



# **Junior Market Rules**

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## **Use of the Junior Market Rules**

**Copyright in the Junior Market Rules belongs to the Jamaica Stock Exchange.**

**The Rules may be used only by companies that are considering admission to, or have already been admitted to, the Junior Market, and their professional advisers. For the purposes of admission, those persons must also take into account any applicable requirements of the Companies Act and the Securities Act, and any legislation or guidelines made thereunder.**

**The Rules may not be used, copied or reproduced by any other persons without the prior permission of the Jamaica Stock Exchange.**

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# Threshold Requirements

## 500. High Level Principles

**Note:** these High Level Principles are a general statement of the standards that eligible companies and Junior Market Companies (as the case may be) are expected to follow for the purposes of admission, and during their time on the Junior Market.

The High Level Principles are supported by the Detailed Requirements that follow. Both the High Level Principles and the Detailed Requirements are equally enforceable by the JSE.

### (1) Eligibility for Initial Admission

A company may be admitted to the Junior Market in the absolute discretion of the JSE, having satisfied the JSE that it:

- (a) is an eligible company;
- (b) is incorporated with limited liability in Jamaica, or in another CARICOM country;
- (c) has never been listed on the Main Exchange or on the main trading platform of any other stock exchange;
- (d) is not an associate of a company listed on the Main Exchange or on the main trading platform of any other stock exchange.

### (2) Method of Admission

For the purposes of initial admission, an eligible company shall issue its participating voting shares by way of an initial public offering in accordance with the requirements set out in Rule 502.

### (3) Mentor Requirements

Unless the JSE agrees otherwise, an eligible company or Junior Market Company (as the case may be) shall at all times have a mentor who complies with the requirements set out in Rule 503.

### (4) Board Level Requirements

An eligible company or Junior Market Company (as the case may be) shall at all times have a Board of Directors that complies with the requirements set out in Rule 504.

### (5) Ongoing Requirements

A [Junior Market Company](#) shall at all times comply with [Rule 505](#) and any other requirements imposed by the [JSE](#) by way of the [Junior Market Rules](#) or otherwise, from time to time.

# Detailed Requirements

## 501. Eligibility for Initial Admission

### (1) Discretion of the JSE

- (a) Initial admission of any eligible company to the Junior Market shall be in the absolute discretion of the JSE.
- (b) For the purposes of (a) above, the JSE may waive or supplement the provisions of certain of these Junior Market Rules as it sees fit.

### (2) Minimum Requirements

No request for the initial admission of any eligible company will be considered by the JSE unless the eligible company has demonstrated to the satisfaction of the JSE that, following its initial public offer:

- (a) it has not less than 25 participating voting shareholders who hold, in aggregate, not less than 20% of the fully paid, subscribed participating voting share capital; and
- (b) the fully paid, subscribed participating voting share capital is not less than J\$50 million and not more than J\$500 million, and such capital is fully paid.

### (3) Associates

Each eligible company must demonstrate to the JSE that it:

- (a) has never been admitted to listing on the Main Exchange, or on the main trading platform of any other stock exchange; and
- (b) is not an associate of any company listed on the Main Exchange, or on the main trading platform of any other stock exchange.

### (4) Other Requirements for Initial Admission

Each eligible company must also provide to the JSE:

- (a) the following Shelf Documents, at least 21 days prior to the proposed initial admission date or as indicated below, each of which must be duly completed to the satisfaction of the JSE:
  - (i) 2 original copies of the Admission Application;
  - (ii) 2 original copies of the Admission Agreement;
  - (iii) 2 original copies of the Declaration for Admission;

- (iv) 2 original copies of the [Mentor Agreement](#);
  - (v) in the case of the [initial public offering](#) to be carried out for the purposes of [initial admission](#):
    - 3 copies of the [prospectus](#), in draft form, no less than 21 days prior to the date of its intended publication in accordance with [Rule 502\(2\)\(b\)](#); and
    - 3 copies of the [prospectus](#), in final form, no less than 2 days prior to the date of its intended publication in accordance with [Rule 502\(2\)\(b\)](#);
  - (vi) specimen certificate for the [participating voting shares](#);
  - (vii) certified copies of the resolutions of both the [Board of Directors](#) and the original shareholders of the [eligible company](#), in the form provided by [Appendix 7](#), approving the proposed [initial admission](#) and the [Shelf Documents](#) required therefor;
  - (viii) within 10 days after the allotment of the [participating voting shares](#) in the [initial public offering](#), a list of [participating voting shareholders](#) certified by the company secretary, confirming the number of [participating voting shares](#) held by each such shareholder, and the fact that such shares are fully paid;
  - (ix) payment of the applicable [Junior Market Fees](#); and
- (b) evidence satisfactory to the [JSE](#), that the [eligible company](#) has met any other requirements that may have been imposed by the [JSE](#) pursuant to these [Rules](#).

## 502. Method of Initial Admission

### (1) Initial Public Offering Only

An [eligible company](#) shall, for the purposes of its [initial admission](#), issue [participating voting shares](#) by way of an [initial public offering](#) subject to a [prospectus](#) seeking a minimum subscription of new shares (or allotment of existing shares) of not less than J\$50 million and not more than J\$500 million only.

### (2) Publication and Availability of Prospectus

- (a) An [eligible company](#) shall, for the purposes of [initial admission](#), publish in Jamaica a copy of its [prospectus](#), not less than 14 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.

- (b) The upload of the prospectus to the **JSE** website shall also indicate where copies of the **prospectus**, and any documents referred to therein, are available for inspection by the public. The **Junior Market Company** may also choose to effect publication by other means (although the latter is not required).

### **(3) Allotment of Participating Voting Shares**

The allotment of **participating voting shares** must comply with the requirements set out in sections 48 to 52 (inclusive) of the **Companies Act** (or any other applicable law).

## **503. Mentor Requirements**

### **(1) Appointment**

- (a) Unless the **JSE** agrees otherwise, an **eligible company** shall, prior to **initial admission**, and at all times during which it is a **Junior Market Company**, have a **mentor** who shall act as a compliance adviser to the **Board** of the **eligible company** or the **Junior Market Company** (as the case may be) in accordance with this **Rule 503**.
- (b) Every proposed **mentor** shall be approved by the **JSE** before his appointment is effective. For this purpose, the **JSE** will have regard to the proposed **mentor's** competence, and such competence shall be demonstrated with reference to the proposed **mentor's**:
  - (i) relevant skills, knowledge and expertise for the purposes of carrying out the responsibilities and functions set out in **Rule 503(2)**; and
  - (ii) demonstrated ability to effectively manage conflicts of interest that may arise between him and the **eligible company** or **Junior Market Company** (as the case may be).
- (c) For the purposes of this **Rule 503(1)**, each proposed **mentor** shall provide the **JSE** with a **Mentor Agreement**, duly completed to its satisfaction.

### **(2) Functions and Responsibilities**

The **mentor** shall:

- (a) in carrying out his functions and responsibilities under this **Rule 503**, at all times:
  - (i) act honestly and in good faith, with a view to the best interests of the **eligible company** or the **Junior Market Company** (as the case may be) and its **participating voting shareholders** and any holders of its other **securities**, as a whole;
  - (ii) act with due skill and care, having regard to:

- the relevant skills, knowledge, and expertise he possesses; and
  - the general level of skills, knowledge and expertise reasonably required of a person carrying out the functions and responsibilities of **mentor**;
- (b) be responsible for advising the **Board** of the **eligible company** or **Junior Market Company** (as the case may be) on the establishment of adequate procedures, systems and controls for the purposes of its compliance with:
- (i) good standards of corporate governance, including but not limited to:
    - the holding of regular **Board** meetings, at least on a quarterly basis, and as appropriate;
    - the establishment of appropriate committees of the **Board** including an **Audit Committee** and a **Remuneration Committee**;
    - the carrying out of appropriate due diligence enquiries by the **eligible company** prior to its **initial admission** to the **Junior Market**;
    - the carrying out of appropriate due diligence enquiries by the **Junior Market Company** prior to its entry into any material transaction, or any proposed further issue of **participating voting shares** or other **securities** with a view to their **admission**;
  - (ii) good fiscal discipline, and **Rule 505(10)** on financial reporting;
  - (iii) the making of public announcements, and **Rule 505(11)** on timely disclosure; and
  - (iv) the **Junior Market Rules** generally;
- (c) at the request of the **JSE**, provide evidence of his capacity to act as **mentor** to the particular **eligible company** or **Junior Market Company** (as the case may be);
- (d) respond promptly to any enquiries that the **JSE** may reasonably make for the purposes of verifying compliance by the **eligible company** or **Junior Market Company** (as the case may be) with the **Junior Market Rules**;
- (e) deal at all times with the **JSE** in an open and co-operative way, and for this purpose, the **mentor** shall disclose to the **JSE** in a timely manner any material information relating to it, or to the **eligible company** or the **Junior Market Company** (as the case may be), concerning non-compliance with the **Junior Market Rules**; and
- (f) not delegate the performance of the functions and responsibilities set out in this **Rule 503** without the prior consent of the **JSE** in writing. Such consent shall not be unreasonably withheld, provided always that the **mentor** shall

retain primary responsibility to the **JSE** and the **Junior Market Company** for the acts and omissions of the person to whom his functions and responsibilities have been delegated.

**(3) Mentor not a shadow director**

- (a) Nothing in this **Rule 503** shall be construed as requiring the **mentor** to:
  - (i) advise the **Board of Directors** on the commercial business of the **eligible company** or the **Junior Market Company** (as the case may be);
  - (ii) make, or participate in the making of, commercial business decisions by the **Board of Directors** of the **eligible company** or the **Junior Market Company** (as the case may be); or
  - (iii) act in the capacity of a member of the Board of the **eligible company** or the **Junior Market Company** (as the case may be).
- (b) For the avoidance of doubt, the **mentor** shall act only be required to act as a compliance adviser to the **Board** of the **eligible company** or the **Junior Market Company** (as the case may be) and the **mentor** shall not be construed as a shadow director for the purposes of the **Companies Act** (or any other applicable law).

## **504. Board Level Requirements**

**(1) Establishment**

- (a) An **eligible company** shall, prior to its **initial admission**, and at all times during which it is a **Junior Market Company**, have a **Board of Directors** that has an appropriate level of skill and experience as a collective, having regard to the need of such **Board** to:
  - (i) represent the **eligible company** or **Junior Market Company** (as the case may be);
  - (ii) carry on the commercial business of the particular **eligible company** or **Junior Market Company** (as the case may be); and
  - (iii) ensure that the **eligible company** or **Junior Market Company** (as the case may be) complies with the **Junior Market Rules**.
- (b) The **Board of Directors** referred to in **Rule 504(1)** shall include at least 2 independent non-executive Directors.

**(2) Responsibilities and Functions**

The **Board of Directors** referred to in **Rule 504(1)** shall:

- (a) act with due skill and care to:

- (i) promote the commercial business of the [eligible company](#) or [Junior Market Company](#) (as the case may be);
- (ii) ensure the compliance of the [eligible company](#) or [Junior Market Company](#) (as the case may be) with the [Junior Market Rules](#) and all other applicable legal requirements;
- (iii) establish adequate procedures, systems and controls for the purposes of compliance by the [eligible company](#) or [Junior Market Company](#) (as the case may be) with:
  - the good standards of corporate governance referred to in Rule 503(b)(i);
  - good fiscal discipline, and [Rule 505\(10\)](#) on financial reporting;
  - the making of public announcements, and [Rule 505\(11\)](#) on timely disclosure; and
  - the [Junior Market Rules](#) generally;
- (b) establish an [Audit Committee](#) and a [Remuneration Committee](#) that, in each case, has a majority of independent, non-executive [Directors](#) as its members;
- (c) respond promptly to any enquiries that the [JSE](#) may reasonably make for the purposes of verifying compliance by the [eligible company](#) or [Junior Market Company](#) (as the case may be) with the [Junior Market Rules](#); and
- (d) deal at all times with the [JSE](#) in an open and co-operative way, and for this purpose, the [Board](#) shall disclose to the [JSE](#) in a timely manner any material information concerning non-compliance with the [Junior Market Rules](#) by the [eligible company](#) or [Junior Market Company](#) (as the case may be).

## 505. Ongoing Requirements

### (1) Compliance Generally

A [Junior Market Company](#) shall at all times be subject to, and shall comply with:

- (a) the ongoing requirements set out in this [Rule 505](#); and
- (b) any other requirements imposed by the [JSE](#) under the [Junior Market Rules](#).

### (2) Maintenance of Eligible Company Status

A [Junior Market Company](#) shall at all times maintain its status as an [eligible company](#).

**(3) Articles of Incorporation**

Unless the JSE agrees otherwise, the Articles of Incorporation of the eligible company or Junior Market Company (as the case may be) must comply with the requirements of Part One of Appendix 2.

**(4) Mentor**

Unless the JSE agrees otherwise, each Junior Market Company shall at all times comply with the requirements for a mentor set out in Rule 503.

**(5) Board of Directors**

Each Junior Market Company shall at all times comply with the requirements for the Board of Directors set out in Rule 504.

**(6) Number of Participating Voting Shareholders**

The Junior Market Company shall:

- (a) in the first 5 years (inclusive) following its initial admission to the Junior Market, have at all times not less than 25 participating voting shareholders who hold, in aggregate, not less than 20% of the fully paid, subscribed participating voting share capital; and
- (b) in years 6 to 10 (inclusive) following its initial admission to the Junior Market, have, at all times, not less than 50 participating voting shareholders who hold, in aggregate, not less than 20% of the fully paid, subscribed participating voting share capital.

**(7) Requirements for Participating Voting Share Capital**

- (a) The Junior Market Company shall at all times ensure that the fully paid, subscribed participating voting share capital that has been admitted is not less than J\$50 million and not more than J\$500 million, and that such capital is fully paid.
- (b) When the subscribed participating voting share capital that has been admitted exceeds J\$500m the Junior Market Company shall be required to discuss its eligibility to remain on the Junior Market with the JSE. The Junior Market Company may elect to remain on the Junior Market with the consent of the JSE but, after making such election, it shall be required to pay the listing fees applicable to companies listed on the Main Exchange. Alternatively, the Junior Market Company may elect to graduate to the Main Exchange.
- (c) The Junior Market Company shall at all times comply with the requirements of Rule 501(3).

**(8) Further Issues**

- (a) Pre-emption Rights: Further Issues of Participating Voting Shares
- (i) Subject to paragraph (ii) of this [Rule 505\(8\)\(a\)](#), if after the [initial public offering](#) for the purposes of [initial admission](#), a [Junior Market Company](#) decides to issue further [participating voting shares](#) that are to be the subject of an application for [admission](#), such [shares](#) must be issued on a pre-emptive basis to the existing [participating voting shareholders](#), in proportion to their holding and at the same price and on the same terms as such shares are offered to others, unless the relevant holders have sanctioned, by way of [ordinary resolution](#) in general meeting, a further issue without regard to their pre-emptive rights.
- (ii) A [Junior Market Company](#) need not comply with paragraph (i) of this [Rule 505\(8\)\(a\)](#) if the relevant [participating voting shares](#) are to be issued for consideration other than cash, or pursuant to the exercise of conversion privileges, options or rights previously granted by the [Junior Market Company](#).
- (b) Further Issues of Other Securities
- (i) After the [initial public offering](#) for the purposes of [initial admission](#), a [Junior Market Company](#) may issue other [securities](#) with a view to their [admission](#), subject always to paragraph (ii) of this [Rule 505\(8\)\(b\)](#) and also, to paragraphs (c), (d), and (e) below.
- (ii) Any such [securities](#) in the nature of loan or debt capital must be issued in compliance with paragraph (5) of Part 2 of [Appendix 2](#).
- (c) Methods
- (i) Subject to [Rule 505\(8\)\(a\)](#), a [Junior Market Company](#) may issue newly created, or existing, [participating voting shares](#) or any other [securities](#) with a view to their [admission](#) using any of the following methods (or any combination thereof):
- [rights issue](#)
  - [capitalization issue](#)
  - [placing](#)
  - [offer for subscription](#)
  - [offer for sale](#)
  - [offer by tender](#).
- (ii) Any further issue of [participating voting shares](#) or other [securities](#) made by a [Junior Market Company](#) under this paragraph (c) of [Rule 505\(8\)](#) with a view to their [admission](#) shall comply with the provisions of Part 2 of [Appendix 2](#) (as applicable).
- (d) Whole Class to be Admitted, etc.

- (i) Subject to paragraph (ii), a **Junior Market Company** may create and issue a further class of **participating voting shares** or other **securities**, in accordance with the relevant provisions of the **Companies Act** (or any other applicable law).
- (ii) Any further issue of **participating voting shares** or other **securities** made by a **Junior Market Company** that corresponds to a class of **participating voting shares** or other **securities** that has already been **admitted** must also be the subject of an application to the **JSE** for **admission** made in accordance with paragraph (e) of this **Rule 505(8)**.

