

**BAHAMAS INTERNATIONAL SECURITIES EXCHANGE**

**BISX RULES**

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**BAHAMAS INTERNATIONAL SECURITIES EXCHANGE**

**SECTION 10: DEFINITIONS**

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## DEFINITIONS

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The definitions adopted in the Rules conform to the definitions used in the Securities Industry Act, 1999 (the Act) and the accompanying Regulations, and the Mutual Funds Act, 1995 (the Mutual Funds Act) and the accompanying Regulations. Where there is any dispute as to interpretation, the provisions of the Act and, where the context requires, the Mutual Funds Act shall prevail.

'Account Number'	A number identifying, for settlement purposes, the account against which the any trades resulting from an order will be effected. Any given Member may have many such numbers, but any one number is only allocated to one Member.
'accountant'	Has the same meaning as in section 2 of the Public Accountants Act, 1991
'The Act'	The Securities Industry Act, 1999
'Accredited Network Operator'	A Bahamian telecommunications network operator accredited by The Exchange for the provision of the wide-area network connections necessary for the connection of Remote Trading Workstations.
'Affiliated Person'	Includes the following: <ul style="list-style-type: none"><li>- A director, officer, broker, or associated person of a Member;</li><li>- The spouse and any minor child or minor stepchild of a director, officer, broker, or associated person of a Member; and</li><li>- Any corporation in which the controlling interest is held by a director, officer, broker, or associated person of a Member.</li></ul>
'Aggressive Order'	An incoming order that causes a trade to occur by matching with a Passive Order.
'Allocation Side'	The side of the market (buy or sell) that has the largest volume that can trade during At the Open.
'The Applicant'	A firm that has applied to the Exchange to become a Member.
'Applicant Member'	An entity incorporated as a company, whether or not incorporated in The Bahamas, that intends to apply to the Exchange for Membership to carry out securities business as a Member of the Exchange obtaining authorisation from the Commission to carry on securities activities in The Bahamas. Once an Applicant Member has been admitted as a Member of the Exchange its status as an Applicant Member thereby changes to Member.
'At the Close'	The moment of transition from the Continuous Trading Period to the Closed Period during which the Closing Price is calculated.
'At the Open'	The moment of transition from the Pre-Open Period to the Continuous Trading Period during which the Opening Price is calculated and opening volume is allocated.

'Authorised representative'	A person appointed as an authorised representative by an issuer
'The Bahamas' or its derivative 'Bahamian'	Refers to The Commonwealth of The Bahamas
'BATS Floor Sessions'	A Trading Session operated using the BATS exclusively from Exchange Trading Workstations.
'Better Price Rule'	The rules stating that when a match occurs and the price of the buy order is greater than the price of the sell order, the Aggressive Order will receive the better price.
'BISX'	The Bahamas International Securities Exchange Limited with a registered office of 404 East Bay Street, PO Box EE-15672, Nassau, The Bahamas.
'The Board'	The Board of Directors of BISX constituted in accordance with the Memorandum and Articles of Association.
'Business Day'	Monday through Friday, excluding Public Holidays.
'Chief Executive Officer'	The Officer of the Exchange responsible for the overall management and activities of the Exchange.
'Client Account'	A settlement account used by a Member for the storage of securities held as agent.
'Client Order'	An order placed by a Member as agent.
'closed-ended mutual fund'	A mutual fund the security interests of which may not be redeemed or repurchased at the option of the holder
'Closed Period'	The Period after At the Close during which orders will not be accepted by The Exchange.
'Closing Price'	The price allocated to each security listed on The Exchange during At the Close using the Closing Price Calculation Rule.
'Closing Price Calculation Rule'	The rule used during At the Close to calculate the Closing Price for each symbol listed on The Exchange.
'The Commission'	The Securities Commission of The Commonwealth of The Bahamas
'The Companies Act'	The Companies Act, 1992
'Company'	A legal corporate entity established under the laws of The Bahamas or in another territory under relevant legislation.
'Compliance officer'	In relation to a Member the individual from time to time nominated by the member as responsible for compliance matters.
'Continuous Trading Period'	The normal trading period of a BATS market between At the Open and At the Close.

