



CAYMAN ISLANDS
STOCK EXCHANGE

**Report
For The Fiscal Year Ending 31 December
2023**

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Objectives

- to list securities on the Exchange and to appoint Listing Agents.
- to regulate listed issuers and broker members through the establishment and monitoring of Listing Rules and Membership Rules.
- to promote listing, membership, and use of the Exchange.
- to operate the Exchange for the trading of securities, including the operation of an electronic trading platform and related trading and clearance tracking processes and the operation of a crossing market.
- to admit persons (brokers) as Exchange members.



THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

CSX Council Members

Anthony B. Travers, OBE
Chairman

Nick Freeland
Vice-Chairman

Dax Basdeo
Council Member

Sophia Dilbert
Council Member

Mark Lewis
Council Member

Barry Smith
Council Member

Tracey Forbes
Council Member

Marco S. Archer
Chief Executive Officer

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Broker Members

Butterfield Bank (Cayman) Ltd.

Cayman National Securities Ltd.

FirstCaribbean International Bank and Trust Company (Cayman) Limited

VBK Bank & Trust, Ltd.

RF Bank and Trust (Cayman) Limited

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Listing Agents

Appleby (Cayman) Ltd.

Bedell Cristin Cayman Partnership

Campbells

Carey Olsen

Collas Crill

Conyers Dill & Pearman

Dentons

Harneys

Maples and Calder (Cayman) LLP

Mourant Governance Services (Cayman) Limited

Ocorian Trust (Cayman) Limited

Ogier

Stuarts Walker Hersant Humphries

Travers Thorp Alberga

Walkers

An issuer may appoint an entity who is acceptable to the Exchange as their agent to the Exchange for the purpose of the listing ("Listing Agent"). A Listing Agent acts as an intermediary between the issuer and the Exchange and is responsible for preparing and filing the application documents for listing and ensures ongoing compliance with the Listing Rules. In addition, two authorised representatives must be nominated by an issuer as the principal channel of communication with the Exchange on an ongoing basis.

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CSX Milestones

1997 - CSX officially opens
2001 – ISG membership
2002 - 5th anniversary - 700 listings
2003 - Affiliate member of the International Organization of Securities Commissions (IOSCO)
2004 - UK HMRC recognition
2006 - CSX joins the Alternative Investment Management Association (AIMA)
2008 – first Shariah compliant listing
2009 - 3,000 + listings
2011 – first LatAm eurobond and mineral company equity listings
2012 – US\$10 billion ‘cat bond’ listings
2012 – CSX announces ability to trade catastrophe bonds
2013 – CSX progresses to affiliate membership of WFE (World Federation of Exchanges)
2013 – CSX launches XETRA trading platform
2015 – 4,000 + listings
2016 – 20th anniversary
2016/17 – introduction of new product listing rules for debt and equity securities of “Specialist Companies” and a significant increase of the number of new listing applications and the market capitalisation from USD198 billion to over USD241 billion
2018 – Market capitalization exceeded USD310 billion
2019 – Market capitalization exceeded USD428 billion and CSX relocated to Cricket Square
2020 – CSX launches its own order driven trading platform to replace XETRA, market capitalization reached US\$459 billion, and CSX successfully operated remotely for six months during the Covid-19 lockdown
2021 - CSX had a record year for new listings - market capitalization exceeded USD800 billion
2022 – market capitalization reached US\$807 billion and the CSX ESG Market was established
2023 - Further diversification in the origin of new listings following successful marketing efforts in Asia.

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Profile

The foundation for the establishment of the Cayman Islands Stock Exchange (the “CSX” or “Exchange”) was laid 28 years ago with the passing of the Cayman Islands Stock Exchange Law. Since then the CSX has grown rapidly to become one of the leading offshore exchanges with a listed market value as at 31 December 2023 of approximately US\$884 billion, providing a facility for the listing and trading of equity and debt securities in the Cayman Islands. The CSX provides a primary listing and trading facility for equities, investment funds, exchange traded funds (ETFs), and corporate and specialist debt securities (such as asset backed securities, credit linked securities, insurance linked securities and loan participating notes). The CSX also provides a secondary listing facility and an offshore trading venue for securities listed and traded on another recognised stock

exchange. The CSX provides a thoroughly regulated, convenient, and cost-effective listing venue for securities. A CSX listing may provide a variety of benefits for issuers, such as fast and efficient listing services from an experienced and highly qualified team, competitive pricing versus other exchanges, potential cost savings by utilising existing documentation to form the listing document, and being outside of EU Directives, a less onerous regulatory burden.

The CSX is a private limited company wholly owned by the Cayman Islands Government. As at 31 December 2023, the CSX had registered fifteen listing agents, five broker members, and admitted to its Daily Official List from inception over 7,932 securities. The Official List is available for inspection at www.csx.ky



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Major Activities

The principal activities of the Exchange during the year continued to be the provision of listing, trading, and CUSIP/ISIN facilities in the Cayman Islands.

Listing Activities

The Exchange offers a unique and convenient listing service in the EST time zone and has become the specialist exchange of choice for a growing number of international Issuers. While entities incorporated in the Cayman Islands and the United States of America comprise a significant proportion of listed securities, many other jurisdictions are represented.

The CSX offers a personalised approach to listing applications within a highly regulated and innovative marketplace with the following advantages:

- fast and efficient listing services from an experienced and highly qualified team that understands the complexities of specialist issuances and is dedicated to meeting issuer's timelines.
- responsive and approachable Listing Committee which is available daily to consider approving securities for admission to the Official List of the CSX.
- "Recognised Stock Exchange" status from the HM Revenue & Customs (designated as such under section 1005 Income Tax Act 2007 (UK) making debt securities eligible for the Quoted Eurobond Exemption).
- competitive pricing.
- existing documentation (for example, prospectus, offer memorandum, scheme particulars, pricing supplements) may be utilised to form the listing document, furthering the potential to save on costs.
- the Listing Rules are easy to understand, meet international standards and are based on IOSCO standards which are generally regarded as international best practice.
- an issuer may not be required to appoint a listing agent depending on the type of listing (applicable to specialist and corporate debt securities only).
- the CSX operates outside the European Union (EU) and EU Directives do not apply, therefore the regulatory burden is less onerous than listing on other major exchanges domiciled in the EU.

