Dealing in a financial product is a very broad concept and includes:
(a) applying for or acquiring a financial product;
(b) issuing a financial product (other than a security of the person dealing);
(c) underwriting securities or interests in managed investments schemes;
(d) varying a financial product;
(e) disposing of a financial product; or
(f) arranging for someone to do any of the above.

Providing financial product advice is similarly broad and, with certain exceptions, encompasses providing any recommendation, opinion or report intended to influence a person making a decision in relation to a financial product or class of product. The provision of both general and personal advice is regulated.

It is important to note that the licensing requirements of the Corporations Act can extend beyond Australia to business carried on solely abroad. The Corporations Act provides that a person will be taken to be carrying on a financial services business in Australia if, in the course of carrying on the business, that person engages in conduct that is intended to induce people in Australia to use that person's financial services or is likely to have that effect.

6. Procedures and Methods for an Application for Listing

To become listed on ASX, an entity must come within one of the following admission categories:
(a) ASX Listing (main admission category);
(b) ASX Debt Listing (for entities seeking quotation of debt securities only); or
(c) ASX Foreign Exempt Listing (for foreign entities listed overseas).

The procedure for applying for admission to the official list of ASX is as follows:
(a) the entity applies for admission to the official list and for quotation of its securities;
(b) the entity provides information on its securities, officers, compliance with the applicable admission criteria, capital structure and operations;
(c) the entity agrees to certain fundamental matters, for example, that it will comply with the ASX Listing Rules.

An entity applying for admission to the official list of ASX must also pay initial listing fees in accordance with Chapter 16 of the Listing Rules, as well as annual listing fees.

7. Procedures and Methods for an Application for Listing: Foreign Issuers

The procedure for applying for ASX Foreign Exempt Listing is as discussed in Section 6 above.

For ASX Foreign Exempt Listing, an entity must have net tangible assets of AUD 2 billion, or have achieved AUD 200 million operating profit before income tax for each of the last three financial years. The foreign entity's home exchange or market must also be a member of the World Federation of Exchanges (or the *Federation Internationale des Bourses de Valeurs*). Foreign entities that do not meet these requirements may still apply under the ASX Listing category (see Section 8 below).

8. Listing Requirements

For ASX Listing, the main requirement is that an entity must meet the 'assets test' or the 'profit test'.

The assets test is met (in the case of a non-investment entity) by having net tangible assets of AUD 2 million or market capitalization of AUD 10 million.

The profit test is met if:
(a) the entity's consolidated profit from continuing operations for a twelve-month period, ending no more than two months before the entity applied for admission, exceeds AUD 400,000; and
(b) the entity's aggregated profit from continuing operations for the last three financial years is at least AUD 1 million.

For ASX Debt Listing, the aggregate face value of the debt securities must be at least AUD 10 million. In addition, the entity must have net tangible assets of AUD 10 million or a parent entity that has net tangible assets of at least AUD 10 million and will guarantee the debt securities.

For ASX Foreign Exempt Listing, see Section 7 above.

9. Continuing Requirements for Listed Companies

Listed entities are required to comply with ongoing requirements contained in the Corporations Act and ASX Listing Rules.

Entities admitted for ASX Listing or ASX Debt Listing must disclose to the market price-sensitive information on an ongoing basis. This continuous disclosure obligation is imposed by the ASX Listing Rules and supported by section 674 of the Corporations Act. In particular, a listed entity must immediately give ASX any information of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of the entity's securities. Effectively, this is any information that might reasonably influence investment decisions. ASX regards the timely disclosure of relevant information as vital to operating an efficient market.

Significantly, where ASX considers that there is, or is likely to be, a false market in a listed entity's securities (based, for example, on rumours circulating in the financial

(ii) the amount of money raised by the issuer or offeror by issuing, transferring or selling securities or financial products by the issuer or offeror does not exceed AUD 2 million in any twelve-month period;

(b) sophisticated investors: where the offer is made to 'sophisticated' investors, which includes the following situations:
   (i) the minimum amount payable for the securities or for the provision of the financial product is at least AUD 500,000; or
   (ii) the person to whom the offer is made has net assets of at least AUD 2.5 million or a gross income for each of the last two financial years of at least AUD 250,000 (in the case of a financial product, the financial product must not be provided for use in connection with a business);
(c) professional (wholesale) investors: where the offer is made to certain professional investors such as AFS Licence holders, listed entities, a person who controls at least AUD 10 million in funds and exempt public authorities;
(d) executive officers: in relation to securities, where the offer is made to a 'senior manager' (or a close relative or a body corporate controlled by any of them) of the issuer of the securities or of a related body corporate;
(e) offers through AFS Licence holders: in relation to securities, where the offer is made through an AFS Licence holder who is satisfied on reasonable grounds that the investor has sufficient previous experience in investing in securities;
(f) prior information: in relation to financial products, where an investor already holds a financial product of the same kind and the person, who would otherwise be obliged to provide the PDS, reasonably believes that the client has access to or has received relevant information already through a PDS or certain other disclosure obligations under the Corporations Act.

17. Offering Securities for Resale and Secondary Trading: Further Requirements and Exemptions

The secondary trading provisions in the Corporations Act are designed to minimize the opportunity for issuers to avoid preparing offer documents (such as prospectuses and PDSs) by first issuing to a (wholesale) intermediary who then on-sells to the wider (retail) market.

17A. Securities

Unless an exemption applies, offers to sell securities require disclosure to investors where the offer is not to an 'exempt' class (discussed in Section 16 above), that is, principally to retail investors) and where:

(a) the offeror controls the issuer of the securities and either the issuer is unlisted or the securities are offered for sale off-market, or other than in the ordinary course of trading on a financial market (e.g., special crossings by a broker);
(b) the securities offered for sale were issued less than twelve months ago without disclosure to investors and:
   (i) the person who acquired the securities acquired them with the purpose of selling or transferring the securities, or dealing in interests in, or options over, the securities; or
   (ii) the issuer issued the securities for a similar purpose; or
(c) the securities offered for sale were sold less than twelve months ago by a person who controlled the issuer off-market or other than in the ordinary course of trading on a financial market (e.g., special crossings by a broker), and without disclosure to investors and:
   (i) the person who acquired the securities acquired them with the purpose of selling or transferring the securities, or dealing in interests in, or options over, the securities; or
   (ii) the controller issued the securities for a similar purpose.

17B. Financial Products (Other Than Securities)

Offers to sell financial products other than securities require the offeror to issue a PDS if:

(a) the purchaser is not a wholesale client (discussed in Section 16 above); and
(b) one of the following applies:
   (i) the seller controls the issuer of the financial product and the product is traded off-market;
   (ii) the financial product offered was issued less than twelve months ago without a PDS and the person issued the product intended to sell or transfer the product, or deal in interests in, or options over, the product or the issuer intended they do so; or
   (iii) the financial product offered was sold off-market less than twelve months ago by a person who controlled the issuer, without a PDS, and the person who acquired the product intended to sell or transfer the product, or deal in interests in, or options over, the product or the controller intended they do so.

17C. Purpose Test

Under the Corporations Act, the purpose to sell, transfer or deal in interests in, or options over, securities or financial products is presumed if the relevant financial product is sold, or offered for sale, within twelve months after issue, unless there are reasonable grounds not to reach such a conclusion.

(d) Listed companies must comply with applicable federal and provincial securities laws and decrees and official notices issued under such law; this shall also apply *mutatis mutandis* to the foreign laws of the state in which the securities have been issued. If it is mandatory that the issue of the securities be registered in a public register, compliance with this rule is mandatory.
(e) Shares and other equity securities shall have an adequate amount of free float. If this is to be achieved by the introduction to the exchange, the necessary amount for trading on the exchange shall be provided. In the case of shares, an adequate distribution is reached if there is at least EUR 181,250 in nominal share capital, and in the case of no-par shares, at least 2,500 are in the possession of the public or are offered to the public for sale.
(f) The denominations of the share and other equity securities shall meet trading requirements.
(g) The application for admission shall be made for all shares already issued of the same kind or for all securities of the same offering; however, shares may be excluded from admission if they may not be traded for a certain period of time for legal reasons under two conditions: this exception does not prejudice the bearers of the shares to be admitted, and the prospectus or the decree announcing the admission mentions this exception.
(h) In the case of securities that give the bearer conversion rights or subscription rights to other securities and whose minimum denomination is less than EUR 50,000, these underlying securities shall be admitted at the latest simultaneously with the other securities to the exchange; exceptions may be made to this requirement if the issuer furnishes proof that the owners of the securities with conversion rights or subscription rights have all the necessary information at their disposal in order make a judgment on the value of the underlying securities; this is to be assumed especially if the underlying securities are officially listed on a recognized exchange pursuant to section 2 no. 32 of the Austrian Banking Act and the prospectus for the admission of securities with conversion or subscription rights contains the necessary information.

Certificates that represent securities may be admitted if:
(a) the issuer of the securities represented fulfil the requirements in accordance with (a) to (c) above;
(b) the certificates fulfil the requirements in accordance with (d) to (h) above; and
(c) the issuer of the certificates guarantees the fulfilment of its obligations towards the bearers of these certificates.

