

## AIX BUSINESS RULES / 2022 ANNUAL REVIEW

## COMPARISON TABLE

In this table, underlining indicates new text and striking through indicates deleted text, otherwise the Rule remains unaltered.

№	Rule	Current	Proposed	Justification
PROSPECTUS RULES (PR)				
1.	PR5.6(b)	subject to <b>Rule MDR 2.1.4(12)</b> , comply with any initial and ongoing obligations that are applicable in the jurisdiction in <i>(a)</i> in relation to the <b>Prospectus Offer</b> .	subject to <b>Rule MDR 2.1.4(12)-(14)</b> , comply with any initial and ongoing obligations that are applicable in the jurisdiction in <i>(a)</i> in relation to the <b>Prospectus Offer</b> .	Correction of cross-reference following previous changes in numbering in Rule MDR 2.1.4(12).
MARKETS LISTING RULES (MLR)				
2.	MLR4.1(4)	An <b>Applicant</b> to <b>AIX</b> must have published or filed audited financial statements which:  [...]  (4) have been prepared in accordance with International Financial Reporting Standards ( <b>IFRS</b> ), United States Generally Accepted Accounting Principles ( <b>US GAAP</b> ), Swiss Generally Accepted Accounting Principles (Swiss GAAP) or other standards acceptable to <b>AFSA</b> ;	An <b>Applicant</b> to <b>AIX</b> must have published or filed audited financial statements which:  [...]  (4) have been prepared in accordance with International Financial Reporting Standards ( <b>IFRS</b> ), <del>United States Generally Accepted Accounting Principles (<b>US GAAP</b>), Swiss Generally Accepted Accounting Principles (Swiss GAAP)</del> or other standards acceptable to <b>AFSA</b> ;	Aligning provision MLR4.1(4) with the AIFC MAR 3.1.1(a), whereby “A Reporting Entity must prepare and maintain all financial statements in accordance with the International Financial Reporting Standards (IFRS) or other financial reporting standards acceptable to the AFSA”. Acceptable financial standards are determined by AFSA, and no such determination has been made in respect of US GAAP or Swiss GAAP.
3.	MLR16-1.1(1)	<b>Rule MLR 16-1</b> applies to <b>Wholesale Bonds</b> , which are <b>Debentures</b> :  (1) offered to <b>Accredited Investors</b> only as defined in <b>Section 1.1.2(6)(a)</b> of the <b>AIFC MAR Rules</b> ; and	<b>Rule MLR 16-1</b> applies to <b>Wholesale Bonds</b> , which are <b>Debentures</b> :  (1) offered to <b>Accredited Investors</b> only as defined in <del><b>Section 1.1.2(6)(a)</b> of the <b>AIFC MAR Rules</b></del> ; and	Glossary of the AIX Business Rules contains the respective definition, which is being extended to cover high net worth individuals. Please refer to item 12 of this Comparison Table.