(e) Application for Admission – Further Issues

A **Junior Market Company** that makes a further issue of **participating voting shares** or other **securities** with a view to their **admission** must submit the following documents to the **JSE**:

- (i) the following **Shelf Documents**, at least 21 days prior to the proposed **admission** date (or as indicated below), each of which must be duly completed to the satisfaction of the **JSE**:
  - 2 original copies of the **Admission Application**;
  - in the case of a further issue of **participating voting shares** or **securities** that have not previously been **admitted**, 2 original copies of the **Admission Agreement**;
  - 2 original copies of the **Declaration for Admission**;
  - any **prospectus**, circular, memorandum or other document relevant to the further issue:
    - in draft form no less than 21 days prior to its intended publication and issue in accordance with **Rule 502(2)(b)**;
    - in final form of no less than 2 days prior to its intended publication and issue in accordance with **Rule 502(2)(b)**;
  - specimen certificate in respect of the **participating voting shares** or other **securities**;
  - certified copies of the resolutions of both the **Board of Directors** and the **participating voting shareholders** of the **Junior Market Company**, approving the proposed **admission** and the **Shelf Documents** required therefor;
  - within 10 days after the allotment of the **participating voting shares** or other **securities**, a list of **allottees** certified by the

company secretary, confirming the number of [participating voting shares](#) or [securities](#) held by each of them, and the fact that such [shares](#) or [securities](#) are fully paid; and

- the applicable [Junior Market Fees](#).

- (ii) evidence satisfactory to the [JSE](#), that the [eligible company](#) has met any other requirements that may have been imposed by the [JSE](#) pursuant to these [Rules](#).

## **(9) Repurchase of Participating Voting Shares**

A [Junior Market Company](#) may repurchase or otherwise acquire any [admitted participating voting shares](#) or other [securities](#) previously issued by it, in accordance with the [Companies Act](#) or other applicable legislation, provided always that:

- (a) the [Articles of Incorporation](#) allow the [Junior Market Company](#) to do so;
- (b) such repurchase or acquisition is made by way of [self tender offer](#) or [open market repurchase](#) in accordance with the provisions of Part 3 of [Appendix 2](#).

## **(10) Financial Reporting**

A [Junior Market Company](#) shall at all times comply with the provisions of Part 4 of [Appendix 2](#) as regards financial reporting.

## **(11) Timely Disclosure**

A [Junior Market Company](#) shall at all times comply with the provisions of Part 5 of [Appendix 2](#) as regards timely disclosure of information.

## **(12) Takeovers, Mergers and Amalgamations**

- (a) Subject to paragraph (b) of this [Rule 505\(12\)](#) a [Junior Market Company](#) may be taken over by any other [Junior Market Company](#) or person, or merge or amalgamate with, another [Junior Market Company](#) or person.
- (b) No later than the day prior to any announcement of any takeover, merger, or amalgamation of a [Junior Market Company](#) by another [Junior Market Company](#) or other person, any [Junior Market Company](#) involved in such takeover, merger or amalgamation shall make application to the [JSE](#) to suspend trading in its [admitted participating voting shares](#) and other [admitted securities](#) in accordance with paragraph (b) of [Rule 505\(14\)](#), pending the following:
  - (i) in the case of a takeover of a [Junior Market Company](#) by another [Junior Market Company](#) or other person, or a merger of a [Junior Market Company](#) with another such [Company](#) or other person, evidence of compliance by any [Junior Market Company](#) involved with the provisions of Part 6 of [Appendix 2](#), and the [Securities Act](#) (Take-

overs and Mergers) Regulations 1999 (as amended from time to time), the [Companies Act](#) (or any other applicable law); or

- (ii) in the case of a merger or amalgamation of a [Junior Market Company](#) with another [Junior Market Company](#) or other person, evidence of compliance by any [Junior Market Company](#) involved with the relevant provisions of Part 6 of Appendix 2, and the [Companies Act](#) or any other applicable law; and
- (iii) the making of a fresh application for admission by the acquiring or surviving [Junior Market Company](#) (as the case may be) in accordance with [Rules 500\(1\), \(3\),\(4\), and \(5\)](#), and [Rules 501, 503 and 504](#).

### **(13) Junior Market Fees**

A [Junior Market Company](#) shall be required to pay the [Junior Market Fees](#) in a timely manner.

### **(14) Delisting or Suspension**

#### **(a) Delisting or Suspension By the JSE**

The [JSE](#) may, in its absolute discretion, delist or suspend trading of the [admitted participating voting shares](#) and other [admitted securities](#) of a [Junior Market Company](#), for any of the following reasons:

- (i) if the [Junior Market Company](#) fails or ceases to comply with any of the requirements of the [Admission Agreement](#), or any of the statements made in the [Declaration for Admission](#), or this [Rule 505](#);
- (ii) if in the opinion of the [JSE](#) the [Junior Market Company](#) has engaged in conduct that has adversely affected the reputation of the [Junior Market](#), or the market in its [admitted participating voting shares](#) or other [admitted securities](#); or
- (iii) if no application has been made by the [Junior Market Company](#) involved in accordance with paragraph (b) of this [Rule 505\(14\)](#), on the announcement of a takeover, merger or amalgamation involving a [Junior Market Company](#).

#### **(b) Delisting or Suspension on Application by the Junior Market Company**

A [Junior Market Company](#) may make application to the [JSE](#) to delist or to suspend trading in its [admitted participating voting shares](#) and other [admitted securities](#). Any such application must be:

- (i) made to the [JSE](#) in writing, setting out the detailed reasons for seeking the delisting or suspension; and
- (ii) accompanied by a certified copy of the resolution of the [Board of](#)

Directors authorizing the application for delisting or suspension.

(c) Delisting or Suspension Generally

- (i) In the event of a delisting or suspension of trading of the **admitted participating voting shares** or other **admitted securities** of a **Junior Market Company**, for whatever reason, no portion of the **Junior Market Fees** are refundable.
- (ii) However, if during the calendar year of delisting or suspension of trading of the **admitted participating voting shares** or other **admitted securities** of a **Junior Market Company** such shares are re-listed, or the relevant suspension is lifted, no further **Junior Market Fees** are payable for the balance of that calendar year.

# Appendix 1

## Definitions

<b>admission</b>	means admission of the <a href="#">participating voting shares</a> or other <a href="#">securities</a> of an <a href="#">eligible company</a> to trading on the <a href="#">Junior Market</a> , in each case, after <a href="#">initial admission</a>  and the term “ <b>admitted</b> ” shall be construed accordingly
<b>Admission Agreement</b>	means the document set out in <a href="#">Appendix 4</a>
<b>Admission Application</b>	means the document set out in <a href="#">Appendix 3</a>
<b>annual report</b>	means the report of the <a href="#">Board of Directors</a> that accompanies the <a href="#">financial statements</a> in respect of a <a href="#">reporting year</a>
<b>Appendix</b>	means an Appendix to the <a href="#">Junior Market Rules</a>
<b>Articles of Incorporation</b>	the articles of incorporation, bye-laws, articles of association or similar constitutional document, which has the effect of regulating the business of the <a href="#">Junior Market Company</a> as between it and the holders of its <a href="#">participating voting shareholders</a> and other <a href="#">securities</a>
<b>Associate</b>	means, in relation to a company ‘X’:  (a) a subsidiary of ‘X’; or (b) a holding company of ‘X’; or (c) a company that shares the same holding company as ‘X’,  and the terms “subsidiary” and “holding company” shall have the meanings given to them by section 151 of the <a href="#">Companies Act</a>
<b>Audit Committee</b>	means a committee of the <a href="#">Board of Directors</a> comprising a majority of independent non-executive <a href="#">Directors</a> that is responsible for reviewing and recommending for approval the audited <a href="#">financial statements</a> of the <a href="#">Junior Market Company</a>

<b>auditor's report</b>	means the report of the auditors of the <b>Junior Market Company</b> required by section 157 of the <b>Companies Act</b> in respect of a <b>reporting year</b>
<b>Board, Board of Directors</b>	means the board of directors of the <b>Junior Market Company</b>
<b>capitalization issue</b>	means an issue of <b>participating voting shares</b> or other <b>securities</b> by the <b>Junior Market Company</b> to their existing holders that is made by way of a bonus or in lieu of any distribution, in each case, in proportion to such holders' respective holdings of <b>participating voting shares</b> or other <b>securities</b>
<b>Companies Act</b>	means the Companies Act of Jamaica 2004 and any legislation made thereunder, as they may be amended from time to time
<b>connected persons</b>	in relation to a <b>Director</b> , means:  (a) his wife, or her husband; (b) his or her minor child; (c) the <b>Junior Market Company</b> ; (d) any company with respect to which the director is an "associated person" of the <b>Junior Market Company</b> ,  and the term "associated person" shall have the meaning given to it by section 3 of the <b>Securities Act</b>
<b>Declaration for Admission</b>	means the document at <b>Appendix 5</b>
<b>Definitions</b>	means the definitions set out in this <b>Appendix 1</b>
<b>Detailed Requirements</b>	means the detailed requirements set out in <b>Rules 501 to 505</b> , inclusive of any relevant <b>Appendices</b>
<b>Director</b>	a member of the <b>Board of Directors</b>
<b>eligible company</b>	means a company that is eligible for <b>admission</b> , being a company that satisfies the requirements of The Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice 2009 that are

	applicable to it
<b>financial statements</b>	means the financial statements required to be issued by a company under the <a href="#">Companies Act</a> , including a balance sheet, profit and loss account, statement of changes in financial position, statement of changes in equity, and the integral notes thereto
<b>High Level Principles</b>	means the high level principles set out in <a href="#">Rule 500</a>
<b>initial admission</b>	means the initial admission of the <a href="#">participating voting shares</a> of an <a href="#">eligible company</a> to trading on the <a href="#">Junior Market</a> following the <a href="#">initial public offer</a>
<b>initial public offer</b>	means an offer of <a href="#">participating voting shares</a> made by way of an offer to the public, and “offer to the public” shall have the meaning given to it by section 55 of the <a href="#">Companies Act</a>
<b>JSCD Registrars</b>	means the Jamaica Central Securities Depository acting as a registrar, clearing agent, etc.
<b>JSE</b>	means the Jamaica Stock Exchange or any duly appointed committee or representative thereof
<b>Junior Market</b>	means the junior market platform of the <a href="#">JSE</a> for the trading of the <a href="#">participating voting shares</a> or other <a href="#">securities</a> of <a href="#">eligible companies</a>
<b>Junior Market Company</b>	means an <a href="#">eligible company</a> that has successfully applied for <a href="#">admission</a> to the <a href="#">Junior Market</a>
<b>Junior Market Fees</b>	means the schedule of fees set out in Part 7 of <a href="#">Appendix 2</a>
<b>Junior Market Rule(s)</b>	means the <a href="#">Definitions</a> , and the <a href="#">High Level Principles</a> , and the <a href="#">Detailed Requirements</a> , and the <a href="#">Appendices</a> , and any Guidance Notes, as each of them may be amended from time to time

<b>Main Exchange</b>	means the main trading platform of the <b>JSE</b>
<b>mentor</b>	means a <b>person</b> who is appointed by an <b>eligible company</b> or <b>Junior Market Company</b> (as the case may be) pursuant to <b>Rules 500(3) and 503</b>
<b>Mentor Agreement</b>	means the document at <b>Appendix 6</b>
<b>offer for subscription</b>	an offer of newly issued <b>participating voting shares</b> or other <b>securities</b> , that is to the public (or otherwise) at a fixed price
<b>offer for sale</b>	an offer of existing <b>participating voting shares</b> or other <b>securities</b> , that is made to the public (or otherwise) at a fixed price
<b>offer by tender</b>	an offer of newly issued or existing <b>participating voting shares</b> or other <b>securities</b> , that is made to the public (or otherwise), by way of tender
<b>open market repurchase</b>	means the repurchase by a <b>Junior Market Company</b> of its <b>participating voting shares</b> , or other <b>securities</b> on a certain date, at the current <b>Junior Market</b> value of such <b>shares</b>
<b>ordinary resolution</b>	means a resolution of the <b>participating voting shareholders</b> passed in a general meeting, that has been approved by more than 50% of such <b>shareholders</b> attending the general meeting
<b>participating voting share</b>	means:  (a) ordinary shares or stock, or  (b) preference shares or stock, or  (c) any other shares or stock that are convertible into ordinary shares or stock,  in each case, having the characteristics of equity rather than debt securities, and carrying rights to vote and to participate in the capital of the <b>eligible company</b> or <b>Junior Market Company</b> (as the case may be)
<b>participating voting share capital</b>	the equity capital of the <b>eligible company</b>

	or <b>Junior Market Company</b> (as the case may be) represented by the <b>participating voting shares</b> it has issued
<b>participating voting shareholder(s)</b>	means the holders from time to time of the <b>participating voting shares</b>
<b>person</b>	means a natural person or legal body corporate
<b>placing</b>	an offer of <b>participating voting shares</b> or other <b>securities</b> made to a selected group of persons, by (or on behalf of) the <b>Junior Market Company</b>
<b>prospectus</b>	means a document whose form complies with the applicable provisions of the <b>Companies Act</b> (including, where applicable, the requirement to provide an additional statement lieu of <b>prospectus</b> ) and the <b>Securities Act</b> , a template for which is set out in <b>Appendix 8</b>
<b>Remuneration Committee</b>	means a committee of the <b>Board of Directors</b> comprising a majority of independent non-executive <b>Directors</b> that is responsible for reviewing and recommending for approval, the remuneration arrangements of the <b>Directors</b> and senior officers of the <b>Junior Market Company</b>
<b>reporting quarter</b>	means each 3 month period of the <b>reporting year</b> of the <b>Junior Market Company</b>
<b>reporting year</b>	means the 12 month period in which the <b>Junior Market Company</b> reports for the purposes of its <b>financial statements</b> , and for which it issues its <b>annual report</b>
<b>rights issue</b>	means an offer to issue <b>participating voting shares</b> or other <b>securities</b> made by a <b>Junior Market Company</b> to the existing holders, that is made in proportion to their respective holdings
<b>Rule</b>	means a <b>Junior Market Rule</b>
<b>securities</b>	means any securities save for <b>participating voting shares</b> which have the

	characteristics of debt rather than equity securities
<b>Securities Act</b>	means the Securities Act of Jamaica, including any legislation or Guidelines made thereunder, as each of them may be amended from time to time
<b>self tender offer</b>	an offer by a <b>Junior Market Company</b> to the <b>participating voting shareholders</b> to repurchase or otherwise acquire its own <b>participating voting shares</b> , on specified terms
<b>Shelf Document</b>	the <b>Admission Application, Admission Agreement, Declaration for Admission, Mentor Agreement, prospectus</b> , the Board and Shareholder Minutes set out in <b>Appendix 7</b> , and the Specimen Certificate set out in <b>Appendix 9</b>

## General Interpretation

### In these Rules, unless the context requires otherwise:

- any reference to the consent or agreement of the JSE shall be taken to mean its provision of such consent or agreement in writing only;
- any reference to a statute, law or any provision thereof is a reference to that statute or law or provision as amended or re-enacted at the relevant time;
- any reference to a person includes any body corporate, unincorporated association, partnership or any other legal entity;
- words importing the singular include the plural and vice versa; and
- words importing any gender include any other gender.

The headings in these Rules are for convenience only and shall not affect their interpretation.

The Appendices and any Guidance Notes are included in, and form an integral part of, the Rules.

**For ease of reference, all defined terms used in the Rules are set out in blue text.**

# Appendix 2

## Ongoing Requirements

### Part One – Requirements for Articles of Incorporation

Unless otherwise agreed by the JSE the Articles of Incorporation of the eligible company or Junior Market Company (as the case may be) (here, the “company”) must conform with the provisions of this Part One of Appendix 2.

#### (1) Transfers and Registration

- (a) Transfer forms and other documents affecting the title to any of the admitted participating voting shares or other admitted securities of the company shall be registered free of any fee.
- (b) Fully-paid admitted participating voting shares or other admitted securities of the company shall be free from any restriction on the right of transfer.
- (c) Where power is taken to limit the number of holders of admitted participating voting shares or other admitted securities in a joint account, such limit shall not prevent the registration of a maximum of four persons.
- (d) The closing of the registers shall be discretionary.
- (e) Transfers shall be certified against definitive certificates lodged.

#### (2) Definitive Certificates

- (a) All certificates for admitted participating voting shares or other admitted securities of the company shall be under the common seal, which shall be affixed with the authority of the Board of Directors only.
- (b) All certificates for participating voting shares, admitted participating voting shares or other admitted securities of the company shall be complete and ready for delivery within thirty (30) days of lodgment of the relevant transfer and certificate(s).

