



New International Equity Rules

The Cayman Islands Stock Exchange (CSX), having received approval from the Cayman Islands Stock Exchange Authority, has now introduced rules to enable the listing of the shares of companies formed outside the Cayman Islands.

Until now, the listing rules only provided for the listing of domestic equity. This move was a direct result of expressed requests from international companies for listing and trading on the CSX.

This change now permits a company incorporated outside the Cayman Islands (a “foreign company”) which is (i) a foreign company registered under Part IX of the Companies Law (2003 Revision) and (ii) an exempted or non resident company to apply for listing and trading on the CSX.

The CSX is already in discussions with potential issuers

with regards to their listing and trading of their equity on the CSX and this is anticipated to take place in the very near future.

participation in this market. We are looking forward to the commencement of trading of such companies on our Exchange.”



The Listing Rules are available on the CSX website at 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 on the recent introduction of international equity listing facility, or you wish to subscribe to such rules, contact us by email csx@csx.com.ky or fax on (345) 945 6061 for the attention of the Chief Executive Officer.

The Chief Executive Officer of the CSX, Mrs Valia Theodoraki, said: “These rule changes are an important step to our development. They are in response to the call by international companies for our

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In focus - Listing on the CSX

Fund administration is very much an integral part of the business in the Cayman Islands. CSX News asked Mr Sean Flynn, CEO and Managing Director of the Cayman operation, to comment on the interest in offshore funds and why UBS chose the CSX as a listing venue for its two Alpha Funds. UBS Global Alpha Strategies Ltd and UBS Neutral Alpha Strategies Ltd were recently admitted to listing on the Exchange.

CSX: Can you comment on the current financial climate and what you expect is the outlook for the offshore fund industry going forward?

SF: In Cayman, the hedge fund business is becoming more institutionalised as both pension funds and endowments allocate to this asset class. It is estimated that Cayman has approximately 55% of the offshore hedge fund business. There is every reason to believe that Cayman will continue to be the domicile of choice for new hedge fund products, as Cayman has a significant edge over other offshore jurisdictions with very experienced lawyers, accountants and administrators.

CSX: UBS Fund Services (Cayman), Ltd is a well established operation, what is the key to your success here and what possible challenges do you face in the near future?

SF: UBS recognised early on (UBS has operated in Cayman since 1972) that Cayman would develop into an excellent offshore centre for domicile and administration of funds. Cayman has a very good financial

infrastructure to support this business, the Island has been fortunate enough to attract highly trained professionals and the quality of service is very high, fast and flexible. Cayman maintains its edge in the institutional arena.

CSX: What were the factors that led the Alpha Funds to select Cayman over e.g. Luxembourg or Dublin?

SF: For these two funds the regulatory laws of Cayman together with the speed at which they could be structured were determining factors. In Luxemburg for example it takes 2-3 months to structure this type of fund. In Cayman this process is much faster.

CSX: What led you to choose the CSX as the venue for your listing of these two funds?

SF: It was ultimately the choice of a large investor in the funds. The CSX provides an excellent choice for a listing offshore.

CSX: What products do you specialise in and where do the investors primarily come from?

SF: UBS is committed to the

global hedge fund industry and intends to be the complete one stop shop for the hedge fund manager client business. UBS is currently expanding its services offering to include the full range of front, middle and back office services. UBS in Cayman is one of the largest fund administrators on the Island with over 70 staff dedicated to servicing in excess of USD36Billion in hedge fund assets. In Europe, UBS is also one of the largest fund administrators with over USD200Billion under administration. To compete in this business, you must offer a quality service supported by state of the art IT. The investor base for hedge funds now includes not only the high net worth investor, but also institutions, including pension funds etc.



Sean Flynn - Managing Director
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Listings update

Since the issue of the last newsletter the Exchange has enjoyed continued success with the number of listings. The increase in listings came mainly from mutual funds although the number of specialist debt and derivative warrant listings slowed from late last year.

The Exchange has continued to experience international interest in listing alternative investments and further classes and series of existing funds. The technique of issuing multiple classes or series of a class appears to be the current industry preference as it allows for greater transparency and is more efficient in accounting for the performance fees paid to the fund's investment advisor. The CSX has listed a significant number of these vehicles.

