**Securities Note for Debentures Checklist**

Notes for completing this checklist

* Please submit this checklist in substantially complete and accurate form together with each draft Prospectus.
* Each draft Prospectus must be annotated in the margin to show compliance with the contents of Prospectus requirements of the Markets Rules of the DFSA Rulebook (“MKT”).
* Please submit updated checklist with each revised draft Prospectus.
* For final Prospectus approval, please submit a final copy of the complete checklist (and the non-applicability confirmation at the end of the checklist) signed by the adviser or Issuer as appropriate.
* If an asterisk is used when identifying a Security, the requirement to provide the item of information for that Security is qualified as specified in the relevant item.
* When completing this checklist, you may use these options where relevant:

|  |  |
| --- | --- |
| N/A | If an item is either non-applicable, or there is no information to be disclosed within the document at this point. |
| Waiver or Modification | If a waiver or a modification is sought from an item of the MKT Prospectus requirements. |

| Name of Applicant |  |
| --- | --- |
| Nature of Transaction |  |
| Name of Adviser |  |
| Date Submitted |  |

| **Rule A1.2.1** | | **Page Reference** | **Proof No.** | **Comment** |
| --- | --- | --- | --- | --- |
| **(1) Key Information** | | | | |
| 1.1 Risk Factors | | | | |
| a. | the nature of the risks involved in investing in the Securities |  |  |  |
| b. | any material risks associated with investing in the Issuer |  |  |  |
| c. | any risks associated with the assets to be acquired using the proceeds of the offer |  |  |  |
| d. | the effect that the material risks may have on the Issuer including how the risk could affect the business, operating results and financial condition of the Issuer |  |  |  |
| e. | any steps proposed by the Issuer to mitigate or manage the risks; |  |  |  |
| f. | general and specific risks relating to the industry or jurisdiction in which the Issuer operates |  |  |  |
| g. | any other material risks that are not included in the above |  |  |  |
| 1.2 | Reasons for the offer\* |  |  |  |
| a. | Reasons for the offer and, where applicable:  the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses; |  |  |  |
| b. | if the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, statement about the amount and sources of other funds needed  **\***The information in 1.2 (a) and (b) is not required to be included for Debentures that have a denomination of US $100,000 or more per Security. |  |  |  |
| 1.5 Creditworthiness of Issuer | | | | |
| a. | Sufficient information to enable an investor to form an opinion concerning the creditworthiness of the Issuer such as:  (i) earnings coverage ratio;  (ii) any relevant credit ratings; and  (iii) any other risk factors that may affect the Issuer’s ability to fulfil its obligations under the Securities to investors. |  |  |  |
| 1.6 Guarantees | | | | |
| a. | Information about any bank or other guarantees attaching to the Securities and intended to underwrite the Issuer’s obligations including the details relating to:  (i) any conditionality on the application of the guarantee in the event of any default under the terms of the Security; and  (ii) any power of the guarantor to veto changes to the Security holders’ rights. |  |  |  |
| b. | Disclosure by the guarantor of the information about itself as if it were the Issuer of the same type of Security that is the subject of the guarantee. |  |  |  |
| **(2) Information relating to the securities offered/admitted to trading** | | | | |
| 2.1 General information relating to Securities | | | | |
| a. | A description of the type and class of the Securities being offered and/or admitted trading, including any identification number ISIN or code applicable to the Securities. |  |  |  |
| b. | An indication whether the Securities are in certificated form or book-entry form and if it is the latter, the name and address of the entity maintaining the records. |  |  |  |
| c. | A summary of any restrictions relating to transferability of the Securities, the arrangements for settlement of transfers and any limitations of those rights and procedures for the exercise of such rights, including those specified in 2.2 and 2.3. |  |  |  |
| d. | Any legislation under which the Securities have been created. |  |  |  |
| e. | The currency of the Securities issue. |  |  |  |
| f. | The ranking of the Securities being admitted to trading, including summaries of any clauses that are intended to affect ranking or subordinate the Security to any present or future liabilities of the Issuer. |  |  |  |
| g. | The maturity date and arrangements for the amortisation of the Debenture, including the repayment procedures. Where advance amortisation is contemplated, on the initiative of the Issuer or of the holder, it must be described, stipulating amortisation terms and conditions. |  |  |  |
| h. | Information regarding representation of Debenture holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of where investors may have access to the contracts relating to these forms of representation. |  |  |  |
| 2.3 Interest rate and yield | | | | |
| a. | Where there is a nominal rate of interest or rate of return and provisions relating to rate of interest or rate of return payable, information including:  (i) the date from which rate of interest or rate of return becomes payable and the due dates for rate of interest or rate of return; and  (ii) the time limit on the validity of claims to rate of interest or rate of return and repayment of principal. |  |  |  |