#### (3) Dividends

Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until twelve (12) years or more after the date of declaration of the dividend.

#### (4) Directors

Notice to the company of the intention to propose a person for election as a Director, and notice to the company by such person of his willingness to be elected, shall be

given not less than 7 days or more than 14 days before the date of the meeting to be called for the purposes of such election.

(5) Financial Statements and Annual Report

A printed copy of the [financial statements](#) and the [annual report](#) of each [company](#) shall be delivered or sent to the address of every [participating voting shareholder](#) and holder of [securities provided to the Junior Market Company for that purpose](#), not less than 21 days in advance of any general meeting called for the purposes of laying or approving such documents.

(6) Voting Rights

- (a) Adequate voting rights are in appropriate circumstances secured to the holders of [admitted participating voting shares](#) and any other [admitted securities](#).
- (b) The quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any or all of the [participating voting shareholders](#) shall be at least one-third of the issued [participating voting shares](#) of the relevant class.

(7) Notices

Where power is taken to give notice or to make any announcement by advertisement, such advertisement shall be inserted in a national newspaper in daily circulation in Jamaica.

(8) Proxies

- (a) Where provision is made as to the form of proxy this must be so worded as to entitle and enable the member to direct the proxy to vote either for or against each resolution.
- (b) A corporation may execute a form of proxy under the hand of a duly authorized officer.

## Part 2 – Requirements for Further Issues

(1) Rights Issues and Capitalization Issues

- (a) Unless arrangements to the contrary have been specifically approved by way of an [ordinary resolution](#) of the [participating voting shareholders](#) any offer of [participating voting shares](#) made by a [Junior Market Company](#) with a view to their [admission](#) shall be made on a pre-emptive basis, by way of rights, and:
  - (i) in accordance with the [Companies Act](#) or any other applicable law;
  - (ii) by way of a circular and such circular shall include, if appropriate, a renunciation letter or other negotiable document.

- (b) unless arrangements to the contrary have been specifically approved by way of an [ordinary resolution](#) of [participating voting shareholders](#), any [participating voting shares](#) not subscribed by the holders to whom they have been offered by way of rights should be dealt with by whichever of the following methods is considered appropriate in the circumstances:
- (i) sale for the benefit of the entitled holder; or
  - (ii) offer to existing holders by provision of application forms for excess [participating voting shares](#); or
  - (iii) sale for the benefit of the [Junior Market Company](#).
- (c) A [Director](#) of the [Junior Market Company](#) is not permitted to subscribe for any excess [participating voting shares](#) not subscribed for by the holders to whom they have been offered by way of rights, other than in respect of his personal entitlement (if any) as such a holder.
- (d) Air mail must always be used for communication of offers to holders of [participating voting shares](#) who are resident outside of Jamaica, in jurisdictions where it is legally permissible to communicate such offers.
- (e) If a holder of a [participating voting share](#) is entitled to any fraction of such a [share](#) by way of rights, that fraction must be sold for his benefit unless the maximum fractional entitlement is small in which case it may, if the [JSE](#) agrees, be sold for the benefit of the [company](#), provided that the [Articles of Incorporation](#) so allow or it is approved by [ordinary resolution](#) of the relevant holders in general meeting.
- (f) [Junior Market Companies](#) that are incorporated in countries where there are no statutory or other requirements giving pre-emptive rights to the holders of a [participating voting share](#) will not be required to comply with this Part 2(1) of [Appendix 2](#). The [JSE](#) will, however, require such [companies](#) to undertake that any further issues of such [shares](#) for cash will not be made on terms likely to detract significantly from the value of the interest of such holders. [Companies](#) entering into such an undertaking will be required to include a statement in any [prospectus](#), and in any [financial statements](#) and [annual report](#) they issue, drawing attention to the fact that no pre-emptive rights exist for the holders of [participating voting shares](#).

(2) Placing

Any offer of [participating voting shares](#) or any other [securities](#) made by a [Junior Market Company](#) with a view to their [admission](#) by way of a [placing](#) shall be made by way of memorandum or similar agreement between such [Company](#) and the buyer.

For the avoidance of doubt, any placing of [participating voting shares](#) shall also be approved by an [ordinary resolution](#) of the [participating voting shareholders](#) for the purposes of the dis-application of the pre-emption rights discussed at paragraph (1)(a) of this Part 2 of [Appendix 2](#).

(3) Offer for Subscription or Sale

Any offer of [participating voting shares](#) or any other [securities](#) made by or on behalf of a [Junior Market Company](#) with a view to their [admission](#), by way of an [offer for subscription](#) or an [offer for sale](#), shall normally be made by way of a [prospectus](#).

For the avoidance of doubt, any such offer of [participating voting shares](#) that is not made on a pre-emptive basis as discussed at paragraph (1)(a) of this Part 2 of [Appendix 2](#) shall be approved by an [ordinary resolution](#) of the [participating voting shareholders](#) for the purposes of the dis-application of the said pre-emption rights.

(4) Offer by Tender

Any offer of [participating voting shares](#) or any other [securities](#) made by or on behalf of a [Junior Market Company](#) with a view to their [admission](#), by way of an [offer for tender](#), shall normally be made subject to a [prospectus](#).

For the avoidance of doubt, any such offer of [participating voting shares](#) that is not made on a pre-emptive basis as discussed at paragraph (1)(a) of this Part 2 of [Appendix 2](#) shall be approved by an [ordinary resolution](#) of the [participating voting shareholders](#) for the purposes of the dis-application of the said pre-emption rights.

(5) Trust Deeds or other Documents Securing or Constituting Securities Issued by the Junior Market Company as Debt or Loan Capital

Unless otherwise agreed by the [JSE](#), any trust deeds or other documents securing or constituting [securities](#) in the nature of debt or loan capital must contain the following provisions:

- (i) There must be a sole trustee or a panel of trustees approved by the [JSE](#).
- (ii) The trustee(s) must be a trust company or commercial bank or other organisation whose business includes acting as trustee and such company, commercial bank organisation or trustee must have no conflict of interest in relation to the [Junior Market Company](#) issuing the relevant [securities](#).
- (iii) In the event any office of the trustee(s) becomes vacant, a new trustee appointed under any statutory or other power must, prior to appointment, be approved by an extraordinary resolution of the holders of the relevant class of [securities](#). Any existing appointment of trustee(s) under any trust deed or equivalent arrangement in existence at the 30th day of June 1971 providing for such appointment shall not be affected by this paragraph and shall be deemed to satisfy its requirements provided that the [JSE](#) is notified of it.
- (iv) Trust deeds or other corresponding documents must contain provisions to the following effect:

Redemption

- Where power is reserved to purchase a [security](#):

- purchases not made through the market or by tender shall be limited to a maximum price; and
- if purchases are by tender, tenders shall be available to all holders of all securities of the relevant class on an equal basis.
- Where the outstanding amount of a [security](#) subject to redemption by drawing of lots is not less than \$500,000, the lots into which the issue is to be divided for the purpose of a redemption drawing shall be not more than \$250,000 unless division into larger lots is specifically required by the terms of such [security](#), but in any event shall not be more than \$2,500,000.
- Where a [security](#) is repayable on a particular date the year of redemption shall be indicated on the title of the [security](#).
- Where a [security](#) may be repaid within a fixed period that period shall be indicated on the title by the inclusion of the first and last years of the period.
- Where a [security](#) is to be irredeemable that [security](#) shall be described as such.

#### Conversion Rights

- During the existence of conversion rights:
  - unless provision is made for appropriate adjustment of the conversion rights, the [Junior Market Company](#) shall be precluded (subject to such specified exceptions referred to in the terms of issue as may be approved by the [JSE](#)) from effecting any reduction of capital involving repayment of capital or reduction of uncalled liability or making any capital distribution;
  - the creation or issue of any new class of [participating voting share capital](#) shall be prohibited or restricted within such specified limits referred to in the terms of issue;
  - no capitalisation of profits or reserves shall be effected except in [participating voting shares](#) and/or [securities](#) of the appropriate class and in that case the conversion rights shall be appropriately adjusted;
  - if the [Junior Market Company](#) gives [participating voting shareholders](#) any offer or right to subscribe for [participating voting shares](#) or [securities](#) issued by it or any other company then, unless provision is made for appropriate adjustments of

the conversion rights, the **Junior Market Company** shall at the same time make or give to the holders of the convertible securities the like offer or right having regard to their conversion rights;

- in the event of voluntary liquidation of the **Junior Market Company** except for the purpose of reconstruction or amalgamation on terms previously approved by the trustee(s) or by an extraordinary resolution of the holders of the relevant convertible securities, the holders shall for a limited period have rights equivalent to conversion;
- the **Junior Market Company** shall maintain at all times sufficient unissued capital to cover all outstanding conversion rights;
- where provision is made enabling the **Junior Market Company** at its option to repay or convert the security, if a specified proportion of the security has been converted, such right shall apply to the whole security outstanding and shall only be exercisable if notice of intention of such exercise is given within one (1) month after the expiration of those conversion rights which were at the holder's option; and
- all necessary allotments of participating voting shares consequent upon a conversion shall be effected not later than fourteen (14) days after the last date for lodging notices of conversion.

#### Notice to Holders

- Holders of convertible securities should be given not less than four (4) or more than six (6) weeks' notice in writing prior to the end of each conversion period reminding them of the conversion right then arising or current and stating the relative basis of conversion after taking into account any required adjustments.
- The designation of the security shall include the word "convertible", until the expiration of conversion rights.

#### Meeting and Voting Rights

- Not less than twenty-one (21) days' notice shall be given of a meeting for the purpose of the passing of any extraordinary resolution.
- A meeting of holders of any class of securities must be called on a requisition in writing signed by holders of at least 10% of the nominal amount of that class of securities for that time being outstanding.
- The quorum for a meeting (other than an adjourned meeting) held for

the purpose of passing an extraordinary resolution shall be the holders of at least 50% of the nominal amount of outstanding [securities](#) of the class in question.

- The necessary majority for passing an extraordinary resolution shall be not less than 75% of the persons voting there on a show of hands and if a poll is demanded then not less than 75% of the votes given on such a poll.
- On a poll, each holder of [securities](#) shall be entitled to at least one (1) vote in respect of each of these amounts held by him that represents the lowest denomination of such [securities](#) that can be transferred.
- A proxy need not be a holder of the [securities](#).

#### Transfers and Registration

- Transfers and other documents relating to or affecting the title to any [securities](#) shall be registered without payment of any fee.
- The closing of the registers shall be discretionary.

#### Definitive Certificates

- On any repayment of part of the amount due on the [security](#), unless a new document is issued, a note of such payment shall be made by formal inscription (not endorsement) of the document.
- All certificates for capital shall be complete and ready for delivery within ten (10) days of lodgment of transfer.
- In the case of [securities](#) in the name of the [JCSD Registrars](#) as nominee, statements of account for capital shall be complete and ready for delivery within 10 days of lodgement of transfer.

#### Securities generally

- In the case of [securities](#) which are not secured, the same shall be clearly marked "Unsecured".
- The designation of [securities](#) shall not include the word "Mortgage" unless they are secured to a substantial extent by a specific mortgage or charge.

#### Unclaimed Interest

- Where power is taken to forfeit unclaimed interest, that power shall not be exercised until twelve (12) years or more after the due date of payment of the interest.

## Part 3 – Requirements for Repurchase of Participating Voting Shares or other Securities

- (1) A **Junior Market Company** may repurchase or otherwise acquire any **admitted participating voting shares** or other **admitted securities** previously issued by it, provided that such repurchase or acquisition is made by way of **self tender offer** or **open market repurchase** in accordance with the provisions of this Part 3 of **Appendix 2**.
- (2) The **Junior Market Company** shall give the **JSE** not less than 21 days' prior notice in writing of the intended repurchase or acquisition.
- (3) The **Junior Market Company** shall make a **self tender offer** to the holders of its **admitted participating voting shares** or other **admitted securities** by way of a circular.
- (4) The **Junior Market Company** shall instruct **JCS D Registrars** to open a segregated account in its name for the purposes of the repurchase or acquisition.
- (5) The **Junior Market Company** shall give the **JSE** notice in writing not more than 10 days after it has completed the repurchase or acquisition, and such notice shall include the following details:
  - (a) the purpose of the repurchase or acquisition;
  - (b) the method of the repurchase or acquisition, e.g. **self tender offer** or **open market repurchase**;
  - (c) the maximum number of **admitted participating voting shares** or other **admitted securities** the **Junior Market Company** had planned to repurchase or acquire, and the actual number of such **shares** or **securities** that were purchased or acquired;
  - (d) the effective date of the repurchase or acquisition;
  - (e) the price or other consideration to be provided by the **Junior Market Company** for the repurchase or acquisition;
  - (f) the source of funding; and
  - (g) confirmation that, following the repurchase or acquisition, the **Junior Market Company** remains compliant with **Rule 505**.

## Part 4 – Requirements for Financial Reporting

A **Junior Market Company** shall at all times comply with the following requirements for periodic financial reporting set out in this Part 4 of **Appendix 2**:

- (1) Quarterly Financial Statements

- (a)
  - (i) Subject to paragraph (ii), a **Junior Market Company** shall submit to the **JSE** two (2) copies of its **financial statements** for each **reporting quarter** of the **reporting year** either in unaudited form within 45 days of the end of the **reporting quarter** to which the **financial statements** relate, or in audited form within 60 days of the end of such quarter.
  - (ii) A **Junior Market Company** has the option, in the case of its fourth **reporting quarter**, to submit its financial statements in respect of that quarter to the **JSE** in unaudited form within 45 days of the end of such quarter, or in audited form within 90 days of the end of such quarter.
  - (iii) For the purposes of any election made as to the submission of unaudited or audited **financial statements** pursuant to paragraphs (i) or (ii), a **Junior Market Company** shall advise the **JSE** of such election at the beginning of the relevant **reporting quarter**.
  - (iv) A **Junior Market Company** shall publish the **financial statements** referred to in this paragraph (a) by uploading them to the **JSE** website, and by inserting a notice in a national newspaper in daily circulation in Jamaica stating that such **financial statements** are available on that website.
- (b) A **Junior Market Company** shall prepare its **financial statements** for each **reporting quarter** in accordance with:
  - (i) the current International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and any relevant interpretations issued by the Standards Interpretation Committee of the IASB; and
  - (ii) any current recommendations issued by the Institute of Chartered Accountants of Jamaica (ICAJ).
- (c) A **Junior Market Company** shall include in its **financial statements** for each **reporting quarter**:
  - (i) prominent disclosure as to whether the **financial statements** for the relevant **reporting quarter** are audited or unaudited;
  - (ii) prominent disclosure as to the approval of the **financial statements** for the relevant **reporting quarter** by the **Board of Directors**, to include signature of the same by two **Directors** on its behalf;
  - (iii) information on the legal and beneficial holdings of **participating voting shares** belonging to the **Directors**, and the senior managers, and any of their **connected persons**;
  - (iv) information on the ten largest legal and beneficial holdings of **participating voting shares** belonging to any person; and

- (v) any information which, in the opinion of the **Board of Directors**, is necessary for a reasonable appreciation of the **financial statements** for the relevant **reporting quarter**.
  - (d) A **Junior Market Company** that is unlikely to be able to submit the **financial statements** required by this Part 4(1) of **Appendix 2** in a timely manner must provide advance notice to the **JSE** the reasons for the possible delay. The **Junior Market Company** shall also simultaneously place an advertisement in a national newspaper in daily circulation in Jamaica, advising the holders of **admitted participating voting shares** and any other **admitted securities** of the possible delay and the reasons therefor.
  - (e) Notwithstanding the provisions of paragraph 1(d), **Junior Market Companies** who do not submit the **financial statements** required by this Part 4(1) of **Appendix 2** within 45 days of the date on which they are due for submission to the **JSE** may be suspended from the **Junior Market** until such time as they are able to submit the same.
- (2) Audited Annual Financial Statements
- (a) A **Junior Market Company** shall:
    - (i) submit to the **JSE** 2 copies of its audited **financial statements** for each **reporting year**, immediately after the approval of such **financial statements** by the **Board of Directors** and in any case, within 90 days of the end of the **reporting year** to which the **financial statements** relate; and
    - (ii) publish the **financial statements** referred to in paragraph (a)(i) by uploading them to the **JSE** website, and by inserting a notice in a national newspaper in daily circulation in Jamaica stating that such **financial statements** are available on that website.
  - (b) A **Junior Market Company** shall prepare its audited **financial statements** for each **reporting year** in accordance with:
    - (i) the current International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and any relevant interpretations issued by the Standards Interpretation Committee of the IASB; and
    - (ii) any current recommendations issued by the Institute of Chartered Accountants of Jamaica (ICAJ).
  - (c) A **Junior Market Company** shall include in its audited **financial statements** for each **reporting year**:
    - (i) prominent disclosure as to the approval of the audited **financial statements** for the relevant **reporting year** by the **Board of Directors**, to include signature of the same by two **Directors** on its behalf;

- (ii) information on the legal and beneficial holdings of **participating voting shares** belonging to the **Directors**, and the senior managers, and any of their **connected persons**;
  - (iv) information on the ten largest legal and beneficial holdings of **participating voting shares** belonging to any person; and
  - (v) any information which, in the opinion of the **Board of Directors**, is necessary for a reasonable appreciation of the audited **financial statements** for the relevant **reporting year**.
- (d) A **Junior Market Company** that is unlikely to be able to submit the audited **financial statements** required by this Part 4(2) of **Appendix 2** in a timely manner must provide advance notice to the **JSE** the reasons for the possible delay. The **Junior Market Company** shall also simultaneously place an advertisement in a national newspaper in daily circulation in Jamaica, advising the holders of the admitted **participating voting shares** and any other **admitted securities** of the possible delay and the reasons therefor.
- (e) Notwithstanding the provisions of paragraph 2(d), **Junior Market Companies** who do not submit the audited **financial statements** required by this Part 4(2) of **Appendix 2** within 90 days of the date on which they are due for submission to the **JSE** may be suspended from the **Junior Market** until such time as they are able to submit the same.
- (3) Published Annual Report and Audited Financial Statements
- A **Junior Market Company** shall submit to the **JSE** 6 copies of its published **annual report**, including the audited **financial statements** for each **reporting year** prepared in accordance with Part 4(2) of this **Appendix 2**, within 120 days of the end of the **reporting year** to which such documents relate.