Non-dividend securities issued within the scope of an issuing program admitted to listing on the Second Regulated Market within twelve months of the publication of the prospectus shall not require a separate admission procedure.

8C. Prime and Mid-Markets: Additional Requirements

Issuers wishing to be listed on the Prime Market or Mid Market segment of the VSE need to fulfil further criteria. For instance, if the security is or will be admitted to the Official Market or Second Regulated Market, the issuer must agree to refrain from de-listing the security from the Second Regulated Market pursuant to section 83 paragraph 4 of the Austrian Stock Exchange Act for the duration of participation of the securities on the Prime Market segment. Furthermore, for the entire duration of the securities' participation on the Prime Market segment, the issuer must take part in the XETRA Trading System.

Only common stocks and certificates that represent stocks and give the holders the same rights as common stocks are permitted to be listed on the Prime Market segment.

As regards minimum free float requirements, the Prime Market Rules provide for a minimum of 25% of the common stocks to be held in free float, whereas the capitalization of the free float must at least be EUR 15 million. If the free float drops below this 25% minimum, the free float requirement shall still be deemed fulfilled if the capitalization of the free float exceeds EUR 30 million.

Additionally, any participant of the Prime Market segment must commit itself and disclose said commitment to comply with the Austrian Code of Corporate Governance. In case of an issuer domiciled in an EEA Member State, the criteria of commitment with regard to the Austrian Code of Corporate Governance is fulfilled if the issuer submits a declaration of commitment in compliance with a Code of Corporate Governance recognized in the respective Member State.

Any issuer domiciled outside Austria must also state the reason why its shares should be admitted to the Prime Market segment of the VSE.

Participation in the Mid Market of the VSE requires compliance with the Market Rules of the VSE, which provide for less stringent requirements than the Prime Market Rules. For further details and to obtain both the Rules, please contact the VSE.

9. Continuing Requirements for Listed Companies

Continuing requirements are set forth by the Austrian Stock Exchange Act, implementing Directive 2004/109/EC ('Transparency Directive') into Austrian law, and in the rules of the VSE.

Ongoing reporting requirements can be separated into different groups of reporting obligations.

9A. Regular Publicity (*Regelpublizität*)

In case securities are traded on a regulated market, all investors or shareholders have to be treated equally by any issuer, thereby committing the issuer to publish certain

3. The Regulatory Authority

The Insurance, Banking and Finance Commission (*Commission bancaire, financière et des assurances/Commissie voor het bank-, financie- en assurantiewezen* or CBFA) is an autonomous public institution with legal status. Its competences are the following:

(a) to supervise credit institutions, investment firms, investment advisers and exchange offices;
(b) to supervise undertakings for collective investment;
(c) to ensure compliance with the rules aimed at protecting investors in financial transactions, as well as the integrity, the transparency and the smooth running of financial markets; and
(d) to ensure compliance with the rules aimed at protecting savers and investors against the illegal offer or supply of financial products or services.

The CBFA is in charge of ensuring compliance with the rules applicable to secondary markets in financial instruments (whether or not regulated). To achieve this mission, it has been entrusted with extensive investigation and injunction powers. It may further impose administrative fines to those breaching the applicable laws and regulations (see Section 10).

Market operators are placed under the supervision of the CBFA, which may, *inter alia*, veto significant changes in their shareholding structure or force existing shareholders to withdraw.

The CBFA ensures that the market operators issue instructions and circulars in compliance with their market rules and with the applicable laws and regulations. In view of protecting investors, it may require a market operator to suspend trading of a financial instrument. It may also veto any decision to withdraw a financial instrument from the market. When exceptional circumstances are found to disturb a market, the CBFA may suspend the trading thereon.

The CBFA is also in charge of the supervision of the important obligations with respect to occasional and periodic information applying to companies whose financial instruments are admitted to trading on a Belgian regulated market (see Section 9).

The CBFA can be contacted at:

Commission Bancaire, financière et des Assurances/Commissie voor het Bank- en Financiewezen
Rue du Congrès 12–14
B – 1000 Brussels
Tel: +32 (0) 2 220 52 11
Fax: +32 (0) 2 220 52 75.
Website: <www.cbfa.be>

4. Principal Laws Regulating the Securities Markets

The Belgian legislation on securities markets is widespread. The most important are the following:

(a) Law of 11 January 1993 on preventing use of the financial system for purposes of money laundering and financing of terrorism;
(b) Royal Decree of 31 October 1991 on the prospectus to be published in case of a public offering of securities;
(c) Royal Decree of 14 November 1991 relating to the mutual recognition within the EU of prospectuses relating to public offerings of securities and stock exchange listings;
(d) Law of 22 March 1993 on the legal status and supervision of credit institutions;
(e) Law of 6 April 1995 relating to the status and supervision of investment firms, intermediaries and investment advisers;
(f) Royal Decree of 7 July 1999 relating to the public character of securities offerings;
(g) Law of 2 August 2002 relating to the supervision of the financial sector and financial services;
(h) Law of 23 April 2003 relating to the public offering of securities;
(i) Law of 16 June 2006 on public offers of investment instruments and the admission of investment instruments to trading on regulated markets (the 'Prospectus Law');
(j) Law of 1 April 2007 on public takeover bids;
(k) Law of 2 May 2007 on disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market and laying down miscellaneous provisions and its implementing decree of 14 February 2008;
(l) Royal Decrees of 27 April 2007 and 3 June 2007 implementing MIFID;
(m) Royal Decree of 21 August 2008 with additional obligations for the MTF markets.

5. Participants in the Securities Markets: Requirements for Licensing

Transactions in securities that are listed on a Belgian securities market may only be made through qualified intermediaries, mainly credit institutions and investment firms.

Belgian credit institutions and investment firms are licensed by the CBFA pursuant to, respectively, the Law of 22 March 1993 on the legal status and supervision of credit institutions and the Law of 6 April 1995 relating to the status and supervision of investment firms, intermediaries and investment advisers. The delivery of the license is subject to a number of requirements pertaining, *inter alia*, to the share

or shares issued in substitution for shares of the same class already admitted to trading on the same regulated market, if the issuing of such shares does not involve any increase in the issued capital, etc.

17. Offering Securities for Resale and Secondary Trading: Further Requirements and Exemptions

Pursuant to Article 2, §2, of the Law of 16 June 2006, any resale of investment instruments that were previously the subject of one or more of the types of offers mentioned above (see Section 11) shall be regarded as a separate offer and the definition set out in this law shall apply for the purpose of deciding whether that resale is an offer of securities to the public.

18. Continuing Disclosure Requirements and Supplementary/ Replacement Prospectuses

Every significant new element, material, mistake or inaccuracy relating to the information included in the prospectus that is capable of affecting the assessment of the securities and that arises or is noted between the time the prospectus is approved and the final closing of the offer to the public or, as the case may be, when trading on a regulated market begins, shall be mentioned in a supplement to the prospectus.

Such a supplement shall be approved in a maximum of seven working days and published in accordance with at least the same arrangements as were applied when the original prospectus was published.

The summary, and any translations thereof, shall also be supplemented, if necessary, to take into account the new information included in the supplement.

Investors who have already agreed to purchase or subscribe for the securities before the supplement is published shall have the right, exercisable within a time limit that shall not be shorter than two working days after the publication of the supplement, to withdraw their agreement to purchase or subscribe. A prospectus shall be valid for twelve months as from its publication for offers to the public or admission to trading on a regulated market, provided that, if needed, the prospectus is completed by supplement(s).

19. Special Cases: Employee Share Schemes

In Belgium, employee share schemes mainly consist of stock options plans. The implementation of an employee stock option plan may be regarded as a public offer of securities within the scope of Belgian securities laws. Consequently, a prospectus may need to be prepared under the supervision of the CBFA.

However, the offer, free of charge, of investment instruments is not considered an offer under the Law of 16 June 2006.

In addition, Article 18 of this law provides for exemptions from the obligation to publish a prospectus for the offer of the following types of securities:

(a) transferable securities offered to existing or former directors or employees by their employer, that has securities already admitted to trading on a regulated market, or by an affiliated undertaking, provided that a document is made available containing information on the number and nature of the transferable securities offered and the reasons for and details of the offer;
(b) transferable securities offered to existing or former directors or employees by an affiliated undertaking of their employer, provided that these securities are the same class as those already admitted to trading on a regulated market and that a document is made available containing information on the number and nature of the transferable securities offered and the reasons for and details of the offer;
(c) securities offered to existing or former directors or employees either by their employer or by an affiliated undertaking of their employer, provided that the offer has a total consideration of less than EUR 2,500,000 and that these transferable securities are the same class as those already admitted to trading on a regulated market located outside the EEA, operating regularly, publicly available and where the information requirements imposed upon issuers are equivalent to those applicable to regulated markets, and that a document is made available containing information on the number and nature of the transferable securities offered, and the reasons and details of the offer; and
(d) transferable securities offered to employees further to participation plans for a total amount of less than EUR 2,500,000 as referred to in the Belgian Law of 22 May 2001 on employee participation in the capital and in the profits of the company.