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№	Rule	Current	Proposed	Justification
4.	MLR16-1.1	(G) <b>Wholesale Bonds</b> are <b>Exempt Securities</b> on the basis set out in <b>AIFC MAR Rules 1.2.2(1)(a)</b> and <b>(d)</b> , however the limitation set out in <b>AIFC MAR Rules 1.2.3(2)</b> does not apply.	<del>(G) <b>Wholesale Bonds</b> are <b>Exempt Securities</b> on the basis set out in <b>AIFC MAR Rules 1.2.2(1)(a)</b> and <b>(d)</b>, however the limitation set out in <b>AIFC MAR Rules 1.2.3(2)</b> does not apply.</del>	AIX does not have power to waive the requirement of AIFC MAR Rules in the AIX Business Rules. Even though the AIX Business Rules and any changes thereto are being signed-off by AFSA, AFSA raised concern that such sign-off <i>per se</i> is not sufficient legal ground for AIX to give guidance relating to the AIFC MAR in the AIX Business Rules.
5.	MLR16-2.1(4)	<b>Rule MLR 16-2</b> applies to <b>Commercial Papers</b> , which are unsecured <b>Debentures</b> :  [...]  (4) offered to <b>Accredited Investors</b> only as defined in <b>Section 1.1.2(6)(a)</b> of the <b>AIFC MAR Rules</b> ; and	<b>Rule MLR 16-2</b> applies to <b>Commercial Papers</b> , which are unsecured <b>Debentures</b> :  [...]  (4) offered to <b>Accredited Investors</b> only as defined in <del><b>Section 1.1.2(6)(a)</b></del> of the <del><b>AIFC MAR Rules</b></del> ; and	Glossary of the AIX Business Rules contains the respective definition, which is being extended to cover high net worth individuals. Please refer to item 12 of this Comparison Table.
<b>PRE-IPO LISTINGS (PRE)</b>				
6.	PRE1.2 (G)		<u>(G) <b>Shares</b> admitted to the <b>Official List</b> under the sub-heading “<b>Pre-IPO Listings</b>” are not admitted to <b>Trading</b> on the <b>AIX Market</b>; and investors of such <b>Shares</b> may not be eligible for certain benefits available to investors in <b>Shares</b>, which are admitted to <b>Trading</b> on the <b>AIX Market</b>.</u>	Clarification that status of tradeable and non-tradeable securities may have different implications for investors, including availability of tax benefits.
<b>ADMISSIONS AND DISCLOSURE STANDARDS FOR ISSUERS (ADS)</b>				
7.	ADS4.5.2	An <b>Application</b> under a <b>Securities Issuance Programme</b> must specify the maximum value of <b>Securities</b> which may be issued under the programme.	An <b>Application</b> under a <b>Securities Issuance Programme</b> must specify <u>a validity period of the programme and</u> the maximum value of <b>Securities</b> which may be issued under the programme.	Pursuant to the definition of the Securities Issuance Programme, a program pre-approves the issue of new Securities over a given period of time. Therefore cut-off date must be

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№	Rule	Current	Proposed	Justification
				explicitly defined in the application and offer documents.
<b>MARKET DISCLOSURE RULES (MDR)</b>				
8.	MDA Table 1 Item 3.2		<p>EVENT GIVING RISE TO DISCLOSURE OBLIGATION:</p> <p><u>Environmental, Social and Governance (ESG) voluntary reporting</u></p> <p>DISCLOSURE REQUIRED:</p> <p><u>Voluntary market disclosure of the ESG performance as per AIX' Voluntary Disclosure Guidance for ESG Reporting published by Notice</u></p> <p>TIME OF DISCLOSURE:</p> <p><u>Annually</u></p>	<p>In May 2022, AIX published <a href="#">Market Notice on Voluntary Disclosure Guidance for ESG Reporting</a>.</p> <p>Listed Issuers are strongly encouraged to use the ESG Guidance when reporting on their ESG performance on annual basis. AIX intends to gradually shift the approach to reporting to 'comply-or-explain' principle, which will be announced to the market in advance.</p>
9.	MDA Table 1 Items 6.1-6.2	Please refer to a redline of the MDA Table below	Please refer to a redline of the MDA Table below	For the sake of clarity, annual and semi-annual reporting obligations segregated by categories of Issuers in a clearer way

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	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	DISCLOSURE REQUIRED	TIME OF DISCLOSURE	Shares	Warrant/Option over shares	Debenture	Warrant/Option over debentures	Certificate over shares	Certificate over Debentures	Structured Product
<b>6. FINANCIAL INFORMATION ABOUT THE REPORTING ENTITY</b>										
6.1	The requirement to file an annual report (including audited annual financial statements) or, for <i>Issuers of Exempt Securities</i> , audited annual financial statements	Market disclosure of the <u>annual</u> report prepared in accordance with the requirements in <i>AIFC-MAR-Rule 3.2 and 3.4.1</i> by all <i>Issuers other than Issuers of Exempt Securities or Exempt Offerors (Public Sector Issuers)</i>	No later than 150 days after the end of the financial period in accordance with <i>AIFC-MAR-Rule 3.4.2</i>	X	X	X	X	X	X	X
6.1 <sup>1</sup>	The requirement to file audited annual financial statements	Market disclosure of audited annual financial statements prepared in accordance with the requirements in <i>AIFC-MAR-Rule 3.4.1(2)</i> by <i>Issuers of Exempt Securities</i>	No later than 150 days after the end of the financial period			X	X	X	X	X
6.1 <sup>2</sup>	The requirement to file audited annual financial statements of the Guarantor, where there is a guarantee attached to the <i>Admitted</i>	Financial information for the purpose of assessing the Guarantor's ability to fulfil its commitments under the guarantee	No later than 150 days after the end of the financial			X	X		X	
6.2	The requirement to file a semi-annual report for <i>Equity Issuers</i> or, for <i>Issuers of non-Equity and Exempt Securities</i> , interim financial statements or management account statements for the first six months of the financial year	Market disclosure of the report prepared in accordance with the relevant requirements set out in <i>AIFC-MAR-Rule 3.3 and 3.4.1</i> by <i>Equity Issuers</i>	In accordance with <i>AIFC-MAR-Rule 3.4.2</i> . As soon as possible and in any event no later than 75 days after the end of the period to which the report relates	X	X	X	X	X	X	
6.2 <sup>1</sup>	The requirement to file interim financial statements or management account statements for the first six months of the financial year	Market disclosure of the interim statements by <i>Issuers of Debt Securities</i> (including <i>Exempt Securities</i> in accordance with requirements of <i>AIFC-MAR-Rule 3.4.1(2)</i> )	As soon as possible and in any event no later than 75 days after the end of the period to which the report relates			X	X		X	

