



# 10 STEPS TO LISTING INVESTMENT ENTITIES ON THE IX

Overview of the listing process and other considerations

# LISTING INVESTMENT ENTITIES

- Investment entities include:
  - Global Schemes
  - Professional Collective Investment Schemes (CIS)
  - Specialised CIS
  - Expert funds
  - Closed-end funds
  - Other types of specialised CIS's
- A fund may be constituted as a unit trust, an investment company, a collective investment scheme, or a limited partnership.
- A fund may be open-ended or closed ended.
- A fund may be structured as a feeder fund, a multi-manager fund or a Fund of Funds.

## LISTING INVESTMENT ENTITIES cont.

- A listed fund can hold these securities or a combination of these securities in a pool:
  - Equity
  - Commodities
  - Bonds
- A listed fund lists and trades close to its net asset value (NAV)
- A fund's securities are bought and sold on the iX. A fund's securities are also known as units, shares or securities.
- A fund may have existing securities at the time of listing.
- A fund already listed on a foreign exchange may also list on the Stock Exchange of Mauritius (SEM)

# WHY LIST AN INVESTMENT ENTITY ON THE IX

- **The SEM's attractiveness to listed funds**
  - » The SEM has developed a specific investment funds listing regime tailored to provide a streamlined and progressive listing process for a wide variety of fund structures.
  - » A listing constitutes one of the ways of demonstrating substance and added value.
  - » A listing can, therefore, increase a fund's potential investor base.
  - » A listing allows investors to mark their fund investment to market.
- **Impact Investment focused**
  - » Unlike other boards, the iX is focused on impact investment . By fulfilling the initial and ongoing requirements for listing, the fund's commitment to achieving high impact is demonstrated.
- **Low costs**
  - » The initial and annual listing fees are very competitive for an investment entity seeking to list on the iX.
  - » Funds typically have lower marketing, distribution and accounting expenses.
- **Domicile**
  - » There is no restriction on domicile for an iX listing which means that funds incorporated in a foreign jurisdiction may list on the iX.

# WHY LIST AN INVESTMENT ENTITY ON THE IX cont.

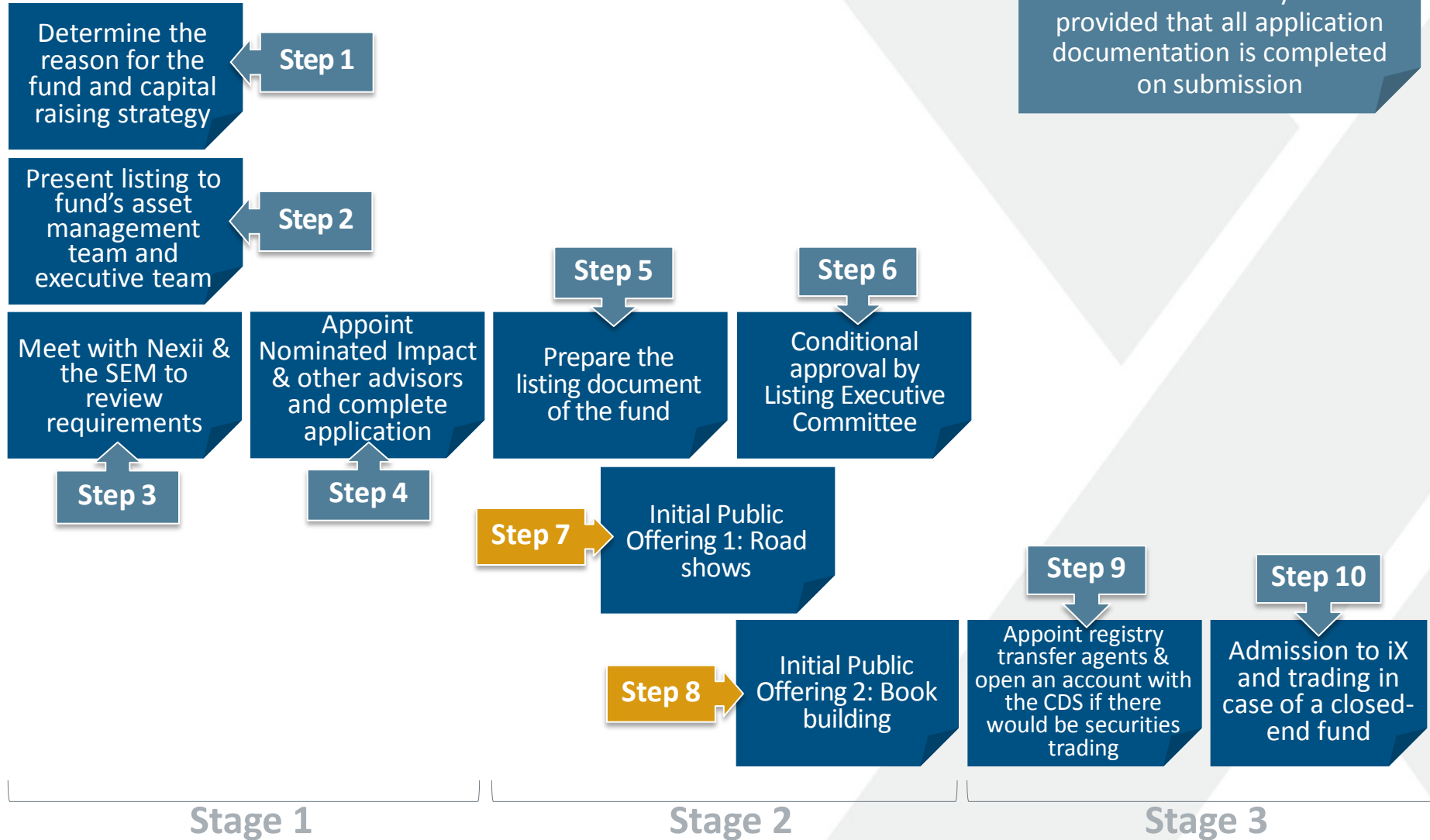
- **Tax Efficiency**
  - » Funds listed on the iX will not incur any capital gains on the dealings of their securities.
- **Equity-like features**
  - » The fund's units can be bought and sold in the same way as listed equity .
- **Popular product**
  - » A listed fund is a popular exchange traded product.
- **Listing Process**
  - » The listing process is transparent, user-friendly, flexible and proactive. This enables new products types to be listed while maintaining the integrity of listing on a regulated exchange.
  - » The SEM ensures a speedy processing of applications with a turnaround time of 2 weeks if application is complete
- **No sponsors but Nominated Impact Advisors required**
  - » A listing on the SEM does not require the applicant to have registered sponsors as in other jurisdictions.
  - » A nominated Impact Advisor will help prepare the impact due diligence of the fund to help demonstrate its commitment to impact investment

