

# THE BOTSWANA STOCK EXCHANGE LISTINGS REQUIREMENTS



# PREFACE

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The new listings requirements contained in this manual have been approved by the Committee of the Botswana Stock Exchange ("the BSE") after being distributed to listed companies, practitioners and other interested parties.

The new listings requirements, which become effective on 15 February 1999, to a large extent reflect current market practice (both written and unwritten) in a more user-friendly form. There are, however, a number of new requirements, which are aimed at raising the levels of certain market practices to international standards and harmonisation of the listing requirements in the SADC region.

The BSE will periodically amend the new listings requirements to ensure that they remain up-to-date with market practice and legislative changes. The listings requirements are available from the BSE in electronic format only.

The first of these updates occurred on 5 February 2003.

## Contact Information:

Physical Address:

Plot 64511

Exchange House

Fairgrounds

Gaborone

Postal Address:

Private Bag 00417

Gaborone

Botswana

Tel: +267 318 0201

Fax: +267 318 0175

E-mail: [info@bse.co.bw](mailto:info@bse.co.bw)

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# INTRODUCTION

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## Objectives

The BSE provides facilities for the listing of the securities of companies (domestic or foreign) and provides its users with an orderly market place for trading in such securities and regulates accordingly.

The listings requirements set out in this book apply to both applicants for listing and presently listed companies. The listing requirements reflect, inter alia, the rules and procedures governing new applications, proposed marketing of securities and the continuing obligations of issuers, and are aimed at ensuring that the business of the BSE is carried on with due regard to the public interest.

## General Principles

It is both impracticable and undesirable to devise requirements and procedures in such detail so as to govern all circumstances which may arise in commercial practice. Accordingly, the following listings requirements fall into two categories:

- (a) certain general principles ("the General Principles") which are set out below and are expected to be observed in all transactions and submissions pertaining to securities listed and to be listed; and
- (b) the main body of the listings requirements ("the main body") which are set out in the following sections and which are derived from the application of the General Principles and how the Committee seeks to interpret them.

Moreover, the spirit of the General Principles and main body may, by necessary implication, apply to areas or circumstances not expressly covered in the main body.

The Committee has a discretion to modify the application of a requirement contained in the main body in exceptional circumstances for example, when it considers that its strict application would conflict with the General Principles.

Accordingly, persons engaged in commercial practice should be aware that the spirit as well as the precise wording of the General Principles and main body are to be observed at all times.

If there is any doubt as to the interpretation or application of the listings requirements the BSE Listings Committee must be consulted.

The General Principles are as follows:

- (a) to provide a market for the raising of primary capital, an efficient mechanism for the trading of securities in the secondary market, and to protect investors;
- (b) securities will be admitted to the List only if the Listings Committee is satisfied that the applicant is suitable and that it is appropriate for those securities to be listed.
- (c) full, equal and timeous public disclosure shall be made to all holders of securities and the general public at large regarding the activities of an issuer that are significant;
- (d) holders of relevant securities shall be given full information and afforded adequate opportunity to consider in advance and vote upon substantial changes in the issuer's business operations and matters affecting the company's constitution or shareholders' rights;

- (e) all parties involved in the dissemination of information into the market place, whether directly to holders of relevant securities or to the public, shall observe the highest standards of care in doing so;
- (f) all holders of the same class of securities of an issuer shall enjoy fair and equal treatment in respect of their securities;
- (g) the listings requirements and in particular the continuing obligations, should promote investor confidence in standards of disclosure, in the conduct of issuers' affairs and in the market place as a whole; and
- (h) securities should be brought to the market in a way that is appropriate and which will facilitate an open and efficient market for trading of securities.

### **Competent authority**

Under the provisions of the BSEA a company which desires to have its securities dealt with on a stock exchange must apply for a listing and before it will be granted such listing it must comply with the listings requirements of the Stock Exchange. The Committee is the competent authority responsible for the list of the securities which may be dealt in on the BSE, applications by the issuers of securities for the inclusion of securities thereto and the annual revision of the list.

The Committee has delegated its authority, inter alia, to review all matters relating to the listings requirements, including authority to examine and approve all applications for listing and supporting documentation, subject to certain conditions, to the BSE Listings Committee. Day to day decisions on listing matters, whether relating to applications for listing, continuing obligations or interpretation of the listings requirements, are made by the BSE Listings Committee.

### **Companies with listings on other stock exchanges**

Attention is drawn to the fact that other stock exchanges may have different requirements relating to the issue of securities. Companies with a primary listing on the BSE which are also quoted on such other exchanges should, therefore ensure that the requirements of both the BSE and other such exchanges are complied with when submitting draft documents to the BSE Listings Committee for approval.

Where a company's primary listing is on another exchange, the Committee will normally accept the listings requirements of that exchange but reserves the right to request such company to comply with such aspects of the BSE listings requirements as it may, in its sole discretion, determine.

# DEFINITIONS

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Throughout these listings requirements, unless otherwise stated or the context requires otherwise, the following terms will have the meanings set out below:

<b>Term</b>	<b>Meaning</b>
the Act	the Companies Act (CAP. 42:01) as amended, or any law which may replace it in part or wholly
acquisition issue	an issue of securities in consideration for an acquisition of assets (which shall not include the extinction of any liability, obligation or commitment) or an issue of securities for an acquisition of, or merger with, another company in consideration for the securities of that other company
acting in concert	co-operating for a common purpose by two or more persons pursuant to an agreement, arrangement or understanding (whether formal or informal) between them; and associates shall be deemed to be so co-operating
admission or admission to listing affected transaction	admission of securities to listing on the BSE and "admitted" shall be construed accordingly any transaction (including a transaction which forms part of a series of transactions) or scheme, whatever form it may take, which: <ol style="list-style-type: none"><li>1 taking into account any securities held before such transaction or scheme, has or will have the effect of vesting control of any company in any person, or two or more persons acting in concert, in whom control did not vest prior to such transaction or scheme; or any person, or two or more persons acting in concert, acquiring or becoming the sole holder or holders of, all the securities, or all the securities of a particular class, of any company; or</li><li>2 involves the acquisition by any person, or two or more persons acting in concert, in whom control of any company vests, of further securities of that company in excess of the limits prescribed;</li></ol>
applicant	an issuer which is proposing to apply, or is applying, for admission of any of its securities
associate	"associate" means in relation to an individual: <ol style="list-style-type: none"><li>1 that individual's family and/or</li><li>2 the trustees (acting as such) of any trust of which the individual's family is a beneficiary or discretionary subject (other than a trust which is either an occupational pension scheme, or an employees' share scheme which does not, in either case, have the effect of conferring benefits on the individual or the individual's family); and/or</li><li>3 any company in whose equity securities the individual or any person or trust contemplated in 1 or 2 above (taken together) are directly or indirectly beneficially interested (or have a conditional, contingent or future entitlement to become beneficially interested) and where the individual or any person or trust contemplated in 1 or 2 above are (or would on the fulfilment of the condition or the occurrence</li></ol>