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'Controlling shareholder'	Any person or entity who together with any other party with whom it arranges to assert a common course of action with regard to their shareholdings carrying full voting rights in respect of an aggregate of 10% or more of the issued share capital of the issuer.
'constitution'	All documents which individually and collectively govern and regulate the objects and internal conduct of an entity and the rights, powers, privileges and responsibilities of the shareholders, partners, beneficiaries, directors, officers, partners, trustees, managers, or other persons associated with the entity or holding a financial interest in it. In the case of a company the constitution includes its memorandum of association, bye-laws and articles of association or comparable documents; in the case of a partnership the constitution includes its partnership agreement and any other document constituting the partnership certificate; and in the case of a unit trust its constitution includes its trust agreement or deed.
'custodian'	Any trustee appointed pursuant to a deed of trust or declaration of trust or any entity appointed by a mutual fund (or sub-fund), its directors, trustee or general partner, as the case may be, to hold and keep safe any of the assets of a fund.
'Customer Account Form'	A form defined in The Regulations that must be completed and signed in accordance with The Regulations and held by a Member before that Member may act as agent for the client.
'date of record'	The date on which a shareholder must officially own shares in order to be entitled to a dividend.
'debenture'	Includes other debt securities that have similar rights to conversion into or subscription for shares.
'Default Delivery Term'	The Delivery Term defined by The Exchange that is used for trades where the buyer and seller have not specified an explicit Delivery Term at the time their orders are matched.
'Delivery Term'	A date specified in the form T+n on which the buyer agrees to pay and the seller agrees to deliver securities that is the n <sup>th</sup> Business Day from the date of trading, T.
'Director'	In relation to an issuer any of whose securities are listed on the Exchange, any person occupying the position of director by whatever name called, including in the case of mutual fund, a mutual fund operator as defined below.
'Disclosed Volume'	The quantity of securities in an order that this visible to all Members.
'employee(s)'	Include any persons employed by a Member under a written contract of employment or service agreement or other memorandum of terms and conditions or other oral agreement and shall include Directors of the Member and past employees who worked in the member's business during the previous twelve months, unless the context otherwise requires.

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'equity security'	Includes shares carrying full voting rights at general meetings of the issuing company and other securities carrying rights exercisable into such shares whether arising from securities convertible into shares or warrants, options or other rights exercisable into equity securities.
'the Exchange'	BISX and where the context requires shall include the Board and its executive staff.
'Exchange Trading Workstations'	Trading Workstations placed on the Trading Floor for use by Members during BATS Floor Sessions.
'Executive Group'	The committee comprised of the Chief Executive Officer and the executive staff of the Exchange to which the Board has delegated certain regulatory responsibilities.
'feeder fund'	A mutual fund the investment objective of which is to invest in excess of 40 percent of its gross assets in each of two or more mutual funds.
'fund of funds'	A mutual fund the investment objective of which is to invest between 20 percent and 40 percent of the gross value of its assets in each of two or more mutual funds.
'Fill Priority'	The sequence in which orders are filled when multiple orders are queued in an order book.
'Group'	A company and any subsidiary undertakings.
'holding company'	in relation to another company that thereby becomes its subsidiary, one that: holds a majority of the voting rights in it, or has the right to appoint or remove a majority of its board of directors.
'House Account'	A settlement account used by a Member for the storage of securities held as principal.
'IASC'	The International Accounting Standards Committee.
'IAS'	Accounting standards promulgated by the IASC.

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'investment business'	<p>Includes:</p> <ul style="list-style-type: none"><li>- buying, selling, subscribing for or underwriting investments or offering or agreeing to do so, either as principal or agent;</li><li>- making, or offering or agreeing to make arrangements with a view to another person buying, selling, subscribing for or underwriting a particular investment, or participating in arrangements to do so;</li><li>- managing, or offering or agreeing to manage assets belonging to another person if those assets consist of or include investments;</li><li>- giving, or offering or agreeing to give, to persons in their capacity as investors or potential investors advice on the merits of their purchasing, selling, subscribing for or underwriting an investment, or exercising any right conferred by an investment to acquire, dispose of, underwrite or convert an investment; and</li><li>- establishing or operating or winding up a mutual fund, including acting as trustee of an authorised unit trust scheme.</li></ul>
'investments'	<p>Includes:</p> <ul style="list-style-type: none"><li>- shares and stock in the share capital of a company</li><li>- debentures including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness, other than those issued by or on behalf of a government or a local or public authority;</li><li>- loan stock, bonds and other instruments creating or acknowledging indebtedness issued by or on behalf of a government or a local or public authority;</li><li>- warrants or other instruments entitling the holder to subscribe for investments;</li><li>- certificates or other instruments which confer rights in respect of any investment;</li><li>- units in a mutual fund, including shares in or securities issued by an open-ended investment company; and</li><li>- options or rights under a contract to acquire or dispose of an investment falling within the foregoing categories.</li></ul>
'issuer'	<p>The company or other issuer any of whose securities are or are proposed to be the subject of an application for listing or some of whose securities are already listed , and the term shall include its directors.</p>
'International Accounting Standards'	<p>The International Accounting Standards formulated by the International Accounting Standards Committee.</p>