# THE 10 STEPS TO AN iX INVESTMENT ENTITY LISTING



*Note: open-ended funds will not trade on the iX but would rather do so with respective investment managers*

# LISTING TIMELINE



# DETERMINE THE REASON FOR THE FUND AND THE CAPITAL RAISING STRATEGY

- A fund can be created for many reasons. The impact investment nature of the fund needs to be clearly detailed and supported with relevant documentation, for example:
  - Fund structure (for example, fund-of-funds or collective investment scheme)
  - Identifications and investment in impact investments
  - Valuations of impact investments
  - Due diligence reports
  - Details on how risk in the impact investments will be managed
  - Details on the fund management
  - Details on how the impact achieved by the fund is measured
- Accordingly, the capital raising for the fund needs to be determined. This includes:
  - Determining the securities that will be made available to investors
  - Determining the net asset value of the fund

# DECIDE ON THE TYPE OF LISTING

## INTRODUCTION

- Existing fund securities that already meet entry requirements
- Securities are just introduced to the iX board
- **No new capital is raised (Skip steps 7 & 8)**

## INITIAL PUBLIC OFFERING (IPO)

- Existing fund securities are offered for sale or new securities are issued to the iX board. The IPO process for funds is exactly the same as that for listing equity or debt

## PRIVATE PLACEMENT

- New fund securities are privately placed with investors and then listed on the iX board

# PRESENT THE LISTING PROPOSAL TO THE MANAGEMENT TEAM AND THE BOARD

- Purpose: to get approval for listing
- To do this, you need to develop and present a management presentation that includes:
  - » Details of the fund, its structure and investments
    - » A fund may need to undergo a pre-listing reorganisation so that the fund is suitable for listing, especially if the fund has a contractual form or lacks a separate legal personality
  - » Business case for listing (ensure the fund's securities are suitable for listing)
  - » Details about the iX application and all requirements
- You should also:
  - » Review the fund's 'Theory of Change' with your Nominated Impact Advisor (NIA)
  - » Review ongoing listing obligations and get their approval

## MEET WITH NEXII AND THE SEM

- An initial meeting will allow us to understand your needs and capital raising requirements. Your Nominated Impact Advisor may also handle these initial consultations.
- Nexii offers consulting services focused on the suitability of listing products on the iX, including advising on the benefits of listing, determining if your fund is an impact investment, recommending a Nominated Impact Advisor, and helping with some aspects of the book building process.
- The SEM will guide you on why Mauritius is a good venue for your listing, and help you to understand the legal, fund management and currency implications of a listing.
- This set of meetings is also to review your questions and determine the next steps in the listing process.