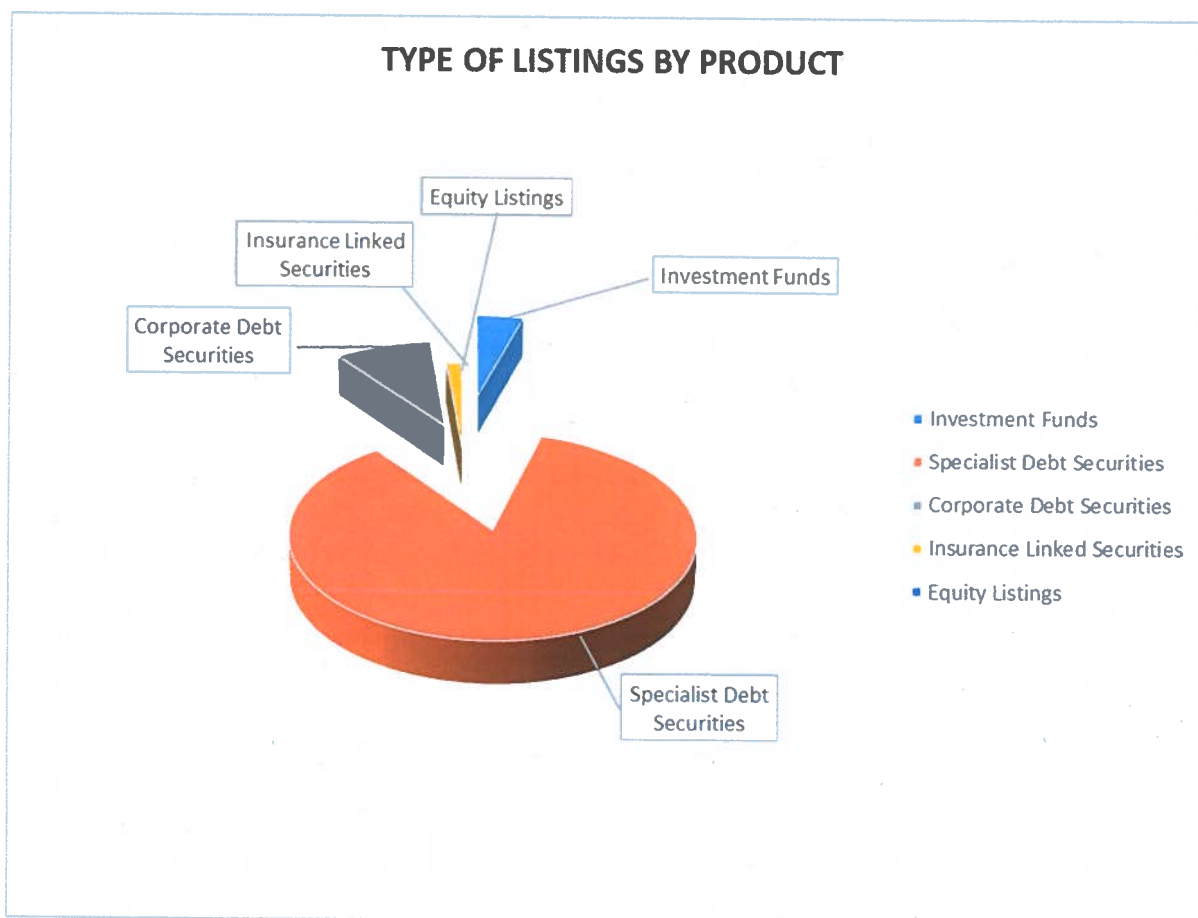
As part of its listing function the Exchange examines suitability and eligibility of issuers applying to have their securities admitted to its official list. Applications that meet the requirements of the CSX's Listing Rules are approved before the securities are admitted to listing and trading. An issuer, its listing agent or its professional advisers may approach the Exchange to discuss the suitability of the listing proposals prior to making any formal application.

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Listings of debt securities issued by special purpose vehicles have increased dramatically following the pandemic but we have seen some cooling off in the face of rising interest rates in 2022 and 2023.

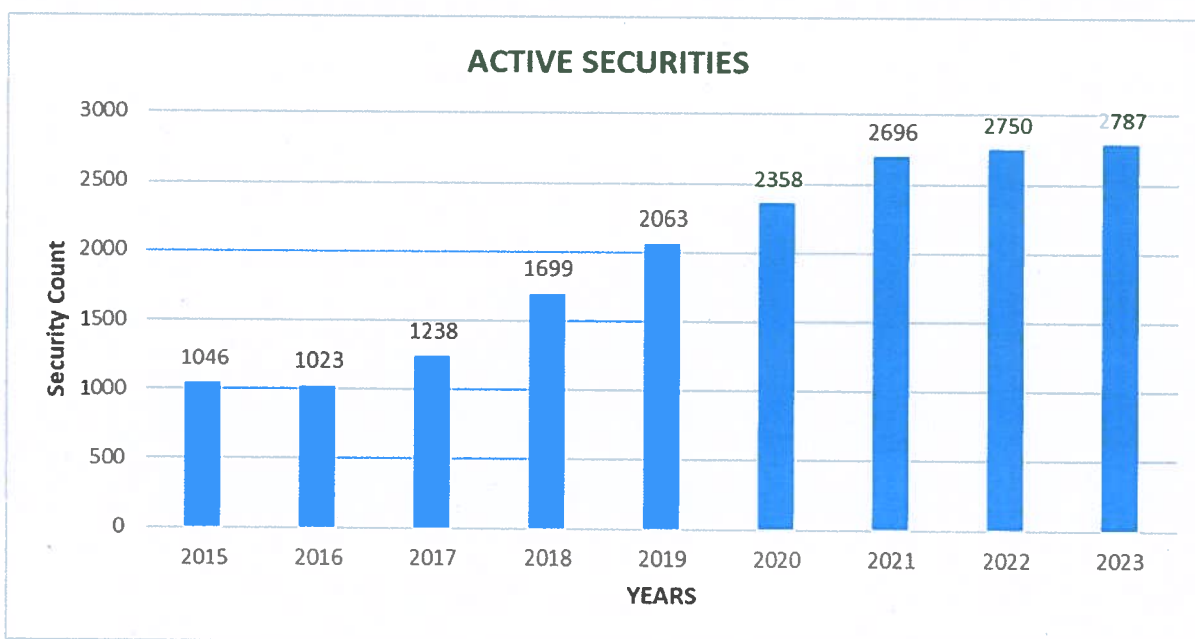
Despite continued adverse macro-economic conditions, the Exchange continued to grow its market share in listing of collateralised loan obligation issuers ("CLOs") in 2023 with 77 CLOs listed.

The following chart shows the breakdown of listings by product as of 31 December 2023:

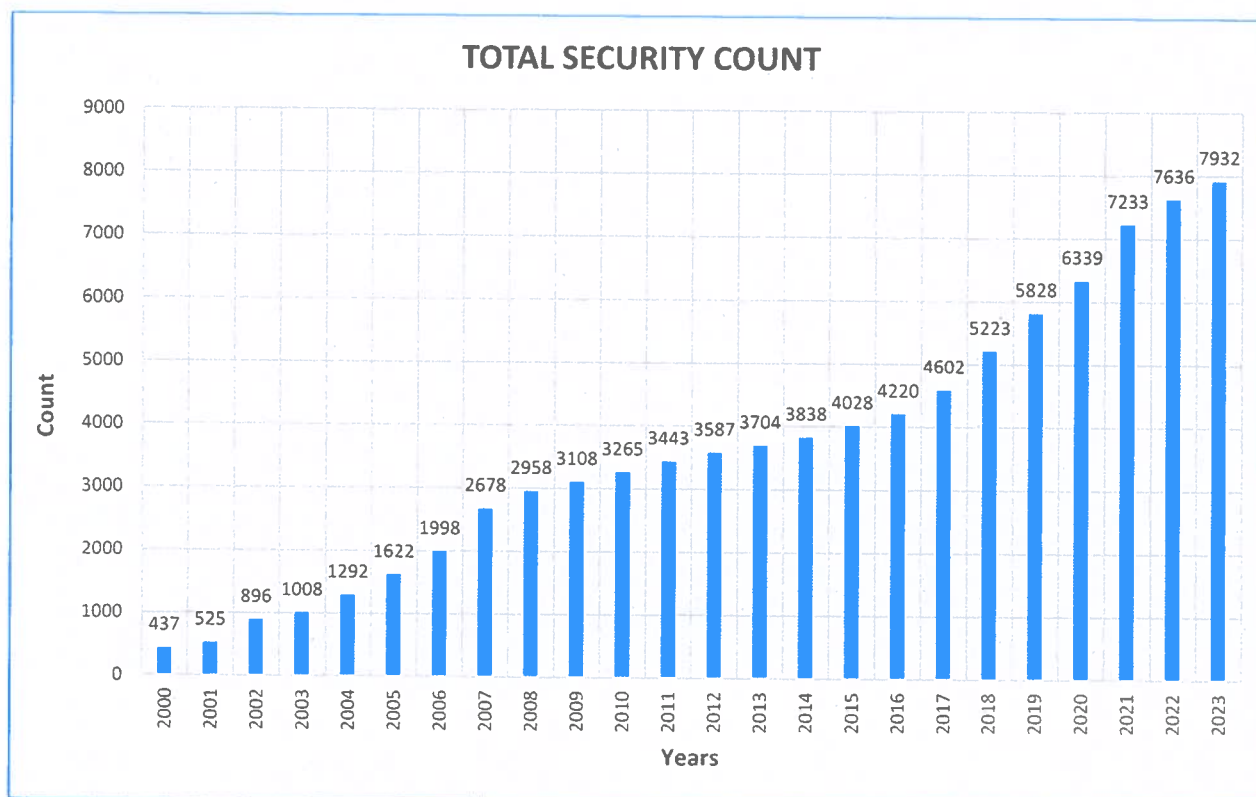


In 2023, the Exchange continued to build on recent success to record very strong business flows principally driven by the continued growth in new listings. The number of financial instruments admitted to the Daily Official List of the Exchange increased by 291 new securities, taking the number of active listed securities on the Daily Official List of the Exchange to 2,787, an increase of 1% over 2022's listings.

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However, without factoring in the number of matured and delisted securities, the total number of securities admitted since inception of the Exchange was 7,932 at the end of 2023, an increase of 3.8% compared to the previous year.



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The continued growth in the number of new listings on the Exchange reflects the increasing recognition from issuers and their advisers that the CSX provides a thoroughly regulated, convenient, and cost-effective listing venue for their securities. However, in the face of the changing macroeconomic conditions the rate of growth in listing in 2023 was not as robust as previous years.

The Exchange continues to review its fee structure, listing rules, and policies to identify appropriate opportunities to enhance competitiveness and efficiency, in line with international best practices and standards. Unlike the larger listing exchanges, the CSX has only a small trading business since companies list bond and specialist vehicles on the CSX to fulfil legal and regulatory obligations rather than specifically to raise capital.

A great majority of the securities listed on the CSX are bonds issued by special purpose vehicles (SPV) and are typically listed for one or more of the following reasons: (i) to benefit from the Quoted Eurobond Exemption; (ii) to avoid the onerous obligations set by the EU, such as the Market Abuse Regulation; and (iii) to ensure eligibility for inclusion in mutual funds' investments.

Taking a more commercial approach, the CSX's position is more flexible than other exchanges and recognises that specialist debt securities issued by SPVs/holding companies tend to be purchased and traded by only a limited number of sophisticated or institutional investors. As a result, the CSX listed 291 new securities during 2023 (of which there were a total of 144 new issuances listed and an additional 147 further issues to existing listings), taking the total number of active listings on the CSX to 2,787 at the end of 2023, and an increase of 1% year-on-year with market capitalization reaching US\$884.4 billion.

There were 268 securitisation bonds newly listed during 2023 and included prominent deals from major international banks backed by a range of asset classes including aircraft financings, auto loans, credit card receivables, loans to SMEs, as well as residential and commercial mortgage-backed securities.

The relative resilience of capital markets activity and the value to clients of a well-trodden path to listing of specialist debt securities on the CSX helped to maintain a solid flow of new listings, including CLOs and securitisations. In the same period, the CSX further cemented its position as the leading venue for listing CLOs. The CSX also continued to attract a growing numbers of CLO issuers and has captured a significant percentage of U.S. new launches, refinancing and resets in the market. There were 77 CLO securities listed on the CSX last year, taking the total number of CLOs listed on the CSX to 1,314 securities at the end of December.

Although in 2023 we saw CLO listings on the CSX decline compared to 2022 levels, CSX listings of CLOs kept pace with 2019 and 2020 statistics. In addition, while the volume of Cayman Islands incorporated CLO issuers decreased last year due to inclusion of the Cayman Islands on the EU

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AML List, we noticed that some issuers in competing jurisdictions elected to continue listing their CLOs on the CSX.

Overall, in 2023, Cayman Islands vehicles remained the largest single source of new business for CSX. However, more than 29 of all issuers listing securities on CSX last year were domiciled in either United States, Ireland or Luxembourg.

There was further diversification in the geographical origin of new fund listings during 2023. Following successful marketing efforts to the Asian market we witnessed growing interest by investment funds to list their shares on the Exchange.

While equity listings continue to grow, they account for only a small portion of the overall listings. A thriving capital market is of great importance in helping the local economy of small, developing countries. A listing provides an alternative source of capital for businesses, reducing the need for, but also complementing, traditional bank financing for entrepreneurial investment and creating better opportunities for investors to increase household wealth in the long-term, including reducing the increasingly unsustainable burden of future pension provision. Thriving capital markets also help to increase the sources of funding available to entities seeking to further innovate and grow or expand through acquisitions. To this end, the CSX will continue to inform local proprietors of the benefits of listing on the CSX and will continue this initiative in 2024.

The CSX ESG Market, the comprehensive sustainable market segment, was launched in 2022 in order to support environmental, social and sustainable initiatives.

CSX ESG Market is designed to help issuers to meet investor demands for greater and more consistent disclosures and enhance visibility to bonds, funds and trading companies which are verified as making a positive environmental impact and/or are classified as sustainable securities. CSX ESG Market can enable those seeking investment into environmentally beneficial initiatives to highlight their credentials while, at the same time, providing easier access for investors who are looking to see a positive impact from investments they have made alongside traditional financial return.

A listing on the CSX ESG Market ESG can assist with the marketing as well as enabling access to certain institutional investors, including pension funds as well as providing a withholding tax exemption for certain issuers. CSX is a "Recognised Stock Exchange" by UK HM Revenue & Customs, making debt securities eligible for the Quoted Eurobond Exemption.

The CSX ESG Market offers an environment where issuers of ESG and sustainable securities can market their securities and publish any material information and reports.

However, we have not had many inquiries concerning this market since overall interest in ESG securities has not maintained its initial attraction.

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Transparency and Oversight

Following admission to the official list, issuers must comply with certain published continuing obligations. The continuing obligations are intended to ensure that all market users have simultaneous access to the same information and to maintain an orderly market in the listed securities. In the case of a primary listing on the CSX, Chapters 6, 8, and 9 to 13 of the Listing Rules, each dealing with specific types of listed security (equity, investments funds, depositary receipts, derivative warrants, specialist and corporate and sovereign debt and retail debt securities), provide for continuing obligations which the relevant issuer is required to observe, including a Model Code for securities transactions by directors of listed companies.

Such obligations include clearance from the Exchange prior to taking certain actions, notification of changes to the listed securities and the communication and disclosure of information in certain circumstances. If an issuer fails to comply with such obligations, the Exchange may take enforcement actions (for example de-listing).