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'International Standards on Auditing'	The International Standards on auditing formulated by the International Auditing Practices Committee of the International Federation of Accountants.
'Investment adviser'	Any person responsible for advising in relation to the investment of the assets of a mutual fund or the investment manager.
'Investment manager'	Any person with the authority to make discretionary investment decisions in relation to the assets of a mutual fund
'Least Remaining Volume Side'	The side of the market (buy or sell) that is not the Allocation Side during At the Open.
'licensor'	Has the meaning as in the Mutual Funds Act.
'licensed mutual fund administrator'	Has the meaning as in the Mutual Funds Act.
'Limit Order'	An Order which has a specified price when it is entered, and can trade through a range of prices better than or equal to this price.
'listed'	Admitted to listing on the Exchange and "listing" shall be construed accordingly.
'Listing Committee'	The listing committee of the Exchange as appointed by the Board.
'listing rules'	The rules of the Exchange governing the listing of securities contained in this volume as amended from time to time in the manner provided for in these rules.
'Listing Document'	Any document or set of documents (which may include a prospectus or other offering document) issued in connection or proposed to be issued in connection with an application for listing.
'Manual Floor Session'	Trading Sessions that take place on the Trading Floor using manual (i.e. non-BATS) trading methods.
'Market Order'	An order to trade a security immediately at the current best price available in the market with Price Protection applied.
'master fund'	A mutual fund into which a feeder fund invests.
'Member'	A Member incorporated as a company admitted to Membership of BISX and continuing to qualify for membership therefore together with its directors and officers including a Member who has within the previous twelve months ceased to be a Member or has resigned or been suspended or expelled from Membership. Categories of Member authorised as broker-dealers are divided into: <ul style="list-style-type: none"> <li>- full service members – class I</li> <li>- non-underwriting members – class II</li> <li>- investment management and advisory services only – class III</li> </ul>
'Membership'	The status of Member of the Exchange to which an applicant applies.
'mutual fund'	A mutual fund as that term is defined in the Mutual Funds Act

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'mutual fund administrator's licence'	Has the meaning as in the Mutual Funds Act.
'mutual fund operator'	In respect a mutual fund, means: where the mutual fund is a unit trust, a trustee of that trust; where the mutual fund is a partnership, a general partner in that partnership; or where the mutual fund is a company, a director of that company
'notification to the Exchange' and 'notify the Exchange'	Communication by a Member to the Exchange must be made in writing to an Officer of the Exchange and may be delivered to the Exchange by: <ul style="list-style-type: none"><li>- hand,</li><li>- registered post; or</li><li>- by tested facsimile transmission; and</li><li>- in any case the time by which such notification must be made to the Exchange must be by the end of the following business day.</li></ul>
'offering document'	Refers any offering document or equivalent document which offers to members of the public securities for subscription of purchase, whether or not newly issued by the issuer and in the context of a mutual fund has the meaning as in the Mutual Funds Act.
'Official Exchange Identity Card'	An identity card issued and registered by The Exchange which must be displayed at all times by all personnel on the Trading Floor.
'Omnibus Account'	A settlement account used by a Member for the storage of securities held as agent where the inventory recorded in the account is the total of that owned by many clients of the Member and the detailed records of beneficial ownership are held external to the Exchange.
'open-ended mutual fund'	A mutual fund whose security interests may be redeemed or repurchased out of assets of the mutual fund at the option of the holder
'Opening Allocation Algorithm'	The method by which volume is allocated during At the Open.
'Opening Price'	The price allocated to each security listed on The Exchange during At the Open using the Opening Price Algorithm.
'Opening Price Algorithm'	The method used to determine the Opening Price of each symbol listed on The Exchange during At the Open.
'Order'	An instruction to buy or sell securities or to modify or cancel an existing instruction to buy or sell securities.
'Order Book'	A sequential list of outstanding buy and sell orders managed by the BATS.
'Order Log Book'	The mandatory record of all orders managed by Members.

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'Order Timestamp'	The record maintained by the BATS for each order in an Order Book of the time of submission of the order or the time of last timestamp-effecting modification to an order used for establishing Queue Priority and Fill Priority.
'partnership'	Has the meaning as in the Mutual Funds Act.
'Passive Order'	An order already queued in an Order Book that matches with an incoming order (Aggressive Order) to form a trade.
'person'	An individual, or a firm, as the context so admits or requires.
'Pre-Open Period'	The period before At the Open during which orders can be entered but are not immediately processed
'Price Protection'	Values defined by The Exchange that are added to the best market price for buy orders and subtracted from the best market price for sell orders such that a limit is set on the price movement of Market Orders during continuous trading.
'primary regulatory exchange'	A stock exchange other than BISX and any other securities regulatory body in the same jurisdiction as that other stock exchange which the issuer and the BISX have agreed shall have the primary responsibility for regulating the listing, trading and dealing in the issuer's securities and ensuring the observation by the issuer of its continuing obligations as an issuer.
'principal subsidiaries'	Those subsidiaries of the issuer or within the issuer's group of companies that contribute 10% or more to the issuer's group turnover, profits before taxation or net assets.
'Professional Order'	An order placed by a Member as principal.
'prospectus'	A prospectus as defined in the Securities Industry Act, 1999 and the Regulations.
'public hands'	In relation to securities held by the public those securities that are outside the beneficial ownership of the Directors and their family interests, controlling shareholders, or other shareholders which have representation on the issuer's board of directors.
'qualified investor'	Any investor who subscribes at least US\$50,000 for securities in a mutual fund.
'Queue Priority'	The sequence in which orders are queued in a market.
'recognised jurisdictions for mutual fund incorporation and establishment'	Means a fund incorporated or otherwise established in a jurisdiction recognised by the Commission under the The Mutual Funds Regulations, 1995.