# APPOINT ADVISORS

The advisors you need to appoint for the listing process are:

- Nominated Impact Advisor
- Custodian
- Auditor
- Impact Verification Agent
- Legal Counsel
- Administrator
  - The Administrator calculates & the NAV of the fund
- Investment Manager
  - The Investment Manager plays the main role in listing a fund
  - The Investment Manager ensures that :
    - The fund is suitable for listing
    - You understand the regulations and technicalities of the listing process
    - The prospectus / listing document is drawn up for the fund
    - The listing application form is submitted to the SEM (jointly with the Nominated Impact Advisor)

# APPOINT A NOMINATED IMPACT ADVISOR

- Convert impact purpose to ‘Theory of Change’
- Appoint a Nominated Impact Advisor (NIA) to help you:
  - » Get or renew your impact certification to validate impact purpose e.g. a BCorp, Social Enterprise Mark etc.
  - » Conduct a single due diligence to validate impact, impact performance and impact metrics
  - » Create an impact profile / report, as from the due diligence, needed to support listing application
  - » Create an impact forecast
  - » Complete your profile on the Nexii portal
  - » Complete the application to list on the iX
- You can retain a Nominated Impact Advisor for long-term relationship
- The Nominated Impact Advisor may also act as your investment manager

# APPOINT AUDITORS

- Appoint an external financial auditor
  - » Obtain unqualified annual financial reports for prior fiscal years
- Appoint Impact Verification Agent
  - » Annual impact assessment and audit completed at the same time as financial year-end
  - » Validate annual impact performance against Theory of Change and other tools / metrics
  - » Possibly a representative from your auditing company can become accredited by Nexii to complete the Impact Verification role
  - » The Nominated Impact Advisor and Impact Verification Agent should be separate persons / entities

# PREPARE THE AUDITED FINANCIAL AND IMPACT REPORTS

- For financial reports:
  - » Prepare the fund's financial statements
  - » Include statement of accounting policies and notes to the financial statements
- For impact statements:
  - » Work with your Nominated Impact Advisor to review impact metrics, performance measures, outputs and outcomes
  - » If you don't have an impact report, prepare an impact forecast

## SPECIFIC LEGAL REQUIREMENTS FOR LISTING

- Legal counsel may be needed to prepare all the documents needed for listing a fund
- Legal due diligence is required on all listing paperwork, including review of the prospectus / listing document
  - » You may need multiple sets of paperwork depending on whether you or your bank / underwriter are local or internationally based
- Legal counsel will help you to obtain any necessary regulatory approvals for the prospectus / listing document as from the:
  - » Regulatory authority in your domicile (such as the FSC in Mauritius)
  - » Local financial authority
- Consult Nexii to determine if our relationship with Trustlaw can help you with legal requirements

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# PREPARE AND SUBMIT THE LISTING APPLICATION

- Applications for the listing of global and specialised funds must be channelled through the Listing Division of the Stock Exchange of Mauritius Ltd and the main documents that must be filed are as follows:
  - Formal application letter
  - Draft listing document (or offer document registered with the FSC or other foreign authority)
  - Certificate of Incorporation or equivalent
  - Certified copy of issuer's Constitutive documents
  - Certified copies of resolutions authorising issue of the securities
  - Issuer's undertaking and directors' declarations and undertakings

# PREPARE AND SUBMIT A PROSPECTUS/LISTING DOCUMENT

- The prospectus / listing document details all the terms and conditions relating to the fund's listing.
- The details include how the net asset value (NAV) of the fund is calculated. The same NAV calculation will be used for calculating the fund's NAV trading purposes.
- The prospectus / listing document is a document that provides necessary information to the investors and / or the public to enable them to subscribe for or buy the fund's securities.
- The prospectus must be approved by the regulator in the country where new issue or offer for sale is made
- In lieu of a full-fledged listing document, the offer document registered with the Financial Services Commission (in Mauritius) during the previous 12 months may also be accepted by the SEM.

