

- Is the Circuit Breaker Rule applicable to the Bond Market?  
No, it is not.
- What are the associated fees with the trading of corporate bonds on the JSE Bond Market?  
The JSE secondary market transaction charges are \$0.10 per \$1,000 (1bp) of the value of the transaction on the buy and sell side and the JCSD transaction charges are \$1,000 per transaction/movement.
- Will the JSE generate a yield curve?  
Yield curves will be calculated by the stock brokers.

Quotes from the World Bank 2010 Review for JSE Operating Software:

- “The Jamaica Stock Exchange has bought a solid off-the-shelf trading system that complies with international standards”
- “A solid trading software product, which includes the required functionality and meets international best practices.”



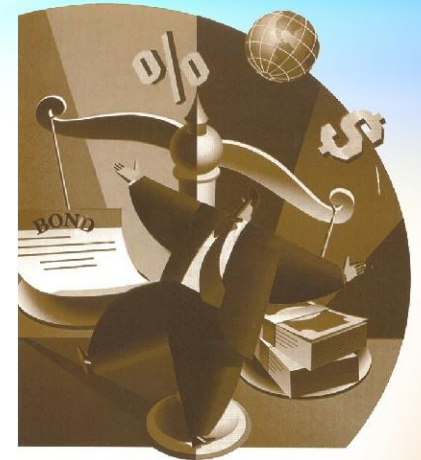
**JAMAICA STOCK EXCHANGE**

**“PROVIDING A FAIR EFFICIENT AND TRANSPARENT STOCK MARKET”**

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# BOND MARKET



The Jamaica Stock Exchange is promoting the bond market as a means of:

- Increasing the number of options available for corporations to efficiently raise capital
- Widening choices that individuals and corporate investors have to invest
- Assisting the efficiency of monetary management

## What is a bond?

A bond is a security instrument issued by an entity (corporate or statutory) for the purpose of borrowing money from investors for a defined period of time at an interest rate that may be either fixed or variable.

## What is the JSE Bond Market?

The JSE bond market is a facility where investors buy and sell debt securities, either directly from the borrower at issue or afterwards from other investors. This market will facilitate the trading of bonds with the aim to increase efficiency, transparency and liquidity of the bond market.

## What are the advantages of a Bond Market?

To the Investor/Bond Holder	To the Borrower/Bond Issuer	To the Market
Liquidity: allowing ease of entry and exit	Alternative to bank loans: allowing better utilization of debt	Transparency
Transparency: having more information on the Borrower and the Bonds	Potentially cheaper source of funding	Efficiency
Capital appreciation potential	Flexibility to expand from equities into bonds	Standardised documentation
Continuous pricing: allowing daily monitoring of positions if required.	Wider investor pool	Enhanced regulation

▪ **How will companies list bonds?**

Any company that is incorporated in a Caricom Country may list its fixed income securities on the JSE Bond Market. Similar to the equities market, companies interested in listing their bonds will be required to follow the requirements as outlined in the JSE Rule Book. Methods available for listing securities include the following:

Prospectus Issue, Offer for Sale, Offer by Tender, Placing or Introduction

▪ **What are the typical documents required when applying for listing on the JSE Bond Market?**

Bond Offer Circular, Application for Listing, Listing Agreement, Articles of Association or Articles of Incorporation, Annual Report and Audited Financial Statements (where applicable).

▪ **What are the regulatory requirements for companies after listing debt securities on the Bond Market?**

Similar to the equities market, companies that have listed bonds will be required to make timely disclosure submissions to ensure compliance with the applicable Securities Laws, Regulations and JSE Rules. Some of the key ongoing compliance requirements include:

- Announcement of Unaudited Quarterly Financial Information
- Announcement of Audited Annual Financial Information
- Disclosure of Price Sensitive Information to the Market (Material Changes)
- Announcement of Corporate Actions
- Notice of Changes in Directorship or Senior Management

▪ **Does the bond have to be registered with a regulatory body in CARICOM?**

Bonds must be registered with the Financial Services Commission of Jamaica (FSC) or any Securities Regulatory Commission in CARICOM.

▪ **How will securities be traded on the Bond Market?**

As is customary, investors will be required to place their buy and or sell orders with a licensed member of the Exchange. These members will introduce securities and place the orders on the Bond Market. The JSE offers world-class electronic trading and settlement platforms that will be used for the trading of bonds.

Bond orders are matched on a price/source/time priority basis. All orders will only be matched with orders resident in the order book. Bonds will trade based on the 'dirty price' up to four decimal places. The bond market offers several order types: Good for Day, Good 'til' Date and Good 'til' Cancelled.

A minimum incremental order quantity, also called a board lot has been fixed at J\$1,000.

▪ **How will trading on the bond market be settled?**

Trades will be settled through the Jamaica Central Securities Depository (JCSD) RTGS account as facilitated by its depository software, which is closely coupled to the JSE's trading system. While the market standard for the settlement period is yet to be determined, the Exchange's systems facilitate a wide variety of potential settlement timeframes, from intra-day to T+x.

- It should be noted that unlike the Equities Market, the JCSD will only act as paying and delivery agent and not stand as centre-counterparty for bond trades. The closely coupled systems will ensure that sellers have adequate inventories for their "ask" bids and will also ensure that inventories are returned to sellers in case of buyer funding default. Any defaulting member will face the possibility of sanctions.

▪ **Where will the debt instruments be held?**

The debt instruments will be deposited in the Jamaica Central Securities Depository. Through a tightly coupled interface, all trades executed on the bond market are transmitted to the JCSD system for clearing and settlement. Client accounts are automatically updated through an automated book entry system. Statements will be available to all account holders.

▪ **What daily information will be provided on the Bond Market?**

Name	Volume	Open	Bid	Ask	Close	Change
ABC Limited 7.2% Notes Due 15/07/2015	200	99.4523	99.2623	99.7532	99.4913	0.0512
CDF Limited 6.5% Notes Due 15/10/2017	200	99.4523	99.2623	99.7532	99.4913	0.0512

▪ **Can brokers and institutional investors have access to the market watch?**

Yes, brokers can view real time trading of the bond market by using the market observer application of the trading platform.

▪ **Who can act on behalf of a client?**

Any organization that is licenced by an authorized securities commission and has a member dealer licence with the JSE can act on behalf of a client.