ESG-LABELLED BOND RULES (ELB)				
10.	ELB		See a new chapter “ESG-Labelled Bond Rules” annexed hereto	<p>AIX and AIFC Green Finance Centre observed a higher demand for responsible investment instruments in the AIFC. As the sustainable finance market has and will continue to evolve, it is proposed to expand the range of available products on AIX by introducing a new chapter to the AIX Business Rules on issuance and listing of ESG-Labelled Bonds using “open architecture” structure.</p> <p>The typical structural feature of the ESG-Labelled Bonds is linked to an issuer meeting pre-defined international ESG- or sustainability-related standard as verified by an Expert. This structure gives flexibility to issuers to attract responsible financing for their ESG- or sustainability-linked projects through a wider range of instruments under internationally recognized standards and principles.</p>
TRADING RULES (TRD)				
11.	TRD21.4	A <b>Member</b> is not required to issue a confirmation note where an <b>Accredited Investor</b> has advised in writing that he/she does not wish to receive such confirmation notes.	A <b>Member</b> <del>is not required to</del> <u>may</u> issue a confirmation note <u>differently from the requirements in <b>Rule TRD 21.1</b> in relation to timing and <b>Rule TRD 21.2</b> in relation to content, where an <del>Accredited Investor</del> a client has been classified by the <b>Member</b> as professional client or market (eligible) counterparty (or similar client classification applicable in <b>Member</b>’s home jurisdiction) and the parties have agreed on the client reporting requirements</u> <del>has advised in writing</del>	Aligning the requirements of TRD21.4 with the AIFC Conduct of Business (COB). Pursuant to COB9.1.4, an Authorised Firm may agree with a Professional Client or Market Counterparty to provide reporting on transactions differently from the requirements in COB 9.1 (Trade Confirmations) in relation to content and timing; but the requirement on client reporting is no waived entirely.

			<del>that he/she does not wish to receive such confirmation notes.</del>	
<b>GLOSSARY AND INTERPRETATION (GLO)</b>				
12.	GLO 1	<i>Accredited Investor</i> - a person as defined in the <i>AIFC MAR Rules 1.1.2 (6)(a)</i> .	<i>Accredited Investor</i> - a person as defined in the <i>AIFC MAR Rules 1.1.2 (6)(a)</i> <u>and/or a person classified by <b>Member</b> as a professional client and/or a market (eligible) counterparty pursuant to client classification applicable in <b>Member</b>'s home jurisdiction.</u>	<p>AIFC MAR define Accredited Investor as:</p> <ul style="list-style-type: none"> <li>(i) any natural person who acquires or intends to acquire Securities for a <i>total consideration of at least USD100,000</i> (or an equivalent amount in another currency) per Person <i>for each separate offer</i>; or</li> <li>(ii) an Authorised Person; or</li> <li>(iii) a Body Corporate.</li> </ul> <p>AIX Business Rules specify that Wholesale Bonds and Commercial Papers are suitable for Accredited Investors only. Minimum denomination of Wholesale Bonds is USD100,000; and Commercial Papers are sold in lots of at least USD100,000.</p> <p>“Consideration” of a transaction is insufficient (and unstable) criteria to differentiate between qualified and unqualified investors on organized (on-exchange) markets, where prices change quickly, and trades concluded based on automated anonymous matching of submitted bids and offers.</p> <p>Market price of Wholesale Bonds may go below 100% on volatile market, which would disable investors holding one Wholesale Bond with denomination of USD100,000 to transact in such bond, even if such client has</p>