In addition, also note that, for the public offer of securities that are not harmonized by the Directive Prospectus, the exemptions from the obligation to publish a prospectus provided by the Royal Decree of 31 October 1991 (which are different from those provided by Article 18 of the Law of 16 June 2006) remain applicable.

For example, the CBFA could, under certain conditions, grant a partial or full exemption from the prospectus duty for public issues of securities and instruments offered by the employer or by an affiliated undertaking to the existing or former employees or for the benefit of these employees (Article 10, c) of the Royal Decree of 31 October 1991).

20. Special Cases: Rights Issues

Subscription rights are statutory preferential rights that entitle the existing shareholders of a company to subscribe shares on a pre-emptive basis in case of a new issue of shares.

(b) undue use of privileged information: the applicable penalty consists of one to five years of prison plus a fine corresponding to up to three times the amount of the illegal benefit obtained as a consequence of the criminal practice; and
(c) irregular practice on the securities markets concerning the activity, profession, function or position (without previous registration at the relevant authority): the applicable penalty consists of six months to two years of prison plus a fine.

Civil liabilities may attach to anyone that causes damages to a given party by breaching securities laws. In this case, the party seeking compensation must prove the allegations of wrongdoing and the corresponding damages.

11. Offering Securities: Distinction Between Public and Private Offers

An offering of securities is considered as a public offer whenever it is directed to undetermined persons, that is, when the offer is not individualized.

The Securities Law and CVM Instruction no. 400 expressly set forth some situations that characterize the offering as public, such as:

(a) the use of sales or underwriting lists or bulletins, leaflets, prospectuses or advertisements directed to the public;
(b) the complete or partial search for underwriters or undetermined purchasers of securities, even if attempted through standard communications directed to individually identified addressees, by employees, agents, or brokers, or any natural person or legal entity whether they take part in the securities distribution/placement system, or consultation on the feasibility of the offering or the collection of an investment commitment with subscribers or undetermined purchasers;
(c) the trading carried out in a store, office or establishment open to the public for subscribers or undetermined purchasers, in whole or in part, or by using public communication services; and
(d) the use of oral or written marketing, letters, advertisements, notices, especially through mass or electronic media (pages or documents on the Worldwide Web or other open computer networks and email), and any form of communication directed to the general public, with the exception of those who have had a close and regular previous commercial, credit or work relationship with the issuer, in order to promote, directly or through third parties acting on behalf of the issuer, the subscription or disposal of securities.

Companies that promote public offerings are required to register before the CVM their publicly held corporation status and their respective offerings, and, as a consequence, to comply with the applicable rules regarding the requirements for disclosure of information.

On the other hand, private offerings are those directed to specific persons or to anyone with a direct link with the issuer, or even to anyone who occupies a position that would supposedly provide access to all information deemed sufficient to allow such person to make a well-informed decision on whether to accept the offering.

12. Offering Securities: Prospectus/Disclosure Requirements

CVM Instruction no. 400 governs equity and debt public offerings in relation to the majority of securities in Brazil. Primary and secondary offerings are generally regulated on the same terms, except for some additional disclosure requirements related to primary offerings and some advantages in relation to the simplified procedure applicable in some circumstances to secondary offerings.

The registration request to the CVM must be submitted by the issuer jointly with the underwriter, accompanied by supporting documents specified in CVM Instruction no. 400. The company's managers and the underwriting leader are responsible for the regularity of the information provided to the CVM.

The registration request must include, basically:

(a) a draft of the prospectus that shall, at least, contain the information required by the CVM;
(b) copies of the agreements related to the issuance, the subscription and placement of the securities;
(c) the draft of the securities purchase bulletin to be signed by the investor;
(d) a copy of the shareholders' meeting minutes or of the board of directors' decision, as the case may be, deciding on the issuance or offer, with all documents that were the basis or were used as the basis for such decisions, as well as the respective notices of the meeting (if applicable);
(e) a draft of the initial offering announcement;
(f) a draft of the closing offering announcement;
(g) a statement that the public company registration is updated before the CVM (if applicable);
(h) a statement as to the truthfulness and accuracy of the information contained in the registration request signed by the legal representatives of the issuer and the underwriter;
(i) proof of fulfilment of all previous remaining formalities by virtue of legal or regulative requirements for the distribution or issuance of the securities;
(j) proof of payment of the inspection fee;
(k) the economic-financial feasibility study of the issuer if it is necessary pursuant to CVM Instruction no. 400; and
(l) information regarding the securities to be issued as well as the conditions for payment.

4. Principal Laws Regulating the Securities Markets

The securities markets in Canada are principally regulated by:

(a) various business corporations statutes and regulations of the federal and provincial governments, which govern the corporation and its conduct;
(b) various securities statutes and regulations of the provinces, and the rules, policies, instruments, orders and administrative decisions thereunder;
(c) self-regulatory organizations, such as IIROC, which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. IIROC was created in 2008 through the consolidation of the Investment Dealers Association of Canada and Market Regulation Services Inc.; and
(d) the Canadian stock exchanges.

The balance of this chapter provides an overview of the provincial securities laws generally, and the securities laws of the province of Ontario specifically. Ontario contains Canada's largest capital market and has one of the most stringent and sophisticated securities regulatory regimes in the country. The securities laws of the other provinces and territories are substantially similar to those of Ontario, but requirements do vary. In particular, substantially different procedural and substantive requirements occasionally apply in Québec. (See next chapter.) The securities laws of Ontario are set out in the Securities Act (Ontario) and the rules, regulations and policies thereunder (OSA) and are enforced by the OSC.

5. Participants in the Securities Markets: Requirements for Licensing

Provincial securities laws generally provide that any person or company trading in securities in Canada (a 'dealer') or advising Canadian residents on the buying or selling of securities (an 'adviser') must be registered with the securities regulatory authority in each of the provinces in which their clients reside. The securities laws of many provinces also require the registration of any person or company that purchases securities either as principal or agent for the purposes of resale (an 'underwriter'). In order to be considered for registration, applicants must be able to demonstrate that they satisfy certain requirements, including those relating to proficiency, minimum capital, insurance and bonding, books and record keeping and conflict of interest.

The securities laws of many provinces require a foreign applicant for registration to agree to maintain an office and registered personnel in the province, although exemptions from this requirement are occasionally granted. In addition, some provinces have established specific policies or rules that outline circumstances under which a foreign dealer or adviser may engage in certain activities in the province without having to establish a local office.

Although provincial securities laws provide exemptions from the registration requirements for certain trades, certain provinces, including Ontario, currently provide for a system of 'universal registration' which effectively limits the available exemptions for securities firms. Universal registration is intended to provide certain basic information to the regulators about 'market intermediaries' operating exclusively in exempt distributions. In general, 'market intermediaries' are persons or companies that engage or hold themselves out as engaging in the business of trading in securities as principal or agent.

Proposed National Instrument 31-103, 'Registration Requirements' has been introduced by the Canadian Securities Administrators (CSA) and proposes to consolidate registration requirements that currently exist in various acts, rules, regulations, notices and practices across Canadian jurisdictions into a single national instrument. Benefits noted by the CSA of the proposed registration regime include:

(a) the harmonization of individual and firm registration categories, fit and proper requirements, conduct requirements and exemptions, creating efficiencies for regulators, the national registration database and industry;
(b) a reduction in the regulatory burden through the adoption of a permanent registration regime and streamlined transfer procedures; and
(c) the introduction of a business trigger for dealing activity that focuses registration on those that are more likely to present regulatory issues, and eliminating the need for complex exemptions.

The CSA published National Instrument 31-103 in July 2009. If approved by all relevant provincial and territorial authorities, it will come into force at the end of September 2009.

6. Procedures and Methods for an Application for Listing

Each Canadian stock exchange mentioned in Section 2 above has its own requirements for listing. The commentary below on listing of securities deals only with listing on the TSX, the senior securities exchange in Canada.

The TSX recommends that, prior to filing a listing application, the prospective applicant obtain a preliminary opinion as to its eligibility for listing. The TSX will provide a confidential opinion based on informal discussions and a review of the applicant's recent financial and business information. A prospective applicant can contact the TSX for such an opinion (Tel: +1 416 947 4533 or by email at <listedissuers@tsx.com>).

To initiate the listing process on the TSX, a company must submit a TSX listing application together with supporting documents (such as personal information forms for each officer, director and 10% shareholder of the company, describing the person's background, experience and industry knowledge) which demonstrate that the company is able to meet the minimum listing requirements. Generally,

knowledge' defence, a director, underwriter, expert or other signatory other than the issuer has other defences, including a 'due diligence' defence. The due diligence defence allows a director, underwriter or signatory to avoid liability if they can prove that they conducted a reasonable investigation with respect to the disclosure in the prospectus that is not purported to be made on the authority of an expert and, as a result, had reasonable grounds to believe that there was no misrepresentation. A similar defence exists for experts with respect to the portions of the prospectus made on their authority as an expert.

The OSA also provides for civil liability for misrepresentations in an offering memorandum, takeover bid circular, issuer bid circular, directors' circular, officers' circular or secondary market disclosure document or public statement, and for violation of the OSA's insider trading provisions.