<b>Term</b>	<b>Meaning</b>
	<p>of the contingency be) able:</p> <ol style="list-style-type: none"> <li>a) to exercise or control the exercise of 35% or more of the votes able to be cast at general meetings on all, or substantially all, matters; or</li> <li>b) to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters; and/or</li> </ol> <p>4 other corporate body (including partnerships, joint ventures and syndicates) formed under the Act in which any individual and/or member(s) (taken together) of the individual's family are beneficially interested in 35% or more of the members' interest and/or are able to exercise or control the exercise of 35% or more of the votes able to be cast at members meetings on all, or substantially all, matters.</p> <p>"associate" means in relation to a company:</p> <ol style="list-style-type: none"> <li>1 any other company which is its subsidiary, holding company or subsidiary of its holding company;</li> <li>2 any company whose directors are accustomed to act in accordance with the company's directions or instructions; and</li> <li>3 any company in the capital of which the company, and any other company under 1 or 2 taken together, is (or would on the fulfilment of a condition or the occurrence of a contingency be) interested in the manner described in 3 above.</li> </ol> <p>For the purpose of 3(a) above, where more than one director of the same listed company is directly or indirectly beneficially interested in the equity securities of another company, then the interests of those directors and their associates will be aggregated when determining whether such a company is an associate of any one director of such listed company</p>
beneficial	<p>"beneficial" in relation to:</p> <ol style="list-style-type: none"> <li>1 any interest in a security, means the de facto right or entitlement to receive the income payable in respect of that security and/or to exercise or cause to be exercised any or all of the voting, conversion, redemption or other rights attaching to that security; and</li> <li>2 any other interest, means the obtaining of any benefit or advantage, whether in money, in kind, or otherwise, as a result of the holding of that interest</li> </ol>
BSE	The Botswana Stock Exchange
BSEA	The Botswana Stock Exchange Act, 1994, including any amendments thereto
capitalisation issue (or bonus issue)	an issue of fully paid shares capitalised from a company's share premium, capital redemption reserve fund or reserves (or combination thereof) to existing shareholders of the company in proportion to their shareholdings at a specific date

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<b>Term</b>	<b>Meaning</b>
cash company or cash shell	a listed company (other than an investment entity as envisaged in Section 15) whose assets, to the satisfaction of the Committee consist wholly or mostly of cash because it has disposed of all or a substantial part of its business or otherwise ceased to have a business of sufficient substance to support its market capitalisation
Category 1,2,3 or 4 transaction	an acquisition or disposal by a listed company as described in Section 9
children	in relation to an individual includes any step child, adopted child or illegitimate child, who has not yet attained the age of 18 years, and any person under the guardianship of the individual
circular	any document or advertisement issued to holders of listed securities by an issuer of securities, but excluding listing particulars, annual reports and accounts, interim reports, proxy forms and dividend vouchers
claw back offer	an issue of securities for cash by an applicant to persons where the securities are then offered by such persons to the applicant's shareholders in proportion to their holdings
clear day	a period of days excluding the first and last day
clearing house	an association whose main business is the clearing, netting and settlement of transactions on a stock exchange
the Committee	the Committee of the BSE. This term is interchangeable with the Listings Committee as the Committee has authorised it to act on its behalf in all instances. In instances where it is impractical to convene committee meetings, the Chairman or alternatively the Secretary of either the Committee or the Listings Committee are authorised by the Committee to deal with matters as they deem appropriate.
company	a body corporate (wherever incorporated or established) and includes any other legal person, any undertaking and any association of persons or of entities and any trust or similar device (wherever established) which issues securities which are capable of being listed by the BSE
the Constitution	the Constitution of the Republic of Botswana
controlling shareholder	any shareholder, who together with: <ol style="list-style-type: none"> <li>1 his, or its, associates; and</li> <li>2 any other party with whom such shareholder has an agreement or arrangement or understanding (whether formal or informal) relating to any voting rights attaching to securities of the relevant company; can exercise, or cause to be exercised, 50% or more of the voting rights at meetings of the relevant company, or can appoint or remove, or cause to be appointed or removed, directors exercising more than 50% of the voting rights at directors' meetings of the relevant company</li> </ol>
convertible securities	securities which are convertible into or exchangeable for other securities accompanied by options to subscribe for or purchase other securities and "conversion" and "convertible" shall be construed accordingly
the daily official list	the afternoon session price list issued by the BSE

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<b>Term</b>	<b>Meaning</b>
de facto control	a holding or aggregate holding of shares or other securities in a company entitling the holder thereof to exercise, or cause to be exercised, the specified percentage or more of the voting rights at meetings of that company
deferred shares	equity shares which, as regards, entitlement to payment of dividends or a return of capital, rank behind the ordinary shares of the issuer
director	any person occupying the position of director or alternate director of a company, by whatever name he or she may be designated and, in relation to an issuer which is not a company, a person with corresponding powers and duties
equity instruments	securities with restricted or no voting rights but which participate in the distribution of profits in a manner directly linked to the profitability of the company
equity shares	shares comprised in a company's equity share capital and which carry votes
equity share capital	in regard to a company, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond the specified amount in a distribution
equity securities	equity shares, securities convertible into equity shares and equity instruments
external company	a company incorporated outside the Republic of Botswana
external property	property situated outside the Republic of Botswana
false market	the creation through any means of a fictitious price of a security
group	a holding company, not itself being a wholly owned subsidiary, together with all the companies being its subsidiaries
holding company	a company that has one or more subsidiaries
individual's family	the individual's spouse and children
IAS	International Accounting Standards formulated by the International Accounting Standards Committee or, in the case of an external company, national generally accepted accounting practice acceptable to the Committee
International Standards on Auditing	the International Standards on Auditing formulated by the International Auditing Practices Committee of the International Federation of Accountants
an introduction	a method of bringing securities to listing not involving an issue of new securities or any marketing of existing securities because the spread of shareholders already complies with the conditions for listing
intangible assets	non-monetary assets without physical substance including but not limited to goodwill, patents, trade marks, brand names, copyrights, franchises, licences, know-how and publication titles
investment entities	investment companies, investment trusts and unit trusts whose principal activity is the investment in securities
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<b>Term</b>	<b>Meaning</b>
issue for cash	an issue of securities for cash (or the extinction of a liability, obligation or commitment) in compliance with paragraphs 5.80 to 5.88: <ol style="list-style-type: none"> <li>1 on terms which are specifically approved by the shareholders in general meeting in respect of that particular issue (“a specific issue of shares for cash”); or</li> <li>2 generally approved by shareholders by the giving of a renewable mandate (which should be valid until the company's next annual general meeting provided it shall not extend beyond 15 months) to the directors of the issuer to issue shares for cash subject to these listings requirements and to any other restrictions set out in the mandate (“a general issue of shares for cash”)</li> </ol>
issuer	any company, any class of whose securities has been admitted or is, or is proposed to be, the subject of an application for admission
listed company	a company, any class of whose securities is listed
the List	the list maintained by the BSE of companies whose securities it has admitted to listing
listing	the admission of a security to the List and "listed" shall be construed accordingly
Listings Committee	the BSE Listings Committee, a sub-committee of the BSE. This term is interchangeable with the Committee as the Committee has authorised it to act on its behalf in all instances.
listing particulars	a statement by a company seeking a listing and issued for the purpose of giving information to the public with regard to the company and containing particulars specified in the listings requirements, by the law, or both
listings requirements	the listings requirements as from time to time amended by the BSE contained herein (including the "introduction"), save that the section headings, paragraph headings and the introductory text to each section headed "Scope of Section" do not form part of the listings requirements, and are for guidance and ease of reference only and are not to be construed as affecting the substance or interpretation of the listings requirements
Main Board	all securities listed on the main board of the list
market value	in relation to a listed security, the ruling price for that security
material	information which if omitted or misstated could influence the economic decisions of users and includes a change in or constituent of a particular factor which may be regarded in the circumstances as being material and which, as a rule of thumb, would probably exceed 10%
memorandum and articles of association	memorandum of association and articles of association or equivalent instrument constituting or defining the constitution of a company
merger issue	see "acquisition issue"
new applicant	an applicant, no class of whose securities is already listed
offer for sale	an invitation to the public by, or on behalf of, a third party to purchase securities of the issuer already in issue or to be issued and may be in the form of an invitation to tender at or above a stated price

