CIRCULAR

TO: Issuers and Stakeholders

FROM: Botswana Stock Exchange (BSE)

DATE: 2nd August, 2018

SUBJECT: PRICING OF ISSUED UNLISTED BONDS

Issuers and Stakeholders are informed of the following:

1. BOTSWANA BOND INDEX SERIES (BBIS)

   1.1 In 2013, the BSE introduced a series of benchmark bond indices called the Botswana Bond Index Series (BBIS) which comprised of 3 types of indices; the BBI, GovI and CorpI, and in 2018 introduced the BBIFixed. The indices are computed and published daily using a value weighted methodology. The conventions and ground rules for computing these indices are available on the BSE website, at www.bse.co.bw.

2. PRICING OF ISSUED UNLISTED BONDS

   2.1 The BSE hereby informs the Issuers and Stakeholders of its offer to price all available unlisted bonds in the market. The pricing will be in line with the conventions applied to listed bonds which are constituents of the BBIS. To facilitate this, Issuers are encouraged to provide to the BSE, at the email address below, the Pricing Supplements with respect to unlisted bonds.

3. THE IMPORTANCE OF PRICING THE BONDS

   3.1 This service will enable Custodians to access the pricing and valuations of unlisted bonds majority of which are under their custody. This is expected to improve the price formation and transparency of unlisted bonds, promote their liquidity, in the process promoting the attractiveness of the Issuers to investors. Further, the pricing and valuations are computed using a methodology that follows international best practice and has been advocated for by the market practitioners.

For further clarity and information on the BBIS and this service, please contact the Head of Product Development, Kopano Bolokwe, at kbolokwe@bse.co.bw or 3674400.