

HIGH-LEVEL EQUITY MEMBERSHIP REQUIREMENTS

Membership Type

An applicant for Equities Membership must apply for authorisation to perform the following regulated services with conditions as follows:

- Trading Services Provider (TSP) – Authorised to perform Trading Services
- Custody Services Provider (CSP) – Authorised to perform Custody Services
- Advisory Services Provider (ASP) – Authorised to provide Advisory Services

**ASP can only apply if already a TSP or applying to become a TSP

Membership Requirements

To be admitted as a member and to remain a member, an applicant or a member, respectively,

- must be incorporated and registered as a domestic company under the Companies Act of Seychelles or the Company Law of a recognized jurisdiction (Per Schedule 2 of the Seychelles Securities Act, 2007 (“the Act”)),
- only appoint executive and non-executive directors who comply with the fit and proper requirements of Rule 2.2(d) and are over 21 years of age,
- ensure that a shareholder who is a natural person and who directly or indirectly holds in excess of 10% of the issued shares of the applicant or member complies with the fit and proper requirements,
- appoint a compliance officer in terms of rule 2.5 (a) who complies with the fit and proper requirements set out in Directive 2,
- appoint a settlement officer in terms of rule 2.5 (b) who comply with the fit and proper requirements set out in Directive 2, and
- appoint a trader or traders in terms of rule 2.5 (c) who comply with the fit and proper requirements set out in Directive 2.

Specific Conditions of Membership

The specific conditions of membership represent the minimum conditions which an applicant and a member are required to satisfy:

- A member must employ adequate resources, procedures and systems necessary for the effective performance of the regulated services which the member provides and for ensuring compliance with the Act and the rules and directives that are relevant to the performance of such regulated services.



- A member must fulfill the requirements of the AML Act.
- Members must comply with the Securities (Conduct of Business) Regulations.
- If providing custody services, a member must establish a wholly owned nominee company and be authorized by the Securities Authority to provide custody services in terms of Section 62(1) of the Act.
- A member must ensure that its employees are suitable, adequately trained and properly supervised.
- A member must hold adequate fidelity Insurance Cover for its clients benefit in respect of negligence, fraud and misappropriation by directors, officers, traders or employees involved in the performance of securities services.
- As a member of TROP-X the member must show that it performs as its regular business Securities services.
- The applicant must also show that it is a licensed securities dealer under the Securities Act or is a recognised overseas securities dealer as per Part 5 of the Act.

Capital Requirements

Fixed Expenditure Base Requirement

The higher of a base amount of USD 10, 000 (ten thousand US Dollars) or 12 (twelve) weeks operating capital TROP-X however reserves the right to require members to provide such additional liquid capital as it may specify to cover high levels of operational or other risks to which the member is exposed.

Adjusted liquid capital

A member must on admittance and at all times thereafter hold adjusted liquid capital which complies with the minimum requirements calculated in accordance with Directive 1, sufficient to meet its base requirement and its risk requirement.

Banking Requirements

Here are the minimum banking accounts that is required:

Client Account	Used to segregate client funds
Clearing Agency Participant Account	Used to clear and settle transactions
Business Account	Used for funding all business expenses

Auditors

A member is required to appoint an independent auditor who is acceptable to the Securities Authority within 30 days of being licensed and communicate this to the Securities Authority.



A member is then required to submit to the Securities Authority and Trop-X a copy of its audited financial statement within 4 months of the end of each financial year.

Insurance

All members shall be covered at all times by Fidelity Insurance as well as other appropriate insurances.

Internal Controls and Risk Management

For membership purposes Trop-X requires all documentation and procedures of the firm's internal control and risk management procedures to be approved prior to commencement of operation.

Trading

In order to trade you need to connect to the Trop-X ATS, you have 2 connectivity options. The first option is to connect via a Host to Host solution. The second option is to connect via the Trop-X Front End Solution, whereby clients would connect through the Trop-X public servers.

Until Dec 2013, both options are available for free. If a member decides to connect via the Host to Host solution they may have to pay an additional cost for the trading front-end provided by their appointed service provider.

Once a member has chosen their trading solution they are then requested to apply for trader ID's. Trader ID's will only be created to all traders who have passed the Trop-X Competency regime as per Directive 2. Submissions of the trader ID's activation form should be forwarded to Trop-X's Markets Division.