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<b>Term</b>	<b>Meaning</b>
offer for subscription	an invitation to the public by, or on behalf of, an issuer to subscribe for securities of the issuer not yet in issue or allotted, and may be in the form of an invitation to tender at or above a stated price
placing	a marketing of securities already in issue but not listed, or not yet in issue, to specified persons or to clients of the sponsoring broker or any securities house assisting in the placing, which does not involve an offer to the public or to existing holders of the applicant's securities generally and which takes place immediately before the applicant is listed
pre-listing statement	the statement required to be issued by companies in terms of Section 6 and which includes a prospectus
press announcement	make available to the public as a paid press announcement in accordance with paragraphs 3.46 and 3.47
price sensitive	unpublished information which, if it were made public, would be reasonably likely to have an effect on the ruling price of a listed company's securities
prospectus	the prospectus to be issued in accordance with the Act
pyramid companies	companies classified by the Committee and pyramid companies in accordance with the criteria set out in paragraphs 14.4 and 14.5
renounceable offer	an invitation by a listed company to its shareholders to subscribe by way of rights for securities in the applicant where the listed company has received the right to subscribe for those securities in the applicant but renounces all or part of that right to its shareholders
The Republic of Botswana	the Republic of Botswana constituted under the Constitution
rights offer	an offer to existing holders of securities to subscribe for or purchase further securities in proportion to their holdings made by means of the issue of a renounceable letter or other negotiable documents which may be traded (as either "fully paid" or "nil paid" rights) for a period before payment for the securities is due
the Rules of the BSE	the rules made by the Committee from time to time
the ruling price	the price at which the last sale of a security took place, or, if higher the closing bid price, or, if lower, the closing offer price as published in the daily official list on the relevant day
scrip	share certificates
scrip dividend	for the purposes of these listings requirements: bonus (or capitalisation) shares which a shareholder elects to receive in lieu of a cash dividend where the shareholder is given a right to make such an election
secretary	includes any official of a company, by whatever name he may be designated, including a company, who, or which, is performing the duties normally performed by a secretary of a company
security(ies)	(a) means any fully paid up share, stock, debenture, debenture stock, loan stock, unit or a unit portfolio or other security, other than a bearer security or proprietary right; and (b) includes any right of option to acquire a security referred to in paragraph (a), whether fully paid up or not

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<b>Term</b>	<b>Meaning</b>
	(c) securities as per paragraph (a) and (b) does not include: <ol style="list-style-type: none"> <li>1 shares in a private company; or</li> <li>2 stocks or shares in a public company which cannot be acquired or transferred without the consent or approval of the directors or any representatives of the company, other than such consent or approval required by, under or by virtue of any law, or any options on or rights to such stocks and shares</li> </ol>
significant	any matter or element which is significant for the purpose of making an informed assessment of any transaction or listed security
sponsoring broker	a member of the BSE appointed by a listed company in accordance with Section 2
the State	the government of the Republic of Botswana
subscribed capital	the portion of the capital of a company which has been subscribed for by shareholders
subsidiary	a subsidiary company as defined in the Companies Act
substantial	a change in or constituent of a particular factor which may be regarded in the circumstances as being substantial and which, as a rule of thumb, would normally exceed 30%
temporary documents of title	allotment letters, split receipts, letters of acceptance, letters of rights
VCM	Venture Capital Market of the List. The VCM is intended to include fledgling companies and companies that do not meet the criteria for listing elsewhere on the Main Board. There is no requirement for the company listed to be a holding company. The company can be the sole operating entity with activities in any sector of the economy
vendor consideration issue	see "acquisition issue"
vendor consideration placing	a marketing on behalf of vendors of securities which are to be issued to them in consideration for an acquisition
weighted average traded price	the total value of the securities traded divided by the total number of securities traded

The terms used herein which are also defined in the Companies Act, 2003 (Act No. 32 of 2004) shall, notwithstanding any meaning ascribed thereto herein, carry the meaning given to them in the Act and each such term shall be deemed to have the meaning given to it in the Act.

## SECTION

# 1

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## Authority of the Committee

### Scope of section

This section sets out the authority of the Committee regarding its powers to list, suspend and terminate listings and its powers to enforce the listing requirements.

The main headings are:

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## **General powers of the Committee**

- 1.1 Subject to the provisions of the BSEA the Committee shall have the sole power:
- (a) subject to the listings requirements, to grant, review and suspend or terminate a listing of securities;
  - (b) to prescribe from time to time the minimum listings requirements with which an applicant shall comply before each security issued by such applicant is granted a listing;
  - (c) to prescribe from time to time the minimum listings requirements with which a listed company shall comply while a security issued by it remains listed;
  - (d) to suspend, alter or rescind a listings requirement prescribed before or after a listing has been granted and to prescribe additional listings requirements from time to time by way of amendment to these listing requirements
  - (e) to prescribe the circumstances under which a listing of a security shall or may be suspended or terminated.
- 1.2 Listings are granted subject to the listings requirements and an applicant must comply with the listings requirements. In addition, the Committee may grant a listing subject to any additional condition(s) which it considers appropriate, in which event the applicant will be informed of and will be required to comply with any such condition(s).
- 1.3 Nothing contained in this section shall be deemed to limit the powers of the Committee to those contained herein, and the Committee may at any time exercise any further powers granted to it in terms of the BSEA. Where the Committee exercises a discretion in terms of these listings requirements, it shall be its sole discretion and its rulings shall be final.

## **Suspension**

### **Unilateral suspension**

- 1.4 The Committee may, subject to the provisions of the BSEA, if it is of the opinion that it is desirable to do so and/or if the listed company has failed to comply with the listings requirements, suspend the listing of securities in a listed company and may impose such conditions as it may in the circumstances deem appropriate for the lifting of such suspension. For example, a temporary suspension pending an announcement may be lifted when the announcement is made or in the case of a reverse takeover the lifting of the suspension may be made conditional upon the publication of the Category 1 circular and listing particulars.
- 1.5 When the listing of securities in a listed company is under threat of suspension, the affected company shall be afforded the opportunity of making representations to the Committee in support of the continued listing of such securities prior to the Committee making any decision to suspend such listing.
- 1.6 When the listing is suspended and the affected company fails to take adequate action to obtain the restoration thereof within a reasonable period of time, the Committee is likely to terminate the listing as set out below.

### **Suspension on request**

- 1.7 The Committee may grant a request for suspension of any listed securities in the following circumstances:
- (a) where a listed company is placed under provisional liquidation or in judicial management or subject to an application for a scheme of arrangement or reconstruction under the Act, or

- (b) where the request is made by the directors of a listed company and it is apparent that there are two levels of information in the market and the Committee considers that this situation cannot be remedied by the immediate publication of an announcement to clarify the situation.