| b. | Where the rate is not fixed, information including:  (i) a description of the underlying on which it is based and of the method used to relate the two;  (ii) a description of any market disruption or settlement disruption events that affect the underlying;  (iii) adjustment rules with relation to events concerning the underlying; and  (iv) the name of the calculation agent. |  |  |  |
| c. | An indication of yield. |  |  |  |
| 2.4 Other rights | | | | |
| e. | redemption rights, if any |  |  |  |
| **(3) Terms and conditions of the offer** | | | | |
| 3.1 Terms and conditions of the offer | | | | |
| a. | the number of Securities offered |  |  |  |
| b. | the price or price range of the Securities\* |  |  |  |
| d. | the various categories of potential investors to which the Securities are offered. If the offer is being made simultaneously in two or more markets, and if a tranche has been or is being reserved for certain of these, indicate any such tranche and the category of investors for whom it is offered\* |  |  |  |
| e. | a description of any material interests and conflict of interests relating the affairs of the Issuer, detailing the Persons involved and the nature of such interests |  |  |  |
| f. | the Offer Period, including the opening and closing dates\* |  |  |  |
| h. | proposed date for allotment of Securities |  |  |  |
| l. | all relevant details of the appointment of an underwriter on a firm commitment basis, including the nature of the obligations of the underwriter, quotas, plan of distribution, commission and, if a portion of the offer is not covered, a statement of the portion not covered\* |  |  |  |
| m. | all relevant details of the appointment of placing agents appointed on a ‘without a firm commitment’ basis or under a “best efforts” arrangement, including quotas and placing commission\* |  |  |  |
| o. | methods of payment for the Securities, particularly as regards the paying up of Securities which are not fully paid or are payable by instalments\* |  |  |  |
| q. | process for notification to applicants of the amount of Securities allotted and indication whether dealing may begin before notification is made\* |  |  |  |
| s. | in the case of new Securities, a statement of the resolutions, authorisations and approvals by virtue of which the Securities have been or will be created and/or issued |  |  |  |
| u. | the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised\* |  |  |  |
| v. | if advisors to the Issuer are connected with the offer, a statement of the professional or other capacity in which such advisors have acted |  |  |  |
| w. | the name and address of any paying agents and depository agents in each country  \*The information in 3.1(b),(d),(f),(l),(m),(o),(q), and (u) is not required to be included for Debentures that have a denomination of US $100,000 or more per Security. |  |  |  |
| 3.3 Price stabilisation | | | | |
|  | The information required to be disclosed to the market pursuant to the Price Stabilisation Module of the DFSA Rulebook |  |  |  |
| **(4) Other information** | | | | |
| 4.1 Audit and source of information including use of expert reports | | | | |
| a. | Where information has been included in the Securities Note which has been audited or reviewed by auditors and where auditors have produced a report, reproduction of the report or, with permission of the DFSA, a summary of the report |  |  |  |
| b. | Where information has been sourced from a third party, details of the identify of the source of the information along with a confirmation that the information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading |  |  |  |
| c. | Where a statement or report attributed to a Person as an Expert is included in the Securities Note:  (i) the name, business address, qualifications and any material interest such a Person has in the Issuer; and  (ii) if the report has been produced at the Issuer’s request, a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the Expert who has authorised the contents of that part of the Securities Note. |  |  |  |
| **(5) Admission to trading** | | | | |
| 5.1 Details of admission to trading | | | | |
| a. | The proposed dates for:  (i) admission to an Official List of Securities; and  (ii) admission to trading on an Authorised Market Institution ;  (iii) admission to listing or trading by a Financial Service Regulator or Regulated Exchange; and  (iv) any other such comparable event in respect of the Securities. |  |  |  |
| b. | The actual dates on which:  (i) the Securities were admitted to an Official List of Securities;  (ii) the Securities were admitted to trading on an Authorised Market Institution;  (iii) the Securities were listed or admitted to trading by a Financial Services Regulator or Regulated Exchange; and  (iv) any other such comparable event took place in respect of the Securities. |  |  |  |
| c. | An estimate of the total expenses related to the admission to trading |  |  |  |
| **(7) Asset Backed Securities** | | | | |
| 7.1 If the Securities or the underlying Securities are asset backed, describe all the material attributes of the asset backed Securities, including: | | | | |