Membership Fee

Application Fee	2500 (Waived until June 2013)
Annual Fee	2500
Each Officer or Trader	500 /annum

Communication

We have various means of communicating to our members. Through the news service (QUANS) and via direct emails to the member's Compliance and Settlement Officers. For this reason, Trop-X requires the contact details of these officers upon registration.

Associated Costs

Data

No Fees for now

Trading Fees

VCAP, SME and Main Boards 5 basis points

Trade Name and description	Trade Type	Cost
ATS matched trade during the continuous auction period	M	Value Model
ATS matched Auction Trade during the opening and closing auction periods	AU	Value Model
Reported ATS Give Up Trade between two parties reported to the exchange with the fee netted per line of security	GU	USD 1.75 per line of security
Reported ATS Book Over	BO	Value Model
Reported ATS Corporate Finance Transactions	CF	Value Model
Reported ATS Late Trades	LT	Value Model
Reported Transaction Corrections	TC	USD 12.50

Supporting Documentation

- Membership Application Form
- Memorandum and Articles of Association
- Certificate of Incorporation
- Proof of Securities Dealer Licence issued by the Seychelles International Business Authority
- Notice of Registered Office and Postal Address
- Proof of physical business address
- Board resolution authorising the application for membership of Trop-X and appointment of Representative officer (with power to bind the applicant), Compliance officer, Settlement officer and Head of Trading.
- Bank Statement/Cancelled Cheque
- Certified copy of Identity document/passport, details of residential address and contact numbers of each of the directors and officers of the applicant, and natural persons holding more than 25% of the voting rights in the company
- Curricula Vitae of Directors and Key Officers



- Proof of Qualifications or Directors
- Proof of origin of fund
- Proof the member has the financial resources to execute transactions as prescribed by Trop-X
- Copies of Officer and Traders education qualifications in Terms of the Rules and Directives
- Proof of Fidelity Insurance required in terms of the Rules
- Copy of procedures for compliance with AMLA, internal control and risk management and compliance with Rules and Directives
- Two signed copies of the Broker Agreement
- Copy of latest financial statements
- Completed Capital Adequacy Return
- Operations Manual covering the following items at a minimum
 - Organogram
 - Trading Procedures
 - Pre Trade Checks and Overriding procedures
 - Capital Adequacy Management Process
 - Managed Clients Take on Procedures
 - Non-Managed Clients Take on Procedures (if applicable)
 - Internal Control and Risk Management Processes
 - Complaints and Disputes resolution Procedures
 - Anti-Money Laundering Procedures

APPENDIX A – KEY STAFF APPOINTMENTS

The key staff appointments required for an Equity Membership are as follows:

- Compliance Officer
- Settlement Officer
- Trader/s

Requirements for Compliance Officers

Your Compliance Officer must:

1. successfully complete the Trop-X Ethics and Legal & Regulatory Environment Modules and
2. have previously been approved to act as a Compliance Officer in a recognized jurisdiction or have successfully completed the Investment Operations Certificate offered by CISI (or possess an equivalent qualification)

and is responsible for:

1. communication between Trop-X and the member, and receipt of notices from Trop-X;
2. supervision of the compliance of the member and its directors, officers, employees and agents with the Act, the Code of Conduct, these Rules and the Directives;
3. implementation of the member's system and procedures;
4. surveillance of the member's trading activities; and
5. reporting any breaches to Trop-X and the Securities Authority.

Your Settlements Officer must:

1. successfully complete the Trop-X Ethics and Legal & Regulatory Environment Modules and
2. have previously been approved to act as a Settlements Officer in a recognized jurisdiction or have successfully completed the Investment Operations Certificate offered by CISI (or possess an equivalent qualification)

and is responsible for:

1. ensuring settlement takes place as prescribed in the Trop-X Rules and Directives; and
2. reporting any settlement deviation to Trop-X.



Your Trader/s must:

1. successfully complete the Trop-X Trading Services, Ethics and Legal & Regulatory Environment Module;
- 2.
3. have previous been approved to act as a Trader in a recognized jurisdiction **or** have successfully completed the Investment Operations Certificate offered by CISI (or possess an equivalent qualification) **or** has 10 years experience exercising discretion in the trading of securities **or** is a CFA charter holder;
4. be independent of the Compliance and Settlement Officers;and
5. is responsible for executing transactions and filling reports in accordance with the Rules and Directives.