## **Termination**

### **Unilateral termination**

- 1.8 The Committee may, if it is of the opinion that it is desirable to do so and/or if the listed company has failed to comply with the listing requirements, remove from the list any securities previously included therein; provided that the listing of such securities shall first have been suspended in accordance with the above provisions.
- 1.9 When the listing of securities in a listed company is under threat of termination, the affected company shall be afforded the opportunity of making representations to the Committee in support of the continued listing of such securities prior to the Committee making any decision to terminate such listing.

### **Termination on request**

- 1.10 A listed company may, at any time, make written application to the Committee for a deletion of its securities from the list stating from which time and date it wishes the deletion to be effective and the reasons for the request. The Committee may grant the request for termination if it deems this to be desirable; provided the Committee deems such securities to be eligible for continued inclusion, such securities shall only be removed from the list where the listed company's shareholders in general meeting have approved such removal.

### **Redemption either wholly or in part; removal from the List of redeemable preference shares or debentures**

- 1.11 Written application for the removal of redeemable preference shares or debentures of the corresponding portion thereof from the list as and from the date of the closing of the registers or from the date on which the redemption or repayment, as the case may be, took place (if preference shares or debentures are redeemed by drawings) must be made to the Committee at least 30 days before the date of redemption.
- 1.12 The application must be accompanied by a copy of the proposed announcement and/or circular to be published and/or sent to the redeemable preference shareholders or debenture holders thereby notifying them of the redemption.

### **Annual revision of the List**

- 1.13 In terms of Section 16(1)(d) of the BSEA a company's listing shall be reviewed by the Committee annually after receipt by the Listings Committee of a certificate complying with Schedule 18 (the "certificate"), by not later than 28 February in each year ("the due date"). If the certificate is not received by the Listings Committee on or before the due date:
- (a) on the day following the due date, a letter of reminder will be sent by registered post or facsimile, or hand delivered, or electronically communicated to the listed company requesting that it rectify the situation and advising that it has been granted a period of one month from the date of such reminder, in which to provide the Listings Committee with the certificate, failing which the company's listing will be

- suspended and a special meeting of the Committee will be convened to consider the continued suspension or termination of the company's listing;
- (b) failing compliance within fourteen days of despatch of the reminder to the listed company, the Committee will publish a press announcement informing shareholders that the listed company has not provided the BSE with the certificate, and cautioning shareholders that the listing of the listed company's securities are under threat of suspension and possible termination;
  - (c) on the date of publication of the press announcement, the company's listing will be annotated on the main board with an "R" to indicate that it has failed to provide the BSE with the certificate timeously;
  - (d) the listed company will be invoiced for the cost of publication of the press announcement which invoice will be payable on presentation; and
  - (e) where the listing is suspended, the lifting of the suspension will only be effected upon receipt of the certificate by the Listings Committee.

### **Power of censure**

- 1.14 If the Committee considers that a listed company has contravened the listing requirements in any way, it may (without derogating from the powers of suspension and/or termination of the Committee), censure that company by way of a written warning and/or a penalty not exceeding P25 000.
- 1.15 Unless the Committee considers that maintenance of the smooth operation of the market or, the protection of investors otherwise requires, the Committee will give advance notice to the parties involved of any action which it proposes to take and will give them opportunity to make representations to the Committee.

### **Power to require information**

- 1.16 The Committee may require a listed company to disclose to it within a period specified by it, such information at the company's disposal as the Committee may determine, and if the Committee is satisfied, after such company has had an opportunity of making representations to it, that the disclosure of that information to the registered holders of the securities in question will be in the public interest, the Committee may by notice in writing require such company so to disclose that information within the period specified in the notice.
- 1.17 The Committee may require a listed company to provide for the publication or dissemination of any further information not specified in the listings requirements in such form and within such time limits as it considers appropriate. The listed company must comply with such requirement, and, if it fails to do so, the Committee may publish the information after having heard the representations of the listed company or after having granted the listed company the opportunity to make such representations.

### **Publication**

- 1.18 The Committee, may in its absolute discretion and in such manner as it may deem fit, notify or cause to be notified to the public that it has:
- (a) investigated dealings in the listed security;
  - (b) censured the listed company;
  - (c) suspended the listing of any security; and/or
  - (d) terminated the listing of any security.

- 1.19 In the notice referred to in paragraph 1.18, the Committee shall notify, or cause to be notified to the public, the reasons for such investigation, censure, suspension or termination (as the case may be), and in the case of an investigation, so much of its conclusions or findings as it may, in its absolute discretion, deem necessary.
- 1.20 No listed company or its directors or officers shall have any cause of action against the Committee or any member thereof, or against any person employed by the BSE or the Committee for damages arising out of the publication of any statement made in terms of paragraph 1.18, unless such publication was made with the wilful intention of injuring the listed company, its directors or officers.
- 1.21 The Committee may at any time in its absolute discretion publish or cause, permit or authorise the proprietor or publisher of any newspaper or other periodical publication to publish any statement made in terms of paragraphs 1.18 and 1.19.

**Special case: cash companies (cash shells)**

- 1.22 Should the cash company, within six months after the Committee has written to a cash company, fail to acquire viable assets which meet the conditions for listing, as set out in Section 4, its listing may be suspended after being granted a hearing by the Committee.
- 1.23 Failing approval by the Committee of a circular relating to the acquisition of viable assets by the listed company which satisfy the conditions for listing, as set out in Section 4, within a three month period from the date of suspension, the company's listing will be terminated automatically.

## SECTION

# 2

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## Sponsoring Brokers

### Scope of section

This section sets out the requirements relating to sponsoring brokers. A sponsoring broker is required to be appointed in certain circumstances by issuers. Such sponsoring broker must undertake to the Committee to accept certain responsibilities. If the sponsoring broker fails to carry out these responsibilities, the Committee may take one or more of the steps referred to in paragraph 2.14. The Committee encourages the appointment of a sponsoring broker fully experienced in market practice to give advice on a continuing basis regarding the application of the listings requirements (in particular, the continuing obligations set out in Section 3).

The main headings are:

2.1	Qualifications.....	2-2
2.2	Appointment.....	2-2
2.4	Responsibilities of a sponsoring broker.....	2-2
2.13	Direct access.....	2-3
2.14	Action against a sponsoring broker.....	2-4

**Qualifications**

- 2.1 A sponsoring broker must undertake to the BSE in the form set out in Schedule 16 to accept the responsibilities of a sponsoring broker and discharge those responsibilities at all times to the satisfaction of the Committee.

**Appointment**

- 2.2 An issuer must appoint a sponsoring broker when:
- (a) the issuer makes any application for listing which requires the production of listing particulars;
  - (b) it wishes to submit documentation to the Listings Committee pertaining to any of the matters detailed in paragraph 16.2;
  - (c) after a breach of the listings requirements, the Committee notifies the issuer that the appointment of a sponsoring broker is required to give advice on the application of the listings requirements;
  - (d) a sponsoring broker is required by the listings requirements to report to the Committee in relation to any transaction or matter; and
  - (e) so requested by the Committee.
- 2.3 The Committee may, where it deems that the proposed transaction, so requires, require an issuer to appoint a joint sponsoring broker.

