

Indicative process for admission of a company to the Junior Market

- ◇ Company is incorporated
- ◇ Company appoints advisers: auditor, mentor, broker, attorney
- ◇ Company confirms compliance with tax legislation and financial reporting requirements
- ◇ Company drafts prospectus (can be based on business plan) with advisers
- ◇ Company submits prospectus and other shelf documents to JSE for review at least 21 days before admission
- ◇ Company registers prospectus with Registry of Companies and FSC
- ◇ Company launches initial public offer with its brokers
- ◇ Company raises \$50m+ and begins its life on the Junior Market

Ongoing Compliance Requirements for Companies on the Junior Market

In this section, we have highlighted some of the key ongoing compliance requirements for companies who have been admitted to the Junior Market.

(i) Timely Financial Reporting:

- ◇ Announcement of Unaudited Quarterly Financial Information
- ◇ Announcement of Audited Annual Financial Information

(ii) Timely Disclosure of Information to the Market

The company must disclose price sensitive information to the market. If the company is in doubt as to what needs to be disclosed, guidance is available from the JSE.

(iii) Payment of JSE Fees

Continuing compliance with the Junior Market Rules

JSE JUNIOR MARKET

Full details of the requirements for admission and on-going compliance for the Junior Market Companies are set out in the Junior Market Rules, which are available on www.jamstockex.com or email communications@jamstockex.com.

The JSE looks forward to discussing the Junior Market with you with a view to bringing you on board. Please visit our website for further information www.jamstockex.com or please email :

communications@jamstockex.com to make an appointment to discuss admission to the Junior Market.



JSE JUNIOR MARKET



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Jamaica Stock Exchange Junior Market

The Jamaica Stock Exchange (JSE) has launched a Junior Market that is designed to encourage and promote investment in Jamaica's entrepreneurship, employment and economic development.

The Junior Market will allow investors to put capital into legitimate small and medium sized companies (SMEs) whose shares trade on a special JSE platform. This represents an exciting opportunity for SMEs to raise capital, and to contribute to the growth and development of the Jamaican economy.

The Junior Market was established as a result of the collaborative efforts of the Government, the Board of the JSE, the Financial Services Authority, and Steering Committee composed of key stakeholders.

Tax advantages for companies on the Junior Market

The Government is supportive of the Junior Market, and it has committed to a special regime of tax incentives for Junior Market companies. Some of the tax incentives are as follows:

- ◇ **A full income tax holiday for the first 5 years of a company's life on the Junior Market**
- ◇ **A half income tax holiday for the second 5 years of a company's life on the Junior Market**
- ◇ **A full tax exemption for investors receiving dividends or other distributions from Junior Market companies**
- ◇ **Full details of the tax incentives, and the conditions that Junior Market companies must meet in order to enjoy them, are available from the JSE.**

Reduced JSE fees for companies on the Junior Market

A company that is admitted to the Junior Market will also benefit from reduced JSE fees, of up to 50% less than those applicable to the JSE's Main Market.

Companies that are eligible to join the Junior Market

In this section, we have highlighted some of the key requirements for companies who want to be admitted to the Junior Market.

1. Public limited company

Each company that wants to join the Junior Market must be incorporated as a public limited company, in Jamaica or else where in the CARICOM region.

2. No association with other listed companies, or prior history of listing

Each company that wants to join the Junior Market must demonstrate to the JSE that (a) it has not been previously listed on the Main Board of the JSE, or on the main trading platform of any other stock exchange, and (b) it is not an "associate" (including a subsidiary) of any such listed company.

3. Initial Public Offering

Each company that wants to join the Junior Market must raise a minimum of J\$50m in new funds in an initial public offering that is made subject to a prospectus. The initial public offering must relate to equity shares, or convertible or other shares that have the characteristics of equity (rather than debt) securities.

4. Minimum and Maximum Capital, and Number of Shareholders

Each company that is admitted to the Junior Market must have stated capital of not less than J\$50m and not more than J\$500m following its initial public offer, and during its life on the Junior Market. In addition, each such company must have at least 25 shareholders holding at least 20% of the issued equity share capital in its first 5 years on the Junior Market, and at least 50 shareholders holding that proportion in its second 5 years on the Junior Market.

5. Appointment of a Mentor

Each company that wants to join the Junior Market must, unless the JSE agrees otherwise, appoint a mentor who will act as a compliance adviser to the Board of Directors. The mentor must be a suitably experienced person, and he must enter into the standard form Mentor Agreement and be approved by the JSE for the purposes of the Company's admission to the Junior Market.

6. Appointment of a Board of Directors

Each company that wants to join the Junior Market must appoint a Board of Directors that is suitably experienced as a collective, to govern and represent the company.

Shelf documents for companies who want to apply to join the Junior Market

The JSE has created a number of standard form shelf documents that are to be filled in by companies who want to join the Junior Market. The shelf documents are intended to be easy to use, and they are set out in the appendices to the Junior Market Rules.

The shelf documents are as follows:

- ◇ **Admission Application**
- ◇ **Admission Agreement**
- ◇ **Declaration for Admission**
- ◇ **Mentor Agreement**
- ◇ **Company minutes (Board of Directors and share Holders) approving the application for admission to the Junior Market**
- ◇ **Sample prospectus for initial public offering**

Companies will still need to take professional advice on the completion of some of the shelf documents (and in particular, on the company meeting minutes, and the prospectus) given their legal importance.

The shelf documents must be submitted to the JSE in draft form at least 21 days before the company's proposed admission date to the Junior Market.

Publication and Availability of Prospectus

- (a) An eligible company shall, for the purposes of initial admission, publish in Jamaica a copy of its prospectus, at least seven (7) days before the initial public offering is open for subscription. Such publication must be effected by uploading the document to the JSE website and by inserting a notice in a national newspaper in daily circulation in Jamaica indicating that the relevant prospectus is available on the JSE website.