The OSA imposes a statutory regime of civil liability for an issuer's initial and continuous disclosure. The regime provides secondary market investors with a limited right of action for damages resulting from an issuer's misrepresentation in public disclosure or a failure to make timely disclosure of a material change. This right of action exists regardless of whether the investor actually relied upon the misrepresentation or the failure to make disclosure. The list of potential defendants include the issuer and its directors, responsible senior officers, auditors, responsible experts, and 'influential persons' (including control persons (i.e., generally any person holding more than 20% of the issued and outstanding voting securities of the issuer), promoters, investment fund managers where the issuer is an investment fund, and insiders) and each director or officer thereof who knowingly influenced the misrepresentation. The limits on the liability of each potential defendant would vary, but such limits would in any event not apply to persons who 'knowingly' make misrepresentations or fail to make timely disclosure. Under this regime, a person or company will not be found liable for a misrepresentation or failure to make timely disclosure if it can be demonstrated that the plaintiff acquired or disposed of the issuer's securities with knowledge of the misrepresentation or material change.

10B. Criminal and Quasi-criminal Liability

A person or company that submits to the OSC, or files under the OSA, information or material that contains a statement that is in a material respect misleading or untrue or does not contain a fact that is required to be included or that is necessary to make the statement not misleading, or that otherwise contravenes Ontario securities law may be liable to a fine of up to CAD 5 million or imprisonment for a term of up to five years less a day, or both. A director or officer of a company that authorizes or permits such a statement or contravention to be made by a company is subject to the same penalties.

Moreover, if the OSC is of the opinion that it is in the public interest to do so, the OSC may order a person or company that has not complied with Ontario securities law to pay an administrative penalty of up to CAD 1 million for each failure to comply.

Provincial securities laws also prohibit insiders of an issuer (e.g. directors, officers, employees and advisers, among others) from trading in securities of the issuer while in the possession of material non-public information and from informing others of such undisclosed information. These prohibitions are enforced using a wide range of sanctions including penal sanctions, significant fines, administrative sanctions, as well as civil actions by investors. Currently, under the OSA, a person or company that contravenes these rules is liable for a fine of up to CAD 5 million, or the amount equal to triple the profit made or loss avoided by the person or company by reason of the contravention, whichever is greater.

In addition to liabilities for breaches of provincial securities laws, certain offences set out in the *Criminal Code* (Canada) may apply to the trading of securities. Most of these provisions prohibit intentional fraud, such as defrauding any person of property, money or valuable security, fraudulently affecting the public market price of shares and use of the mail to defraud. Commission of the most serious criminal offences – fraud over CAD 5000 and fraud affecting public markets – may potentially result in a conviction and up to fourteen years imprisonment. Insider trading, issuing a false prospectus, and fraudulent manipulation of stock exchange transactions may potentially result in imprisonment for up to ten years.

11. Offering Securities: Distinction between Public and Private Offers

Canadian securities laws distinguish between 'public' and 'private' offers on the basis of whether an offering of securities requires a prospectus or is exempt from the prospectus requirements under exemptions commonly referred to as 'private placement exemptions' (described below in Section 16).

12. Offering Securities: Prospectus/Disclosure Requirements

Under the securities laws of each province, no person or company can 'trade' in a 'security' where such trade would be a 'distribution' of the security unless, in the absence of an applicable exemption, a prospectus is filed with the securities regulatory authority in each of the provinces in which the security will be offered.

'Security' is broadly defined by each of the provincial securities statutes to include any document, instrument or other writing commonly known as a security, and any

the basis on which a holder of a rights certificate can exercise the subscription privilege.

If the issuer does not qualify for the prospectus exemption, or if the issuer prefers, it may effect a rights offering pursuant to a prospectus. Satisfying the prospectus requirement ensures that the rights are freely tradable and the holder of the rights will not be subject to any resale restrictions. Rights may be issued under a prospectus only if the prospectus qualifies both the rights and the securities of the issuer that will be issued when the rights are exercised.

Under the rules and regulations of the TSX, the TSX recommends that a listed company proposing to offer rights to its shareholders have a preliminary discussion with the TSX. The issuer must file a draft copy of the rights-offering circular or the prospectus, as the case may be, with the TSX concurrently with the filing thereof with the securities regulatory authorities. A rights offering must be accepted for filing by the TSX before the offering proceeds and must receive final acceptance from the TSX and the securities regulatory authorities at least seven trading days in advance of the record date for the rights offering. Although there is no fee for the listing of rights on the TSX, there is a fee for the listing of the securities issuable on the exercise of the rights.

21. Special Cases: Takeovers

The primary objectives of Canadian takeover legislation are to ensure that holders of the same class of securities are treated equally and the securityholders have sufficient time and information to make a fully informed decision.

A 'takeover bid' is defined as an offer to acquire outstanding voting securities or equity securities of an issuer (the 'target'), where the securities subject to the offer to acquire, together with the securities already owned by the offeror, constitute 20% or more of the outstanding securities of that class of securities at the date of the offer to acquire. The 'securities already owned by the offeror' are deemed to include:

(a) any securities convertible into the securities of the class subject to the offer within sixty days of the date of the offer to acquire; or
(b) any securities of the class subject to the offer which the offeror has the right or obligation to acquire within sixty days of the date of the offer to acquire.

If the offer to acquire constitutes a takeover bid and no exemption from the rules is applicable, or unless discretionary exemptive relief is obtained from the applicable securities regulatory authority(ies), the bid must be made to all holders of securities of the class that is subject to the bid who are in the local jurisdiction and the offeror must deliver a 'takeover bid circular' to such offerees. The takeover bid circular must contain certain prescribed information, including the terms and conditions of the bid

and the offerees' right to withdraw any securities deposited under the bid. If the consideration offered under the bid includes securities, the circular must contain prospectus-type disclosure in respect of the issuer of the securities that are being offered.

In the following circumstances, a takeover bid may be exempt from the procedural requirements of applicable securities laws:

(a) the bid is for not more than 5% of the outstanding securities of the target at market price;
(b) the bid is made to five offerees or less and the consideration paid for the securities does not exceed 115% of the market price;
(c) the bid is for securities of a private issuer; or
(d) the number of offerees who reside in the local jurisdiction is fewer than fifty and the securities held by such holders constitute, in the aggregate, less than 2% of the outstanding securities of that class.

22. Other Matters: Insider Trading

The securities laws of each of the provinces prohibit 'insider trading'. In Ontario, insider trading occurs when a person or company in a 'special relationship' with a reporting issuer trades in securities of that issuer while in possession of material information that has not been generally disclosed to the public. For the purposes of this rule, a 'person or company in a special relationship with the reporting issuer' includes insiders of the reporting issuer (such as directors, senior officers and 10% voting shareholders of the company), as well as others who do not fall within the definition of 'insider' but may have access to material information about the reporting issuer. Such persons include professional advisers and employees of the reporting issuer, insiders and employees of a company proposing to acquire the reporting issuer and any person who learns material information about the reporting issuer from any other person who enjoys a 'special relationship' with the issuer where the person knows or ought reasonably to know that the other person enjoys such a relationship.

In addition, provincial securities laws prohibit insiders (or, where applicable, persons or companies in a special relationship with a reporting issuer) from informing others, other than in the necessary course of business, of undisclosed, material information about a reporting issuer. This practice is known as 'tipping'.

The insider trading and tipping rules are enforced through a wide range of sanctions, including imprisonment, significant fines, administrative sanctions and the possibility of civil actions by investors.

The OSA requires insiders who own securities of a listed company to file an initial report with the OSC upon becoming insiders and to report all trades made in the

In addition, reporting issuers must file, within forty-five days of the end of a quarterly interim financial period, interim financial statements, including comparative statements for the corresponding period in a previous financial year.

MD&A

An issuer who is required to file annual and interim financial statements as set forth above must also file an 'MD&A' or 'management's discussion and analysis of financial conditions and results of operations' with respect to such statements. The MD&A is a document which is intended to provide supplemental analysis and explanation of the issuer's current financial situation and future prospects. It accompanies but does not form part of the issuer's financial statements and includes information concerning the issuer's financial condition, its operating results, its liquidity and its capital resources. The MD&A is intended to give an investor the ability to look at the issuer through the eyes of its board of directors by providing both a historical and a prospective analysis of the issuer's results. Coupled with the financial statements, the MD&A is intended to allow investors to assess the issuer's performance and future prospects.

Other Disclosure/Reporting

National Instrument 51-102 and the rules of the stock exchanges also provide for rules governing the solicitation of proxies by shareholders and the holding of shareholder meetings. The National Instrument and the policies of the exchanges provide for certain prescribed information to be included in a management information circular to be sent to shareholders of the issuer in connection with such meetings.

In addition, the applicable National Instruments and the rules of the stock exchanges provide for a wide range of reporting obligations including those related to insiders. For example, insiders of issuers must report their holdings and changes in holdings in such issuer, a change in the number of outstanding and reserved securities of such issuer, and the monthly reporting of any options granted by the issuer and other matters.

The QSA and National Instrument 51-102 also regulate other matters such as the calling of the meetings of the security holders, the timing thereof, and the form and content of circulars and proxies sent to them.

