

Preferred Shares List on CSX – a first in the Exchange’s history

Suffield CLO’s 36,750 Preferred Shares were admitted to listing in January 2001, the first time the equity of a Cayman special purpose vehicle has obtained a primary listing on the CSX.

Morgan Stanley and Chase Securities are joint managers of the issue.

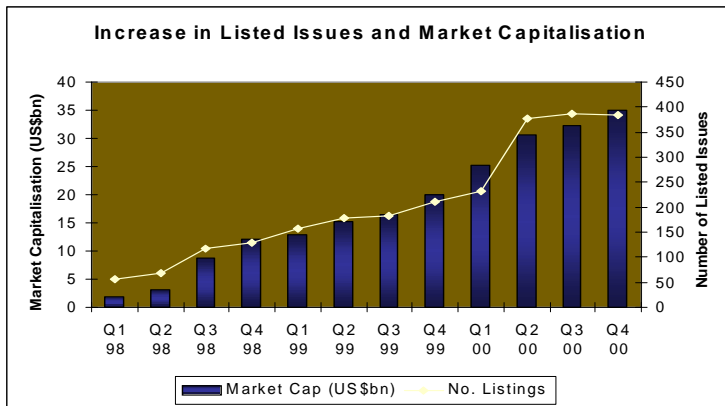
The issuer is a special purpose vehicle incorporated for the sole purpose of issuing ten classes of notes and the Preferred Shares. The Preferred Shares will be rated B- by Fitch with respect to return of initial investment and will not be secured on the collateral debt obligations of the issuer. They will represent equity interests in the issuer and will receive dividends twice a year.

Of the 36,750 Preferred Shares admitted to listing, 7,700 comprise the ‘preferred share component’ of certain classes of ‘Combination Securities’ issued by Suffield CLO. Combination Securities are becoming increasingly

popular and are securities consisting of both a debt and an equity component.

“We are very pleased that Suffield CLO has chosen to list on the CSX,” said Richard Crawshaw, Head of Listing of the Cayman Islands Stock Exchange. “This is an excellent new development in a niche market and we are proud that leading securities investment companies such as Morgan Stanley and Chase have contributed to our growth in listings.”

In reviewing the application for these Preferred Shares the Listing Department, putting emphasis on disclosure of information investors needed in order to assess the value of such securities, applied a combination of its specialist debt securities and equity listing requirements. The admission of these Preferred Shares to the Official List of the Cayman Islands Stock Exchange reaffirms the flexible approach the Exchange has been adopting in all its listings.



Nomura first Japanese investment bank to list on the CSX

Nomura International, the Japanese investment bank, became the first Japanese arranger to dual-list its Secured Medium Term Note Programme on the CSX.

Mrs Valia Theodoraki, CEO of the CSX, welcomed Nomura to the Exchange. “The CSX’s listing rules enable us to approve debt issuance programmes in a very efficient and timely manner and with very competitive fees. There is no requirement for a listing agent to be appointed to communicate with the Exchange which in its turn speeds up the whole process,” Mrs Theodoraki said.

Since the commencement of operations in July 1997, the Cayman Islands Stock Exchange has approved 21 programmes, two of which are derivative warrant programmes and the remaining are all debt issuance programmes. The approval of such programmes by the CSX facilitates listing of subsequent issues under the Programme in a cost effective way. The CSX in its revised Listing Rules has streamlined the process even more to ensure that the timetables set by the issuers are always met by the Exchange staff.

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CSX Regime Recognised by KPMG Review

The KPMG Review of Financial Regulation in the Caribbean Overseas Territories and Bermuda, Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos) was published in October 2000. The review was commissioned by the United Kingdom and the Overseas Territories, and evaluated the regulation of financial services in the Territories against both International standards and local practices.

A comprehensive evaluation of the CSX was performed as part of the review on the Cayman Islands. KPMG was required to consider whether the CSX conformed to the standards outlined in the IOSCO paper "Objectives and Principles of Securities Regulation". KPMG concluded in their report that, given the CSX's current functions, membership and listing regulation were fully compliant with international standards.

