

Professional Services to the Exchange

The establishment of a Securities Exchange in a country has many positive implications for the local economy. Exchanges do not operate in isolation but depend upon having professional firms that support the financial services it provides. These include lawyers, accountants, auditors, banks, sponsor advisors and brokers to name but a few. In this article, we focus specifically on the key players involved at this early stage of the development of the Exchange in Seychelles.

Sponsor Advisors

The role of a Sponsor Advisor is multifaceted and begins when the company is making the decision to list and only ends if the company delists.

As we saw in last week's article, the role of the Sponsor begins with assisting the company assess its readiness to list, and decide which method and which board to list on. This is only the beginning of the Sponsor Advisor's role as they act as project manager and corporate finance advisor to the Board of Directors throughout the listing process. The Sponsor Advisor also has an on-going responsibility to ensure the company remains in compliance with the Listing Requirements.

Although contracted by the company, the primary responsibility of the Sponsor Advisors remains to the Exchange. They are required to always ensure the company meets all its obligations under the Securities Act, 2007 and Exchange Requirements. The Sponsor Advisor also acts as the main point of contact between the Securities Exchange and the listed company.

Sponsor Advisors are likely to be investment banks, corporate finance firms, accountancy firms, law firms, trust companies or similar with verifiable and successful experience in assisting companies with raising capital. Trop-X must approve the Sponsor Advisor firm and each representative to act in this capacity. To be approved as Sponsor Advisors, firms need to meet the relevant criteria set out by Trop-X in the Listing Requirements.

The Sponsor Advisor will:

- undertake initial due diligence to ensure the company is suitable for listing on Trop-X (i.e. not a scam, directors meet the requirements, etc.);
- provide advice and guidance to the company through the listing process;
- manage and co-ordinate the drafting and preparation of the Pre-listing Statement or Prospectus;
- endorse that the company is appropriate for listing on Trop-X;
- prepare the company and advise the directors and key management of the on-going obligations of maintaining a listing on Trop-X; keep up-to date with any material developments happening within the company and advise the board of directors if disclosure of information is required to Trop-X, SIBA or the investment community;

- ensure that the company continues to understand its obligations as a listed company

Brokers

In Seychelles, Brokers can be either licensed securities dealers (based in Seychelles) or exempt overseas securities dealers (based overseas). Brokers need to apply and be admitted as a Member of Trop-X. The Broker facilitates the buying and selling of securities (i.e. stocks and shares) admitted for trading on Trop-X.

Anyone who would like to buy or sell securities on Trop-X would first have to open an account with a Broker. The process of opening an account is shown in the diagram below.



Can I trade international shares through a Broker in Seychelles?

Not all brokers have access to international markets. Certain Trop-X approved brokers, like Constant Capital, can offer their clients the ability to trade in over fifty countries through its broker network. This gives Seychellois clients the ability to invest anywhere in the world, including London, New York, Tokyo and Johannesburg.

The Account Opening process is similar to opening a local Trop-X account, and interested clients should contact Constant Capital for more information.

Auditors

Companies will be required to file accounts in accordance with International Financial Reporting Standards (IFRS) as a requirement to list on the Exchange. They will also be required to publish their accounts half yearly unaudited accounts and yearly audited accounts. In some circumstances they will be required to provide quarterly statements. In order to audit listed companies, an audit firm must register with Trop-X. In order to be registered, the audit firm

must show that its representatives have practical experience and knowledge of IFRS. IFRS is the internationally recommended accounting standard.

Lawyers

In addition to complying with the Trop-X Listing Requirements, a listed company must also comply with the following legislation: The Securities Act 2007 and accompanying regulations, The Companies Ordinance 1972, The Anti-Money Laundering Act 2006, and other relevant legislation.

Lawyers may be used to advise a company how best to meet its obligations under the above-mentioned legislation and ensure that documents such as prospectuses, pre-listing statements and other statutory documents are factually correct and properly drafted.

Lawyers could also play a role in the due diligence process, which encompasses a comprehensive review of the company's business and commercial risks. Lawyers will typically assist the sponsor advisor in verifying title of assets, including intellectual property, examining material contracts and reviewing current legislation which may impact a particular issuer preparing for a listing.

Company Secretaries

Companies may prefer to utilize the services of third party company secretaries to provide services relating to maintaining statutory compliance with the relevant company laws under which they are incorporated. Professionals who specialize in this field also provide services such as preparation of board packs for board meetings, preparing and sending meeting notices and preparation of Annual Reports. This is generally the case for listed companies even if they also maintain an "in-house" company secretary.

Company Secretary also provide services which include establishing the appropriate corporate structures, liaising closely with the company during and after the Trop-X listing process and assisting the company maintain their principles of corporate governance. Outsourcing the Trop-X company secretary role allows smaller companies to benefit from a Trop-X listing without distracting them from the day-to-day running of the business.