The Exchange continues to monitor issuers' compliance with these continuing obligations as set out in its Listing Rules and advising issuers on any post listing matters. Therefore, ongoing listing requirements serve to enhance investor confidence.

Marketing

The Exchange maintains a level of membership with several organisations that set international standards, including the International Organisation of Securities Commissions (IOSCO), the Quoted Companies Alliance, The Alternative Investment Management Association (AIMA), and the Intermarket Surveillance Group (ISG).

The CSX was able to attend and exhibit at three conferences in 2023, namely SFVegas 2023, ABS East Miami, and CLO Summit in Dana Point.

The CSX intends to continue building on its leading position as an offshore exchange by traveling to Asia, Europe, and USA to increase its presence at conferences as well as hold a number of marketing meetings with professional services advisers to establish and strengthen valuable relationships and secure additional listings for the Exchange.

In addition to efforts overseas, the CSX also always available locally to provide Listing Agents with an opportunity to discuss key topics and for the Exchange to receive valuable feedback.

Trading and NAV Reporting Activities

All equity trades in 2023 were supported by the CSX's own order driven trading platform. Access to the CSX trading platform requires a standard web browser and trading is continuous from 9:00 a.m. to 4:30 p.m. Monday to Friday. The currency of each listed security is designated as the

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trading currency of such security and, for the time being, the Exchange does not charge trading fees for executed trades.

Broker members and their registered representatives duly admitted to the Exchange are always able to access the new trading platform and use the trading facilities. There are now five broker members, the latest being RF Bank and Trust (Cayman) Limited, approved in September 2023.

Net Asset Valuations (“NAVs”) are received and validated prior to publication on the CSX’s website. Historic NAVs are captured and can be accessed by the public on the Exchange’s website. The Exchange monitors electronically any significant variations in NAVs or volumes and takes any necessary action.

Administrators are authorised to post NAVs directly onto the CSX via a secure internet page. Once the information is inputted by a fund administrator, the prices are immediately published on the mutual fund listings page on the Exchange’s internet web site and are sent to Bloomberg for posting to its information pages.

NAV information was published and disseminated to the public in the local press weekly until the pandemic-induced lockdown, and has not resumed. However, investors can easily access published data via the CSX’s website.

CUSIP Numbering Agency

The Exchange is acting as Standard & Poor’s’ sole agent for CUSIP, a company that issues International Securities Identification Numbers (“ISINs”) for Cayman Islands and British Virgin Islands incorporated entities. CUSIP revenue of \$496,038 decreased by 16.7% in 2023 when compared to 2022 because of reduced demand by Goldman Sachs for bulk purchases of ISINs when issuing large quantities of securities.

Human Resources

There were no personnel changes in 2023 and as at 31 December 2023, key management personnel consisted of the Chief Executive Officer, Head of Listing, Operations & Finance Manager, and the Head of Information Technology and Trading Systems, which remained unchanged from 2021. The Exchange will endeavour to attract and recruit qualified and experienced employees when necessary to do so.

Community Outreach

At the CSX, we believe that our financial success should also translate to additional benefit for the community in which we live. Therefore, the Council of the Exchange decided that the CSX would contribute to various organizations that provide opportunities for people to maximize their full potential and improve their standing in life.

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In 2023, the CSX developed and implemented a policy to govern donations to charitable causes and a donation of CI\$10,000 was made to Inspire Cayman Training Limited to assist with scholarships for their technical and vocational education training program. The CSX also made another charitable donation of CI\$10,000 to Special Olympics Cayman Islands to assist in sending 16 athletes to participate in the Special Olympics World Summer Games in Berlin from 17-25 June 2023.

Business Continuity

During the Covid-19 pandemic, the CSX staff operated remotely and successfully for approximately six months. To further strengthen disaster recovery and business continuity capabilities, the CSX invested in additional telecommunications equipment to ensure that the CSX will be able to quickly operate at or near full capacity in the aftermath of a natural disaster affecting the Cayman Islands.

Financial Report

Financial Highlights

The main financial highlights for the year ended 31 December 2023 ("2023") are set out below for comparison with actual results for the year ended 31 December 2022 ("2022"):

	2022 Actual	2023 Actual	2023 Budget	2023 Variance Actual/Budget
	CI\$	CI\$	CI\$	%
Total Revenue	4,034,440	4,221,004	2,917,322	45%
Operating Expenses	2,220,721	2,250,753	2,153,913	4%
Net Income	1,813,720	1,970,251	763,409	158%
Total Assets	10,458,430	11,529,079	9,310,750	24%
Total Liabilities	3,388,829	3,474,352	2,710,396	28%
Total Shareholder's Equity	7,069,601	8,054,727	6,600,354	22%
Net Cash from Operating	1,920,700	2,383,536	923,612	158%
Cash at End of Year	9,028,490	10,639,265	8,239,855	29%
Current Assets : Current Liabilities	8.76	7.15	9.08	
Total Assets : Total Liabilities	3.09	3.31	3.44	

Total revenue for 2023 was CI\$4.2 million compared to CI\$4.0 million for 2022, an increase of 4.4%.

Operating expenses for 2023 totalled CI\$2.25 million (compared to CI\$2.2 million in 2022), an increase of 1.33%.

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Net income for 2023 was CI\$1,970,251 compared to \$1,813,720 for 2022, an increase of 7.94%.

In accordance with the Cayman Islands Government's dividend calculation formula, a dividend of CI\$518,142 relating to 2022 was paid to the sole shareholder of the Exchange in November 2023.

Total assets in 2023 were CI\$11,529,079 compared to CI\$10,458,430 in 2022, an increase of 9.29%.

Total liabilities in 2023 were CI\$3,474,352 compared to CI\$3,388,829 in 2022, an increase of 2.46%.

Total Shareholder's Equity increased to CI\$8,054,727 from CI\$7,069,601 in 2022, an increase of 12.23%.

Net Cash from Operating Activities was CI\$2,383,536 compared to CI\$1,920,700 in 2022, an increase of 19.42%.

Cash at end of year was CI\$10,639,265 compared to CI\$9,028,490 in 2022, an increase of 15.14%.

Total assets performed 24% better than expected with a CI\$2.2 million increase over budget, driven by CI\$2.4 million more in cash balances.

Liabilities were also CI\$760k higher than budgeted for 2023 due mainly to the introduction of IFRS 15, IFRS 16, and accrual of a dividend for the 2023 fiscal year.

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***The Cayman Islands Stock
Exchange Ltd.***

Financial Statements

for the year ended
31 December 2023
and Independent Auditor's Report

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

FINANCIAL STATEMENTS

for the year ended 31 December 2023

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The Cayman Islands Stock Exchange Ltd.

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by The Cayman Islands Stock Exchange Ltd. (the "Company") in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As Chairman and Chief Executive Officer, we are responsible for establishing and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly reflect the financial transactions of the Company.

As Chairman and Chief Executive Officer we are responsible for the preparation of the Company's financial statements and for the judgements made in them.

The financial statements fairly present the statements of comprehensive income, financial position, changes in shareholder's equity, and cash flows, as well as the explanatory information, for the year ended 31 December 2023.

To the best of our knowledge we represent that these financial statements:

- (a) are complete and reliably reflect the financial transactions of the Company for the year ended 31 December 2023;
- (b) fairly reflect the financial position as at 31 December 2023 and performance for the year ended 31 December 2023;
- (c) comply with IFRS® Accounting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General and its agent jointly conducted an independent audit and expressed an opinion on the accompanying financial statements. The Office of the Auditor General and its agent have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.



