REGULATORY POLICY

Approved Stock Exchanges

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List of Acronyms

BTCA	Banks and Trust Companies Act
CMA	Companies Management Act
CIMA	Cayman Islands Monetary Authority/The Authority
IA	Insurance Act
IOSCO	International Organisation of Securities Commissions
MAA	Monetary Authority Act
MFA	Mutual Funds Act
PFA	Private Funds Act
SIBA	Securities Investment Business Act
VASP	Virtual Asset (Service Providers) Act

Regulatory Policy – Approved Stock Exchanges

1. Statement of Objectives

For purposes of transparency and consistency, to set out an established criterion to determine which exchanges should receive "approved" status by the Authority for the purposes of the Mutual Funds Act ("MFA"), the Private Funds Act ("PFA"), the Banks and Trust Companies Act ("BTCA"), the Securities Investment Business Act ("SIBA"), the Insurance Act ("IA"), the Companies Management Act ("CMA") and the Virtual Asset (Service Providers) Act ("VASP").

2. Definitions

2.1 For the purpose of this Policy, the following definitions are provided:

a) A stock exchange with an "**approved**" status is one that is a "recognised stock exchange" as referenced in the regulatory acts established in the Monetary Authority Act ("MAA") and must meet the approval of the Authority guided by the Regulatory Policy – Approved Stock Exchanges.

b) References to a stock exchange[1] as "**recognised**" by the Authority and/or "**specified**" by the Authority are to be used interchangeably.

3. Scope of Application

This policy applies to the following Regulatory Acts, which contemplate that the Cayman Islands Monetary Authority ("the Authority") will approve one or more stock exchanges for various purposes.

3.1 **Mutual Funds Act**

Sections 4(3) and 4(4) of the MFA exempt a mutual fund from the licensing requirement in section 4(1) of the MFA if, amongst other criteria, its equity interests are listed on a stock exchange specified by the Authority.

Section 13(2) of the MFA authorises the Authority to exempt a licensed mutual fund administrator from the requirement to seek approval for the transfer of the licensee's shares if the licensee's shares are publicly traded on a recognised securities exchange.

3.2 **Private Funds Act**

Section 5(3) of the PFA exempts a private fund from the registration requirements for carrying on or attempting to carry on business in section 5(1) of the PFA if, amongst other criteria, its investment interests are listed on a stock exchange specified by the Authority.

A non-fund arrangement includes a fund whose investment interests are listed on a stock exchange (including an over-the-counter-market) specified by the Authority by notice in the Gazette.

3.3 **Securities Investment Business Act**

Three provisions in the SIBA refer to a stock exchange recognised by the Authority:

[1] References to a "securities exchange" as termed in the Securities Investment Business Act is also included in this definition.

a) Section 6(7) of the SIBA enables the Authority to impose conditions upon a licensee, including one that the licensee or the senior officers or managers of the licensee must acquire and maintain membership of a recognised securities exchange;

b) Section 8(2) authorises the Authority to exempt a licensee from the requirement to seek approval for the transfer of the licensee's shares if the licensee's shares are publicly traded on a recognised securities exchange; and

c) The definition of sophisticated person in Section 2 of the act includes persons whose securities are listed on a recognised securities exchange.

3.4 **Banks and Trust Companies Act**
Section 7(1) of the BTCA prohibits the transfer or disposal of shares in a licensee without the prior approval of the Authority. Section 7(2) authorises the Authority to exempt a licensee from this restriction if the licensee's shares are publicly traded on a stock exchange recognised by the Authority.

3.5 **Insurance Act**
Section 12(1) of the IA prohibits the transfer or disposal of more than 10% of the shares in a licensee without the prior approval of the Authority. Section 12(3) authorises the Authority to exempt a licensee from this requirement if the licensee's shares are publicly traded on a stock exchange recognised by the Authority.

3.6 **Companies Management Act**
Section 3 of the CMA defines the business of company management as the provision of certain services specified therein. Section 3(4)(c) exempts from this definition the provision of such services to a company listed on a stock exchange recognised by the Authority by a person who does not provide services to any other company.

Section 9(2) of the CML authorises the Authority to exempt a licensee from the requirement to seek approval for the transfer of the licensee's shares if the licensee's shares are publicly traded on an approved securities exchange.

3.7 **Virtual Asset (Service Providers) Act**
Section 28 (1) of the VASP Act prohibits the transfer or disposal of more than 10% of the shares in a company which is a virtual asset service provider without the prior approval of the Authority. Section 28(7) authorises the Authority to exempt a virtual asset service provider from this requirement if more than 95% of their shares are publicly traded on an exchange recognised by the Authority.

4. Criteria for Approval

4.1 Subject to section 7 below, in order for a stock exchange to be approved by the Authority for purposes of the Regulatory Acts, the stock exchange must be one that is either:

a) A US licensed exchange[2]; or

[2] A US licensed exchange is a securities exchange that has been registered with the Securities and Exchange Commission under Section 6 of the Securities Exchange Act of 1934.

b) An EU regulated exchange[3]; or
c) A Canadian licensed exchange[4]; or
d) A full member of the World Federation of Exchanges[5]; or
e) The Cayman Islands Stock Exchange; or
f) Any other stock exchange approved by the Authority under section 5 of this Policy.

5. Approval of Other Stock Exchanges

5.1 Upon request by an interested party and subject to section 7 below, the Authority may approve a stock exchange that does not meet the criteria outlined in section 4.1 (a)-(e) above. The requestor should demonstrate that:

a) The stock exchange either:

(i) complies with the market principles issued by the World Federation of Exchanges; or
(ii) is located in a country that is an ordinary member of the IOSCO and the exchange and issuers are subject to enforceable obligations consistent with the IOSCO Supervisory Framework for Markets dated May 1999;

b) The stock exchange is significant within its country of origin; and

c) A sufficient amount of business exists between the Cayman Islands or regulated entities and the stock exchange so that its exclusion from the list of approved stock exchanges would result in significant cost implications for regulated entities.

6. Approval Process and Gazetting

6.1 Upon receipt of the request with all relevant supporting documents, the Authority shall assess the request and, where necessary, consult with the Cayman Islands Stock Exchange Authority. Once a determination is made on the request, the Authority shall inform the requestor.

6.2 For all newly approved and no longer approved stock exchanges, the Authority will declare by notice published in the Gazette.

6.3 A list of approved stock exchanges is posted on the Authority's website which will be reviewed and updated from time to time.

[3] An EU licensed exchange is a regulated market that has been recognised by a member state pursuant to Directive 93/22.
[4] A Canadian licensed exchange is a securities exchange located in Canada that is recognised by one or more provincial securities commissions.
[5] The World Federation of Exchanges ("WFE") is the trade organisation for regulated securities and derivative markets, settlement institutions and related clearing houses and their diverse services to capital markets. The Federation is highly regarded and membership of the WFE is a criterion for many national regulators and asset management institutions to allow privileged access for investment. Membership identifies an exchange as having assumed the commitment to business standards. The WFE Market Principles serve as a checklist for those securities markets wishing to become a member of the WFE. The Business Conduct criteria of the Market Principles elaborate upon the IOSCO Core Principles and offer a benchmark of best practice for members.

7. Refusal to Approve

The Authority may refuse to approve a particular stock exchange or indicate that a stock exchange is no longer approved, where such approval of the stock exchange is not in the public interest. This could be the case if, for example, a stock exchange is located in a country that is subject to international sanctions. The Authority will publish the names of the stock exchanges affected by this section on its website and declare by notice published in the Gazette.

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