In other securities-related areas, KPMG did recommend adjustments to the oversight arrangements for the CSX, currently performed by the Stock Exchange Authority. The Cayman Islands Government is currently in the process of addressing this recommendation.

The KPMG report also notes that the Cayman Islands Government is in the process of drafting a bill aiming to regulate investment business in Cayman Islands, including dealing, arranging deals, managing investments and investment advice. The CSX is currently regulating such activities where these are performed by any of its broker members. It is anticipated that the CSX's involvement in such regulation will increase upon the enactment of the proposed new legislation, expected to be enacted during 2001.



Nomura

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Nomura International is the first Japanese investment bank to take advantage of the CSX's regulatory framework, listing facilities and low listing fees. The Nomura listing is of co-issuers Yugiri Limited and Utsusemi Limited. The issuers have been incorporated for the sole purpose of issuing secured and credit-linked notes.

Issues to be issued and listed pursuant to the US\$20,000,000,000 Secured Medium Term Note Programme include notes secured over certain rights and assets of the issuers (which may comprise bonds, notes, shares or other securities) or credit linked notes and may be issued with the benefit of a credit support document and related agreements (swap, cap, floor, collar, option, forward or other hedging agreements or derivative contracts).

Mrs Theodoraki said that more Japanese investment banks are expected to follow Nomura's example and apply to list on the CSX in the near future.

New Eurobond Rules

The new version of the CSX Listing Rules, including new chapter 12 covering plain "vanilla" eurobonds has now been published. Eurobonds are defined as debt securities, including debt securities which are guaranteed or issued by a supranational body or which benefit from the guarantee of a government, which are by their nature, usually purchased and traded by a limited number of investors who are particularly knowledgeable in investment matters.

Changes were made to the listing requirements for mutual funds, specialist debt securities and derivative warrants. All the chapters of the previous CSX Listing Rules have been replaced, with the exception of Chapters 4, 6, and 10 of the current listing rules. Requirements for listing of convertible bonds and credit-linked securities have also been included.

The new rules and rule changes came into effect on 1st January 2001 following approval by the Cayman Islands Stock Exchange Authority.

The listing procedures have also been modified making the whole process more efficient and simpler. Such procedures are now being highlighted for each type of product, for which application for listing is made on the Cayman Islands Stock Exchange, in the relevant chapter of the Listing Rules.

The Listing Rules are available on the CSX website at <http://www.csx.com.ky>. Hard copies in CSX binders are also available from the CSX. If you have any comments or queries on these rules or you wish to subscribe to such rules, contact us by email csx@csx.com.ky or fax on (1) (345) 945 6061 for the attention of the Chief Executive Officer.

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New Listings

Building on the success of its first three years of operations, the Cayman Islands Stock Exchange continued to increase its number of listings during the last few months.

More mutual funds were attracted to listing. Among them were classes of two new funds from the GLG family of funds, GLG European Long-Short Fund and GLG North American Long-Short Fund and EFG-Hermes High Growth Opportunities Fund, a Cayman company incorporated for the purpose of providing shareholders with the opportunity of investing aggressively in companies quoted on the Cairo Stock Exchange, Egypt.

Seven new funds from the Permal Family of Funds, primarily listed on the Irish Stock Exchange, were recently admitted to listing. These are multi-manager funds with a total market capitalisation of US\$2.4 billion and were brought to the CSX by CITCO Fund Services (Cayman) as the listing agent.

The interest in listing of specialist debt securities and derivative warrants also continued into this period.

Lehmans, Deutsche Bank and Coutts are just some of the international institutions that added to our specialist debt listings with their Restructured Asset Certificates with Enhanced Returns, Limited Recourse Secured Floating Rate Credit Linked Notes and Index Notes respectively.

New issues of derivative warrants and specialist debt securities under the already approved by the CSX derivative warrant and debt issuance programmes respectively were also added to our list.

Additionally, O2 Micro - a Nasdaq listed company whose business is the design, development, and marketing of high performance integrated circuits for power management, power saving applications and computer security applications was granted secondary listing of its shares on the CSX in the beginning of this year.