Anthony Travers
Chairman
The Cayman Islands Stock Exchange Ltd.



Marco S. Archer
Chief Executive Officer
The Cayman Islands Stock Exchange Ltd.

29 April 2024

29 April 2024



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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Opinion

We have audited the financial statements of The Cayman Islands Stock Exchange Ltd. (the "Company") which comprise the statement of financial position as at 31 December 2023, and the related statements of comprehensive income, changes in shareholder's equity and cash flows for the year ended 31 December 2023, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2023. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor whose report dated 28 April 2023 expressed an unqualified opinion on those financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF THE CAYMAN ISLANDS STOCK EXCHANGE LTD. (CONTINUED)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation



INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF THE CAYMAN ISLANDS STOCK EXCHANGE LTD. (CONTINUED)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the Company's Board of Directors, as a body, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Baker Tilly (Cayman) Ltd.

**Baker Tilly (Cayman) Ltd.
Grand Cayman, Cayman Islands
29 April 2024**

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Statement of Comprehensive Income

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

		Year ended	Year ended
	Note	31 December 2023	31 December 2022
Revenues			
Operations	3,13	\$ 3,558,473	\$ 3,424,244
CUSIP income	3	496,038	595,607
Miscellaneous		12,300	12,300
Interest income		154,193	2,289
		<u>4,221,004</u>	<u>4,034,440</u>
Operating expenses			
Personnel	10	1,142,615	1,197,020
Depreciation	4, 7	290,054	119,753
Legal and professional fees	13	215,659	188,607
CUSIP expense		144,187	209,239
Technology		128,638	94,537
Marketing, travel and subsistence	12	123,797	86,020
Other office and miscellaneous		54,630	48,376
Utilities		53,040	48,828
Memberships, subscriptions and		43,380	37,710
Bloomberg terminals		23,625	22,681
Donations	13	20,000	58,358
Training		15,920	1,297
Insurance		13,854	7,465
Printing, postage, courier and stationery		9,498	11,128
Loss on lease modification		9,448	-
Disaster recovery		8,871	8,656
Lease finance charges	7	3,992	21,904
Lease of office		100	100
Impairment allowances	6	(50,555)	59,041
		<u>2,250,753</u>	<u>2,220,720</u>
Net income and comprehensive income		\$ 1,970,251	\$ 1,813,720

See notes to the financial statements

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Statement of Financial Position

31 December 2023

(expressed in Cayman Islands dollars)

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Current assets			
Cash and cash equivalents	5	\$ 10,639,265	\$ 8,997,450
Trade receivables (net of impairment allowances: \$146,697 (2022: \$217,365))	3,6	463,147	585,332
Prepayments and other receivables		52,324	53,264
Total current assets		11,154,736	9,636,046
Non-current assets			
Short term investment		31,071	31,040
Right of use assets	7	74,132	448,703
Property, plant and equipment	4	269,140	342,641
Total non-current assets		374,343	822,384
Total assets		\$ 11,529,079	\$ 10,458,430
Current liabilities			
Accounts payable and accrued liabilities		226,064	280,589
Contract liabilities	3	267,379	248,286
Lease liabilities	7	81,024	56,457
Dividend payable	8	985,125	518,152
Total current liabilities		1,559,592	1,103,484
Non-current liabilities			
Contract liabilities	3	1,907,743	1,881,653
Lease liabilities	7	7,017	403,692
Total non-current liabilities		1,914,760	2,285,345
Total liabilities		3,474,352	3,388,829
Shareholder's equity			
Share capital	8	100,000	100,000
Additional paid-in capital		71,926	71,926
Retained earnings		7,882,801	6,897,675
Total shareholder's equity		8,054,727	7,069,601
Total liabilities and shareholder's equity		\$ 11,529,079	\$ 10,458,430

See notes to the financial statements

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Statement of Changes in Shareholder's Equity

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

	Note	Share capital	Additional paid-in capital	Retained earnings	Total shareholder's equity
Balance at 31 December 2021		\$100,000	\$71,926	\$5,602,096	\$5,774,022
Net income and comprehensive income for the year		-	-	1,813,720	1,813,720
Dividends	8	-	-	(518,141)	(518,141)
Balance at 31 December 2022		100,000	71,926	6,897,675	7,069,601
Net income and comprehensive income for the year		-	-	1,970,251	1,970,251
Dividends	8	-	-	(985,125)	(985,125)
Balance at 31 December 2023		\$ 100,000	\$ 71,926	\$ 7,882,801	\$ 8,054,727

See notes to the financial statements

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Statement of Cash Flows

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

	Year ended 31 December 2023	Year ended 31 December 2022
Cash provided by (used in):		
Operating activities		
Net income and comprehensive income	\$ 1,970,251	\$ 1,813,720
Adjustments for items not affecting cash:		
Decrease in impairment allowances	(50,555)	(49,132)
Written off as uncollectible	(20,113)	
Depreciation	290,054	119,753
Loss on lease modification	9,448	-
	<u>2,199,085</u>	<u>1,884,341</u>
Changes in operating assets and liabilities:		
Increase/(Decrease) in trade receivables	192,853	(45,094)
Increase in prepayments and other receivables	940	7,251
(Decrease)/Increase in accounts payable and accrued liabilities	(54,525)	38,834
Increase in contract liabilities	45,183	35,368
Net cash provided by operating activities	<u>2,383,536</u>	<u>1,920,700</u>
Investing activities		
Short term investments in cash*	(31)	-
Purchase of property, plant and equipment	(148,124)	(13,434)
Cash used in investing activities	<u>(148,155)</u>	<u>(13,434)</u>
Financing activities		
Principal payment of lease liability	(75,414)	(52,399)
Dividends paid	(518,152)	(1,236,715)
Cash used in financing activities	<u>(593,566)</u>	<u>(1,289,114)</u>
Net increase in cash and cash equivalents	<u>1,641,815</u>	<u>618,152</u>
Cash and cash equivalents, beginning of year	8,997,450	8,379,298
Cash and cash equivalents, end of year	<u>\$ 10,639,265</u>	<u>\$ 8,997,450</u>
Supplementary information on cash flow from operating activities		
Lease finance charges paid	\$ 3,992	\$ 21,904
Interest received	\$ 154,193	\$ 2,289
* Net of purchases and maturities		

See notes to the financial statements

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

1. INCORPORATION AND GENERAL INFORMATION

The Cayman Islands Stock Exchange Ltd. (the "Company") was incorporated as a private company limited by shares on 26 September 1996 as CSX Ltd. pursuant to the Cayman Islands Companies Act. The Company changed its name to The Cayman Islands Stock Exchange Ltd. on 23 December 1996.

In accordance with the powers conferred by the Cayman Islands Stock Exchange Company Act (2014 Revision) the Company is engaged in carrying on the business of establishing and operating a securities market for the listing and trading of securities. This business includes the admission of persons as exchange members entitled by reason of membership of the exchange to engage in the listing and trading of securities through the facilities made available by the Company for such purposes.

The Company is wholly owned by the Stock Exchange Authority (the "Authority") on behalf of the Government of the Cayman Islands (the "Government").

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis of preparation

The financial statements of the Company are prepared using the going concern assumption under the historical cost basis.

Cash and cash equivalents

The Company considers cash and short-term deposits with an original maturity of three months or less to be cash and cash equivalents.