## Part 5 – Requirements for Timely Disclosure of Information

**This Part 5 is supplemented by the Guidance Notes for Junior Market Companies appearing at paragraph (3).**

- (1) Requirement to Make Disclosure By Public Announcement
- (a) A **Junior Market Company** shall immediately disclose material information, in the form of a public announcement that is published in a national newspaper in daily circulation in Jamaica, as soon as the **Board of Directors** becomes aware of the material information.
  - (b) For the purposes of this paragraph (1)(a) of Part 5 of **Appendix 2**, material information shall be any information:
    - (i) relating to the business and affairs of the **Junior Market Company** that results in, or would reasonably be expected to result in, a significant change in the market price or value of its **admitted participating voting**

shares and/or other admitted securities;

- (ii) that is reasonably required to enable the holders of the admitted participating voting shares and/or other admitted securities and potential investors in the Junior Market Company to appraise the financial or trading position of such Company; and
- (iii) that is reasonably required to avoid the establishment of a distorted or false market in the admitted participating voting shares and/or other admitted securities of the Junior Market Company.

(2) Requirement to Notify the JSE of Public Announcements

Prior to, or simultaneously with the making of any public announcement by the Junior Market Company, the Junior Market Company shall provide the JSE with a copy of such announcement.

(3) Requirement to Notify the JSE of Certain Board Decisions

A Junior Market Company shall submit to the JSE the following information:

- (a) not less than 7 days in advance, information on the date and agenda of any proposed meeting of the Board of Directors at which:
  - (i) any recommendation for the declaration of a dividend is to be considered, or
  - (ii) a capitalization issue or rights issue will be considered.
- (b) immediately after the relevant meeting of the Board of Directors has been held, information on the approval by the Board of:
  - (i) an increase in the authorised share capital of the Junior Market Company;
  - (ii) a declaration of a dividend for payment;
  - (iii) a delay, or full or partial cancellation, in respect of a dividend payment that had previously been declared;
  - (iv) the launch of a capitalization issue or rights issue;
  - (v) the financial statements in respect of a reporting quarter; and
  - (vi) the financial statements and annual report in respect of a reporting year.
- (c) for the purposes of paragraph (b)(i), the information submitted to the Board by the Junior Market Company shall include:
  - (i) information as to whether the decision of the Board of Directors to

increase the authorised share capital has been made with the intention to make a further issue of **participating voting shares** or other **securities** with a view to their **admission**; and

- (ii) if the increase in the authorised share capital represents an increase of 25% or more of the existing authorised share capital, the **Board of Directors** shall also provide the **JSE** with an undertaking that the increased authorised share capital will not be issued and allotted for the purposes of a material change in the control, or nature, of the business of the **Junior Market Company** without the prior approval of the **participating voting shareholders** in general meeting.

(4) Guidance Note: General Principles on Timely Disclosure

(a) Introduction

*The **JSE** has effected a policy on timely disclosure as set out in these Guidance Notes.*

*The requirement for **Junior Market Companies** to make timely disclosure of certain information in the form of a public announcement reflects the fundamental principle that all potential investors in **Junior Market Companies**, and holders of their **admitted participating voting shares** and other **admitted securities**, need to have access to information that may affect their investment decisions. Such disclosure also promotes confidence in **Junior Market Companies** and the **Junior Market** generally.*

*The requirements set out in this Part 5 of **Appendix 2** are additional to any statutory requirements that a **Junior Market Company** may be subject to. All **Junior Market Companies** shall at all times comply with the requirements for timely disclosure set out in this Part 5 of **Appendix 2**, including these Guidance Notes.*

(b) Requirements for Immediate Disclosure of Material Information

*A **Junior Market Company** is required to immediately disclose material information concerning its business and affairs, in the form of a public announcement made in a national newspaper in daily circulation in Jamaica, as soon as the **Board of Directors** becomes aware of the material information. Immediate disclosure is necessary to ensure the smooth operation of the **Junior Market**, and to reduce the risk of insider trading.*

(c) Material Information Generally

*Material information is any information relating to the business and affairs of the **Junior Market Company** that results in, or would reasonably be expected to result, in a significant change in the market price or value of its **admitted participating voting shares** and/or other **admitted securities**.*

*It is the responsibility of each **Junior Market Company** to determine what information is material. Whether certain information is material is a matter to be determined by the particular **Junior Market Company**, having regard to factors that include, but are not limited to, its profits, assets and capitalization, and the nature of its operations.*

The *JSE* recognizes that decisions by *Junior Market Companies* as to whether timely disclosure of certain information is required are not always easy. For that reason, the *JSE* encourages *Junior Market Companies* to consult it for support as to whether disclosure should be made. It is particularly important that *Junior Market Companies* consult the *JSE* as soon as a development that may be material arises, so that they can ensure that they fulfill their responsibilities under this Part 5 of Appendix 2.

(d) Examples

(i) *External factors*

*Junior Market Companies* are not required to announce the impact of external political, economic and social developments on their affairs, except in cases where these developments have a direct and material effect. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies (including the *Junior Market Company*) in a material way, an announcement should be made.

(ii) *Factors relating to the admitted participating voting shares and/or other admitted securities*

The market price of a *Junior Market Company's* *admitted participating voting shares* and/or other *admitted securities* may be materially affected by factors directly relating to the *shares* and/or *securities* themselves, for instance, by changes in a company's authorised and issued share capital, or by stock splits, repurchases, transfer of significant holdings, and dividend announcements.

(iii) *Transactions and business activities*

Announcements by the *Junior Market Company* of its intention to proceed with a material transaction or business activity should be made when the *Board of Directors* has approved that proposed transaction or activity. Some examples of material transactions or business activities are set out below for ease of reference:

- *changes in corporate structure, such as takeover bids, mergers, amalgamations or other reorganizations, etc.*
- *major acquisitions or dispositions*
- *borrowing of a significant amount of funds*
- *development of new products and developments affecting the company's resources, technology, products, or market*
- *entering into or loss of significant contracts*
- *changes in capital investment plans or corporate objectives*
- *significant changes in management*
- *significant litigation*
- *major labour disputes or disputes with major contractors or suppliers.*

(iv) *Profit and other financial forecasts*

*Forecasts of earnings and other financial forecasts generally do need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as the next fiscal quarter, this must be disclosed.*

*Forecasts should not be provided on a selective basis to certain investors not involved in the management of the affairs of the company. If any such forecasts are disclosed, they should be generally also be disclosed to investors at the same time.*

(e) *Dealing with Market Rumours*

*Trading is sometimes affected by the existence of rumours and speculation. Where this is the case, the JSE may require the **Junior Market Company** that is affected by such rumours and speculation to make a clarifying announcement stating whether the rumours and speculation have any basis in fact, or not.*

(f) *Dealing with Confidentiality Issues*

*In some circumstances, a **Junior Market Company** is entitled to delay the disclosure of material information because its immediate release would be unduly detrimental to the interest of the company. For instance:*

(i) *when release of the material information would prejudice the ability of the **Junior Market Company** to pursue specific business objectives, or to complete a transaction or series of transactions that are underway. For example, premature disclosure of the fact that a **Junior Market Company** intends to purchase a significant asset may increase the cost of the acquisition;*

(ii) *when disclosure of the material information would provide competitors of the **Junior Market Company** with confidential corporate information that would be of significant benefit to them. Such information may be kept confidential if the **Junior Market Company** is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the Junior Market in not having access to the information. For instance, a decision to release a new product, or details on the features of a new product, may be withheld for competitive reasons. Such information should not be withheld if it is available to competitors from other sources; and/or*

(iii) *when disclosure of material information concerning the status of ongoing negotiations by the **Junior Market Company** would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. However, if it seems that the situation is going to stabilize within a short period, disclosure may be delayed by the **Junior Market Company** until definitive announcement can be made, such as a final decision to proceed with the transaction or, at a later point in time, finalization of the terms of the transaction.*

It is the policy of the *JSE* for the purposes of the *Junior Market* that any delay of disclosure of material information by a *Junior Market Company* on the basis that disclosure would be unduly detrimental to its interests must be infrequent and fully justified by its *Board of Directors*. Such justification should evidence the potential harm to the *Junior Market Company*, or to the holders of its *participating voting shares* and other *admitted securities*, or potential investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure, keeping in mind at all times the considerations set out in this Part 5 of *Appendix 2*. In any case, the *JSE* discourages significant delays in disclosure since it is unlikely that confidentiality of the material information can be maintained beyond the short term.

(g) Content of Announcements Disclosing Material Information

Announcements of material information made by the *Junior Market Company* to the public in accordance with this Part 5 of *Appendix 2* should be factual and balanced, neither over-emphasizing favourable news nor underemphasizing unfavourable news.

It is appreciated by the *JSE* that such announcements do not contain all the details that would be included in, say, a *prospectus* or *circular*. However, announcements should contain sufficient detail to enable media personnel, the holders of its *participating voting shares* and other *admitted securities*, and potential investors to appreciate the true substance and importance of the material information. The guiding principle should be to communicate clearly and accurately the nature of the material information in any announcement, without including unnecessary details.

## Part 6 – Takeovers, Mergers and Amalgamations

(1) Guidance Note: General Principles

(a) Compliance with this Part 6

The *JSE* requires all *Junior Market Companies* to conform with:

- (i) paragraph (2) of this Part 6 below, setting out the Rules Governing Takeovers, Mergers and Amalgamations; and
- (ii) the spirit of this Guidance Note.

(b) Provision of Information to Participating Voting Shareholders

(i) Decision making

*Participating voting shareholders* of a *Junior Market Company* (in this Part 6, the “*offeree company*”) and that receives a takeover offer, or a proposal in respect of a such an offer or in respect of a potential merger or amalgamation (in this Part 6, the “*offer*”) must be given:

- sufficient evidence, facts and other opinions upon which to make an adequate assessment as to, and decision on, the acceptance of the *offer*

(and in particular, any takeover offer); and

- sufficient time in which to make such an assessment and a decision.

(ii) *No withholding of information*

The *Board of Directors* of the *offeree company* must not withhold any information from the *participating voting* that is relevant to their assessment and decision making process in respect of it.

(iii) *Equal treatment of shareholders in the same class*

All of the *participating voting shareholders* of an *offeree company* who are part of a class must be treated equally by the *Junior Market Company* making an offer (in this Part 6, the “*offeror company*”).

While the offer is in contemplation, and at all times while it is open for acceptance, both the *offeror company* and the *offeree company* (and all persons acting on their behalf) must take care to provide information to the *participating voting shareholders* as a class, and not to some *participating voting shareholders* only.

For the avoidance of doubt, this principle shall not apply to any information that is provided in confidence by any *offeree company* to a bona fide potential *offeror company* or vice versa.

(c) *Responsibilities of the Board of Directors of the Offeree Company*

(i) *Seeking professional advice*

The *Board of Directors* of a *Junior Market Company* that receives an offer, or is approached with a view to an offer being made, should seek professional advice for the purposes of safeguarding the interests of the *participating voting shareholders* before making any recommendation in relation to the offer.

(ii) *No significant actions may be taken without approval*

The *Board of Directors* of the *offeree company* must not, at any time after:

- a bona fide offer has been communicated to it, or
- it has become aware that such an offer is likely to be forthcoming,

take any significant decision or action in relation to the business or affairs of the *offeree company* without first seeking the approval in general meeting of the *participating voting shareholders*.

A significant decision or action may include, but not be limited to, any decision or action which may reasonably result in the frustration of any bona

*fide offer*, or which may impact on the assessment and decision making process of the *participating voting shareholders* as regards their acceptance of the *offer*.

(d) Responsibilities of the Board of Directors of both the Offeror, and Offeree Companies

(i) *Preventing the creation of a false market*

The *Boards of Directors* of the *offeror* and *offeree companies* must use all reasonable endeavours to prevent the creation of a false market in their respective *participating voting shares*, particularly before any public announcement in respect of the transaction is made.

The obligations of the *Boards of Directors* extend to ensuring that any officers, professional advisers, employees, or other agents of such companies take the necessary precautions to keep information relating to the transaction confidential.

(ii) *Making recommendations on a good faith basis*

The *Boards of Directors* of the *offeror* and *offeree companies* must always, in advising their *participating voting shareholders* in respect of any *offer*, disregard the personal shareholdings of any *Directors*, or those of their *connected persons*, or any other personal interests the *Directors* or their *connected persons* may have.

In giving such advice, or making any recommendations, the relevant *Boards* must have regard to the interests of the *participating voting shareholders* taken as a whole, along with those of the creditors and stakeholders (including the holders of any *securities*, and the officers and employees) of the particular *Junior Market Company*.

(iii) *Contents of circulars and other documents that are sent to shareholders*

Any circular or other document issued by or on behalf of the *offeror company* or *offeree company* that is addressed to *participating voting shareholders*, and that contains information, opinions, advice or recommendations in respect of an *offer*, must, from the point of view of the relevant *Boards of Directors*, be treated with the same standard of care as if it were a *prospectus*.

Further, special care must be taken in respect of any profit forecasts made in any circular or other document sent to *participating voting shareholders*.

(e) Issues to do with Control, and Persons Acting in Concert

(i) *Definition of control*

For the purposes of this Part 6, “control” of any *Junior Market Company* is assumed to occur when any person acquires 50% of 50% or more of the *participating voting shares*, or control of the corresponding amount of voting rights exercisable at a general meeting, of that *Junior Market Company*.