Update on Markets Development

The team has been busy continuing its efforts with on-site inspections of the CSX broker members. As previously stated we focus on Internal Procedures, Client Relationships, Client Dealing, Client Money and Safe Custody.

Ms Melis, Head of Markets Development comments; "The Cayman Islands are facing increased regulation in the area of Investment Business and this will affect the Broker Members of the Exchange. We are seeking to develop a feeling that we are working with the industry and we will try to do our best to avoid a regulatory environment in which we are regarded as the enforcer of specific rules. We want business to thrive and we want to get on with it. There are two ways of enforcing regulation, one is to say, "this is the rulebook, if you break these rules and get caught out you are in trouble" another approach is trying to deliver the standards of business that are sound from a compliance perspective. To do this you need to build relationships and this is what we will aim at doing. We need

to know the managers, understand the controls in place and work together to avoid problems. This is very much in line with how the UK understands the supervisory culture in its approach to securities regulation".



Staff Training and Money Laundering Legislation

The CSX is committed to assist the law enforcement agencies in its efforts to combat Money Laundering on the Islands. Not only do we have provisions in our rules alongside the Money Laundering Regulations and the Proceeds of Criminal Conduct Law regulations but we also aim at continuously training our staff internally in these issues. At present, all staff members are being trained in new Cayman legislation, efforts undertaken by the FATF, global money laundering legislation as well as detection of suspicious transactions.

We also make this a key element of our on-site inspections where we look at client lists, KYC and other relevant Money Laundering procedures as well as staff training records of the Broker Members. Where we can and feel that we have the resources we discuss potential problems with clients and assist the broker members in their own due diligence efforts.

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Systems Development

We are now working on developing a Eurobond site on the CSX website to provide full information on listings of Eurobonds.

The process for inputting Net Asset Values has been fully automated, providing the ability to download information from the administrators' own in-house systems. Administrators can directly input pricing information to the CSX via our secure web based "NAV Input" system. Once pricing info is input it is automatically sent to the CSX web site for viewing, and to the Bloomberg system for display on that system. This guarantees immediate dissemination of pricing information to the public.

Reminders where Net Asset Values are not being input in time are now automatically sent to administrators and followed up internally.

The Daily Official List, available on the CSX website, has been enhanced to provide daily statistics of numbers of listings by category of security and market capitalisation.

Additionally, the Derivative Warrants site has now been developed providing full information on listings of Derivative Warrants.

The addition of the above features combined with the preexisting components has led the CSX web site to become the primary source for information on the CSX listed issuers and the CSX itself.

PUBLIC HOLIDAYS IN 2001

Monday 1 January, 2001 New Year's Day
Wednesday 28 February 2001 Ash Wednesday
Friday 13 April, 2001 Good Friday
Monday 16 April, 2001 Easter Monday
Monday 21, May 2001 Discovery Day
Monday 18, June 2001 Queen's Birthday
Monday 2, July 2001 Constitution Day
Monday 12, November 2001 Remembrance Day
Tuesday 25, December 2001 Christmas Day
Wednesday 26 December 2001 Boxing Day

New Appointments

The CSX is pleased to welcome its newest recruit. Monique Melis joined the Exchange in September last year, to replace Lee Hodgkinson as Head of Markets Development.

Lee Hodgkinson returned to the UK after completing a successful two years at the Exchange.

Monique joins the Exchange from the Financial Services Authority in the UK where she headed up the Transaction Monitoring Unit in the Markets and Exchanges area. Monique was a manager in the Surveillance department of the SFA prior to successfully making the transition from the SFA to the FSA with her previous team. Monique is used to change in a fast growing

complex regulatory environment which will at large benefit the Exchange. In her previous role, Monique had extensive contact with other regulatory bodies and statutory regulators around the world. These contacts will be a considerable strength in her new role at the Exchange.

Originally from Sweden, Monique began University in Sweden and finalized her studies in France. She holds an MSc in International Business and Economics from Sweden and Ecole Superieure de Commerce de Nantes-Atlantique.

CEO, Valia Theodoraki comments "We are delighted that Monique has joined the Exchange bringing with her a depth of European regulatory

experience. This appointment underlines the CSX's commitment to providing a professional international service".



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