Short term investments

The Company considers deposits with an original maturity of more than 3 months to be short term investments.

Translation of foreign currencies

Monetary assets and liabilities denominated, or accounted for, in currencies other than Cayman Islands dollars are translated into Cayman Islands dollars at the applicable exchange rate ruling at the Statement of Financial Position date. Non-monetary assets and liabilities are translated using the exchange rates at the transaction date and not retranslated. Foreign currency income and expense transactions are translated at the appropriate exchange rate ruling at the transaction date. Realised and unrealised gains and losses arising from such transactions are included in the Statement of Comprehensive Income. Cayman Islands dollars is the functional and reporting currency.

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment recognition and valuation

Property, plant and equipment is initially recognised, at the date on which it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Subsequently, property, plant and equipment shall be carried at its cost less any accumulated depreciation and accumulated impairment losses.

Depreciation

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

<i>Type of non-current asset</i>	<i>Estimated useful life</i>
Leasehold improvements	Remainder of current lease term
Computer hardware	3 years
Office furniture and equipment	10 years

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The lease liability is presented as a separate line in the statement of financial position. On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favor of the Company if it is reasonably certain to exercise that option.
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Right-of-use assets are presented in a separate line item in the statement of financial position. Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease.
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. The Company has elected to apply a practical expedient as per IFRS 16 Leases to combine lease components and associated non-lease components as a single lease component to measure the right-of-use asset and lease liability for building leases.

Financial assets and liabilities

IFRS 9 *Financial Instruments* ("IFRS 9") sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Classification and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income, or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company holds its financial assets with the objective of collecting the contractual cash flows and the payments are solely payments of principal and interest. As such all financial instruments are classified at amortised cost and the policies specified below are specific to the amortised cost basis.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue for items not held at fair value through profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Classification and measurement (continued)

The Company classifies its financial liabilities as measured at amortised cost. Such financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or obligations to the Cayman Islands Government for dividends based on net income and comprehensive income. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Comprehensive Income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The "expected credit loss" ("ECL") model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company only has financial assets carried at amortised cost.

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Allowance for credit losses

An allowance for credit losses ("ACL") is established for financial assets carried at amortised cost. Financial assets carried at amortised cost are presented net of ACL on the Statement of Financial Position. The Company measures the ACL on each reporting date according to a three-stage expected credit loss impairment model, with Stages 1 and 2 for performing financial assets, and Stage 3 for impaired financial assets.

Stage 1 – From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date.

Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset with interest calculated on the gross balance.

Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognised equal to credit losses expected over the remaining lifetime of the asset with interest calculated on the balance net of impairment.

The ECL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon.

Increases or decreases in the required ACL attributable to derecognitions and remeasurements due to changes in loss expectations or stage migrations are recorded in impairment allowance in the statement of comprehensive income. Write-off and recoveries are recorded against an allowance for credit losses in the statement of financial position. The ACL represents an unbiased estimate of expected credit losses on financial assets as at the reporting date. Judgement is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward-looking information. The underlying assumptions and estimates could result in changes to the allowances from period to period that significantly affects the results of operations.

Measurement of expected credit losses

Expected credit losses are based on a range of possible outcomes and consider available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") discounted to the reporting date. The Company has adopted a "simplified approach" for trade receivables. The simplified approach, as permitted by IFRS 9, allows entities to recognise lifetime expected losses without the need to identify significant increases in credit risk (see Note 6).

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Dividend payable

The Company has an obligation to pay dividends to the Cayman Islands Government based on the Public Authorities Act and the Dividend Policy produced by the Ministry of Finance. Dividends payable to the Government are calculated based on applicable laws and regulations and are recognized as a liability when the conditions under the relevant laws and policies as set out by the Cayman Islands Government are met.

Critical accounting judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The key areas of judgement or estimation are with regard to the expected credit losses of trade receivables and the period over which to release deferred initial listings fees. The company estimated the deferral period for debt securities to be from the initial listing date to the maturity date of the security. The company estimates expected credit losses based on the historical loss rates of credit sales in the preceding 12 month period. These historical loss rates are applied against the aged trade receivables in a provision matrix.

New and amended accounting pronouncements

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in certain instances in line with the amendments.

A number of new and revised standards and interpretations are effective for future reporting periods. None of these are expected to have a significant effect on the financial statements of the Company.

Prior year comparative information

Certain comparative information has been amended to conform with current year presentation.

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

3. REVENUE

The Company generates revenue primarily from the provision of listing services to its customers. Other sources of revenue include income from the provision of Committee on Uniform Security Identification Procedures ("CUSIP") identifiers.

In the following table, revenue from contracts with customers for the year ended 31 December 2023, is disaggregated by the Company's major service lines.

	Year ended 31 December 2023	Year ended 31 December 2022
Major service lines		
Listing fees (including delisting fees)	\$ 3,306,897	\$ 3,176,358
Cusip income	496,038	595,607
Listing agent fees	207,050	207,050
Broker member fees	40,590	31,570
Other income	16,236	21,566
Revenue from contracts with customers	<u>\$ 4,066,811</u>	<u>\$ 4,032,151</u>

Listing fees are further disaggregated as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Listing fees		
Debt securities	\$ 2,398,644	\$ 2,279,908
Corporate debt securities	437,798	431,601
Investment funds	178,842	157,440
Specialist companies	63,858	96,432
Equity securities	72,570	74,210
Insurance linked securities	37,310	42,640
Listing document updates and other	54,407	32,504
De-listing fees	63,468	61,623
	<u>\$ 3,306,897</u>	<u>\$ 3,176,358</u>

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

3. REVENUE (continued)

CUSIP Revenues

The Company is the exclusive CUSIP international numbering agent for issuing CUSIP numbering system identifiers for securities of issuers registered in the Cayman Islands and the British Virgin Islands.

CUSIP revenues are disaggregated by registration location as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Cayman Islands	\$ 460,614	\$ 563,627
British Virgin Islands	35,424	31,980
Other	-	-
	<u>\$ 496,038</u>	<u>\$ 595,607</u>

IFRS 15, Revenue from Contracts with Customers

IFRS 15, *Revenue from contracts with customers* ("IFRS 15") establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer.

Performance obligations and revenue recognition policies

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Initial listing	Invoices for initial listings are issued when the customer's application for listing is accepted by the Company based on the Company's published price list. Initial listing fees are not considered a separate performance obligation from annual listings fees.	Revenue is recognised over time as the services are provided for the duration of the listing. As a result, revenue relating to the remainder of the listing period after the first year, is deferred and recognised in contract liabilities on the statement of financial position. The portion of the deferral period over 12 months is recognized in non-current liabilities.

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

3. REVENUE (continued)

Performance obligations and revenue recognition policies (continued)

Type of service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Annual listing	Invoices for annual listing fees are issued at the point at which the security is listed, based on the Company's published price list. Thereafter, an invoice is issued at the anniversary date of listing.	Revenue is recognised at the point in time at which the security is listed, and its anniversary thereafter.
CUSIP	Invoices for CUSIP fees are issued at the point at which the CUSIP is provided to the customer based on the Company's published price list. For one revenue stream bulk CUSIP's are paid up front and then deferred through the Statement of Financial Position and recognised in revenue when utilised.	Revenue is recognised at the point in time at which the CUSIP is issued. For bulk CUSIP's paid up front, these are deferred until utilised when the revenue is then recognised.
Listing agent	Listing agents are invoiced at the point in time at which they are admitted as a listing agent based on the Company's published price list. Thereafter, an invoice is issued at the anniversary date of acceptance.	Revenue is recognised at the point in time at which the agent is admitted, and its anniversary thereafter.
Broker member	Broker members are invoiced at the point in time at which they are admitted as a broker member based on the Company's published price list. Thereafter, an invoice is issued at the anniversary date of admittance.	Revenue is recognised at the point in time at which the broker member is admitted, and its anniversary thereafter.