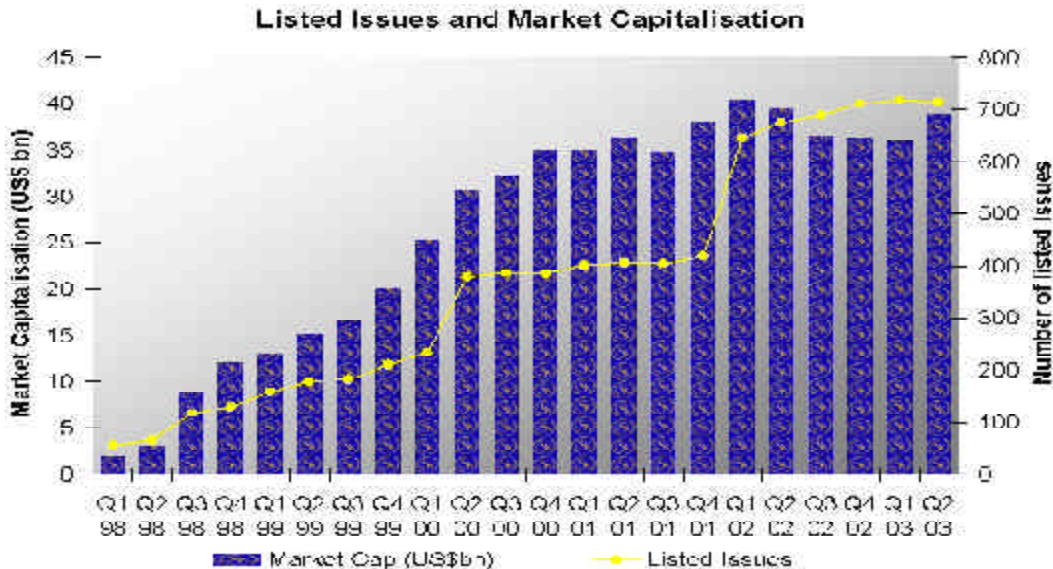
Another similar current technique used by mutual funds, as previously noted in this column, is the use of segregated portfolio companies encompassing multiple separate classes within a single company. The Exchange has recently listed the Octane Segregated Portfolio of PGS Global Diversified Fund SPC Ltd.

The Exchange also recently listed the Class L shares of the UBS Neutral Alpha Strategies Ltd., a multiple class hedge fund, which invests through sub-managers in other hedge funds. The Class L shares are issued specifically for investors wishing to have a listed investment.

We were also very pleased to see Overseas Asset Management (Cayman) Ltd. return to the

Exchange to list a second fund, the OAM European Value Fund, following the strong performance and interest in their OAM Asian Recovery Fund.

Most recently, the Exchange has listed the ING Clarion Commercial Mortgage Securitization Fund (Cayman), LP. The fund is a feeder fund where the master fund invests in commercial real estate debt instruments, which primarily consists of commercial mortgage backed securities and subordinate interests in collateralized debt obligations. It is the first fund of this type to list with the Exchange.



Mar Hedge – New York May 19-21, 2003

Risks and Challenges with Hedge Funds

The CSX attended the MAR Hedge on Risk and Challenges with Hedge Funds at the Millennium Hotel in New York during the month of May. The conference was held in conjunction with MAR Hedge's sister company, the FOW, and hence the conference was well attended by both Hedge Fund professionals and persons from the Future and Options sector of the industry. About 500 persons attended the conference over the two days. Our booth which was

manned by the CSX and also a representative from the Cayman Islands Government saw a lot of interest both in the Exchange and also in Cayman as a financial center in general.

The conference discussed a number of issues surrounding hedge funds and their increasing popularity. It covered valuation, best practices, future regulatory initiatives by the SEC and the FSA as well as retail marketing and trading of hedge funds.

HEDGE

M A R



CSX attends Annual Global ABS Conference

Barcelona, Spain June 3-6, 2003



The Cayman Islands Stock Exchange, together with the Portfolio of Finance & Economics and several other delegates from the Cayman financial and legal community, attended this successful conference in Spain. The conference was huge and drew some 2,000 delegates in the Asset Backed Securities industry from around the world.

The main theme of the 2003 Global ABS Conference was the creation, convergence and commoditisation within the global asset backed securities market and the role of securitisation in issuers' funding strategies and the impact of securitisation on capital and the costs involved. The conference also included a briefing by the European Securitisation Forum on major issues currently affecting the securitisation market in Europe.

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