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				<p>been classified as Professional Client or Market Counterparty under AIFC Conduct of Business or other applicable client classification standard.</p> <p>The proposed amendment to AIX Glossary extends eligible investor base for Wholesale Bonds and Commercial Papers to cover clients which are classified by brokers and dealers as Professional Clients and Market Counterparties (Eligible Counterparties) under the home jurisdiction standard.</p>
13.	GLO 1	<b><i>BR Expert Committee</i></b> - An expert committee specialising in projects under the Belt and Road Initiative and established by the <b><i>AIFC</i></b> .	<b><i>BR Expert Committee</i></b> - An expert committee specialising in projects under the Belt and Road Initiative and established by the <b><i>AIFC Authority</i></b> .	Generally, AIFC Governor designated the AIFC Authority to coordinate Belt & Road Initiatives in AIFC. The AIFC Authority established the BR Expert Committee in May 2022. The BR Expert Committee provides expert opinions in relation to the Securities issued on the AIX Belt & Road Market Segment and relationship to the Belt & Road Initiative specified in the Rule BR 1.1 (R). The proposed amendment to GLO1 specifies authority of AIFCA to appoint BR Expert Committee.
14.	GLO 1		<u><b><i>Applicable Standard</i></b> has the meaning given in <b><i>Rule ELB 2.1</i></b>.</u>	In furtherance of a new chapter of the AIX Business Rules “ESG-Labelled Bond Rules (ELB)”
15.	GLO 1		<u><b><i>Eligible Project</i></b> has the meaning given in <b><i>Rule ELB 2.1</i></b>.</u>	
16.	GLO 1		<u><b><i>ESG-Labelled Bond</i></b> has the meaning given in <b><i>Rule ELB 2.1</i></b>.</u>	
17.	GLO 1		<u><b><i>Sustainability Target</i></b> has the meaning given in <b><i>Rule ELB 2.1</i></b>.</u>	

# AIX ESG-Labelled Bond Rules



**ELB**                      **AIX ESG-Labelled Bond Rules**

**ELB 1 (R)      Scope and Application**

- ELB 1.1 (R)      An *Issuer* of *ESG-Labelled Bond* must comply with the standard requirements for *Debt Securities* in the *AIX Markets Listing Rules* and *AIX Admission and Disclosure Standards* and with the additional listing conditions set out in these *Rules*.
- ELB 1.2 (R)      An *Issuer* of *ESG-Labelled Bond* must comply with the standard disclosure requirements in the *AIX Market Disclosure Rules* applicable to a *Reporting Entity* in relation to the *Debentures* and with the additional disclosure requirements set out in these *Rules*.
- ELB 1.3 (G)      *AIX* retains the right to list *Debt Securities* as *ESG-Labelled Bond* of a specific category, provided it is satisfied that such *Debt Securities* and/or the underlying *Eligible Projects* or *Sustainability Targets* comply with the *Applicable Standard* and provided that any material differences are made clear in the *Prospectus*, offer document or *Offer Terms*, as applicable.

**ELB 2 (R)      Definitions**

- ELB 2.1 (R)      For the purposes of these *Rules*, a ‘*ESG-Labelled Bond*’ is any type of bond instrument, where the proceeds will be exclusively applied to: (i) finance or re-finance in part or in full new and/or existing eligible projects promoting sustainability and better Environmental, Social and Governance (ESG) performance (an *Eligible Project*), and/or (ii) finance general functioning of an *Issuer*, which has predefined explicit sustainability targets or ESG objectives at the overall company or group level (an *Sustainability Target*); and where such *Eligible Projects* and/or *Sustainability Targets* are aligned with an internationally recognized ESG-related or sustainability-related standard or principle endorsed by *AIX* by *Notice* (the *Applicable Standard*).
- ELB 2.2 (R)      *AIX* will publish by *Notice* the *ESG-Labelled Bond* categories and corresponding *Applicable Standard* which such *ESG-Labelled Bond* category should be aligned with. Upon admission of an *ESG-Labelled Bond* to the *Official List*, the category of *ESG-Labelled Bond* will be indicated in the *Official List* on the *AIX* website.
- ELB 2.3 (G)      An indicative list of the most commonly used *ESG-Labelled Bond* categories, listed in no specific order, may include:
- (i) green bonds;
  - (ii) social bonds;
  - (iii) blue bonds;
  - (iv) sustainability bonds;
  - (v) transition bonds;
  - (vi) sustainability-linked bonds.

