nature of ownership 29

Other

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.

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.

THIRD SCHEDULE (Regulation 115)

APPROVED FOREIGN ISSUER DISTRIBUTION - MATERIAL REQUIREMENTS

Materials to be Provided to the Commission and Delivered to Purchasers

Documents to be filed with Commission.

1. A foreign issuer relying on the prospectus exemption in regulation 115 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 recognized 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 15;

(i) any other documents or information requested by the Commission; and

(j) the required fee as specified in the Fee Rule.

Documents to be delivered to purchasers.

2. A foreign issuer relying on the prospectus exemption in regulation 115 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.

FOURTH SCHEDULE (Regulation 140)

RECOGNIZED FOREIGN JURISDICTIONS AND STOCK EXCHANGES

Recognized Foreign Jurisdictions

All jurisdictions that are members in good standing with the International Organization of Securities Commissions.

Recognized Foreign Securities Exchanges

All securities exchanges in countries that are members in good standing with the International Organisation of Securities Commissions.