

ISLE OF MAN

COMPANIES ACT 1931

COMPANIES (PRIVATE PLACEMENTS) (PROSPECTUS EXEMPTIONS) REGULATIONS 2000

Citation, commencement and interpretation

1. These Regulations may be cited as the Companies (Private Placements) (Prospectus Exemptions) Regulations 2000 and subject to section 324A(2) of the Companies Act 1931, shall come into operation on the 1st January 2001.

Interpretation

2.(1) In these Regulations “private placement” means the issue of a prospectus by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, to:-

- (a) persons whose ordinary activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent) for the purposes of their businesses; or
- (b) persons who it is reasonable to expect will acquire, hold, manage or dispose of shares or debentures (as principal or agent) for the purposes of their businesses; or
- (c) a restricted circle of persons whom the issuer of the prospectus reasonably believes to be sufficiently knowledgeable to understand the risks involved in accepting the offer in the prospectus; or
- (d) a restricted circle of persons numbering no more than fifty whom it is reasonable to believe will acquire any shares or debentures which are the subject of the offer in the prospectus for investment purposes and not with a view to their imminent resale.

(2) Where the condition specified in one relevant sub-paragraph is satisfied in relation to part of an offer in a prospectus, but not the whole of the offer and, in relation to each other part of the offer, the condition specified in a different relevant sub-paragraph is satisfied, the issue of that prospectus is a “private placement”.

(3) For the purposes of paragraph 2(2), “relevant sub-paragraph” means any of the sub-paragraphs (a) to (d) of paragraph 2(1).

(4) In determining for the purposes of paragraph 2(1)(c) whether a person is sufficiently knowledgeable to understand the risks involved in accepting an offer of shares or debentures, any information supplied by the issuer of the prospectus shall be disregarded, apart from information about -

- (a) the issuer of the shares or debentures; or
- (b) if the shares or debentures confer the right to acquire other shares or debentures, the issuer of those other shares or debentures.

(5) For the purpose of determining whether the condition specific in paragraph 2(1)(d) is satisfied in relation to a prospectus, the prospectus shall be taken together with any other offer of securities of the same class which was -

- (a) made by the same person;

- (b) open at any time within the period of 12 months ending with the date on which the offer is first made; and
- (c) deemed not to be an offer to the public in the Island.

Exemption from prospectus requirement

3. Sections 34 to 40 and 322 to 324 of, and Schedules 3 to 5 to, the Companies Act 1931, shall not apply to a private placement.