(ii) *Definition of persons acting in concert*

*For the purposes of this Part 6, “persons acting in concert” include persons who have entered into an agreement or understanding (whether formal or informal) to cooperate with each other for the purposes of acquiring control of 50% or more of the [participating voting shares](#), or control of the corresponding amount of voting rights exercisable at a general meeting, of a [Junior Market Company](#).*

*Without prejudice to the general application of this definition, the following persons are presumed to be acting in concert with others in the same category unless the evidence to the contrary is provided to the satisfaction of the [JSE](#):*

- 1. A company (“Z”), its [associates](#), and any other companies that own or control 20% or more of the [participating voting shares](#) in, or a corresponding amount of voting rights exercisable at any general meeting of, company “Z”;*
- 2. A company (“Z”) and any of its [Directors](#), together with the connected persons and related trusts of such [Directors](#);*
- 3. The [Directors](#) of a company that has received an offer, or the [Directors](#) of a company that have reason to believe that such an offer may be imminent;*
- 4. A company and any of its pension funds;*
- 5. A fund manager and any investment company, unit trust or other person whose investments the fund manager manages on a discretionary basis, in respect of the investment accounts controlled by the fund manager; and*
- 6. A professional adviser (including but not limited to a financial adviser, investment adviser or stockbroker) and his clients, in respect of any investment accounts controlled by the professional adviser.*

(iii) *An offeror company may include persons acting in concert with it*

*For the purposes of this Part 6, the definition of an [offeror company](#) includes two or more persons:*

- whose [offers](#) are made jointly, or are deemed to be made in concert, or*
- who intend to exercise jointly their voting rights in respect of the [participating voting shares](#) for which an [offer](#) is made, either by express agreement, or by virtue of the fact that they are deemed to be acting in concert with each other.*

(vi) *Guidance on the making of a mandatory offer where issues of control*

*and/or persons acting in concert arise*

*Where any person, or persons deemed to be acting in concert with each other, acquire(s) control of another [Junior Market Company](#), a mandatory offer must be made to all [participating voting shareholders](#) of the [Junior Market Company](#) in accordance with paragraph 2(t) of the Rules made under this Part 6.*

*A similar obligation to make a mandatory offer arises if any person, or persons deemed to be acting in concert with each other, consolidate(s) sufficient holdings of [participating voting shares](#) or equivalent voting rights for the purposes of their control of a [Junior Market Company](#).*

*Where any person, or persons deemed to be acting in concert with each other, contemplate(s) an acquisition of [participating voting shares](#) or equivalent voting rights establishing control in a [Junior Market Company](#) that requires a mandatory offer to be made under this Part 6, the person(s) must, before making the acquisition, ensure that he (they) can and will continue to be able to fully implement such an offer.*

*Rights of control must be exercised in good faith by the persons or persons holding them, and the oppression of a minority is wholly unacceptable.*

(f) *Requirement to Notify a holding of 20% of the Participating Voting Shares in a Junior Market Company, and Further Acquisitions of 5%*

*Where any person either directly or indirectly acquires 20% or more of the [participating voting shares](#) of a [Junior Market Company](#), such person shall within ten days of the acquisition send by registered mail to the [JSE](#) and to the [Junior Market Company](#) (at their respective registered offices or principal places of business) a written statement containing the following information:*

- (i) *The identity, occupation, place of residence and citizenship of the person acquiring the relevant holding;*
- (ii) *A declaration as to:*
  - *the holding being acquired;*
  - *the purpose of the acquisition;*
  - *whether further purchases of [participating voting shares](#) in the [Junior Market Company](#) are intended; and*
  - *whether control of the [Junior Market Company](#) is intended.*

*A written statement in the same form is required to be provided to the [JSE](#) and to the [Junior Market Company](#) whenever a further 5% or more of the [participating voting shares](#) of that [Junior Market Company](#) is directly or indirectly acquired by the person who directly or indirectly owns or controls not less than 20% of the [participating](#)*

*voting shares of that same Company.*

*Further such statements shall be provided upon the making of any acquisition of any further participating voting shares until such person has directly or indirectly acquired 50%.*

(g) *Definition of takeover*

*For the purposes of this Part 6, a “takeover” is defined as a transaction or series of transactions whereby a person (whether an individual, group of individuals or company) acquires control over a Junior Market Company, either directly or indirectly by obtaining control of the management of the company.*

**(2) Rules Governing Takeovers, Mergers and Amalgamations**

- (a) All offers made to or by a Junior Market Company must comply with the Rules on Takeovers, Mergers and Amalgamations set out in this paragraph (2) of Part 6.
- (b) No action other than that indicated in these Rules shall be taken by any Junior Market Company, except with the prior permission of the JSE.
- (c) Any offer must, in the first instance, be put forward in writing by the offeror company to the Board of Directors of the offeree company, or to the participating voting shareholders of the offeree company. The offer circular or other document must state the date of the offer, and the name and address of the offeror company. It must give precise particulars of:
- the participating voting shares for which the offer is made;
  - the duration of the offer, and the procedure for acceptance of it; and
  - the total consideration to be paid to participating voting shareholders of the offeree company, including details of any shares or other securities the offeror company intends to issue (to include their rank for the purposes of dividends, capital, and redemption, and when and how any documents of title will be issued).
- (d) If the offeror wishes to make an offer through an agent, the identity of the offeror company must be disclosed to the offeree company by that agent at the outset.
- (e) When the Board of Directors of the offeree company receives an offer, or a firm intention to make an offer from a reliable source, it is entitled to be satisfied that the offeror company is, or will be, in a position to implement the offer in full before taking any professional advice or making any public announcement in respect of it.
- (f) When any offer, or any firm intention to make an offer is notified to the Board of Directors of the offeree company by a reliable source, the Board must take steps to make a public announcement to the participating voting shareholders (and the holders of securities) of the offeree company in respect of the offer, regardless of whether the Board views the offer favourably or not.

(g) The Takeover Bid Circular

Any offer made under these Rules must be accompanied by a takeover bid circular or similar document issued by the board of directors of the offeror company to the participating voting shareholders of the offeree company, that contains the following information:

- (i) The number and class of any participating voting shares and other securities of the offeree company that are legally, beneficially, directly or indirectly owned or held by or on behalf of:
- the offeror company;
  - any associate of the offeror company;
  - each director and officer of the offeror company; and
  - any person holding equity shares of the offeror company that carry more than ten per cent (10%) of the voting rights in the offeror company,

or, if there is no such ownership, a statement to the effect.

- (ii) The number and designation of any participating voting shares of the offeree company traded by any of the persons referred to in (i) above, during the six (6) months preceding the date of the offer, including the purchase or sale price and the date of each transaction.
- (iii) All conditions as to acceptances of the offer by the participating voting shareholders of the offeree company and, where the obligation of the offeror company to take up and pay for such shares is conditional upon a minimum number of acceptances, the particulars of such condition and the last date on which the offer can be made unconditional.
- (iv) A statement that, after an offer has become or is declared unconditional, it must remain open for acceptance for not less than fourteen (14) days, except in the event that the offer becomes or is declared unconditional on an expiry date and the offeror company has given at least ten (10) days' notice in writing to the participating voting shareholders of the offeree company that the offer will not be open for acceptance beyond that date.
- (v) The particulars of the method and time of payment of the cash or other consideration to be paid for the participating voting shares of the offeree company.
- (vi) A statement that any participating voting shares deposited by participating voting shareholders of the offeree company in acceptance of the offer may be withdrawn by or on behalf of the offeree company at any time until the expiration of seven (7) days from the opening date of the offer.

- (vii) Where the consideration to be paid to [participating voting shareholders](#) of the [offeree company](#) for the purposes of their acceptance of the [offer](#) is to be paid wholly or partly in cash, details of the arrangements that have been made to ensure that the required funds are available.
  - (viii) Where reasonably available, a summary showing in detail the volume of trading and price range of the [participating voting shares](#) of the [offeree company](#) in the six (6) month period preceding the opening date of the [offer](#).
  - (ix) The particulars of any arrangement that is made or is proposed to be made between the [offeror](#) and any of the officers or [Directors](#) of the [offeree company](#), relating to any proposed compensation to be paid to them for loss or retirement of their office, or their remaining in office, if the [offer](#) is successful.
  - (x) Particulars of any information known to the [offeror company](#) in relation to a material change in the financial position or prospects of the [offeree company](#) since the date of the last published [financial statements](#) of the [offeree company](#) in respect of a [reporting quarter](#) were issued.
  - (xi) The intentions of the [offeror company](#) regarding the employees and, where relevant, other stakeholders of the [offeree company](#), and the continuance of the business of the [offeree company](#).
  - (xii) Particulars of all documents required to be lodged by [participating voting shareholders](#) of the [offeree company](#) for the purposes of their valid acceptance of the [offer](#), and a statement that, if the [offer](#) is not completed, all such documents will be returned within fourteen (14) days of the closing date of the [offer](#).
  - (xiii) If the total emoluments to be received by the directors of the [offeror company](#) or any of its [associates](#) will be varied after the successful completion of the [offer](#), a statement containing full particulars of the variation(s) or, if there will be no variation(s), a statement to that effect.
  - (xiv) Such information as the [JSE](#) may from time to time require.
- (h) The takeover bid circular referred to in paragraph (g) must be approved and authorized for issue by the [Board of Directors](#) of the [offeror company](#), and must be sent by prepaid post or delivered to each of the [participating voting shareholders](#) of the [offeree company](#) to their last known address, and copied to the [JSE](#).
- (i) Experts' Report on Takeover Bid Circular

No report, opinion or statement by an expert (or other person whose profession gives them authority) may be made in or in relation to a takeover bid circular unless the expert (or other professional person) has agreed in writing to the use of the report, opinion or statement. The relevant report, opinion or statement must also be included in the exact form and context in which it was made by the expert (or other professional person).

(j) Directors' Circular

When the **Board of Directors** of an **offeree company** recommends acceptance or rejection of an **offer** to the **participating voting shareholders** of that company, it must issue a Directors' Circular or similar document that has been approved by the **JSE**, and that contains the following information:

(i) The number and class of any **participating voting shares** and other **securities** of the **offeree company** that are legally, beneficially, directly or indirectly owned or held by or on behalf of:

- each **Director** and officer of the **offeree company**
- if known, by any person holding **participating voting shares** that carry more than ten per cent (10%) of the voting rights in the **offeree company**

or, if there is no such ownership, a statement to the effect.

(ii) A statement as to whether the categories of owners or holders referred to in paragraph (i) above have accepted, or intend to accept, the **offer**.

(iii) Where an offer is made by an **offeror company**, the number and class of any **participating voting shares** and other **securities** of the **offeror company** that are legally, beneficially, directly or indirectly owned or held by or on behalf of:

- each **Director** and officer of the **offeror company**
- if known, by any person holding **participating voting shares** that carry more than ten per cent (10%) of the voting rights in the **offeror company**

or, if there is no such ownership, a statement to the effect.

(iv) The particulars of any arrangement that is made or is proposed to be made between the **offeror company** and any of the officers or **Directors** of the **offeree company**, relating to any proposed compensation to be paid to them for loss or retirement of their office, or their remaining in office, if the **offer** is successful.

(v) A statement as to whether or not the following persons have any interest in any material contract of the **offeree company**:

- each **Director** and officer of the **offeree company**
- if known, by any person holding **participating voting shares** that carry more than ten per cent (10%) of the voting rights in the **offeree company**

and, if so, particulars of their interest(s).

- (vi) Where reasonably ascertainable, a detailed summary as to the volume of trading and the price range of the **participating voting shares** of the **offeree company** in the six (6) months period preceding the **offer**, if in the opinion of the **Board of Directors** of the **offeree company** such information is not adequately disclosed in the takeover bid circular referred to in paragraph (g) above.
- (vii) Particulars of any material change in the financial position and/or prospects of the **offeree company** since the date of the last published **financial statements** in respect of a **reporting quarter** were issued.
- (viii) A statement showing any trading in the **participating voting shares** of both the **offeror company** and **offeree company** by every director and officer of the **offeree company** for at least thirty (30) days before the date of the offer.
- (ix) The audited **financial statements** for the last **reporting year**.
- (x) A history of the **offeree company's** profits for the previous five (5) years of its operations, or, if the **offeree company** has been operating for a lesser period, a history of its profits for that lesser period.
- (xi) The un-audited **financial statements** of the **offeree company** for the last **reporting quarter**.
- (xii) A valuation of the **offeree company's** fixed assets prepared by a professional valuator, in the form of a formal report. The said report must not be more than eighteen (18) months old and must also contain a precise explanation of the basis for the valuation.
- (xii) Particulars of any other material facts not disclosed pursuant to paragraphs (i) to (xi) above.
- (k) The Directors' circular referred to in paragraph (j) must be approved and authorized for issue by the **Board of Directors** of the **offeree company**, and must be sent by prepaid post or delivered to each of the **participating voting shareholders** of the **offeree company** to their last known address, and copied to the **JSE**. In addition, the Director's circular must be published in a national newspaper in daily circulation in Jamaica.
- (l) **Experts' Report on Directors' Circular**  
  
No report, opinion or statement by an expert (or other person whose profession gives them authority) may be made in or in relation to a Directors' circular unless the expert (or other professional person) has agreed in writing to the use of the report, opinion or statement. The relevant report, opinion or statement must also be included in the exact form and context in which it was made by the expert (or other professional person).
- (m) **Experts' Report to be Reproduced**

The consent of an expert or professional that is given for the purposes of paragraph (l) above must be reproduced in the Directors' circular.

(n) Where An Offer is Made for All of the Participating Voting Shares of a Class

(i) Time periods within which shares may be deposited

The period of time within which [participating voting shares](#) may be deposited by [participating voting shareholders](#) of the [offeree company](#) in acceptance of an [offer](#) must not be less than twenty-one (21) days from the opening date of the [offer](#).

(ii) Time of payment by offeror company

[Participating voting shares](#) that are deposited by [participating voting shareholders](#) of the [offeree company](#) in acceptance of an [offer](#) must not be taken up and paid for by the [offeror company](#) until a period of seven (7) days from the opening date of the [offer](#) has elapsed.

(iii) Time of withdrawal by offeree company

[Participating voting shares](#) that are deposited by [participating voting shareholders](#) of the [offeree company](#) in acceptance of an [offer](#) may be withdrawn by or on behalf of those shareholders, at any time up to seven (7) days from the opening date of the [offer](#).

(iv) Amending the offer

Where an offer for all of the [participating voting shares](#) of a class is amended so that it is made for a lesser number of such shares, the amended offer shall be seen to be conclusive once it is communicated by the [offeror company](#) to the [participating voting shareholders](#) of the [offeree company](#) in a suitable form approved for that purpose by the [JSE](#). A suitable form shall include an amended takeover bid circular, or a public announcement, issued by the [offeror company](#) for that purpose.

(o) Where an Offer is Made for Some, but not All of the Participating Voting Shares of a Class

(i) Time period for deposit by offerees

The time period for deposit of [participating voting shares](#) by [participating voting shareholders](#) of the [offeree company](#) for the purposes of acceptance of an [offer](#) must not exceed thirty-five (35) days from the opening date of the offer.

(ii) Time of payment by offeror

[Participating voting shares](#) that are deposited by [participating voting shareholders](#) of the [offeree company](#) in acceptance of an [offer](#) must be taken up and paid for by the [offeror company](#) within 14 days of the expiry date of

the offer, if all the terms and conditions relating to the offer that have not been waived by the offeror company have been complied with.

(iii) *Pro rata* take up of participating voting shares

Where a greater number of participating voting shares is deposited by participating voting shareholders of the offeree company in acceptance of an offer, than the offeror company is bound or willing to take up and pay for, such shares must be taken up by the offeror *pro rata* to the number of shares deposited by each such participating voting shareholder of the offeree company, disregarding fractions.

(p) Variation of Consideration for the Offer

Where the offeror company varies an offer before its expiration by increasing the consideration offered for the participating voting shares of an offeree company, the offeror company shall pay such increased consideration to each participating voting shareholder of the offeree company whose participating voting shares were taken up and paid for, even if such shares were taken up prior to the variation, and the offeror company must not purchase such shares in the market or from any other source.

(q) Consideration Wholly or Partly in Cash

Where the consideration for an offer is to be paid wholly or partly in cash the offeror company shall make arrangements to ensure the adequacy and availability of the funds required to effect payment in full, to the satisfaction of the JSE Board.

(r) Consideration Wholly or Partly in Securities of Another Company

Where the consideration for an offer includes participating voting shares or any other securities, the takeover bid circular shall contain the following additional information regarding the company whose participating voting shares or securities are being offered by way of payment:

- (i) the information required by the Companies Act for inclusion in a prospectus or statement in lieu of prospectus, or any information prescribed by the JSE for that purpose;
- (ii) the financial statements of the relevant company for the last reporting year and reporting quarter;
- (iii) any information known to the offeror regarding a material change in the financial position or prospects of the relevant company since the date of the financial statements referred to in paragraph (ii) above.

(s) Unaudited, but Certified Financial Statements

Where any financial statements are required to be provided under this Part 6 and such financial statements are unaudited, they must be accompanied by a report of the chief financial officer of the company certifying that the financial statements reflect fairly the financial position of the company issuing them over the period in question.

(t) Mandatory Offer

A mandatory offer must be made to all of the participating voting shareholders of a class in a Junior Market Company when any person acquires, in a single transaction or in a series of transactions carried out over a period of time, such shares that, taken together with shares that already held or acquired by him and persons acting in concert with him, carry 50% or more of the voting rights or an equivalent level of control in the Junior Market Company in question.

The JSE reserves the right to waive the requirement for a mandatory offer to be made in the following circumstances:

(i) Enforcement of Security for a Loan

Where participating voting shares in a Junior Market Company are charged by their holder as security for a loan and, as a result of enforcement, the lender would otherwise incur an obligation to make a mandatory offer under paragraph (t), the JSE may grant a waiver to the lender provided that the lender is able to prove that the security was not given at a time when enforcement was reasonably likely.

Notwithstanding the above, if after enforcement the lender wishes to sell all or part of the participating voting shares he holds by way of security, the provisions of this paragraph (t) shall apply to any onward purchaser of such shares.