10. Civil and Criminal Liability for Securities Laws Breaches

Criminal and Penal Offences

In general, section 202 the QSA provides that, unless otherwise specified, every person who contravenes a provision of the QSA or the regulations thereunder is guilty of an offence and liable to a minimum fine of the greatest of CAD 2,000 or double the profit realized in the case of a natural person, and of the greatest of CAD 3,000 or double the profit realized in other cases. The maximum fine is the greatest

of CAD 150,000 or four times the profit realized in the case of a natural person, and CAD 200,000 or four times the profit realized in other cases.

There are also numerous specific offences prescribed by the QSA which can result in fines ranging from CAD 5,000 to CAD 5 million (or four times the profit realized or half the sums invested, whichever is the greater amount) and/or imprisonment of five years less one day. Such offences include distribution without a prospectus (except pursuant to a prospectus exemption), misrepresentation in a prospectus or other disclosure document, the influencing or attempt to influence the market price or value of an issuer's securities by means of unfair, improper or fraudulent practices, and insider trading with the knowledge of privileged/non-public information.

Civil Liability

The provisions of the QSA dealing with civil liability are grouped into four principal categories:

(a) The first category concerns transactions effected without a prospectus or circular. The QSA allows a person who has subscribed for or acquired securities in a distribution of securities effected without the required prospectus or who tendered securities in response to a takeover bid effected without the required circular to apply to have the transaction rescinded or the price revised, at the investors' option, without prejudice to such person's claim for damages.

(b) The second category concerns transactions effected with documents containing a misrepresentation. This category is further divided into two subcategories, one dealing with misrepresentations in primary market transactions and the other with misrepresentations in secondary market transactions. With respect to primary market transactions (by way of prospectus or otherwise from treasury under a prospectus exemption), the QSA now allows a person who subscribed for or acquired securities in a distribution of securities effected with a prospectus containing a misrepresentation or who transferred securities in response to a takeover-bid or issuer-bid effected with a circular containing a misrepresentation to apply to have the transaction rescinded or the price revised, at his/her option, without prejudice to such person's claim for damages. With respect to secondary market transactions, the QSA allows a person who acquired or disposed of an issuer's securities between the time a misrepresentation was made and the time such misrepresentation was publicly corrected to sue for damages upon court authorization. The plaintiff may bring an action against various persons, depending on the circumstances in which the misrepresentation was made, including the issuer and some of its directors and officers, a person who materially influences the issuer, a promoter or an insider, or an expert whose opinion contained a misrepresentation. A misrepresentation giving rise to the right to sue under the QSA can be contained in a document or in a public oral statement released or made by the issuer, by a mandatary or other representative of the issuer, by a

5. Participants in the Securities Markets: Requirements for Licensing

Investment services provided in respect of securities are regulated activities that require licensing as a securities dealer under the FBA. The offering and marketing of securities are investment services subject to the licensing requirement; however, an issuer offering securities issued by such issuer to the public is exempted from licensing requirements.

Further, under Annex 4 of the FBA (implementing Annex 1, sections A and B, of the MiFID), investment services include:

(a) receipt and transmission of orders in relation to one or more financial instruments;
(b) execution of orders on behalf of clients;
(c) dealing on own account;
(d) portfolio management;
(e) investment advice;
(f) underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
(g) placing of financial instruments without a firm commitment basis;
(h) safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.

Ancillary services comprise, *inter alia*:

(a) advice to undertakings on capital structures, industrial strategy and related matters, and advice and services relating to mergers and the purchase of undertakings;
(b) foreign exchange services where these are connected to the provision of investment services; and
(c) services relating to underwriting.

The definition of 'financial instruments' under the FBA corresponds to the definition of 'securities' under the STA. Although Annex 1, section C, of the MiFID has been implemented, the Danish definition of securities has a broader scope and comprises other financial instruments than those set out in the MiFID.

A license to carry out investment services may comprise all or some of the investment services and ancillary services and may be granted by the FSA to banks, mortgage credit institutions, investment companies, investment administration companies and insurance/pension companies. Foreign companies within the EC/EEA that have obtained a license to carry out investment services in the relevant home state may carry out investment services without a separate Danish license, either through a Danish branch or on a pure cross-border basis (subject to a notification procedure). Foreign credit institutions and investment companies outside the EC/EEA must obtain a license to carry out securities dealing activities in Denmark on a cross-border basis.

6. Procedures and Methods for an Application for Listing

In principle, all securities may be admitted to listing on NASDAQ OMX Copenhagen. As regards shares, an application may be made for either a primary listing or a secondary listing. Admission of securities only for quotation is not possible.

The application procedure and listing requirements are set out in the NASDAQ OMX Copenhagen Issuer Rules. The rules of the various NASDAQ OMX Nordic Exchanges have been harmonized; however, certain special Danish rules under the NASDAQ OMX Copenhagen Issuer Rules continue to apply.

The procedure for applying for admission includes:

(a) submission of an application with supporting documentation;
(b) submission of a draft prospectus (if applicable). For the admission of shares, the prospectus must include certain statements from the financial advisers and the issuer's auditors;
(c) submission of the company's internal rules regarding trading in the company's securities, compliance with public disclosure requirements, and the handling of inside information (special Danish rule); and
(d) adherence to NASDAQ OMX Copenhagen's general terms and conditions.

Different requirements regarding the contents of the application and the supporting documentation to be submitted with the application apply for listing of shares, bonds, units in investment associations/collective investment schemes, covered warrants and certificates or other securities. Currently, no specific rules are laid down for the admission of 'other securities' for listing and the admission for the listing of such securities is decided by NASDAQ OMX Copenhagen in its sole discretion.

7. Procedures and Methods for an Application for Listing: Foreign Issuers

In general, no particular conditions are stipulated for the listing of foreign companies in Denmark. This means that foreign companies must meet the same terms and conditions as companies incorporated in Denmark, but see Section 15 below regarding the 'passporting' of Prospectus Directive-compliant prospectuses within the EC/EAA and Section 16 below regarding dual listings.

8. Listing Requirements

It is a fundamental condition to the listing of a security that NASDAQ OMX Copenhagen deems its trading and listing to be of public interest. In making this determination, NASDAQ OMX Copenhagen will attach importance to whether it might be anticipated that there will be continuity in the trading of the security, i.e., that a liquid market for the security will be created.

associated with the issuer, any guarantor and the relevant financial instruments. It must also contain warnings that:

(a) it should be read as an introduction to the prospectus;
(b) any decision to invest in the relevant financial instruments should be based on consideration of the prospectus as a whole by the investor;
(c) in the case of litigation relating to the information contained in the prospectus, the plaintiff investor may, under the national legislation of the EU/EEA Member States, have to translate the prospectus, at its own cost, before the proceedings are initiated; and
(d) civil liability attaches to the persons who presented the summary note and any translation thereof, and who requested notification within the meaning of Article 212–41 of the AMF regulations only if this note is misleading, inaccurate or inconsistent when read with other parts of the prospectus.

14E. Language

For financial instruments to be issued or disposed of only in France or in one or more additional EU/EEA Member States, the prospectus must be drafted in French. However, it may be drafted in another language that is customary in the sphere of finance in certain cases. If it is not, then the prospectus must be translated into French or such customary language, and the translation certified by a recognized expert.

For a prospectus approved in another EU/EEA Member State, Article 212–41 of the AMF General Regulation states that '[the AMF] shall ensure that the prospectus is drawn up in French or another language customary in the sphere of finance and the issuer produces the French translation of the summary note'.

15. Prospectuses: Filing and Currency Requirements

When filing a draft prospectus, the issuer must specify whether:

(a) the filing instruments are admitted to trading on a regulated market having its registered office in an EU/EEA Member State;
(b) such instruments are admitted to the official list of a foreign exchange; and
(c) a listing application or an issue is pending or planned for other exchanges.

15A. Filing Requirements: Documents

Issuers must file five copies of the draft prospectus with the AMF along with the following documents:

(a) a copy of their current articles of association or, for foreign issuers, their instrument of incorporation;
(b) a certificate of incorporation or *K-bis* for French issuers, and a registration document for foreign issuers;

(c) a certified copy of the minutes of the shareholders' general meeting or any equivalent body under foreign law that approved the resolution giving rise to the creation of the financial instruments for which admission to trading on a regulated market is being sought or which authorizes the creation of the planned financial instruments, along with the reports from the relevant statutory auditors;
(d) a certified copy of the minutes of the meeting of the board or any equivalent body under foreign law that authorized the admission or issue of the financial instruments in question and, as appropriate, any meeting that set out the conditions for the transaction, along with any supplementary reports from the statutory auditors;
(e) unless already filed with the AMF, a copy of the latest parent company and consolidated financial statements, as approved by the board or the shareholders' general meeting or any equivalent body under foreign law depending on the transaction date. If these statements are included in the draft prospectus in full, the issuer shall make an explicit statement to that effect and shall not be required to include them in its application;
(f) unless already filed with the AMF, the statutory auditors' general and special reports on the latest parent company and consolidated financial statements. If these statements are included in the draft prospectus in full, the issuer shall make an explicit statement to that effect and shall not be required to include them in its application;
(g) unless already filed with the AMF and in the cases stipulated by Regulation (EC) 809/2004 of 29 April 2004, the interim financial statements published and, as appropriate, the statutory auditors' reports;
(h) unless included in the draft prospectus and as appropriate, profit forecasts and estimates and/or pro-forma financial information compiled in accordance with the provisions of the aforementioned regulation, along with the statutory auditors' statements, and any other financial information compiled for the purposes of the transaction;
(i) as appropriate, the application for the issuance of an approval certificate by the AMF under the terms of Article 212–40 of the AMF General Regulation; and
(j) a French translation of the summary note, where appropriate.