## PREPARE AND SUBMIT A PROSPECTUS/LISTING DOCUMENT cont.

- The contents of the listing document are set out in the iX Rules
- The following needs to be detailed in the listing document:
  - » The fund's investment objective and policy
  - » The fund's directors and service providers
  - » The fund's securities, liabilities and financial position
  - » All parties involved, incl. Auditors and other advisers
  - » Description of the units / shares to be listed
  - » Description of the fund's impact investments
- Once approved by the SEM, the listing document/offer document must be signed off by the directors

## CONDITIONAL APPROVAL FROM THE SEM

- Once all the documentation, including listing application and listing document, is completed, it is submitted to the SEM with a copy to Nexii
- The SEM's Listing Division reviews all documentation and may give feedback relating to the listing
- Any feedback needs to be reviewed and incorporated into the documentation before final submission to the Listing Executive Committee (LEC)
- The LEC may grant conditional approval at this stage, pending the fulfillment of all entry conditions for listing
- Conditional approval can be included as information for the investor roadshows

# INITIAL PUBLIC OFFERING 1: INVESTOR ROADSHOWS

- During the roadshow:
  - » Work with analysts to create analyst presentation
  - » 1 to 2 weeks of meetings to selected investors and analysts
  - » Highly confidential roadshow
  - » Create a presentation for the market makers specifically including:
    - › Five key investment highlights
    - › Business case for fund
    - › Fund structure
    - › Types of fund securities
    - › The fund's net asset value
    - › Listing document
- The roadshow helps to:
  - » Refine the listing document / prospectus to determine the offer, terms and rights of the fund's securities
- In some jurisdictions, the marketing of an investment entity in the pre-IPO stages can be regulated. This includes what marketing material is made available to investors during the roadshow.

# INITIAL PUBLIC OFFERING 2: OVERVIEW OF BOOK BUILDING

- Book building is a closed process used by potential issuers when raising capital through public offerings
- The aims of this process are to:
  - » Aid price discovery
  - » Establish demand for the debt/ equity
  - » Get financial commitment into the debt offer
- The issuer works with the book runner during this process
- The book is managed and maintained off market (not public)
- Bidding is by invitation only and retail, institutional and private investors can bid
- The book details:
  - » Types of debt securities issued
  - » Rights of debt issued
  - » Term and conditions, such as the coupon and duration of the debt security

## BOOK BUILDING...

- While the book is open:
  - » The book runner determines investor demand through a bidding process
  - » Investors bid for the debt at their preferred price (as from determined from the roadshows)
  - » The book runner collates all the bids and determines the final price
  - » Securities are allocated to investors
  - » There may be instances of oversubscription or under subscription of debt; both instances trigger related processes to resolved the demand and supply of debt.
- Once the book is filled, then the debt security price is determined

# INITIAL PUBLIC OFFERING 2: COMPLETING THE BOOK BUILDING

- During the book building process:
  - » Investors complete subscription forms
  - » Investors pay for the allotment
  - » Fees are held in escrow
- Once the listing process is closed, the book is also closed and:
  - » The final security price is determined
  - » Securities are allotted accordingly, depending on under/over subscription volume to investors
  - » Underwriters buy any unsold securities
- If successful allotment:
  - » Letter of allotment given to investors
  - » Monies from escrow transferred to the fund
- If unsuccessful:
  - » Letter of Regret issued to investors
  - » Investor monies are refunded

# APPOINT REGISTRY TRANSFER AGENTS & OPEN AN ACCOUNT WITH THE CDS

- Because the iX board is a board operated by the SEM, all listed issuers on this board need to appoint a registry transfer agent
  - » The agent manages all documentation to investors (such as annual financial and impact reports)
  - » The agent lodges and registers the prospectus
- Once the listing is approved, a CDS account must be opened by the issuer
  - » This account is used for clearing and settling any trades, processing delivery of securities and payment
  - » This account enables the automatic T+3 settlement cycle
- CDS also issues an International Securities Identification Number (ISIN ) and CFI Codes to the security
- All investors and traders trading on the SEM also have a CDS account
  - » The account is used for depositing securities, transferring securities and making pledges (collateral)
  - » Note: Open-ended funds will not trade on iX and hence do not require that CDS Accounts are opened because trading will be conducted with the respective investment managers.

## FINALISE LISTING ON THE SEM

- In the case of an IPO, the conditional approval needs to be ratified by the SEM. This is done once the SEM receives all final listing documentation
- The SEM's Listing Executive Committee makes the final decision on the listing
- If approved, the fund's securities are allowed to list on the iX board for trading
- The SEM's automated trading system (SEMATS) is updated with the fund's details (net asset value etc) as well as the CDS account details
- A fund, after admission to listing, must comply with the ongoing obligations of the SEM, as specified under the iX Rules.
- Once listed, the fund's manager needs to pay attention to the discount to the NAV, the price at which the securities trade and NAV per share that is calculated by reference to the underlying investments

# SECURITIES ARE LISTED ON THE iX BOARD

- Typical sectors on the iX:

- » Renewable Energy
- » Sustainable Forestry
- » Financial Services (including Microfinance)
- » Sustainable Agriculture  
(may include fisheries)
- » Social Housing
- » Water
- » Education
- » Healthcare
- » Waste Management / Recycling
- » Outsourced labour

- Fund Information

- » Investment type
- » Stock exchange traded on (the SEM)
- » Fund manager
- » Fund information from advisors
- » Fund launched

- Financial Indicators:

- » As from traded funds:
  - › Value (NAV)
  - › Change
  - › Open value
  - › High value
  - › Low value

- Impact Indicators:

- » Listed on Nexii portal
- » Includes: SROI and GIIRS impact indicators, as well as narrative
- » Impact is detailed as per impact profile

# TRADING IN FUND SECURITIES

- Investors, through their investment dealers, can buy or sell fund securities listed on the iX as per the trading and clearing process of the SEM / CDS, except for open-ended funds.
- Any purchase or sale of a fund security on the iX has to be effected through a licensed investment dealer
- Investors will instruct their investment dealer to buy according to their portfolio requirements and impact strategy
- Investors may buy-and-hold if they have a long term view or follow a short-term strategy
- Investors returns are as from:
  - » the rights / terms attached to the fund security
  - » gains made on the selling of the fund securities

# ONGOING OBLIGATIONS FOR FUNDS

- Once listed, a fund is expected to abide by a number of ongoing reporting obligations as prescribed in the iX Rules. These obligations are imposed to:
  - maintain an orderly and transparent market in the units of the listed funds
  - ensure the ongoing sustainability of the funds for listing
  - protect shareholders' interests
  - ensure that all relevant information is disseminated without delay.
- Some of the key ongoing obligations are:
  - Prompt notification to SEM and shareholders of material events to allow them to evaluate the financial position of the fund and to avoid the creation of a false market. Material events are circumstances that may be expected to affect market activity or the prices of listed securities.
  - Material transactions (including related party transactions) to be approved by the SEM
  - Filing of quarterly and annual financial statements & subsequent publication thereof
  - NAV calculations to be submitted on a regular basis, except as otherwise stated in the listing document or offer document of the fund.

# IX SECURITIES LIQUIDITY AND PRICING

- Liquidity in the impact investment sector is a function of:
  - » Maturity (not only of the sector, but also the company's and the investors)
  - » Amount of issued fund securities publicly available (more securities in public, more liquidity)
- The fund's net asset value is determined by demand and supply of the fund's securities, i.e. the daily buying and selling of fund's securities
- There is more liquidity in the market if there is no major investor dominance in valuation of the fund, its investments, impact or fund securities

## IX RISKS FOR INVESTMENT ENTITIES

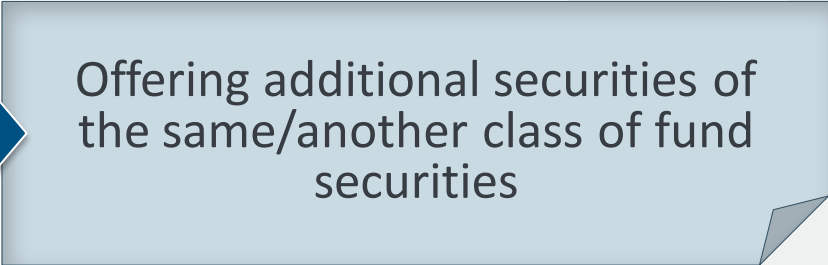
- Some investment entities may be looking for a regulated market so that the fund's securities can be offered to the wider public and less sophisticated investors. These entities may carry less risk.
- Investment entities listed on the iX may be securities that may have characteristics such as:
  - variable levels of secondary market liquidity
  - sophisticated investment propositions with concentrated risks
  - highly leveraged structures
  - sophisticated corporate structures
- Funds with these types of characteristics are therefore intended for institutional, professional and highly knowledgeable investors only.

# AFTERWARDS: ONCE SECURITIES ARE LISTED ON THE IX, YOU CAN LIST MORE SECURITIES

**ISSUE OF  
FURTHER  
SECURITIES**



Offering additional securities of  
the same/another class of fund  
securities



A black and white photograph of three people sitting on a beach, looking out at the ocean. The scene is backlit by the sun, creating a strong silhouette effect. The person on the left is wearing a tank top, the middle person is wearing a dark shirt, and the person on the right is shirtless. The ocean waves are visible in the background. A large blue geometric shape is overlaid on the right side of the image. A semi-transparent white horizontal band is positioned across the middle of the image, containing the text "THANK YOU".

THANK YOU