(ii) Receivership, Administration, and Liquidation

Any receiver, administrator or liquidator of a Junior Market Company appointed under the Companies Act or any other applicable legislation is not required to make mandatory offer under paragraph (t) when he takes control of a holding of 50% or more of the participating voting shares of that Junior Market Company, however, the provisions of paragraph (t) shall apply to the onward purchaser of such shares.

(iii) Urgent Rescue Operations

If a Junior Market Company is experiencing serious financial difficulty, and an urgent rescue operation involving the acquisition of participating voting shares by a rescuer carrying 50% or more of the voting rights, or an equivalent level of control in the Junior Market Company in question is proposed to save it, the JSE may grant a waiver of the requirement for the rescuer to make a mandatory offer under the provisions of paragraph (t) on the recommendation of the Board of Directors and professional advisers of the Junior Market Company in question.

20. Disciplinary Action That May be Taken by the JSE for Breach of Part 6

If a Junior Market Company fails to comply with the Rules and General Principles relevant to Takeovers, Mergers and Amalgamations set out in this Part 6 of Schedule 2, the JSE may

apply such disciplinary action as it considers appropriate in its absolute discretion, having made due enquiry into the circumstances giving rise to the failure. Such disciplinary action may include suspension or cancellation of trading in the [admitted participating voting shares](#) and other [admitted securities](#) of the [Junior Market Company](#) in question.

## Part 7 - Payment of Junior Market Fees

Each [Junior Market Company](#) shall pay [Junior Market Fees](#) consisting of an initial fee, and annual fee, and a supplementary fee in accordance with the table and explanatory notes set out below. The [JSE](#) may, in its absolute discretion, make changes to the [Junior Market Fees](#) from time to time:

<b>RELEVANT CAPITAL</b> (See explanatory notes below)	<b>INITIAL FEE / ANNUAL FEE</b> (Effective April 2009)	<b>SUPPLEMENTARY FEE</b> (Effective April 2009)
<b>\$50m</b>	\$35,210.70	\$7,042.14
<b>Over \$50m - \$100m</b>	\$70,421.40	\$10,563.48
<b>Over \$100m - \$250m</b>	\$88,027.02	\$14,436.36
<b>Over \$250m - \$500m</b>	\$105,632.10	\$17,605.62

### (1) Initial Fee

The initial fee is based on the subscribed value of the [participating voting shares](#) of each [Junior Market Company](#) at [initial admission](#). The minimum initial fee is currently J\$35,210.70.

The initial fee must accompany the [Admission Application](#).

### (2) Annual Fee

The annual fee is based on the average market value (market capitalization) of each [Junior Market Company](#) at month-end for the previous twelve-month or shorter period (where applicable), in respect of all classes of its [admitted participating voting shares](#) and other [admitted securities](#). The minimum annual fee is currently \$35 210.70.

The annual fee is due for payment on January 1<sup>st</sup> of the year following the year of [initial admission](#) of a [Junior Market Company](#), and it must be paid to the [JSE](#) within fourteen (14) days of that date. For instance, if a [Junior Market Company](#) is initially admitted on 1<sup>st</sup> April 2009, the first annual fee will become due for payment on 1<sup>st</sup> January 2010.

### (3) Supplementary Fee

The supplementary fee becomes due and payable when a [Junior Market Company](#) decides to apply for a further [admission](#) of [participating voting shares](#) or other [securities](#). The supplementary fee is calculated in the same way as the initial fee referred to in paragraph (1) of this Part 7 of [Appendix 2](#). The supplementary fee must also accompany the [Admission Application](#) in respect of the further [admission](#).

After the further [admission](#), the annual fee referred to in paragraph (2) of this Part 7 of [Appendix 2](#) shall be adjusted on January 1<sup>st</sup> of the following year to take into account that further [admission](#).

## Appendix 3

### Admission Application: Initial Admission and Further Issues

The General Manager of the Jamaica Stock Exchange  
P.O. Box  
Kingston, Jamaica

621

#### ADMISSION APPLICATION

**All highlighted terms have the meanings given to them in the Junior Market Rules**

**Delete references to participating voting shares or other securities as appropriate**

1. Full name of **eligible company** or **Junior Market Company** (as the case may be):  
\_\_\_\_\_
2. Jurisdiction of incorporation and governing law of **eligible company** or **Junior Market Company** (as the case may be):  
\_\_\_\_\_
3. Date of incorporation:  
\_\_\_\_\_
4. Address of:
  - a. Registered office:  
\_\_\_\_\_
  - b. Administrative office:  
\_\_\_\_\_
5. Name and address of Registrar and Transfer Agent:  
\_\_\_\_\_
6. Name, occupation and address of **mentor** to the **eligible company** or **Junior Market Company** (as the case may be):  
\_\_\_\_\_
7. Names, occupations and addresses of the **Directors** of the **eligible company** or **Junior Market Company** (as the case may be):  
\_\_\_\_\_

---

---

8. Capital of the [eligible company](#) or [Junior Market Company](#) (as the case may be) represented by:

[(a) [participating voting shares](#) (show in detail each class of [participating voting share](#)):]

[(i) Authorised]

---

[(ii) Issued and fully paid<sup>1</sup>]

---

[(b) other [securities](#) (show in detail each class of such other [securities](#)):]

[(i) Authorised]

---

[(ii) Issued and fully paid<sup>2</sup>]

---

9. [(a) Number and amount of [participating voting shares](#) issued for: ]

[(i) Cash]

---

[(ii) Other than cash]

---

[(b) Number and amount of other [securities](#) issued for:]

[(i) Cash]

---

---

<sup>1</sup> Please note all [participating voting shares](#) [and other [securities](#)] must be issued fully paid.

<sup>2</sup> See 1. above.

[(ii) Other than cash]

---

10. [Special provisions and voting rights relating to the:]

[(a) participating voting shares]

---

[(b) other securities]

---

11. Are there any lawsuits pending against the eligible company or Junior Market Company (as the case may be), or are there any other circumstances which might adversely affect such company?

---

12. Is the eligible company or Junior Market Company (as the case may be) an associate of any company currently listed on the Main Exchange of the JSE or any other stock exchange?

---

13. Details of reporting year:

---

14. Date of last financial statements and annual report:

---

15. Record of dividends or other distributions declared (if any) during last five years:

---

16. Full particulars of [participating voting shares] [or other securities] to be admitted to the Junior Market:

---

17. Number of holders of:

[(a) participating voting shares:]

---

[(b) other securities]:

---

**Signed under seal for and on behalf of the applicant eligible company or Junior Market Company (as the case may be) by:**

[SEAL]

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director/Secretary**

\_\_\_\_\_  
**Date**

## Appendix 4

### Admission Agreement: Initial Admission and Further Issues

The General Manager of the Jamaica Stock Exchange  
P.O. Box  
Kingston, Jamaica

621

#### ADMISSION AGREEMENT

**All highlighted terms have the meanings given to them in the Junior Market Rules**

**Delete references to participating voting shares or other securities as appropriate**

Full name of **eligible company** or **Junior Market Company** (as the case may be):

---

Date and jurisdiction of incorporation:

---

In consideration of the **JSE** granting the **admission** of the [**participating voting shares**] [or other **securities**] of the above named **eligible company** as set out in the **Admission Application** from time to time, the **eligible company** or **Junior Market Company** (as the case may be) agrees to the following conditions:

1. To make an **Admission Application** to the **JSE** in respect of any further issues of [**participating voting shares**] [or other **securities**] of the same class that is already **admitted**, not less than 28 days prior to the proposed allotment.
2. On **admission**, and at all times during which the company is a **Junior Market Company**, to comply with the provisions of **Rule 505** as regards ongoing requirements, and any other requirements imposed by the **JSE** in its absolute discretion, from time to time.
3. To notify the **JSE** promptly of the following matters:
  - (a) the resignation, or termination of the appointment of, the **mentor**, not less than 28 days prior to the effective date of such resignation or termination;
  - (b) the proposed appointment of a **mentor**, not less than 28 days prior to the proposed effective date of such appointment;
  - (c) any actual or potential breach of the Junior Market Rules by the **eligible company** or **Junior Market Company** (as the case may be);

- (d) any option, underwriting, sales, or pooling agreement entered into by the company with respect to any issued or unissued [participating voting shares] [or other securities]; and
- (e) of any agreement reached regarding any acquisition or disposition, in one transaction or in a series of similar transactions, of real or personal property not carried out in the ordinary course of the company's business, at a cost or for a price exceeding 10% of the net worth of the Junior Market Company.

4. At all times, to:

- (a) respond promptly to any enquiries that the JSE may reasonably make for the purposes of verifying compliance with the Junior Market Rules; and
- (b) deal at all times with the JSE in an open and co-operative way.

**Signed under seal for and on behalf of the applicant eligible company or Junior Market Company (as the case may be) by:**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director/Secretary**

\_\_\_\_\_  
**Date**

[SEAL]

## Appendix 5

### Declaration for Admission: Initial Admission and Further Issues

The General Manager of the Jamaica Stock Exchange  
P.O. Box  
Kingston, Jamaica

621

#### DECLARATION FOR ADMISSION

**All highlighted terms have the meanings given to them in the Junior Market Rules**

**Delete references to participating voting shares or other securities as appropriate**

1. Full name of **eligible company** or **Junior Market Company** (as the case may be):

---

2. Date and jurisdiction of incorporation:

---

3. In consideration of the **JSE** granting the **admission** of the [**participating voting shares**] [or other **securities**] of the above named **eligible company** or **Junior Market Company** (as the case may be) as set out in the **Admission Application** from time to time, we, the Board of Directors of the **eligible company** or **Junior Market Company** (as the case may be) make the following declaration on behalf of the said company:

(1) We hereby confirm and covenant for the benefit of the **JSE** that we have done the following acts and things:

(a) appointed a **mentor** in accordance with the requirements set out in **Rule 503(1)**;

(b) appointed a **Board of Directors** that meets the requirements set out in **Rule 504(1)**;

(c) taken reasonable steps to ensure that the **mentor** understands the nature of his responsibilities and functions as set out in **Rule 503(2)**;

(d) taken reasonable steps to ensure that the **Board of Directors** understands the nature of its responsibilities and functions as set out in **Rule 504(2)**, and its responsibilities and functions under the **Junior Market Rules** generally, including those in relation to the ongoing requirements set out in **Rule 505**;

(e) come to a reasonable opinion, after having made all reasonably necessary enquiries therefor, that we have:

- (i) satisfied all requirements of the **Junior Market Rules** relevant to **admission** of the **[participating voting shares]** [or other **securities**] referred to in the **Admission Application**, being [in the case of initial admission, **Rules 500, 501, 502, 503 and 504** OR in the case of the admission of further issues, **Rule 505(8)**];
  - (ii) satisfied all requirements of the **Companies Act** and the **Securities Act** relevant to [the issue of the **prospectus** for the **initial public offer** of its **participating voting securities** OR the **admission** of the **participating voting shares** [or other **securities**]] referred to in the **Admission Application**; and
  - (f) established adequate procedures, systems and controls for the purposes of our compliance with the ongoing requirements set out in **Rule 505**, and **Rules 505(10) and 505(11)** in particular.
- (2) We also confirm that:
- (a) we have kept and maintained adequate and appropriate records in relation to the proposed **admission** of the company to the **Junior Market** in order to show the basis of our reasonable opinion of the matters set out above, which are available for inspection by the **JSE** at its request;
  - (b) all matters known to us which, in our opinion, should be taken into account by the **JSE** in considering the **Admission Application** have been disclosed [in the case of initial **admission**, with sufficient prominence in the **prospectus** for the **initial public offer** of its **participating voting securities**, OR in the case of further issues, in the **[prospectus OR Admission Application]**] and we hereby confirm that if further information that is relevant to this declaration becomes known to us, we will inform the **JSE** of such information immediately.

[This space has been left blank deliberately]

Signed under seal for and on behalf of the applicant **eligible company** or **Junior Market Company** (as the case may be) by:

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director/Secretary**

\_\_\_\_\_  
**Date**

[SEAL]

**If you knowingly or recklessly give false or misleading information you may be liable to prosecution.**

**To be completed in all cases:**

Application to be heard on: \_\_\_\_\_ 20\_\_\_\_\_

**Admission** expected to become effective on: \_\_\_\_\_ 20\_\_\_\_\_

Name of **mentor**: \_\_\_\_\_

Telephone number of **mentor**: \_\_\_\_\_

# Appendix 6

## Mentor Agreement

The General Manager of the Jamaica Stock Exchange  
P.O. \_\_\_\_\_ Box \_\_\_\_\_  
Kingston, Jamaica

621

### MENTOR AGREEMENT

THIS AGREEMENT is made the \_\_\_\_\_ day of \_\_\_\_\_

between:

\_\_\_\_\_, (the “**Mentor**”), and

\_\_\_\_\_ (the “**Junior Market**

**Company**”) (together, the “**Parties**” and each a “**Party**”).

WHEREAS:

- (1) The **Junior Market Company**, being an **eligible company**, [seeks initial **admission** OR has been **admitted**] to the **Junior Market** of the **Jamaica Stock Exchange** (“**JSE**”).
- (2) The **Junior Market Company** desires to appoint the **Mentor** on the terms set out in this Agreement.

NOW, THEREFORE, in consideration of the above premises, and for other good and valid consideration, the sufficiency of which is acknowledged by each of the Parties, the Parties have agreed as follows:

#### 1. DEFINITIONS

Unless otherwise stated, defined terms used in this Agreement shall have the meanings given to them by the **Junior Market Rules** made by the **JSE**.

#### 2. APPOINTMENT AND REMUNERATION OF MENTOR

2.1 Subject to clause 3 below, the **eligible company** or **Junior Market Company** (as the case may be) desires to appoint the **Mentor** for a period of \_\_\_\_\_ [months/years].

2.2 The appointment shall be effective:

- (1) in the case of a **Junior Market Company** which is an **eligible company** seeking initial **admission**, as from the date on which such **admission** is approved by the **JSE**; or

- (2) in the case a **Junior Market Company** that has been **admitted**, as from the date on which the appointment of the **Mentor** is approved by the **JSE**.
- 2.3 Provided that the **Mentor** is not in breach of this Agreement, he shall receive remuneration from the **Junior Market Company** to be paid as follows:

*[Junior Market Company to insert details of Mentor's remuneration package. Junior Market Companies are encouraged to enter into flexible remuneration packages, which are suitable for a company in its current position. Incentives may be given provided to the Mentor so long as they do not cause conflicts of interest that the Mentor can't avoid, or manage].*

### **3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF MENTOR**

- 3.1 The **Mentor** hereby represents, warrants and covenants for the benefit of the **eligible company** or **Junior Market Company** (as the case may be) that:

- (1) [he/she] is a **person** that possesses the relevant skills, knowledge and expertise required to carry out the responsibilities and functions of the **Mentor** set out in **Rule 503(2)** of the **Junior Market Rules**, having gained such skills, knowledge and expertise through the following activities:

*[Provide list of skills, knowledge and expertise, having regard to the functions and responsibilities of the Mentor set out in Rule 503(2). Such skills knowledge and expertise must include: any professional qualifications, work for companies that are listed on the JSE or other stock exchanges, or other relevant experience.]*

- (2) [he/she] is a person of good character, having never been convicted of an offence involving fraud or dishonesty in Jamaica, or elsewhere in the world;
- (3) [he/she] currently [has no conflicts of interest OR has the following conflicts of interest] as regards [his/her] appointment as **Mentor** on the terms set out in this Agreement *[list and describe conflicts, if any currently exist and the steps taken to manage these conflicts effectively]*;
- (4) if any [further] conflicts of interest should arise that affect [his/her] appointment as **Mentor** on the terms set out in this Agreement, [he/she] shall immediately advise the **Junior Market Company** and the **JSE**, in writing, of the nature of the conflict, and the steps being taken by the **Mentor** to avoid, or manage effectively, such conflict;
- (5) [he/she] shall, at all times during [his/her] appointment as **Mentor**:
- (a) act honestly and in good faith, with a view to the best interests of the **Junior Market Company** and its **participating voting shareholders** [and any holders of its other **securities**], as a whole;
- (b) act with due skill and care, having regard to:

- (i) [his/her] relevant skills, knowledge and expertise as set out in paragraph (1) of this clause 3, above; and
  - (ii) the general level of skills, knowledge and expertise reasonably required of a person carrying out the functions and responsibilities of a **Mentor** for the purposes of the **Junior Market Rules**;
- (c) advise the **Board of Directors** of the **Junior Market Company** on the establishment of adequate procedures, systems and controls for the purposes of its compliance with:
  - (i) good standards of corporate governance, including but not limited to:
    - the holding of regular **Board** meetings, at least on a quarterly basis, and as appropriate;
    - the establishment of appropriate committees of the **Board** including the Audit Committee and the Remuneration Committee;
    - the carrying out of appropriate due diligence enquiries by the **eligible company** prior to its admission to the **Junior Market**;
    - the carrying out of appropriate due diligence enquiries by the **Junior Market Company** prior to its entry into any material transaction, or any proposed further issue of **participating voting shares** [or other **securities**];
  - (ii) good fiscal discipline, and **Rule 505(10)** on financial reporting;
  - (iii) the making of public announcements, and **Rule 505(11)** on timely disclosure; and
  - (iv) the **Junior Market Rules** generally;
- (d) at the request of the **JSE**, provide evidence of [his/her] capacity to act as **Mentor**;
- (e) respond promptly to any enquiries that the **JSE** may reasonably make for the purposes of verifying compliance by the **Junior Market Company** with the **Junior Market Rules**;
- (f) deal at all times with the **JSE** in an open and co-operative way, and disclose to the **JSE** in a timely manner any material information relating to [him/her], or to the **Junior Market Company** (as the case may be), concerning non-compliance with the **Junior Market Rules**; and

- (g) not delegate the performance of any of [his/her] duties under this Agreement, or Rule 503(2) of the **Junior Market Rules**, without the prior consent in writing of both the **Junior Market Company** and the **JSE** of the **JSE**.