**Responsibility of a sponsoring broker****Nature of responsibilities**

- 2.4 The responsibilities of the sponsoring broker to the BSE referred to in the undertaking contained in Schedule 16 are as set out in paragraphs 2.5 to 2.12. Failure to carry out these responsibilities may result in the Committee taking one or more of the steps referred to in paragraph 2.14.
- 2.5 A sponsoring broker who places reliance on the advice of advisers to the issuer should be satisfied as to the credentials and abilities of such advisers.
- 2.6 The sponsoring broker must:
- (a) in the case of a new applicant, satisfy itself, to the best of its knowledge and belief, having made due and careful enquiry of the issuer and its advisers, that the issuer has satisfied all relevant conditions for listing and other relevant requirements of the listings requirements; and
  - (b) ensure that the issuer is guided and advised as to the application of the listings requirements.

**Applications for listings**

- 2.7 In the case of any application for listing which requires the production of listing particulars, the sponsoring broker must complete a declaration in the form issued by the Committee (see Schedule 17) confirming that it has satisfied itself to the best of its knowledge and belief, having made due and careful enquiry of the issuer and its advisers that:
- (a) all the documents required by the listings requirements to be included in the application for listing have been supplied to the Committee;
  - (b) all other relevant requirements of the listings requirements have been complied with; and

- (c) there are no matters, other than those disclosed in the listing particulars or otherwise in writing to the Committee, which should be taken into account by the Committee in considering the suitability for listing of the securities for which application is being made.

### **Directors**

- 2.8. The sponsoring broker must be satisfied, before any application for listing is made which requires the production of listing particulars, that the directors of the issuer:
  - (a) have had explained to them by the sponsoring broker or other appropriate professional adviser the nature of their responsibilities and obligations as directors of a listed company under the listings requirements; and
  - (b) in particular, understand what is required of them to enable holders of the issuer's listed securities and the public to appraise the position of the issuer and to avoid the creation of a false market in its securities once they are listed.

### **Financial reporting procedures**

- 2.9 In the case of a new applicant, the sponsoring broker must, before the application for listing is made, report to the Committee in writing that it has obtained written confirmation from the issuer and/or its advisers that the directors have established procedures which provide a reasonable basis for them to make proper judgements as to the financial position and prospects of the issuer and its group. The sponsoring broker must be satisfied that this confirmation has been given after due and careful consideration by the issuer.
- 2.10 Where a profit forecast or estimate (see paragraph 8.28) appears in listing particulars, a Category 1 circular or any circular containing proposals to be put to shareholders in general meeting concerning a refinancing or reconstruction of the issuer or its group, the sponsoring broker must report in writing to the Committee that it has made due and careful enquiry of the issuer and/or its advisers that the forecast or estimate has been properly made.

### **Other responsibilities**

- 2.11 The sponsoring broker is responsible for the following in relation to any application for listing which requires the production of listing particulars:
  - (a) communications with the Committee;
  - (b) lodging with the Committee all documents supporting the application; and
  - (c) seeking the Committee's approval of listing particulars.

### **More than one sponsoring broker**

- 2.12 Where more than one sponsoring broker has been appointed, the issuer must establish which sponsoring broker has primary responsibility, or how responsibility is to be allocated for any specific application for listing which requires the production of listing particulars.

### **Direct Access**

- 2.13 A sponsoring broker must be present at all formal discussions between the Listings Committee or the Committee and an issuer regarding the issuer.

**Action against a sponsoring broker**

- 2.14 If the Committee considers a sponsoring broker to be in breach of its responsibilities, it may:
- (a) censure the sponsoring broker;
  - (b) take such other disciplinary action that may be appropriate under the Rules of the BSE;
  - (c) publish, or cause to be published, by whatever means the Committee may decide, what action it has taken and the reasons for that action.
- 2.15 The Listings Committee will normally deal, in the first instance, with any breach by a sponsoring broker of its responsibilities. Where the Listings Committee believes, following its investigations, that there has been a breach by a sponsoring broker of its responsibilities, the Listings Committee will refer the matter to the Committee.
- 2.16 Where the Committee proposes to take any of the steps described in paragraph 2.14, the sponsoring broker will be:
- (a) given advance notice of the Committee's proposed action;
  - (b) entitled to appeal to the Committee either in writing or in person, or both;
  - (c) advised of the Committee's decision as soon as practicable after it is made; and
  - (d) advised in writing of the reasons for any decision that is unfavourable to the sponsoring broker.
- 2.17 In case of an appeal to the Committee:
- (a) representatives of the sponsoring broker and its advisers may attend and any of them may address the Committee, subject to (b) below; and
  - (b) the Committee may limit the number of persons involved in hearings and will not normally allow presentation of a case by a legal representative.
- 2.18 The Committee is (without prejudice to the powers referred to in paragraph 1.1) the final decision-making body of the BSE for the purposes of paragraphs 2.14 to 2.17.

## SECTION

# 3

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## Continuing Obligations

### Scope of section

This section sets out certain of the continuing obligations which a listed company is required to observe once any of its securities have been admitted to listing. Additional continuing obligations are set out in the following sections:

Section 8 Financial information

Section 9 Transactions

Section 10 Transactions with related parties

Section 11 Circulars and press announcements

Section 16 Documents to be submitted to the Committee

Additional and alternative requirements relating to continuing obligations are set out in Sections 12, 13, 14 and 15 respectively dealing with mineral companies, property companies, pyramid companies and investment entities.

Observance of the continuing obligations is essential to the maintenance of an orderly market in securities and to ensure that all users of the market have simultaneous access to the same information. Failure by a listed company to comply with any applicable continuing obligation may result in the Committee taking any or all of the steps described in Section 1.

The main headings are:

3.1	Compliance with the listings requirements.....	3-2
3.3	General obligation of disclosure.....	3-2
3.11	Disclosure of periodic financial information.....	3-3
3.27	Notification relating to capital.....	3-6
3.28	Rights as between holders of securities.....	3-7
3.39	Shareholder spread.....	3-8
3.45	Communication with shareholders.....	3-9
3.59	Miscellaneous obligations.....	3-10

**Compliance with the listings requirements**

- 3.1 Every company whose securities are listed shall comply with the listings requirements.
- 3.2 Where there is an overlap between any requirements or dispensations that may be required by or granted in terms of any law, or by any statutory body or organ such as the Registrar of Companies, a listed company must, notwithstanding such other requirements or dispensations, nonetheless comply with these listings requirements.

**General obligation of disclosure**

- 3.3 An issuer must, without delay, subject to approval by the Listings Committee, publish a press announcement giving details of:
- (a) circumstances or events that have or are likely to have a material effect on the financial results, the financial position or cash flow of the issuer and/or information necessary to enable holders of the issuer's listed securities and the public to avoid the creation of a false market in its listed securities; and
  - (b) any new developments in its sphere of activity which are not public knowledge and which may by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to material movements in the ruling price of its listed securities.

Save where otherwise expressly provided, the requirements of this paragraph are in addition to any specific requirements regarding notification contained in the listings requirements.