For initial public offerings, the AMF Instruction 2005-11 of 13 December 2005 provides a list of additional legal, accounting and corporate documents to be provided.

15B. Filing Requirements: Timelines

When an issuer has drawn up a registration document, the securities note and summary must be filed at least five trading days before the proposed date for obtaining authorization for the transaction.

7. Procedures and Methods for an Application for Listing: Foreign Issuers

Under the Listing Requirements Law, issuers that have their legal seat in a EU country or any other country can become listed on the AE if (a) the securities of the entity that will become listed on the AE are dematerialized under Greek law; or (b) the securities of the entity that will become listed on the AE are dematerialized under the entity's national law and registered on a relevant registry (see also Section 8 below).

8. Listing Requirements

For an AE listing, the entity must:

(a) hold its own funds amounting to EUR 3,000,000. If the entity requests its securities to be listed in the Big Cap category, the entity must hold EUR 15,000,000;
(b) have published its three latest audited annual financial balance sheets;
(c) submit a prospectus and be approved by the HCMC (see Sections 12 to 17);
(d) have profits before taxes amounting to EUR 4,000,000 or EBITDA amounting to EUR 6,000,000 for a three-year period before filing the application. If the securities are listed in the Big Cap Category, the entity must have profits before taxes amounting to EUR 12,000,000 or EBITDA amounting to EUR 16,000,000 for a three-year period before filing the application;
(e) have profits before taxes exceeding EUR 1,500,000 per year on a consolidated basis. If the securities are listed in the Big Cap Category, the entity must have profits before taxes exceeding EUR 3,000,000 per year on a consolidated basis;
(f) have capitalization that exceeds EUR 150,000,000, if the entity requests its securities to be listed in the Big Cap Category;
(g) have an internal regulation;
(h) comply with the Corporate Governance Law; and/or
(i) have a sponsor for a two-year period upon the initial public offer.

Moreover, the securities must be dematerialized and distributed sufficiently, as provided in Article 203 of Regulation of AE. Sufficient distribution depends on the capitalization of the company.

9. Continuing Requirements for Listed Companies

The Transparency Law governs the periodic and continuing obligations of the listed companies towards the public. Listed companies are required, *inter alia*, to:

(a) publish financial reports (annually, semi-annually and quarterly);
(b) publish reports issued by the Board of Directors stating that the financial reports are clear and sufficient;

(c) provide information to the shareholders regarding the General Shareholders' Meetings (i.e. location, date, etc.);
(d) provide information regarding the payment of dividends, issuance of new securities, etc.;
(e) provide information on extraordinary facts that can influence investors' behaviour; and/or
(f) provide yearly a document (*etisio deltio*) that has all the information regarding the business activities and the financial situation of the company.

Moreover, under the Market Manipulation Law, listed companies are required to disclose all the inside information that is connected with the company. The term 'inside information' is defined in Article 6 of the Market Manipulation Law.

Moreover, directors/managers of issuers are obliged to notify the issuer regarding transactions conducted on their behalf that concern shares issued by the issuer (derivatives and other financial instruments are included). The issuers must 'forward' the above-mentioned notification to the public and to the HCMC.

10. Civil and Criminal Liability for Securities Law Breaches

In case of violation of the Transparency Law, the HCMC may impose a penalty of up to EUR 1,000,000. In case of violation of the Corporate Governance Law, the HCMC may impose a penalty from EUR 3,000 up to EUR 1,000,000.

Courts may impose an imprisonment term of one year for persons who possess inside information, as defined under the Market Manipulation Law, and use that information by acquiring or disposing of, for their own account or for the account of a third party, either directly or indirectly, securities of the company to which that information relates.

If the above-mentioned offence is committed by a person who is considered a professional and works habitually in the securities sector, and:

(a) the price of the unlawful transactions exceeds EUR 1,000,000; or
(b) the person gains a profit or gives a profit to a third party that exceeds EUR 300,000, the court may impose an imprisonment term of up to ten years.

11. Distinction Between Public and Private Offers

A public offer of securities is linked with procedures and measures that ensure investors' protection and market efficiency.

The provision of full information relating to securities and issuers thereof ensures and develops the proper operation of the securities market. The appropriate means to make this information available to the public is through a prospectus.

The meaning of 'public offer' of securities is determined by Law 3401/2005, 'Prospectus To Be Published When Securities Are Offered to the Public and

(d) the Depositories Act, 1996 ('Depositories Act'), which provides for regulation of depositories in securities; and
(e) the Foreign Exchange Management Act, 1999, which apart from other regulatory issues, governs foreign investment in Indian securities and also regulates the dealing in foreign securities by persons resident in India.

There are certain circulars, rules, regulations and guidelines that have been issued under the SCRA, SEBI Act, Companies Act, Depositories Act and FEMA to regulate dealings in securities and the market intermediaries. In addition, the companies whose securities are listed on stock exchanges are required to abide by the listing agreement entered into with the respective stock exchanges.

5. Participants in the Securities Markets: Requirements for Licensing

Section 12 of the SEBI Act provides for compulsory registration of market intermediaries. All intermediaries, namely stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees under trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisers and such other intermediaries as may be prescribed, who are associated with the securities market, are allowed to deal in the securities only in accordance with the conditions prescribed under the certificate of registration granted by SEBI. Depositories, depository participants, custodians of securities, foreign institutional investors and credit rating agencies are also required to obtain registration with SEBI in accordance with the regulations made under the SEBI Act.

6. Procedures and Methods for an Application for Listing

In India, listing involves the admission of securities of an issuer company to trade on a stock exchange. To effect this, a formal agreement between the stock exchange concerned and the issuer company ('Listing Agreement') is executed. For details of the provisions of the Listing Agreements for each of the BSE and the NSE, please visit <www.bseindia.com> and <www.nseindia.com>.

Under the Companies Act, a public limited company has no obligation to have its shares listed on a recognized stock exchange. However, section 73 of the Companies Act provides that if a company intends to offer shares or debentures to the public for subscription by issuing a prospectus, it shall, before issuing the prospectus, make an application to one or more recognized stock exchanges for permission to have the publicly offered shares or debentures traded on those exchanges. A prospectus must state that such an application has been made to one or more stock exchanges. Any allotment made under such a prospectus shall be void if

permission has not been granted by the stock exchange, or each stock exchange, as the case may be.

Clause 24(a) of the Listing Agreement, which is similar for each exchange, provides that where the company is already listed on a stock exchange, it is required to obtain 'in-principle' approval from all the exchanges on which it is listed before issuing any further securities. The company is also required to make an application to the stock exchange(s) on which its shares or securities are listed for the listing of any securities that have been issued, together with all necessary accompanying documents and fees as prescribed by the stock exchange(s), to enable it to admit those securities for trading on the exchange(s).

7. Procedures and Methods for an Application for Listing: Foreign Issuers

With effect from 13 December 2000, the concept of Indian Depository Receipts (IDRs) was introduced into the Companies Act by the insertion of section 605A. As a result, a foreign company can issue IDRs and be listed on a stock exchange in India. The Central Government promulgated the Companies (Issue of Indian Depository Receipts) Rules, 2004 ('IDR Rules') to regulate IDR issues.

Rule 4 of the IDR Rules sets out the conditions that must be fulfilled by the issuing company in order to be eligible to issue IDRs. The IDR Rules provide, among other requirements, criteria regarding net worth and profitability of issuer companies, including:
(a) minimum capital, free reserves and market capitalization standards;
(b) continuous trading records and a three-year stock exchange history; and
(c) a track record of distributable profits.

Rule 5 of the IDR Rules deals with the procedure for making an IDR Issue. It provides that the issuer companies issuing IDRs must obtain permission from SEBI by making an application to SEBI, at least ninety days prior to the opening date of the IDR issue, in the prescribed form together with all necessary information, along with a non-refundable fee of USD 10,000 payable to SEBI. SEBI may, within thirty days from the date of receipt of such an application, call for such further information and explanation as may be necessary for its consideration of the application, and must dispose of the application within sixty days of its receipt. The issuer company seeking permission from SEBI must also obtain in-principle listing permission from one or more stock exchanges that has nationwide trading terminals in India.

In addition to the IDR Rules, the provisions of Chapter VIA of the SEBI DIP Guidelines must be complied with by companies. These provisions of Chapter VIA, among other things, provide for eligibility for the issue of IDRs, minimum issue size, minimum subscription and disclosure requirements to be made in the prospectus for

(k) a corporation (except for a corporation that was incorporated for the purpose of purchasing securities in a specific offer) whose equity exceeds USD 62.5 million (at a rate of 4 INS to USD 1).