3.2 Nothing in this Agreement shall cause the **mentor** to:

- (a) advise the **Board of Directors** on the commercial business of **Junior Market Company**;
- (b) make, or participate in the making of, commercial business decisions by the **Board of Directors** of the **Junior Market Company**; or
- (c) act in the capacity of a member of the Board of Directors of the **Junior Market Company**.

3.3 For the avoidance of doubt, the **mentor** shall act only as a compliance adviser to the **Board of Directors** of the **Junior Market Company** (as the case may be) and shall not be construed as a shadow director for the purposes of the **Companies Act** or any other applicable law.

#### **4. TERMINATION**

4.1 In the event of the material breach of any of the provisions of clause 3 by the **Mentor**, the **Junior Market Company** shall be entitled to terminate this Agreement immediately upon its discovery of such breach.

4.2 Either Party to this Agreement shall be entitled to terminate it upon the provision of not less than 3 months' notice in writing to the other.

4.3 This Agreement shall also terminate immediately, in the event that the appointment of the **Mentor** is not made effective in accordance with clause 2.2.

#### **5. CONFIDENTIALITY**

The Parties shall keep this Agreement, and all matters connected with it, confidential, and their obligation to do so under this clause 5 shall survive the termination of this Agreement pursuant to clause 5.

#### **[6.] [RESTRAINT]**

*[This clause is optional - it may be included by agreement by the Mentor and the Eligible Company or Junior Market Company (as the case may be), with such adjustments as the parties agree to be necessary in the individual case].*

[The **Mentor** shall not, during the period of \_\_\_\_\_ [months/years] from the effective date of termination of this Agreement pursuant to clause 4, act as **mentor**, **Director**, officer, employee, agent, of any other company which has been admitted to the **Junior Market** of the **JSE**.]

#### **7. GOVERNING LAW**

This Agreement shall be governed by, and construed in accordance with, the laws of Jamaica.

**8. ARBITRATION**

- 8.1 Disputes arising between the Parties in relation to this Agreement shall be referred to a single arbitrator to be agreed by them, or failing such agreement of the Parties within 30 days of a request by a Party to agree such appointment made to the other, in writing, to a single arbitrator appointed by the Chairman of the JSE Board of the JSE.
- 8.2 For the purposes of this clause 8, the arbitration shall be subject to the Arbitration Act of Jamaica.

**9. NOTICES**

The addresses of the Parties for notices are as follows:

If to the **Junior Market Company**: *[insert details and contact person]*

If to the **Mentor**: *[insert details]*

**Signed for and on behalf of the Mentor by:**

\_\_\_\_\_  
**Mentor (if individual)**

*Note: if Mentor is a company it should sign by 2 persons in the same way as the Junior Market Company (see below)*

**Signed under seal for and on behalf of **Junior Market Company** by:**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director/Secretary**

\_\_\_\_\_  
**Date**

[SEAL]

## Appendix 7

### Board and Shareholder Documents - Rule 501(4)(viii) – Initial Admission

#### Document 1 - Board Meeting Minutes, Calling EGM of Shareholders to Approve Initial Admission and Related Matters

**\*\*\*WARNING\*\*\***

**These Documents are in template form only. Final versions should be prepared by a Junior Market Company together with its professional legal advisers. These Documents not to be used in substitution for the taking of such legal advice.**

**[Insert name]** (the “Company”)

Minutes of the Meeting of the Board held on **[date]**

---

#### 1. Chairman

**[Name]** took the chair (“Chairman”), noted that the meeting was properly called and quorate, and called the meeting to order.

#### 2. Business of the meeting

The Chairman explained that the purpose of the meeting was to consider and, if thought appropriate, to call a meeting of the shareholders of the Company in order to approve the application for admission of the Company (“Admission”) to the Junior Market of the Jamaica Stock Exchange (the “Junior Market” or the “JSE” as the case may be).

#### 3. Documents

The Chairman ensured that the Directors noted the provisions of the draft documents drafted by the Company and its **[mentor/and duly authorised attorney, (name)]** for the purposes of the Admission (the “Admission Documents”), namely:

- (1) the proposed new Articles of Incorporation of the Company, in the form required by Rule 505(3) of the Junior Market Rules;
- (2) the Admission Application, in the form required by Appendix 3 to the Junior Market Rules of the JSE;
- (3) the Admission Agreement, in the form required by Appendix 4 to the Junior Market Rules of the JSE;
- (4) the Declaration for Admission, in the form required by Appendix 5 to the Junior Market Rules of the JSE;

- (5) the Mentor Agreement, in the form required by Appendix 6 to the Junior Market Rules of the JSE;
- (6) the Prospectus, drafted in full compliance with the applicable requirements of the Companies Act and the Securities Act, in the form required by Appendix 8 to the Junior Market Rules of the JSE;
- (7) specimen [describe participating voting share] certificate of the Company, in the form required by [Appendix 10] to the Junior Market Rules of the JSE;
- (8) notice to the shareholders of the Company, calling a general meeting to be held on [date] for the purposes of approval of the proposed Articles of Incorporation referred to in paragraph (i), and an increase in the share capital of the Company from [insert details] to [insert details] for the purposes of the proposed Admission, and also, the Company's Admission to the Junior Market generally.

#### 4. Approval

The Directors considered the Admission Documents.

##### (1) Verification of Prospectus

The Directors noted the contents of the Prospectus, and noted that appropriate steps had been taken to verify the true and accurate nature of the contents required to be included in it by virtue of section 41 of the Companies Act 2004.

In particular, the Directors noted the [verification documents relating to the Prospectus prepared by its legal advisers, (name), which each of them had read, understood and signed for the purposes of their] individual and several liability in civil and criminal actions for the Prospectus under sections 44 and 45 of the Companies Act 2004, respectively.

The Directors also noted that no material information had been omitted from the Prospectus such as to render it misleading for the purposes of Admission.

##### (2) Minimum Allotment

The minimum figure of participating voting shares that must be allotted for the purposes of the Company's Admission to the Junior Market, being [insert] was clearly stated in the Prospectus for the purposes of section 48 of the Companies Act 2004. The Directors noted that if such minimum figure was not raised and paid for by subscribers for the purposes set out in the Prospectus in accordance with that section of the Companies Act, Admission would not take place and the monies raised by the Company in contemplation thereof would be returned to the subscribers in accordance with the same section of the Companies Act.

##### (3) Admission Documents Generally

The Directors noted [insert details of any particularly important issues that affect the participating voting shares to be admitted, or the prospectus, or the Company generally] (the "Issues").

(4) Approval

Having carefully considered the Admission Documents and Issues referred to above, and determined that, subject to the approval of the shareholders of the Company in general meeting, the Admission was in the best interests of the Company, the Directors approved the Admission Documents conditional on the outcome of the general meeting.

**5. Next steps**

The meeting instructed Company Secretary to issue the notice referred to in paragraph 3(8) to the shareholders of the Company with immediate effect.

**6. No further business**

As there was no further business for the meeting to consider, the meeting was closed.

---

Company Secretary

**Document Two – Notice of EGM to be sent to Participating Shareholders to Approve Admission and Related Matters**

**NOTICE OF AN EXTRAORDINARY GENERAL MEETING**

**Note: the Companies Act requires that this document is to be sent to shareholders at their current address, to arrive no later than 14 days before the relevant meeting is held**

**[Name of Company]**

NOTICE is hereby given that an Extraordinary General Meeting of the abovenamed Company will be held at [place] on the [x] day of [date] at [time] for the purpose of considering and if thought fit passing the following resolutions:

**SPECIAL RESOLUTION**

1. ADOPTION OF NEW ARTICLES OF INCORPORATION

THAT THE Articles of Incorporation submitted to this meeting, and for the purpose of identification subscribed by the chairman hereof, be approved and adopted as the Articles of Incorporation of the Company in substitution for and to the exclusion of the existing Articles of Incorporation of the Company, such Articles of Incorporation being compliant with Rule 505(3) of the Junior Market Rules of the Jamaica Stock Exchange for the purposes of the Company's proposed admission to that Junior Market.

**ORDINARY RESOLUTIONS**

2. INCREASE OF SHARE CAPITAL

THAT THE share capital of the Company be increased from [x] to [x] ordinary shares/other, being participating voting shares in the Company for the purposes of the proposed Admission of the Company to the Junior Market of the Jamaica Stock Exchange.

3. ADMISSION TO THE JUNIOR MARKET OF THE JAMAICA STOCK EXCHANGE

THAT THE proposed Admission of the Company to the Junior Market of the Jamaica Stock Exchange be hereby approved.

By Order of the Board

\_\_\_\_\_  
Secretary

**[Company address]**

Note - A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and with in his stead. A proxy need not be a member of the Company.

[Insert form of proxy]

## **Document Three – Minutes of the EGM of Participating Voting Shareholders**

### **MINUTES OF AN EXTRAORDINARY GENERAL MEETING**

**Note: The Companies Act of requires this document to be filed at the Office of the Registrar of Companies no later than 15 days after the relevant EGM is held**

**[Name of Company]**

An Extraordinary General Meeting of the abovenamed Company was held at [place] on the [x] day of [date] at [time] at which the shareholders of the Company passed the following resolutions:

#### **SPECIAL RESOLUTION**

##### **1. ADOPTION OF NEW ARTICLES OF INCORPORATION**

THAT THE Articles of Incorporation submitted to this meeting, and for the purpose of identification subscribed by the chairman hereof, be approved and adopted as the Articles of Incorporation of the Company in substitution for and to the exclusion of the existing Articles of Incorporation of the Company, such Articles of Incorporation being compliant with Rule 505(3) of the Junior Market Rules of the Jamaica Stock Exchange for the purposes of the Company's proposed admission to that Junior Market.

#### **ORDINARY RESOLUTIONS**

##### **2. INCREASE OF SHARE CAPITAL**

THAT THE share capital of the Company be increased from [x] to [x] ordinary shares/other, being participating voting shares in the Company for the purposes of the proposed Admission of the Company to the Junior Market of the Jamaica Stock Exchange.

##### **3. ADMISSION TO THE JUNIOR MARKET OF THE JAMAICA STOCK EXCHANGE**

THAT THE proposed Admission of the Company to the Junior Market of the Jamaica Stock Exchange be hereby approved.

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Company Secretary

---

Chairman of the Meeting

## Document Four – Board Meeting Minutes to Approve Admission and Related Documents for Submission to the JSE

[Insert name] (the “Company”)

Minutes of the Meeting of the Board held on [date]

---

### 1. Chairman

[Name] took the chair (“Chairman”), noted that the meeting was properly called and quorate, and called the meeting to order.

### 2. Business of the meeting

The Chairman explained that the purpose of the meeting was to consider and, if thought appropriate, to approve the application for admission of the Company (“Admission”) to the Junior Market of the Jamaica Stock Exchange (the “Junior Market” or the “JSE” as the case may be).

### 3. Admission and Admission Documents

The Chairman noted that the extraordinary general meeting of the shareholders of the Company held on [date] had approved the Company’s new Articles of Incorporation in the form required by Rule 505(3) of the Junior Market Rules, and the increase in the Company’s share capital for the purposes of Admission, and the Admission of the Company to the Junior Market generally.

The Directors again considered the provisions of the draft documents drafted by the Company and its legal advisers for the purposes of the Admission (the “Admission Documents”), namely:

- (i) the proposed new Articles of Incorporation of the Company, approved by the shareholders in the form required by Rule 505(3) of the Junior Market Rules;
- (ii) the Admission Application, in the form required by Appendix 3 to the Junior Market Rules of the JSE;
- (iii) the Admission Agreement, in the form required by Appendix 4 to the Junior Market Rules of the JSE;
- (iv) the Declaration for Admission, in the form required by Appendix 5 to the Junior Market Rules of the JSE;
- (v) the Mentor Agreement, in the form required by Appendix 6 to the Junior Market Rules of the JSE;

- (vi) the Prospectus, drafted in full compliance with the applicable requirements of the Companies Act and the Securities Act, [in the form required by Appendix 8 to the Junior Market Rules of the JSE];
- (vii) [Abridged Statement in Lieu of Prospectus] in the form required by [Appendix 9] to the Junior Market Rules of the JSE; and
- (viii) specimen [describe participating voting share] certificate of the Company, in the form required by [Appendix 10] to the Junior Market Rules of the JSE.

#### **4. Approval**

The Chairman noted that no circumstances had arisen that would serve to change the terms of any of the above Admission Documents, or the proposal for Admission generally. As such, the Directors:

- (i) determined that the proposed Admission was in the best interests of the Company; and
- (ii) approved the Admission Documents for signature by the Company (acting by any 2 directors and/or any Director and the Company Secretary).

#### **5. Next steps**

The meeting instructed the [duly authorised attorney/Company Secretary] to submit the Admission Documents to the JSE for their further consideration, with immediate effect.

The meeting also instructed the [duly authorised attorney/Company Secretary] to submit the new Articles of Incorporation, and the notice of increase in the share capital of the Company, and the minutes of the extraordinary meeting of the shareholders setting out the resolutions of those shareholders, to the Office of the Registrar of Companies for filing in accordance with the Companies Act.

#### **6. No further business**

As there was no further business for the meeting to consider, the meeting was closed.

---

Company Secretary

# Appendix 8

## Sample Prospectus for Initial Public Offer

**\*\*\*WARNING\*\*\***

**This Document is to be used as a template for the drafting of a prospectus only.**

**The template reflects the basic content requirements for a prospectus set out in the Third Schedule to the Companies Act, as well as content that is customarily inserted into the prospectus.**

**Any final version of the prospectus should be prepared by a Junior Market Company together with its professional legal advisers, taking into account the requirements of the Companies Act (and the Securities Act). The prospectus must also be registered with the Registrar of Companies, and with the Financial Services Commission.**

**This template is not to be used in substitution for the taking of professional legal and other advice by a company on its prospectus, particularly as the issue of a prospectus can expose the Directors and others to criminal and/or civil penalties.**

**[For a complete sample prospectus see also the JSE Prospectus dated 18<sup>th</sup> April 2008 published on the JSE website, which this template is based on.]**

A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to Section 40(2) of the Companies Act, 2004 and was so registered on [date]. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus.

A copy of this Prospectus was also delivered to the Financial Services Commission for registration pursuant to section 26 of the Securities Act, and was so registered on [date]. The Financial Services Commission has not approved the offered [details of Participating Voting Shares] nor has the Commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

**[Name of Company]**

**Initial Public Offer of [Number] [Participating Voting Shares]  
for [Sale/Subscription] at [Price]**

**[Date]**

## **Section 1: Important Disclaimers**

**Please insert appropriate text in consultation with the Company's auditors and other professional advisers. A sample is provided here for illustrative purposes only.**

### **Responsibility for the Contents of this Prospectus**

This Prospectus has been reviewed and approved by the Board of Directors of the Company, details of which are set out in Section [8]. The Directors of the Company whose names appear in Section [8] of this Prospectus are the persons responsible (both individually and collectively) for the information contained in it. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted likely to affect the import of information contained herein.

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

### **Contents of the Prospectus**

This Prospectus contains summaries which the Board of Directors of the Company believe are accurate with respect to certain terms of certain documents. Prospective investors may wish to inspect the actual documents that are summarized, copies of which will be available as described in Section 19. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document.