**Confidentiality**

- 3.4 Information that is required to be announced in terms of paragraph 3.3 or any other listings requirement, and information which is not required to be announced in terms of the listings requirements but which is price sensitive and which the company wishes to release, may not, subject to paragraphs 3.5 to 3.8 be released (even subject to a time embargo) to any third party (which for the purposes of clarity, includes, inter alia, an analyst, the media (including the Internet) or a printer):
- (a) during BSE operating hours (08h00 to 17h00 Monday to Friday excluding Botswana public holidays), until such time as information has been released through the BSE
  - (b) outside BSE operating hours, until such time as information has been authenticated and, if necessary, approved and arrangements have been made for such information to be released through the BSE prior to the next opening of BSE operating hours
- 3.5 An issuer may give information in strict confidence to its advisers and to persons with whom it is negotiating with a view to effecting a transaction or raising finance; these persons may include prospective underwriters of an issue of securities, providers of funds or loans or the places of the balance of a rights issue not taken up by shareholders. In such cases, the issuer must advise, preferably in writing, the recipients of such information that it is confidential and that they must not deal in the company's securities before the relevant information has been made available to the public.
- 3.6 Information required by and provided in confidence to, and for the purposes of, a government department, the Bank of Botswana, or any other statutory or regulatory body or authority need not be published.
- 3.7 Where the information relates to a proposal by the issuer which is subject to negotiations with employees or trade union representatives the issuer may defer publication of the

information until such time as an agreement has been reached as to the implementation of the proposal.

- 3.8 When a company intends to release price sensitive information at any meeting of holders of listed securities, arrangements must be made for the notification of such information to the BSE so that the release of such information at the meeting is made at the same time that such information is released by the BSE. In addition, if the nature of the information would require an announcement to be made by the company in terms of the listings requirements, the company should as soon as possible thereafter publish the same announcement in the press in accordance with paragraphs 3.46 and 3.47. If any price sensitive information is disclosed during the course of a meeting of holders of listed securities, immediate steps should be taken for an appropriate announcement to be released through the BSE and, if necessary, in the press.

### **Cautionary announcements**

- 3.9 An issuer must publish, by way of a cautionary announcement, complying with paragraph 11.36 as soon as possible after it is in possession of any material price sensitive information if at any time the necessary degree of confidentiality of such information cannot be maintained, or if the company suspects that confidentiality has or may have been breached. An issuer that has published a cautionary announcement must publish updates as per 11.37.

### **Exception**

- 3.10 If the directors of the listed company consider that disclosure to the public of information required to be published in paragraph 3.3 might prejudice the listed company's legitimate interests, the Listings Committee may grant a dispensation from the requirement to make the information public.

## **Disclosure of periodic financial information**

### **Dividends and interest**

- 3.11 The declaration of dividends and/or interest payments in respect of listed securities should immediately be released through the BSE and a copy of such announcement should be sent to shareholders. This announcement released through the BSE must be made at least 14 days prior to the last day to register and must contain the following minimum information:
- (a) the last day to register;
  - (b) the date on which the dividend/interest will be paid; and
  - (c) the cash amount that will be paid for the dividend/interest

Notwithstanding anything to the contrary Issuers of listed debt securities need not adhere to provisions of this Section provided the certificates of title of the securities comply with Section 11.10 of Schedule 11

- 3.12 If a listed company decides not to declare dividends or interest, this must be released through the BSE immediately after such decision is taken if such decision is likely to be price sensitive.
- 3.13 A listed company declaring a final dividend prior to the publication of the annual financial statements or preliminary report must ensure that the dividend notice given to shareholders contains a statement of the ascertained or estimated consolidated profits before taxation of the listed company and its subsidiaries for the year, and also

particulars of any amounts appropriated from reserves, capital profits, accumulated profits of past years, or other special sources, to provide wholly or partly for the dividend.

- 3.14 At least fourteen days notice must be given to shareholders and the Committee prior to the last day to register for the dividend or interest.
- 3.15 The last day to register should be a Friday, or if that day is a public holiday, the previous business day. The Listings Committee may, in its sole discretion, agree to a different day in exceptional circumstances.
- 3.16 Payment of dividends and interest must be effected within 6 weeks after the last day to register.
- 3.17 Where a dividend/interest declaration is expressed as a percentage the thebe equivalent must be shown in parenthesis.
- 3.18 A penalty of P2 000 will be imposed on listed companies where declarations have been notified late and/or the last day to register is not in accordance with paragraph 3.15 above.

### **Interim and preliminary reports**

#### **Interim reports**

- 3.19 Interim reports shall be published in the press and be distributed to all shareholders as early as possible after the expiration of the first six month period of a financial year, but not later than three months after that date. Where the financial period covers 15 months or longer, interim reports shall be published in the press in respect of the first and second six months of this period. Section 8.45 to 8.47 deal with the requirements in greater detail.

#### **Preliminary reports**

- 3.20 If a listed company has not distributed annual financial statements to all shareholders within three months of its financial year end, it must publish in the press and distribute to all shareholders a preliminary report even if the information is unaudited at that time.

#### **Procedure for non-compliance**

- 3.21 Where a listed company fails to comply with paragraphs 3.19 and/or 3.20:
  - (a) on the day following the due date of issue of the listed company's interim/preliminary report, a letter reminder will be sent by registered post or facsimile or physically delivered or electronically communicated to the listed company requesting that it rectify the situation and advising that it has been granted a period of one month, from the date of such reminder, in which to issue its interim/preliminary report, failing which the company's listing will be suspended and a special meeting of the Committee will be convened to consider the continued suspension or termination of the company's listing;
  - (b) failing compliance within fourteen days of despatch of the reminder to the listed company, the Committee will publish a press announcement informing shareholders that the listed company has not issued its interim/preliminary report and cautioning shareholders that the listing of the listed company's securities are under the threat of suspension and possible termination;
  - (c) on the date of publication of the announcement, the company's listing will be annotated on the main board with an "RE" to indicate that it has failed to submit its interim/preliminary report timeously;

- (d) the listed company will be invoiced the cost of publication of the press announcement which invoice will be payable on presentation; and
- (e) where the listing is suspended, the lifting of the suspension will only be effected upon receipt by the Committee of the listed company's interim/preliminary report.

**Requirement for review by auditors**

3.22 The following provisions apply in respect of unaudited interim reports, and unaudited preliminary reports:

- (a) subject to (b), unaudited interim reports are not required to be reviewed by a listed company's auditors;
- (b) unaudited interim reports shall be reviewed by a listed company's auditors if the company's auditors have disclaimed their opinion, or produced an adverse opinion, on the company's latest financial statements, unless the Committee otherwise decides;
- (c) unaudited preliminary reports shall be reviewed by a listed company's auditors;
- (d) in the case of a listed mineral company, its unaudited financial reports are not required to be reviewed by its auditors, unless otherwise requested by the Committee;
- (e) when conducting a review of an unaudited interim or preliminary report, the auditor shall follow any guidelines issued by the Botswana Institute of Accountants;
- (f) if an interim or preliminary report has been reviewed by an auditor, this and the name of the auditor shall be stated in the published interim or preliminary report. Although the report of the auditor need not be included in the published interim or preliminary report, if such report is qualified or there is disagreement as to the matters disclosed in the interim or preliminary report, details of the nature of such qualification or disagreement shall also be stated therein. If the report of the auditor is not included in the published interim or preliminary report, it shall state that the report of the auditor is available for inspection at the company's registered office; and
- (g) if during the course of a review of a preliminary report, the auditor becomes aware of any unresolved matter which could result in the qualification of the auditor's report on the annual financial statements for the period under review, that fact shall be stated.