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

3. REVENUE (continued)

Performance obligations satisfied over time (continued)

The following table shows the split of revenue for the year ended 31 December 2023, based on the timing of revenue recognition:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Services transferred at a point in time	\$ 3,679,463	\$ 3,655,781
Services transferred over time	387,348	376,370
Revenue from contracts with customers	<u>\$ 4,066,811</u>	<u>\$ 4,032,151</u>

Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers as of 31 December 2023.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade receivables	\$ 463,147	\$ 585,332
Contract liabilities	\$ 2,175,122	\$ 2,129,939

Contract liabilities primarily relate to the advance consideration received from customers for initial listing fees, for which revenue is recognised over time. As at 31 December 2023, the amount of contract liabilities in relation to initial listing fees, is \$2,099,456 (2022: \$2,064,093), which will be recognised as revenue over the duration of the listings.

Also included in contract liabilities are bulk CUSIP contracts which are paid for upfront and then deferred, until that CUSIP is assigned a security. At which point it, will be recognised in revenue. At 31 Dec 2023 \$75,666 (2022: \$65,846) was included in contract liabilities in relation to CUSIP contracts.

An amount of \$387,348 (2022: \$351,096) included in contract liabilities as at 31 December 2022 has been recognised as revenue in 2023. Of this \$102,591 (2022: \$101,224), is due to the listing being cancelled prior to original maturity.

No information is provided about remaining performance obligations at 31 December 2023 that have an original expected duration of one year or less, as allowed by IFRS 15.

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Computer hardware and software	Office furniture and equipment	Total
Cost				
At 31 December 2022	427,569	902,402	75,187	1,405,158
Removal of fully depreciated assets, no longer in use	-	(178,773)		(178,773)
Additions/(Disposals)	38,872	109,253		148,125
At 31 December 2023	466,441	832,882	75,187	1,374,510
Accumulated Depreciation				
At 31 December 2022	142,523	884,968	35,026	1,062,517
Removal of fully depreciated assets, no longer in use	-	(178,773)	-	(178,773)
Charge for the year	198,035	17,540	6,050	221,625
At 31 December 2023	340,558	723,735	41,076	1,105,369
Net book value at 31 December 2023	125,883	109,146	34,111	269,140
	Leasehold improvements	Computer hardware and software	Office furniture and equipment	Total
Cost				
At 31 December 2021	427,569	892,938	73,252	1,393,759
Removal of fully depreciated assets, no longer in use	-	-	(2,035)	(2,035)
Additions/(Disposals)	-	9,464	3,970	13,434
At 31 December 2022	427,569	902,402	75,187	1,405,158
Accumulated Depreciation				
At 31 December 2021	99,766	869,684	24,922	994,372
Removal of fully depreciated assets, no longer in use	-	-	(2,035)	(2,035)
Charge for the year	42,757	15,284	12,139	70,180
At 31 December 2022	142,523	884,968	35,026	1,062,517
Net book value at 31 December 2022	285,046	17,434	40,161	342,641

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

5. CASH AND CASH EQUIVALENTS

	<u>31 December</u> <u>2023</u>	<u>31 December 2022</u>
Current and call accounts	\$ 5,399,939	\$ 8,346,214
Short term fixed deposits maturing within one month	5,239,326	651,236
	<u>\$ 10,639,265</u>	<u>\$ 8,997,450</u>

6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Company's operating activities expose it to various types of financial risks that are associated with the financial instruments and markets in which it invests. These financial risks include credit and counterparty risk, liquidity risk and market risk (including currency risk and interest rate risk). The Company's overall risk management program focuses on minimising potential adverse effects on the Company's operations resulting from these financial risks. The exposure to, and management of, these risks are summarised below.

Credit and counterparty risk

Credit and counterparty risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Company to credit risk consist primarily of cash and cash equivalents and trade receivables.

Cash and cash equivalents

The Company held cash and cash equivalents of \$10,639,265 at 31 December 2023 (2022: \$8,997,450). The Company's cash and cash equivalents consists of balances held with two financial institutions in the Cayman Islands, one with an S&P rating of A2 (31 December 2022: A2) and another with an S&P rating of A -1 (31 December 2022: A-).

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of its counterparties.

Trade receivables

The Company's trade receivables do not contain any financing components.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Notes to Financial Statements

for the year ended 31 December 2023

(expressed in Cayman Islands dollars)

6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Credit and counterparty risk (continued)

Trade receivables (continued)

The Company does not require collateral in respect of trade receivables. The Company does not have trade receivables or contract assets for which no loss allowance is recognised because of collateral.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months. During the year ended 31 December 2023, \$20,113 was written off as uncollectible (2022: \$108,173), relating to trade receivables which have been outstanding for a period longer than three months and are not expected to be collected.

Trade receivables and contract assets

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31 December 2023 is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
0-30 days (not past due nor impaired)	\$ 229,285	\$ 250,151
31-60 days	92,645	124,909
61-90 days	37,052	77,005
91-120 days	14,757	19,173
Over 120 days	89,408	114,094
	<u>\$ 463,147</u>	<u>\$ 585,332</u>

As the Company provides listing services, its revenue is made up of small fees from many customers. As such, any failure of a customer to pay their fees would not have a significant impact on the financial statements of the Company.

Expected credit loss assessment

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2023.

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6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Age of impaired accounts receivable, and the resultant ECLs:

	<u>% Loss</u> <u>2023</u>	<u>31 December</u> <u>2023</u>	<u>% Loss</u> <u>2022</u>	<u>31 December</u> <u>2022</u>
30 days & less	9%	\$ 23,077	11%	\$ 31,432
31-60 days	20%	23,446	21%	33,807
61-90 days	30%	16,173	34%	39,539
91-120 days	45%	11,901	46%	16,198
Over 120 days	45%	72,100	46%	96,389
Total estimated credit		<u>\$ 146,697</u>		<u>\$ 217,365</u>

Loss rates are based on actual credit loss experience over the previous year. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The movement in the allowance for credit losses in respect of trade receivables and contract assets during the year was as follows.

Movement in impairment allowances

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at beginning of year	\$ 217,365	\$ 266,497
(Recovery)/impairment losses recognised on	(50,555)	59,041
Amounts written off as uncollectible	(20,113)	(108,173)
Balance at end of year	<u>\$ 146,697</u>	<u>\$ 217,365</u>

The following significant changes in the gross carrying amounts of trade receivables contributed to the changes in the impairment loss allowance during 2023:

- The write off of \$20,113, considered to have been provided for within the 31 December 2022 impairment allowances balance, included in the gross carrying amounts of trade receivables; and
- The improved recoveries noted during the year as a result of enhanced monitoring of gross trade receivables balances.

These changes resulted in a net decrease in impairment allowances in 2023 of \$70,668 (2022: \$49,132).