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'recognised stock exchange'	The main board of principal investment exchange(s) in any European Union state, Canadian Venture Exchange, American Stock Exchange, Australian Stock Exchange, Frankfurt Stock Exchange, Irish Stock Exchange, Johannesburg Stock Exchange, London Stock Exchange, Luxembourg Stock Exchange, Montreal Stock Exchange, NASDAQ, New York Stock Exchange, New Zealand Stock Exchange, Oslo Stock Exchange, Paris Bourse, Singapore Stock Exchange, Stock Exchange of Hong Kong, Stock Exchange of Thailand, Stockholm Stock Exchange, Tokyo Stock Exchange, Toronto Stock Exchange, , and any other such bodies as the Exchange may from time to time accept as a recognised stock exchange.
'Reference Trading Workstation'	The Trading Workstation at a Registered Trading Location that is restricted to having only operating system, anti-virus software, and trading software installed.
'Registered BATS Operator'	A person who has attended The Exchange's BATS training course and passed The Exchanges BATS competency exam and is registered as such by The Exchange.
'Registered Trading Location'	A location registered with The Exchange as hosting Remote Trading Workstations for use by Registered BATS Operators to enact securities business.
'registrar and transfer agent'	The person responsible for maintaining the register of holders of the securities of a listed issuer.
'Regular Market'	The market used to enact the business of securities traded on The Exchange.
'Regular Terms Order'	An order without Special Fill Terms or Special Delivery Terms.
'regulated mutual fund'	Has the meaning as in the Mutual Funds Act.
Regulations'	any regulations issued under the Act
'Remote Trading Workstation'	Trading Workstations registered with The Exchange for use by Registered BATS Operators from Remote Trading Locations.
'restricted mutual fund administrator's license'	Has the meaning as in the Mutual Funds Act.
'Rules'	The rules of the Exchange concerning <i>inter alia</i> the constitution and operation of the Exchange, its requirements for listing, membership, conduct of business, trading, settlement of securities transactions, arbitration and discipline.
'securities'	Has the meaning given to it by the Act.
'service provider'	Any investment manager, investment adviser, custodian, administrator or registrar and transfer agent of a mutual fund.
'Shared Pro-rate Allocation'	The algorithm used during At the Open to allocate opening volume.
'Special Delivery Term'	A Delivery Term that is different to the Default Delivery Term.

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'Special Delivery Term Order'	An order with an explicitly defined Special Delivery Term.
'Special Fill Term'	A term restricting the manner in which an order may be filled by the BATS.
'Special Fill Term Order'	An order with a Special Fill Term.
'Special Term'	A Special Delivery Term or a Special Fill Term or both.
'Special Term Order'	An order with at least one Special Term.
'Special Terms Book'	A book where Special Term Orders are queued.
'sponsor'	a suitability qualified entity required to be appointed by the Exchange to be appointed by an issuer to act on its behalf in relation to its listing, and which has been entered on the Exchange's register of approved sponsors.
'substantial shareholder'	Has the meaning given to it by the Act.
'sub-fund'	A separate class of shares or designation of units or limited partnership interests in a mutual fund.
'The BATS'	The Bahamas Automated Trading System.
'Tick Sizes'	
'Total Volume'	The quantity of securities specified in an order or trade.
"trade" and "trading"	Have the meaning given to them in The Act.
'Trading Floor'	The floor on which BATS Floor Sessions and Manual Trading Sessions may take place.
'Trading Session'	A meeting of the Members facilitated by The Exchange for the purpose of enacting securities business.
'Trading Workstation'	A Workstation equipped with BATS trading software and used for enacting securities business on the BATS.
'trust deed'	An indenture or other document constituting securities.
'Undisclosed Volume'	The quantity of securities in an order that is visible only to the owning Member.
'umbrella fund'	A mutual fund with one or more sub-funds.
'units'	securities issued by a mutual fund representing the rights of participants in the assets of the mutual fund.
'unit trust'	Has the meaning as in the Mutual Funds Act.
'Unpriced Order'	An order to trade a security immediately at the current best price available in the market without Price Protection applied.

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