**Annual financial statements**

3.23 Every listed company shall, within six months after the end of each financial year at least twenty-one clear days before the date of the annual general meeting, distribute to all shareholders and submit to the Listings Committee in accordance with paragraph 16.21:

- (a) a notice of annual general meeting; and
- (b) the annual financial statements for the relevant financial year which financial statements will have been reported upon by the company's auditors.

**Procedure for non-compliance**

3.24 The following procedure shall prevail for a listed company which fails to comply with paragraph 3.23 above:

- (a) five months after the listed company's financial year end, the Committee may issue to the listed company a letter of reminder by registered post or facsimile or hand

- delivered or electronically communicated, advising that it still has one month within which to submit its annual financial statements, failing which its listing may be suspended until such time as the annual financial statements have been submitted;
- (b) six months after the listed company's financial year end the company's listing will be annotated on the main board with an "RE" to indicate that it has failed to submit its annual financial statements timeously;
  - (c) the Committee will publish a press announcement informing shareholders that the listed company has not submitted its annual financial statements and cautioning shareholders that the listing of the listed company's shares is under threat of suspension and possible termination;
  - (d) if the listed company has not complied with paragraph 3.23 by the end of the seventh month after its financial year end the company's listing will be suspended by the Committee and the Committee will be convened to consider the continued suspension or termination of the company's listing;
  - (e) the listed company will be invoiced the cost of publication of the paid announcement; and
  - (f) the listed company's suspension will be lifted upon receipt by the Committee of the listed company's annual financial statements.
- 3.25 Discretionary authority shall vest with the Committee to waive the requirement for automatic suspension of a company's listing where it has not submitted its annual financial statements timeously.

#### **Qualified or disclaimed auditor's opinion**

- 3.26 The following procedure shall prevail for a listed company whose financial statements have been the subject of an audit qualification or disclaimer:
- (a) When the opinion of the company's auditors on the annual financial statements of a listed company is qualified:
    - (i) the company's listing on the main board will be annotated with a "Q" to indicate that the auditor's opinion is qualified. (This annotation will be removed once the company produces an unqualified auditor's opinion); and
    - (ii) a press announcement will be published in the press by the BSE informing shareholders that the auditor's opinion has been qualified (which announcement will be paid for by the company).
  - (b) When the company's auditors disclaim an opinion on the annual financial statements of a listed company:
    - (i) the company's listing on the main board will be annotated with a "D" to indicate that the company's listing is under threat of suspension and a press announcement will be published by the BSE (which announcement will be paid for by the company); and
    - (ii) a special meeting of the Committee will be convened within twenty one days of receipt of such financial statements to consider the continued listing, or suspension and possible subsequent termination of the company's listing.

#### **Notification relating to capital**

- 3.27 A listed company must, without delay (unless otherwise indicated), publish a press announcement containing details of the following information relating to its capital:

**Alteration to capital structure**

- (a) any proposed change in its capital structure (for example any increase in the level of authorised or issued securities) other than allotments of new shares in terms of paragraphs 5.96 to 5.98 and save that an announcement of a new issue may be delayed while marketing or underwriting is in progress (see also paragraph 3.5);

**Changes of rights attaching to securities**

- (b) any proposed change in the rights attaching to any class of listed securities or to any securities into which any listed securities are convertible;

**Basis of allotment**

- (c) the basis of allotment of listed securities offered generally to the public for cash and of claw-back offers to shareholders; in the case of public offers an additional press announcement must appear before dealings commence;

**Temporary documents of title**

- (d) any extension of time granted for the currency of temporary documents of title;

**Issues affecting conversion rights**

- (e) the effect, if any, of any issue of further securities on the terms of the exercise of rights under options and convertible securities; and

**Results of new issues**

- (f) the results of any new issue of listed securities or of a public offering of existing securities must be made as soon as they are known. The issuer may, at its discretion, delay such publication until the obligation by the underwriter to take or procure others to take securities is finally determined or lapses.

**Rights as between holders of securities**

**Equality of treatment**

3.28 A listed company must ensure that all holders of any class of its securities receive fair and equal treatment.

**Voting Rights**

3.29 A listed company shall not issue any securities with a voting right differing from other securities of the same class.

**Pre-emptive rights**

3.30 Subject to paragraph 3.32 and 3.33, a listed company proposing to issue equity securities for cash must first offer those securities by rights offer to existing equity shareholders in proportion to their existing holdings. Only to the extent that the securities are not taken up by such persons under the offer may they then be issued for cash to others or otherwise than in the proportion mentioned above.

3.31 To the extent permitted by the Registrar of Companies and subject to the prior approval of the Committee, a listed company need not comply with paragraph 3.30 with respect to securities which the directors of the listed company consider necessary or expedient to exclude from the offer on account of either legal problems under the laws, or the requirements of a regulatory body.

**Waiver of pre-emptive rights**

- 3.32 To the extent that shareholders of a listed company give their authorisation by ordinary resolution (determined in accordance with paragraphs 5.81(g) or 5.82(e) or (f)), issues by a listed company of equity securities for cash made otherwise than to existing shareholders in proportion to their existing holdings will be permitted in respect of a specific issue of shares for cash, for that share issue, and in respect of a general issue of shares for cash, for a fixed period of time thereafter in accordance with that authority.
- 3.33 However, in exceptional circumstances (such as rescue operations), the Committee, in its sole discretion, may grant a company dispensation from the normal requirements relating to issues of shares for cash. In these circumstances, the Committee, in its sole discretion, may require the publication of such information relating to the dispensation as it deems appropriate.

**Issues by major subsidiary**

- 3.34 A listed company must obtain the specific approval (determined in accordance with paragraph 5.81(g) of its shareholders before any major unlisted subsidiary of the listed company undertakes an issue of shares for cash which would materially dilute the listed company's percentage interest in the equity securities of that subsidiary. For the purposes of this paragraph and paragraphs 3.35 and 3.36, a subsidiary which represents 30% or more of the aggregate of the share capital and reserves (excluding any minority interests, unrealised reserves not supported by a valuation, prepared in the last 6 months by an independent professional expert acceptable to the Committee and intangible assets) or profits (after deducting all charges except taxation and excluding extraordinary items) of the listed company's group will be regarded as a major subsidiary.
- 3.35 The obligation to obtain the consent of shareholders set out in paragraph 3.34 does not apply if the major subsidiary is itself listed in which event the major subsidiary must obtain the consent (determined in the manner referred to in paragraph 3.34) of its own shareholders.
- 3.36 When a listed or unlisted major subsidiary of a listed holding company has a rights offer and the listed holding company does not intend to follow its rights which would materially dilute its percentage interest in the equity securities of that subsidiary, the listed holding company must first obtain the specific approval (determined in accordance with paragraph 5.81(g)) of its shareholders.

**Options for cash**

- 3.37 Where options over securities (excluding executive and staff share schemes) are granted for cash, it is required that such options shall be issued to all shareholders on the share register as at the business day immediately prior to the date of the grant of the listing in proportion to their shareholding in the listed company. Where this procedure is not to be adopted, the Committee's consent should be obtained.
- 3.38 The total number of options granted or issued may not, except in the case of a mineral company (as defined in Section 12), exceed 20% of the listed company's issued capital unless offered to all shareholders in proportion to their existing shareholdings.