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6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's primary financial liabilities are accounts payable and dividend payable. The Company monitors current assets and liabilities to ensure that it has sufficient liquid assets to be able to meet its future expected cash outflows. All of the Company's current financial liabilities are contractually required to be paid within one year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company comprises two types of risk: currency risk and interest rate risk. The Company is not exposed to any other price risks.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates in the Cayman Islands and the main currencies of its operations are the Cayman Islands dollar ("KYD") and United States dollars ("USD"). The current monetary policy of the Cayman Islands Government is to maintain parity between the USD and the KYD, at an exchange rate of USD1:KYD0.82. Accordingly, there is currently no significant foreign exchange risk faced by the Company.

The only foreign currency monetary assets or liabilities held at 31 December 2023, were United States dollars as part of cash and cash equivalents in the amount of \$10,528,550 (31 December 2022: \$8,919,452). The impact of any fluctuation of foreign currencies would not have a material effect on the Company's net income and comprehensive income. As such, no currency risk sensitivity analysis has been prepared.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The only financial instrument upon which changes in interest rates could have an impact is a fixed deposit, renewed monthly, in the amount of \$5,239,326 (31 December 2022: \$651,236) which is shown on the Statement of Financial Position as part of cash and cash equivalents. As the financial instrument is short-term in nature and a fixed rate is set at each monthly renewal of the fixed deposit, interest rate fluctuations would not significantly impact the Company's future cash flows. As such, no sensitivity analysis for interest rate risk has been prepared.

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7. LEASES

In September 2019, the Company entered into a 10-year lease agreement to lease the existing office premises on the 3rd floor, SIX Cricket Square. On 17 January, 2023, the Company signed an Agreement to Lease Suite 2 on the 4th floor of an office building being constructed at Cricket Square, for a period of 10 years. This Lease would come into effect on the completion date of the building which is currently scheduled for 1 February 2025. The signing of the Agreement to Lease modified the original lease term of the existing office premises to 31 January 2025. The Company will terminate its current lease upon commencement of the new lease and a lease modification was reflected in the current and non-current components of both right of use assets and lease liabilities.

The Company discounted the lease payments using its incremental borrowing rate at 1 January 2019. This rate was provided by The Ministry of Finance and Economic Development. The Prime Rate of 4.75% in the Cayman Islands was applied as the incremental borrowing rate. The Prime Rate was chosen on the basis that if the Company was to borrow, with the Cayman Islands Government's intervention and assistance, the Company would be able to secure borrowing at the Prime Rate. On modification of the lease an incremental borrowing rate of 3.25% was applied.

The right of use asset recognised (net of depreciation) is \$74,132 as at year end 31 December 2023. The depreciation charge is recorded on the Statement of Comprehensive Income as an expense.

The following table sets out the movement in the right-of-use asset.

	<u>31 December</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
Cost		
Opening	\$ 634,821	\$ 609,468
Lease modification	(306,142)	25,353
Closing	<u>328,679</u>	<u>634,821</u>
Accumulated Depreciation		
Opening	(186,118)	(134,509)
Charge for the year	(68,429)	(51,609)
Closing	<u>(254,547)</u>	<u>(186,118)</u>
Net book value	<u>\$ 74,132</u>	<u>\$ 448,703</u>

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7. LEASES (continued)

The following table shows the movement in the lease liability for the year:

	<u>31 December</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
Opening	\$ 460,149	\$ 489,243
Lease modification/additions	(296,694)	25,353
Interest expense	3,992	21,904
Lease payments	(79,406)	(76,351)
Closing Balance	88,041	460,149
Less: current portion	(81,024)	(56,457)
Non-current portion	\$ 7,017	\$ 403,692

The maturity analysis (contractual undiscounted cash flows) of the lease liabilities is disclosed below:

	<u>31 December</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
Within one year	81,024	56,457
Two to three years	7,017	132,130
More than three years	-	271,562
Total	\$ 88,041	\$ 460,149

8. SHARE CAPITAL

The authorised and issued share capital of the Company is \$100,000 divided into 100,000 shares of \$1 each. All of the shares were exclusively subscribed on behalf of the Government by the Authority in 1996 in accordance with the Stock Exchange Company Act (2014 Revision).

The present dividend policy is for the Company to pay out the greater of 5% of operating revenue for the fiscal year, or 50% of operating surplus for the fiscal year, but not exceeding the change in cash and cash equivalents less restricted cash and minimum capital prescribed by legislation. On April 28, 2023 the Stock Exchange Council approved a dividend payment of \$518,152, (2022: \$1,236,715). This dividend of \$518,152 was accrued for as at 31 December 2022 and was fully paid to the Government during the year ended 31 December 2023. A dividend of \$985,125 has been accrued in relation to the year ended 31 December 2023 as the Company is legally required to pay this dividend.

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9. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern without additional funding from the Government. The Company's overall strategy remains unchanged from 31 December 2022. The capital structure of the Company consists of issued shares, additional paid-in capital and retained earnings. The Company has no externally imposed capital requirements.

10. PERSONNEL

Included within personnel expenses are the salary, defined contribution pension plan and healthcare payments made to and on behalf of the seven members of staff employed during the year (31 December 2022: seven). For the year ended 31 December 2023, total personnel expenses amounted to \$1,142,615 (31 December 2022: \$1,197,020). Total remuneration for the Company's four key management personnel was \$804,648 for the year ended 31 December 2023 (31 December 2022: four key management personnel \$823,206) which includes the employer's portion of pension expenses. No performance payment scheme was approved by Cabinet for the year ended 31 December 2023. Key management personnel received performance payment of for the year ended 31 December 2022 of \$88,857 which is included within the above total remuneration.

11. PENSION SCHEME

As required by the Public Services Pension Act of the Cayman Islands, the Company has established for its employees a defined contribution pension scheme with the Cayman Islands Pension Board. The law provides for a mandatory contribution rate of 12 per cent of the employee's salary, all paid by the Company. The total pension cost recorded during the year ended 31 December 2023, was \$111,399 (31 December 2022: \$82,044). This represents the employer's portion and is included in personnel expenses.

12. MARKETING, TRAVEL AND SUBSISTENCE

Marketing, travel and subsistence largely consists of promotional costs of the following:

	Year ended <u>31 December 2023</u>	Year ended <u>31 December 2022</u>
Conferences	122,667	83,690
Advertising, promotional costs	1,130	2,330
	<u>\$ 123,797</u>	<u>\$ 86,020</u>

Conference costs of \$122,667 (2022: \$83,690) relate to costs for the attendance of conferences in, Dana Point (California), Las Vegas, Miami, Hong Kong and Singapore.

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13. RELATED PARTIES

Related party transactions consist of payments made to council members and transactions to entities with a common director. Payments to Council members of \$128,000 included in legal and professional fees in the statement of comprehensive income were made in the year ended 31 December 2023 (2022: \$144,000) for their expertise and input into the quarterly board meetings. Listing Agent annual fees of \$28,700 (2022: \$16,400) were received from a Listing Agent with a common director. For the year ended 31 December 2022 a \$10,000 donation was made to the Special Olympics Cayman Islands related by way of a common director.

14. SUBSEQUENT EVENTS

Management has evaluated the possibility of subsequent events existing in the Company's financial statements through 29 April 2024, the date the financial statements were available to be issued. Management has determined that there are no further material events that would require disclosure in the Company's financial statements.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Stock Exchange Council and authorised for issue on 29 April 2024.