Neither the publication of this Prospectus nor the Initial Public Offer shall imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

### **The Initial Public Offer is made to Jamaican Residents in Jamaica Only**

This Prospectus (the "Prospectus") is intended for use by Jamaican residents in Jamaica only and is not to be posted outside Jamaica or to be used for the making of any offer of [details of the participating voting shares] to the public in any country except Jamaica. The distribution or publication of this Prospectus and the making of the Initial Public Offer in certain jurisdictions outside of Jamaica is prohibited by law.

### **Acceptance of the Initial Public Offer**

This Prospectus is not a recommendation by the Company that prospective investors should submit Application Forms in respect of the Initial Public Offer. Prospective investors in the Company are expected to make their own assessment of the Company and the Initial Public Offer, and the merits and risks of submitting an Application Form. Prospective investors are also expected to seek appropriate advice on the legal implications of submitting an Application Form, including but not limited to any tax implications.

Each prospective investor submitting an Application Form acknowledges and agrees that:

(i) it has been afforded a meaningful opportunity to review and has received, all additional information considered by it to be necessary to verify the accuracy of the information contained in this Prospectus;

(ii) it has not relied on the Company or any other persons in connection with its investigation of the accuracy of such information or its investment decision;

(iii) no person has made any representation concerning the Company or this Prospectus or the Initial Public Offer on which the Applicant has relied in submitting its Application Form.

## Section 2: Details of Application Process

Applications for the [participating voting shares] may be made from [insert opening date and time] up to and including [insert closing date and time] subject to the Company's right to (a) shorten the timetable for receipt of Applications at any time, without notice, if Applications for the full amount of the [participating voting shares] offered subject to the Prospectus have been received and (b) extend the timetable for receipt of Applications beyond [insert closing date and time].

All Applications should be made on the original Application Form provided at the end of this Prospectus. Each Application must be for [a minimum of [number] participating voting shares] [and made in multiples of [number] participating voting shares]. The procedure for completing the Application Form and the terms and conditions of this Prospectus are set out in Section [X] of this Prospectus and on the Application Form.

It is the intention of the Company to apply to the Jamaica Stock Exchange for admission of the [participating voting shares] to trading on the Junior Market of the Jamaica Stock Exchange. The application for admission is dependant on the Company's ability to (i) raise [at least [J\$50m]<sup>3</sup> in the Initial Public Offer] and (ii) meet the criteria for admission set out in the Junior Market Rules. Please note that this statement of the Company's intention is not a guarantee that the [participating voting shares] will in fact be admitted to trading on the Junior Market of the Jamaica Stock Exchange.

[Set out indicative timetable here if desired.]

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<sup>3</sup> Adjust figure for minimum fundraising and seek guidance from legal advisers on requirements in respect of the minimum allotment and purposes for which it will be used: see also sections 48 to 52 of the Companies Act, 2004.

## Section 3: Letter to Prospective Investors

[Date]

Dear Prospective Investors,

We are pleased to invite you to participate in our initial public offer of [participating voting shares] in the capital of the Company.

[Insert brief history of the Company.]

[Insert brief details of why the Company is making the initial public offer, and what the proceeds will be used for.]

[Insert brief details of offer including timing and price, and reasons why prospective investors should take it up.]

Yours sincerely  
For and on behalf of the Company

[Name]

[Position e.g. Chairman, Chief Executive, etc.]

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## Section 4: Definitions used in this Prospectus

Allotment	means the issue of the [insert details of participating voting shares] to successful Applicants
Applicant	means a person (being an individual or a body corporate resident in Jamaica) who submits an Application Form
Application Form	means the Application Form for acceptance of the Initial Public Offer of [insert details of participating voting shares] made by the Company, which is set out in Appendix 3
Auditors' Report	means the report of [insert name of auditors] set out in Appendix 1 that precedes the Financial Statements
Board of Directors	means the Board of Directors of the Company, details of which are set out in Section [8] of the Prospectus
Company	means [insert details]
Cut – Off Date	means the deadline date for receipt of the Application Form by the Company, being [insert details of date and time – <b>must be no later than 40 days after publication of the Prospectus: see section 48 of the Companies Act and also, the note in relation to “Opening Date” below.</b> ]
Director	means a member of the Board of Directors
Financial Statements	means the audited financial statements of the Company for the period [insert details] set out in Appendix 1
Forward Looking Statements	means the forward looking statements referred to in Section [5] of the Prospectus
Initial Public Offer	means the initial offer to the public of the [participating voting shares] of the Company made in the Prospectus, the terms and conditions of which are set out in Appendix 2
JSE	means the Jamaica Stock Exchange
Junior Market	means the Junior Market of the Jamaica Stock Exchange
Offer Price	means [insert details]
Opening Date	means the date on which the Initial Public Offer opens for acceptance, being [insert details of date and time – <b>must be at least 14 days after publication in accordance with Junior Market Rule 502(2)(a). See also section 51 of the Companies Act, 2004</b> ]
[Participating Voting Shares]	means [insert details of shares]
Prospectus	means this document, which constitutes a prospectus for the purposes of the Companies Act, 2004 and the Securities Act

[Insert others as required]

## Section 5: Disclaimer - Forward Looking Statements

**If the Company is making any forward looking statements in the nature of financial predictions, opinions, or forecasts of its future assets, liabilities, earnings or profits, please insert appropriate text in consultation with the Company's auditors and other professional advisers. A sample is provided here for illustrative purposes only.**

Except for the historical information concerning the Company contained in this Prospectus, certain matters discussed in this Prospectus, including without limitation the discussions of future plans and financial projections, contain forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. Although the Company believes that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Invitees are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

When used in this Prospectus, the words “anticipates”, “believes”, “expects”, “intends” and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company’s financial or regulatory position, or to reflect the occurrence of unanticipated events. There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company’s control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing within Jamaica, including actual rates of growth of the Jamaican economy, instability, high domestic interest rates or exchange rate volatility
- adverse climatic events and natural disasters
- unfavourable market receptiveness to new products
- changes in any legislation or policy adversely affecting the revenues or expenses of the Company
- any other factor negatively impacting on the realisation of the assumptions on which the Company’s financial projections are based
- other factors identified in this Prospectus

## Section 6: The Offer

[Insert brief history of the Company.]

[Insert brief details of why the Company is making the initial public offer, and what the proceeds will be used for.]

[Insert brief details of offer including timing and price payable, and reasons why prospective investors should take it up.]

**Companies should seek legal advice on the offer details to be inserted in the Prospectus, given the legal requirements for allotments set out in sections 48 to 52 and paragraphs 2 and 3 of the Third Schedule of the Companies Act, 2004.**

## Section 7: Professional Advisers to the Company

### FINANCIAL ADVISERS

[Insert details of name and address]

### AUDITORS AND REPORTING ACCOUNTANTS

[Insert details of name and address] **Please note that the disclosure of the Company's auditors is required by paragraph 12 of the Third Schedule of the Companies Act, 2004.**

### LEGAL ADVISERS

[Insert details of name and address]

### LEAD BROKERS AND SELLING AGENTS

[Insert details of name and address]

### OTHER BROKERS

[Insert details of name and address]

### REGISTRARS & TRANSFER AGENTS

**Jamaica Central Securities Depository Limited**  
40 Harbour Street  
Kingston

## **Section 8: Directors and Senior Officers and their Interests**

**Insert details of requirements set out in paragraph 1 of the Third Schedule to the Companies Act, 2004 including the following:**

- Names of founders of the Company
- Names, descriptions and addresses of Directors and proposed Directors of the Company
- Provisions of the Company's Articles of Incorporation (if any) as to (a) the shares to be held by the Directors, and (b) the Directors' remuneration
- Any management/deferred shares in the Company, and the nature and extent of the interest of the holders in the property and profits of the Company

**Insert details of requirements set out in paragraph 13 of the Third Schedule to the Companies Act, 2004 including the following:**

- The nature and extent of the interest (if any) of every Director in (a) the promotion of the Company, and (b) the property proposed to be acquired by the Company as a result of the Initial Public Offer, and (c) any partnership.
- Any sums paid or agreed to be paid to a Director (and any firm of which he is a partner) in cash, shares or otherwise by any person, either to induce the Director to become a Director, or to qualify him as a Director, or otherwise for services rendered by him (and any firm of which he is a partner) in connection with the formation or promotion of the Company.]

[It is also desirable to insert the following information in this section:

- a brief biography of each Director of the Company
- a brief biography of each senior manager of the Company
- information on each Director or senior manager's holding of participating voting shares and securities, together with any options for such shares and securities (the latter to include details of the option exercise periods, price at which options were issued and price at which they are to be exercised, as required by paragraph 4 of the Third Schedule of the Companies Act, 2004).]

**Companies should also seek legal advice on the disclosures required by the relevant sections of the Companies Act– the above is a general description only, and certain disclosures may not be required to be made by a company that is trading for more than 2 years.**

## **Section 9: Information about the Company**

**Insert details of requirements set out in paragraph 14 of the Third Schedule to the Companies Act, 2004 including the following:**

- Details of other classes of participating voting share capital and other securities of the Company (if any), including details of (a) voting rights (b) dividend rights (c) rights to repayment of capital on a winding up, or in the event of the commencement of administration or insolvency proceedings.
- Length of time the Company has been trading or whether it is a start – up. If it is a start up, details of any business the Company plans to acquire, including how long that business has been trading.

**Companies should also seek legal advice on the disclosures required by the relevant sections of the Companies Act– the above is a general description only, and certain disclosures may not be required to be made by a company that is trading for more than 2 years.**

## **Section 10: Management Discussion and Analysis**

[Highlight key aspects of the Company’s past financial performance and its prospects for the future, including details of how the success of the Initial Public Offer may enhance those prospects.]

[Include details of:

- the minimum amount to be raised by the Company in the Initial Public Offer
- any preliminary expenses payable by the Company out of the proceeds of the Initial Public Offer
- any commissions payable by the Company to any person out of the proceeds of the Initial Public Offer (either for the purposes of that person’s acceptance of the Initial Public Offer, or his procurement/agreement to procure third parties’ acceptances)
- assets that the Company will purchase out of the proceeds of the Initial Public Offer, including details of assets that still to be acquired, and those that are currently owned whose purchase price is to be refunded out of the proceeds of the Initial Public Offer
- repayment of any debt incurred by the Company out of the proceeds of the Initial Public Offer, for the purposes of the preliminary expenses, commissions, or assets mentioned above
- working capital needs of the Company that will be met out of the Initial Public Offer
- other sources of funding available to the Company.]

**Companies should also seek legal advice on these disclosures, which are required by the paragraph 2 of the Third Schedule of the Companies Act, 2004. The above is a general description only.**

## Section 11: Auditors' Report and Financial Statements

[Highlight key aspects of the auditors' report and financial statements set out in Appendix 1.]

## Section 12: Corporate Governance

[Insert details of the Company's corporate governance arrangements. This should include details of:

- the non executive Directors of the Company that are required to be appointed under Rule 504(1)(b) of the Junior Market Rules; and
- the composition of the Audit Committee and the Remuneration Committee required by Rule 504(2)(b) of the Junior Market Rules; and
- other 'best practice' measures taken by the Company for the benefit of its shareholders, including any measures implemented on the advice of the mentor under Rule 503(2)(b) of the Junior Market Rules; and
- any others designed to increase its transparency and accountability.]

## Section 13: Dividend Policy

[Insert details of dividends previously paid by the Company on any of its participating voting shares or other securities (if any).]

**Insert also the information required by paragraph 5(1)(d) of the Third Schedule of the Companies Act, 2004:** details of the net aggregate amount (after deduction of income tax) which is to be recommended by the Board of Directors for distribution by way of dividend.

## Section 14: Material Contracts

**Insert details of material contracts required by paragraph 11 of the Third Schedule of the Companies Act, 2004:**

- name of parties
- date
- general description

**Please note that that section of the Act does not require the Company to disclose material contracts that were entered into by it more than 2 years before the date of the Prospectus.**

**Companies should seek legal advice on these disclosures for good order. The above is a general description only.**

## Section 15: Litigation

[Insert details of litigation involving the Company. It is suggested that the disclosure should cover material litigation, and judgments, affecting the Company. If there is no such litigation, and if there are no such judgments, the Company may so state.]

## Section 16: Risk Factors

**Insert details of risk factors affecting the Company, including general risk factors that affect the market it trades in, and specific risk factors relating to its business, and the participating voting shares that are offered by way of the Initial Public Offer.**

**Sample text follows for illustrative purposes only, but companies should also seek professional advice from their legal and financial advisers, and the brokers, on the form of this disclosure.**

### **RISK FACTORS**

#### **Risks Specific to the Company**

##### **Volatility in Price of [Participating Voting Shares]**

The [Participating Voting Shares] may experience significant volatility in their market price which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control.

##### **Admission of the [Participating Voting Shares] to the Junior Market of the JSE**

After the Closing Date, and assuming that the Company is able to raise [insert minimum allotment amount as required by sections 48 to 52 of the Companies Act 2004] in the Initial Public Offer by the Closing Date, the Company will make application to the JSE to admit the [Participating Voting Shares] to the Junior Market. However, the Company is not able to guarantee the success of the Initial Public Offer, or the admission of the [Participating Voting Shares] to the Junior Market.

[Insert details of other trading, legal and regulatory risks affecting the Company and the Participating Voting Shares.]

#### **Risks of the Market in which the Company trades**

##### **Macro-Economic Policies**

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behaviour of capital markets including the Junior Market of the JSE. Such changes in policies may create opportunities as well as challenges for the Company. [Give examples if possible.]

## **New Accounting Rules or Standards**

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively.

## **Key Personnel**

It is very important that the Company attract and retain highly skilled personnel, to accommodate growth, establish new services and to replace personnel whose employment may be terminated for any reason. Competition for qualified personnel can be intense, as there are a limited number of people in Jamaica with the requisite knowledge and experience. The Company will need to attract and retain qualified personnel and failure to do so could have a material adverse impact on its operating and financial results and on the market price of the [Participating Voting Shares].

## **Risks Associated with International Conditions**

The Company's financial results may be adversely affected by international risks, such as international political and economic conditions [insert details of any others].

## **Operational Risk**

The Company is subject to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition excludes systemic risk, legal risk and reputation risk. This catch-all category of risks includes employee errors, computer and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity.

## **RISK MITIGATION**

The Company attempts to mitigate all risks by [insert details].

## **Section 17: Experts' Consents**

[The Company must confirm that the auditors of the Company (and any other experts that are named in the prospectus) have given their written consent to the inclusion of their name in the prospectus. See section 42 of the Companies Act, 2004 for details of this requirement.]

## **Section 18: Documents available for Inspection**

[The Company should indicate that the full text of certain documents that are summarized in, or referred to in, the Prospectus are available for inspection at the offices of the Company or its professional advisers during normal business hours. Such documents may include, but are not limited to:

- the Articles of Incorporation or other bye-laws of the Company
- the material contracts referred to in Section 14

- the audited financial statements and auditors' reports of the Company for prior trading years.]

## **Section 19: Statutory and General Information**

[Insert the remainder of the information required to be contained in a prospectus by the Companies Act, 2004 that is not covered elsewhere, including but not limited to the information required by paragraphs 4 to 10 (inclusive) of the Third Schedule of the Act.]

**Companies issuing a prospectus should take legal advice to ensure that all content requirements of the Companies Act, 2004 have been covered in the prospectus, and verified for accuracy.**

## **Section 20: Application Procedures and Terms and Conditions of Initial Public Offer**

[Insert details of the timetable for the Initial Public Offer, including the Opening Date and the Cut - Off Date, and the procedure for Acceptance. If special terms and conditions attach to the Participating Voting Shares, insert them here. Refer also to the Application Form in Appendix 2.]

**Companies should seek legal advice on the offer details to be inserted in the Prospectus, given the legal requirements for allotments set out in sections 48 to 52 and paragraphs 2 and 3 of the Third Schedule of the Companies Act, 2004.**

## **Section 21: Directors' Signatures**

[Insert the names and signatures of the Directors of the Company who are individually and collectively responsible for the content of the prospectus.]

**Companies issuing a prospectus should take legal advice on the content of the prospectus as noted above. The Directors of the Company (both individually and collectively) are exposed to civil and criminal penalties under sections 44 and 45 of the Companies Act, 2004 in respect of misleading or untrue statements in the prospectus.**

## **Appendix 1: Auditors' Report and Financial Statements**

**The auditors' report and audited financial statements in the form and with the content required by Part 2 of the Companies Act, 2004 are to be inserted here.**

**It is also customary to insert a copy of the auditors' written consent to the inclusion of their name in the prospectus referred to in section 17.**

## **Appendix 2: Application Form**

[Insert details of application form after discussion with legal advisers and brokers as to what it should include. A sample application form can be obtained from the JSE website – see the JSE Prospectus dated 18<sup>th</sup> April 2008 for details.]

## **Appendix 9**

**Specimen Participating Voting Share Certificate**

**[See separate document]**