In addition, the following shall not be taken into account for the purpose of determining the 'thirty-five-person' threshold:

(a) a corporation incorporated outside Israel and which, in the opinion of the ISA, is capable of obtaining the information required in order to make a decision to invest in the securities; and
(b) a 'controlling shareholder', a general manager or a director of the company whose securities are being offered, or of a company under control of such a corporation.

Section 15A(a)(2) also provides that an offer of bonus shares is not considered to be an offer to the 'public'.

An offer of securities that is not to the 'public', as defined above, is considered a private offer and is governed by the Securities Regulations (Private Offer of Securities in a Listed Company), 5760-2000.

The Securities Law contains various exemptions from the prospectus requirements, both of a general nature and specifically in relation to employee stock benefit plans (see Sections 16 and 19 below).

12. Offering Securities: Prospectus/Disclosure Requirements

Under Israel's Securities Law a person may generally not offer securities to the 'public' except by way of a prospectus approved by the ISA. For the definition of a public offer, see Section 11 above.

For the content requirements for a prospectus, see Sections 14 and 15 below.

13. Quasi Securities: The Offer of Options, Collective (Managed) Investments and Derivatives

The securities described below are traded on the TASE:

(a) Equity trading is the main business of the TASE. This market offers different types of securities, including shares, warrants and convertible bonds.
(b) The Fixed Income Market offers government bonds, which account for most of its trading, and corporate bonds.
(c) The USD-linked bonds are traded on a floating-interest-rate basis, and their principal and interest are denominated in shekels. The short-term Treasury Bills (known as *Makam* in Hebrew) are issued for periods of up to one year. The *Makam* does not bear interest. Instead, it is offered at a rate that is discounted from its face value and redeemed upon maturity at face value ('zero coupon').
(d) The Derivatives Market provides for the trading of options and futures. The TASE derivatives market was established in 1993 and today is one of the most active markets on the TASE.
(e) Several types of index products are traded on the TASE, including index-linked notes, commodity certificates, reverse certificates, covered warrants and complex certificates.

Generally, public offerings of convertible securities, as well as public offerings of derivatives and index products, require the publication of a prospectus. The form and content requirements for these prospectuses are basically similar to the requirements in most other prospectuses (see Section 14 below). However, the prospectus should include additional details regarding the terms and conditions of the issued securities, the possible risk factors and details about the underlying assets (to the extent that the security is based on an underlying asset).

After the issue of these securities, the issuer will be required to publish ongoing special reports. For example, the issuer of Index-Linked Notes is required to publish updated information about the note on a daily basis.

The TASE's requirements for listing convertible securities, derivatives and index-based securities may often differ from the requirements for listing shares or bonds – the issuer might be required to meet special listing demands regarding minimal shareholder equity, the value of public holdings, insurance coverage and rating.

14. Prospectuses: Form and Content

A prospectus shall include every detail that is likely to be of importance to a reasonable investor who is considering purchasing the securities offered. The prospectus shall not include any misleading details.

The Securities Regulations 5729-1969 (Particulars of Prospectus: Its Structure and Form) require that the following details, among others, be included in every prospectus:

(a) details regarding the securities being offered and the rights attached to them;
(b) details regarding the securities and capital of the issuer;
(c) a detailed description of the issuer and its business activities in the three years prior to the prospectus, including details regarding the issuer's subsidiaries, board of directors and senior office holders;
(d) details regarding the issuer's principal shareholder and a description of agreements between the principal shareholder and the issuer;
(e) a description of the issuer's intended use of the consideration paid for the offered securities;

(b) capital size;
  (i) the number of shares or depositary receipts (DRs) on issue must be at least 1 million;
  (ii) shareholders' equity must be at least South Korean Won (KRW) 10 billion, or the company's market capitalization must be at least KRW 20 billion;
(c) constituency of shareholders;
  (i) the number of individual shareholders must be at least 1,000;
  (ii) there is a mandatory public offering of at least 5% and with a value of at least KRW 1 billion;
  (iii) one of the following has to apply:
    — minority shareholders hold at least 25%; or
    — at least 25% of shares are offered publicly; or
    — at least 10% of shares are offered publicly and between 1 million and 5 million shares must be issued depending on either equity capital or market capitalization; or
    — for a company making a public offering in Korea and abroad at the same time, at least 10% of shares and 1 million shares are offered publicly in Korea.
(d) business performance;
  One of the following three conditions must be met:
  (i) sales and income;
    — at least KRW 30 billion of sales in the latest fiscal year and average annual sales of at least KRW 20 billion over the last three recent years;
    — positive operating income, positive income from ongoing business before tax and positive net income for the latest fiscal year;
    — satisfy one of the following:
      – income of at least KRW 2.5 billion in the latest fiscal year and an aggregate of at least KRW 5 billion in the three preceding fiscal years;
      – return on equity of at least 5% for the latest fiscal year and an aggregate of at least 10% in the three preceding financial years;
      – for a company with over KRW 100 billion of equity capital, at least 3% return on equity or KRW 5 billion of income for the latest fiscal year and positive operating cash flow.
  (ii) sales and base market capitalization:
    — At least KRW 50 billion of sales in the latest fiscal year and at least KRW 100 billion of base market capitalization.
  (iii) sales, base market capitalization and operating cash flow:
    — At least KRW 70 billion of sales in the latest fiscal year, at least KRW 50 billion of base market capitalization and at least KRW 2 billion of operating cash flow in the latest fiscal year.

(e) change of the largest shareholder:
  (i) There should be no change of the largest shareholder for one year prior to the application date for listing eligibility review.

9. Continuing Requirements for Listed Companies

9A. Corporate Governance

(a) at least one-quarter of the directors on the board must be independent, *or* in case of a company with assets over KRW 2 trillion, at least three directors, or at least half of the board, must be independent;
(b) a company with assets over KRW 2 trillion is required to establish an audit committee, and at least two-thirds of the audit committee members must be independent directors.

9B. Lock-up Period

(a) shares held by the largest shareholder are subject to escrow for a period of six months from the listing date;
(b) shares acquired by way of allotment of new shares to a third party (other than existing shareholders) or from the largest shareholder during the year immediately prior to the application date for listing eligibility review are subject to escrow for a period of six months from the listing date.

9C. Periodic Disclosure

A listed corporation or any corporation that has listed its non-guaranteed corporate bonds, convertible bonds, bonds with warrants, profit participation bonds, exchangeable bonds, or derivatives linked with securities on the securities market, must file an annual report with the Financial Services Commission and the KRX within ninety days of the end of each fiscal year. In addition, if a corporation that is required to file an annual report (a 'Reporting Corporation') is an affiliate of a conglomerate that needs consolidated financial statements pursuant to the Act on External Audit of Joint Stock Companies, the Reporting Corporation must submit the consolidated financial statements to the Financial Services Commission and the KRX within six months of the end of each fiscal year.

A Reporting Corporation must file a business report every six months in each fiscal year (a 'semi-annual report'). The Reporting Corporation also needs to file business reports at three months and nine months from the beginning of each fiscal year ('quarterly reports'), with the Financial Services Commission and the KRX.

(h) have the issuing entity's by-laws meet the requirements set forth in the Securities Law; and
(i) have the Secretary of the Board of Directors of the issuing entity disclose and explain to the members of the Board the responsibilities resulting from a public listing of securities on the BMV.

Notwithstanding the above, the BMV may make exceptions for any of the above requirements if, in its opinion, the issuing entity demonstrates growth potential.

For registration of fixed-income securities and options on the BMV, it must be previously approved by the CNBV and registered before the RNV.

For foreign exempt registration and listing, see Sections 16 and 18 below.

9. Continuing Requirements for Listed Companies

Registered entities are required to comply with ongoing requirements contained in the Securities Law, its secondary rules and regulations and the BMV Listing Rules.

In accordance with the Securities Law and its secondary rules and regulations, entities with registered securities must disclose to the market price-sensitive information on an ongoing basis, through the use of the following reports:

(a) ongoing reports related to corporate actions and resolutions adopted by the governing bodies of the issuer;
(b) quarterly reports including internal quarterly financial information and a general management's discussion and analysis section;
(c) annual reports including audited financial information, as well as a section containing general information on the business of the issuer;
(d) reports regarding corporate restructurings such as mergers, spin-offs, acquisitions or sales of material assets previously approved by either a shareholders meeting or a board of directors meeting;
(e) reports regarding relevant events of the issuer, i.e. reports regarding any events that may affect the pricing of the issuer's securities;
(f) reports on policies and operations regarding the use by company officers of company assets, related-party transactions, unusual or non-recurring operations, internal control and accounting; and
(g) any other reports so requested by the CNBV.