| a. information about the assets backing the Securities including:  (i) where the assets are equity Securities that are admitted to trading on an Exchange, a description of the Securities, a description of the market in which the Securities are traded and the frequency with which prices of the relevant Securities are published;  (ii) where the assets contain a material proportion of equity Securities that are not traded on Exchange, a description of the equity Securities including the type of information required to be disclosed in a Prospectus if the equity Securities where Shares;  (iii) where the assets comprise obligations that are not traded on an Exchange, a description of the principal terms and | |  |  |  |
| conditions of the obligations;  (iv) where a material proportion of the assets are secured on or backed by real properly, a valuation report relating to the property setting out both the valuation of the property and cash flow/income stream;  (v) where the assets backing the Security are part of an actively managed pool of assets, the parameters within which investments can be made, details of the entity responsible for such management, terms of such entity’s appointment, termination of appointment, and a description its relationship with any other parties to the issue of the Securities; and  (vi) any rights to substitute the assets and a description of the manner in which and the type of assets which may be so substituted, and, if there is any capacity to substitute assets with a different class or quality of assets, a statement to that effect together with a description of the impact of such substitution | |  |  |  |
| b. information about the structure of the transaction and the rate of return including:   1. a description of the structure of the transaction; 2. details of the entities participating in the issue and description of the functions to be performed by them; 3. a description of the method and date of the sale, transfer, novation or assignment; 4. the rate of interest or stipulated yield and any premium; | |  |  |  |
| 1. the date of repayment of the principal capital and return on that capital; 2. how the cash flow from the assets will meet the Issuer’s obligations to holders of the Securities and how payments are collected in respect of the assets; and 3. where the return on, and or repayment of the Security is linked to the performance or credit of other assets which are not assets of the Issuer, information as set out in paragraph (a) regarding the assets backing the Security, if necessary. | |  |  |  |
| c. information about the obligors including:  i) where there is a large number of obligors, a general description of the obligors; and  (ii) where there are only a small number of obligors, a description of each obligor. | |  |  |  |
| d. information about:  (i) the terms and conditions for the issuance of any additional Securities or any restrictions on the issuance of additional Securities; and  (ii) where the Issuer proposes to issue further Securities backed by the same assets, a prominent statement to that effect, and unless those further Securities are fungible with, or are subordinated to, those classes of existing debt, a description of how the holders of that class Securities will be informed. | |  |  |  |
| e. the nature, order and priority of the entitlements of holders of the Securities | |  |  |  |
| f. details of arrangements or other matters that may impact repayment of the principal capital or return | |  |  |  |
| on that capital to the holders of the Securities, including:  (i) a description of any relevant insurance policies relating to the assets backing the Securities;  (ii) a global overview of the parties to the arrangement in the securitisation programme including information on the direct or indirect ownership of control between those parties;  (iii) if a relationship exists that is material to the issue of the Securities between the Issuer, guarantor and the obligor and details of the principal terms of that relationship;  (iv) if the assets backing the Securities include loans and credit agreements, the principal lending criteria and an indication of any loans which do not meet these criteria and any rights or obligations to make further advances;  (v) an indication of significant representations and collaterals given to the Issuer relating to the assets;  (vi) information on any credit enhancements, an indication of where material potential liquidity shortfalls may occur and the availability of any liquidity supports and indication of provisions designed to cover interest/principal shortfalls;  (vii) name and addresses and a brief description of any swap counterparties and other providers of other material forms of credit/liquidity enhancement;  (viii) details of any subordinated debt finance; | |  |  |  |
| and  (ix) an indication of any investment parameters for the investment of temporary liquidity surpluses and description of the parties responsible for such investment. | |  |  |  |
| g. statements by the Issuer confirming that the assets backing the Security have characteristics that demonstrate capacity to produce funds to service any payments due and payable of the Securities | |  |  |  |
| h. a statement whether or not post issuance transaction information regarding the Securities to be admitted and the performance of the underlying assets will be reported. If it is to be reported, disclosure of where such information will be reported, where such information can be obtained, and the frequency with which such information will be reported. | |  |  |  |

**Non-applicability Confirmation**

We inform you that items marked “N/A” in the Page Reference column of the above checklist are considered not applicable and no equivalent information is available in relation to the enclosed document.

| Signed by |  |
| --- | --- |
| On behalf of |  |