**ELB 3 (R)      Listing Conditions**

- ELB 3.1 (R)      An *Applicant*, which wishes to classify its *Debt Securities* as an *ESG-Labelled Bond* of a specific category, must:
- Application

- (a) include explicit declaration of its **Debt Securities** as **ESG-Labelled Bond** and indicate the **ESG-Labelled Bond** category from the **Notice**, published by **AIX**, in the listing application form;

#### Expert Report

- (b) provide a report by an Expert verifying that (i) **Debt Securities** and/or the underlying **Eligible Projects** or **Sustainability Targets**, and (ii) disclosure in **Prospectus**, offer document or **Offer Terms**, as applicable, regarding the underlying **Eligible Projects** or **Sustainability Targets** and requirements on post-issuance reporting, are aligned with the **Applicable Standard**. The report must be signed by respective **Expert(s)** and submitted to **AIX** along with the other application documents;
- (c) provide a copy of the written consent given by the **Expert** to the **Issuer** as to the inclusion of its report to **Prospectus**, offer document or **Offer Terms**, as applicable;

#### Prospectus, offer document or Offer Terms

- (d) include in the **Prospectus**, offer document or **Offer Terms**, as applicable, the following:
  - (i) **Expert's** report;
  - (ii) information about **Expert** as per scope defined in item 9.2 of Schedule 1 to the **AIFC MAR Rules**;
  - (iii) summary of the **Applicable Standard**;
  - (iv) description of each **Eligible Project** (or process for evaluation and selection by **Issuer** of **Eligible Projects**), which will be financed out of the proceeds of the **ESG-Labelled Bond**, and/or description of each **Sustainability Target** to be achieved by the **Issuer**, specifying in each case all the relevant details pursuant to **Applicable Standard**;
  - (v) in respect of **Eligible Projects**, statement on the use of proceeds to finance or refinance the **Eligible Projects**. As the proceeds may disburse over time, the **Issuer** should also state how unallocated proceeds will be temporarily invested. In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that the **Issuer** provides an estimate of the share of financing versus refinancing, and, where appropriate, clarify which investments or project portfolios may be refinanced;
  - (vi) **Issuer's** commitment to publish post-issuance reporting, as required by the **Rule ELB 4.1**, with indication of periodicity, scope and format of the post-issuance reporting as aligned with requirements of **Applicable Standard**.

### **ELB 4 (R) Additional Disclosure Requirements**

- ELB 4.1 (R) Post-issuance, an **Issuer** is required to regularly, and at least once per year, provide post-issuance reporting, as part of an annual report under **AIFC MAR Rule 3.2** or otherwise in the form of market disclosures pursuant to **Rule MDR 7**, about:

- (a) Use of proceeds in respect of **Eligible Projects**: the **Issuer** must disclose information on the actual disbursement of proceeds to finance or refinance the **Eligible Projects** at least annually until full allocation, and as necessary

thereafter in the event of material developments. Where an *Eligible Project* has matured or no longer qualifies under the *Applicable Standard*, the *Issuer* should disclose the temporary use of the relevant proceeds pending allocation to new *Eligible Project*; and/or

- (b) Performance status: the *Issuer* must disclose information on performance in respect of each *Sustainability Targets* or the achieved ESG-related / sustainability-related impact of its *Eligible Projects* as may be required by *Applicable Standard*.

- ELB 4.2 (G) The choice of periodicity, scope and format of the post-issuance reporting is at the *Issuer's* discretion, subject to compliance with *Applicable Standard*, and shall be disclosed in *Prospectus*, offer document or *Offer Terms*, as applicable.
- ELB 4.3 (R) The content of the first post-issuance reporting must be verified by an *Expert* against *Applicable Standard*. The content of further post-issuance reporting must be verified by an *Expert*, if required by *Applicable Standard* or opted for by the *Issuer* as per disclosure in *Prospectus*, offer document or *Offer Terms*, as applicable.
- ELB 4.4 (R) Where an *Issuer* acquires or disposes of assets or interests in connection with the *Eligible Project* or *Sustainability Target*, appropriate details must be disclosed to market pursuant to *Rule MDR 7* and as per scope defined in *item 3* from *Table 1* of the *Appendix* to the *AIX Market Disclosure Rules*.