In addition, according to the BMV's Listing Rules, entities with listed securities must also comply with the following requirements:

(a) maintain a corporate capital of at least 15,000,000 UDIs (approximately USD 4,700,000 using a 13.5 pesos to 1 USD exchange rate);
(b) report at least thirty-six transactions involving their listed securities each semester;

(c) have the average trading price of a share be equal to or higher than one peso (approximately USD 0.07 using a 13.5 pesos to 1 USD exchange rate);
(d) maintain an average of at least 100 public investors;
(e) maintain at least 8,000,000 tradable securities distributed among the public investors;
(f) maintain at least 12% of the paid stockholders' equity publicly distributed, if applicable; and
(g) provide, on a yearly basis, evidence that the Secretary of the Board of Directors of the issuing entity has explained to the members of the Board their responsibilities, the provisions of the BMV's Code of Ethics and other applicable provisions.

10. Civil and Criminal Liability for Securities Law Breaches

Breaches of the Securities Law may result in:

(a) imprisonment of five to fifteen years for any handling of securities without the corresponding authorization from the CNBV;
(b) imprisonment of two to ten years for any public offering of securities without their previous registration before the RNV and authorization from the CNBV or, any private offer made contrary to the provisions of the Securities Law;
(c) imprisonment of five to fifteen years for the members of the company's Board of Directors, officers, employees or any related person who is employed by a securities intermediary, who conducts illegal or forbidden activities through a third party or directly benefits therefrom, or who disposes of investments or securities received by a client, for any purpose other than for which the securities intermediary was contracted, directly causing economic hardship on the client and an economic benefit for the directors, officers, employees or any related person;
(d) imprisonment of two to ten years for the company's directors, officers, employees, agents, or auditors of a securities intermediary, stock brokers or securities deposit institutions that:
    (i) fail to disclose transactions or alter accounting registries that directly impact the assets and liabilities of the company in order to hide the true nature of the transactions,
    (ii) enter or order the entering of false accounting or data in documents, reports, resolutions, opinions, studies and credit ratings, filed before the CNBV pursuant to the Securities Law,
    (iii) destroy or order the total or partial destruction of systems or accounting records or documentation that support the origin of accounting reports, prior to the expiration of the legal terms for the retention of documentation,

(e) fund management;
(f) real estate investment trust management;
(g) securities financing; and
(h) providing custodial services for securities.

Financial institutions that are already regulated by the MAS under other legislation are exempt from the licensing regime under the SFA. Such exemptions include banks licensed under the Banking Act (Cap. 19, 2008 Rev. Ed.), merchant banks approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186, 1999 Rev. Ed.), finance companies licensed under the Finance Companies Act (Cap. 108, 2000 Rev. Ed.) and companies registered under the Insurance Act (Cap. 142, 2002 Rev. Ed.).

There are specific exemptions from licensing for persons who carry on a regulated activity within certain prescribed parameters and who comply with any specified conditions for the exemption. For example, fund managers who wish to distribute their own funds and who hold a CMS license for fund management do not require a separate CMS license for dealing in securities. A fund manager who is resident in Singapore and who undertakes fund management activity in Singapore on behalf of no more than thirty qualified investors is also exempt from holding a CMS license in respect of fund management.

Licensing under the FAA is similarly in modular form, and the following activities require a financial adviser's license:

(a) advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning any investment product, other than in the manner set out in paragraph (b), or advising on corporate finance within the meaning set out in the SFA;
(b) advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product;
(c) marketing any collective investment scheme; and
(d) arranging any contract of insurance in respect of life policies, other than a contract of reinsurance.

Both the SFA and FAA have extraterritorial provisions which seek to extend their respective provisions to entities that carry out acts outside Singapore, or partly in and partly outside Singapore, that would have a substantial and reasonably foreseeable effect in Singapore.

6. Procedures and Methods for an Application for Listing

Before a company may be listed on the SGX-ST, it must comply with the relevant listing requirements set out in the Listing Manual. However, compliance in itself does not ensure listing and the SGX-ST retains the discretion to accept or reject

applications. In reaching a decision, the SGX-ST will also consider the ability of the applicant to:

(a) comply with the underlying principles of its listing rules, which include the ability of the applicant to maintain minimum standards of quality, operations, management experience and expertise;
(b) provide investors and their professional advisers with all information that they would reasonably require to make an informed assessment of the securities for which listing is sought;
(c) disclose information that a reasonable person would expect would have a material effect on the price or value of the listed securities; and
(d) treat all holders of listed securities fairly and equitably.

The SGX-ST will also consider the ability of an applicant's directors to act in the interests of shareholders as a whole.

6B. Equity Securities

For an application to list equity securities on the Mainboard, an applicant must appoint an issue manager as its sponsor for the listing on the exchange. The application for new listing must be managed by a member company of the SGX-ST, a bank, a merchant or investment bank or other similar person who is acceptable to the SGX-ST. The issue manager is responsible for preparing the applicant for listing and this requires the issue manager to be satisfied that the applicant is suitable to be listed, meets the admission requirements and is able to comply with the continuing listing requirements, and that its directors appreciate the nature of their responsibilities. Normally, the issue manager lodges the application and deals with the SGX-ST on all matters relating to the listing application. Where the SGX-ST is satisfied that listing requirements have been complied with, an eligibility-to-list (ETL) letter may be issued, and the listing will be subject to all the conditions set out in the ETL letter being satisfied.

An application to list equity securities on Catalist must be made through a full Catalist sponsor. The SGX-ST will normally admit a listing applicant to Catalist upon receipt of conforming documents from the sponsor, although it may, in its discretion, reject an application or impose conditions on the listing.

6C. Debt Securities

To list debt securities, the applicant must submit a listing application together with the final form of the prospectus, offering memorandum or introductory document with supporting documents. Where the SGX-ST is satisfied that listing requirements have been complied with, it may issue an ETL letter, and the listing will be subject to all the conditions set out in the ETL letter being satisfied.

The AMN can be contacted at:

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4. Principal Laws Regulating the Securities Markets

Rules concerning the securities market can be found in various Swedish laws, but the regulation is mainly comprised of the following:

(a) rules regulating the formation and functions of companies limited by shares, including the issuance of shares, convertible debentures and debentures with warrants, can be found in the Companies Act (*Aktiebolagslagen, SFS 2005:551);*
(b) rules regulating trading on the securities market can be found in the Financial Securities Trading Act (*Lagen am handel med finansiella instrument*, SFS 1991:980) and in the Act on the Securities Market (*Lagen am värdepappersmarknaden*, SFS 2007:528);
(c) rules regulating the operations of stock exchanges, investment firms, MTFs and clearing institutions can also be found in the Act on the Securities Market;
(d) rules regulating the operations of open-ended investment funds can be found in the Act on Investment Funds (*Lagen am investeringsfonder*, SFS 2004:46); and
(e) rules regulating different kinds of market abuse can be found in the Act on Market Abuse (*Marknadsmissbrukslagen*, SFS 2005:377) and the Act concerning Reporting Obligations for Certain Holdings of Financial Instruments (*Lagen am anmälningsskyldighet för vissa innehav av finansiella instrument*, SFS 2000:1087).

The FSA supplements the above legislation by issuing regulations published in its regulatory code (the 'FFFS' or *Finansinspektionens Föifattningssamling*).

General rules concerning marketing can be found in the Marketing Practices Act (*Marknadsföringslagen, SFS 2008:486*).

There are also a number of rules derived from informal sources such as recommendations, general guidelines and opinions issued by various authorities and bodies, e.g., the FSA, the exchanges, the AMN and the Swedish Securities Dealers' Association. These rules are usually not binding by law, but often form part of the rules for the listed companies and for the members of the exchanges.

In addition to legislation and other statutory rules, case law on the subject must also be taken into consideration.

5. Participants in the Securities Markets: Requirements for Licensing

In order to conduct securities operations on the Swedish securities market, a license granted by the FSA is generally required. A company incorporated in another country within the European Economic Area (EEA), which has been granted a license to conduct securities operations in that country, does not, however, need another license from the FSA in order to conduct such business in Sweden. Instead, the company has to notify its home country's supervisory authority. The company may commence its operations in Sweden, using a branch office, two months following a notification to the FSA by the home country's supervisory authority. In case of cross-border activities, the operations may commence as soon as the FSA has been notified by the home country's supervisory authority.

The Act on the Securities Market defines securities operations as any of the following eight activities:

(a) reception and transmission of orders in relation to one or more financial instruments;
(b) execution of orders on behalf of others;
(c) dealing on one's own account;
(d) portfolio management in relation to financial instruments;
(e) investment advice to clients in relation to financial instruments;
(f) underwriting of financial instruments and placing of financial instruments on a firm commitment basis;
(g) placing of financial instruments without a firm commitment basis; and
(h) operation of MTFs.

To be granted a license, the applicant company has to meet and fulfil a number of requirements provided for by the Act on the Securities Market. These requirements include:

(a) that the company shall, when providing investment services, safeguard the interests of its clients and act honestly, fairly and professionally;
(b) that the company shall act in such a manner that the confidence of the general public is maintained in the securities markets;
(c) that the company's board members and CEO are deemed sufficiently qualified by the FSA, and have sufficient insight and experience; and
(d) that the company's restricted capital, depending on the type of securities operations to be conducted, corresponds to at least EUR 5,000,000, EUR 730,000, EUR 125,000 or EUR 50,000.

6. Procedures and Methods for an Application for Listing

In Sweden, shares can be admitted for trading either on Stockholmsbörsen's Nordic List or on NGM's Equity List.