**Shareholder spread**

- 3.39 All listed companies are required to ensure that a minimum percentage of each class of securities is held by the public as described in paragraphs 4.21(d) and (e) or 4.22(f)(iv) and (v) ('the minimum spread requirement').
- 3.40 If the percentage of a class of securities held by the public does not comply with the minimum spread requirements the Committee may suspend or terminate the listing of a company in accordance with Section 1. The Committee may allow a reasonable time to restore the percentage, unless this is precluded by the need to maintain the smooth operation of the market or in order to protect investors.
- 3.41 A listing will not be granted to any issue of securities that would reduce the percentage level of securities held by the public.
- 3.42 If any listed company does not comply with the minimum spread requirements, any application to list new securities will be granted only if, as a result of the issue, the minimum spread requirements will be achieved as far as possible given the size of the issue.
- 3.43 Notwithstanding the above, the Committee may allow a reduction in the minimum spread requirements if it considers such a reduction is in the best interests of the listed company and does not unduly prejudice investors, for example in a rescue situation.

**Notification**

- 3.44 A listed company must inform the Committee, in writing, without delay, when it becomes aware that the proportion of any class of listed securities in the hands of the public has fallen below the said minimum spread requirements.

**Communication with shareholders****Prescribed information to shareholders**

- 3.45 A listed company must ensure that all the necessary facilities and information are available to enable holders of securities to exercise their rights. In particular it must:
- (a) inform holders of securities of the holding of meetings which they are entitled to attend;
  - (b) enable them to exercise their rights to vote, where applicable; and
  - (c) publish notices in the press or distribute circulars in terms of the listings requirements.

**Publication****Press announcements**

- 3.46 a) All announcements, prospectuses, prelisting statements and circulars (regulatory publications) must be published on the X-news service of the BSE. Abridged versions of Financial Statements, Prospectuses and Prelisting Statements must in addition to X-news, be published in English in a national English language newspaper.
- b) It is mandatory for regulatory publications to be released on X- News prior to publishing same in a newspaper and/or any other media or presentation.
- c) The formatting of the regulatory publications must be as provided for in Schedule 20 of these requirements.

- d) Listed companies shall be liable to pay fees for publications of the regulatory publications on X-News as per the fee structure detailed in Section 17.9 of these requirements.

3.47 Where the registered office of the listed company is situated outside the Republic of Botswana, the requirements of the Committee should be ascertained from the Listings Committee.

#### **Circulars and listing particulars**

3.48 Circulars and pre-listing statements must be printed in English and be distributed to all shareholders.

#### **Botswana transfer office or a receiving and certification office**

3.49 All listed companies are required to maintain a transfer office or a receiving office in Botswana. Certification must be completed within 24 hours.

#### **Transfer offices for other stock exchanges**

3.50 If a listed company has applied for and been granted permission for its securities to be listed on another stock exchange, it is required to ensure that the securities will be accepted for transfer, without delay, if presented in any of the centres in which the securities are listed.

#### **Proxy forms**

3.51 A proxy form must be sent, together with the notice convening a meeting of holders of listed securities, to each person entitled to vote at such meeting.

#### **Other classes of security**

3.52 If a circular, listing particulars or press announcement is despatched to the holders of any particular class of security, the listed company must despatch a copy or summary of such document to the holders of all other listed securities in such company unless the contents of such document are irrelevant to them.

#### **Communications with holders of bearer securities**

3.53 If there is a need to communicate with holders of listed bearer securities the listed company must publish a press announcement referring to the communication and giving an address or addresses from which copies can be obtained.

#### **Documents of title**

3.54 Share certificates and all other documents of title emanating from listed companies must be sent by registered post.

#### **Temporary documents of title**

3.55 Listed companies shall not introduce "temporary documents of title" in Botswana as normal routine until and unless they shall have received the Committee's approval and

shall have furnished such information and documents as may be required by the Committee.

- 3.56 Listed companies which have received such approval shall not place a time limit on the acceptance by them of any "temporary documents of title" for the purpose of issuing definitive certificates.
- 3.57 No listed company may make a charge for the registration and/or transfer of its securities in the Republic of Botswana.

### **Receipts**

- 3.58 On request, receipts will be issued for all securities lodged with the listed company, whether for registration or otherwise.

### **Miscellaneous obligations**

#### **Redemption of listed redeemable preference shares in terms of Section 59 of the Act**

- 3.59 A redemption of listed redeemable preference shares in terms of Section 59 of the Act must be authorised and conducted in accordance with the listed company's memorandum and articles of association and the provisions of the Act.
- 3.60 A circular must be sent to holders of the securities containing the information set out in paragraph 11.30 unless waived in terms of paragraph 11.31.
- 3.61 Written application must be submitted to the Committee for removal from the List of the securities to be redeemed as from a specified time and date.

### **Listing and other fees**

- 3.62 A listed company must pay the listing and other fees including its annual charge for listing, as set out in Section 17, as soon as such payment becomes due.

### **Directors**

- 3.63 All directors, other than managing directors, must retire by rotation at least once in every three years. No more than half of the directors may be appointed as managing directors.

### **Companies also quoted on another stock exchange**

- 3.64 A listed company whose securities are listed on any other stock exchange must ensure that equivalent information is made available at the same time to the market of each exchange on which the company's securities are listed unless prohibited by or in terms of the rules or requirements of any other stock exchange.

### **Information to be processed by the BSE**

- 3.65 Listed companies shall ensure that information which is provided to the BSE for processing is the same as that provided to other parties such as transfer secretaries.

## SECTION

# 4

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## Conditions for Listing

### Scope of section

This section sets out the conditions for listing. The main headings are:

4.1	Introduction.....	4-2
4.6	Conditions applicable.....	4-2
4.18	Public shareholder.....	4-4
4.21	Criteria for each market.....	4-5

Additional and alternative requirements relating to conditions for listing are set out in Sections 12, 13, 14 and 15 respectively dealing with mineral companies, property companies, pyramid companies, redevelopment and investment entities.

## **Introduction**

- 4.1 Listings or additional listings are granted subject to the listings requirements now or hereafter in force.
- 4.2 All applications for listing are to be submitted to the Committee through a sponsoring broker.

## **Discretion of the Committee**

- 4.3 It must be emphasised that, notwithstanding these requirements, the Committee may, in its overriding discretion, grant a listing to an applicant which does not fulfill the requirements set out below or refuse a listing to an applicant which does comply with these listings requirements on the grounds that, in the Committee's opinion, the grant or refusal of the listing is in the interests of the investing public. The Committee reserves the right to withhold the reasons for refusal to grant the listing. Applicants which wish to apply for a listing, but which do not meet all of the objective criteria prescribed by these listings requirements for the grant of a listing are therefore invited to discuss their intended applications with the Committee.
- 4.4 The items below are not exhaustive and where unusual features are present in the applicant an approach to the Committee by the sponsoring broker is advised.
- 4.5 Applicants are required to submit to the Committee, at an early date, any matter or unusual feature pertaining to the listing not specifically provided for in the listings requirements. This procedure will obviate any difficulties that may arise after applicants have finalised transactions without the Committee's approval and which may be in conflict with the listings requirements.

## **Conditions applicable**

### **Relating to the applicant**

#### **Applicant to be duly constituted**

- 4.6 The applicant must be duly incorporated or otherwise validly established under the law of the country of incorporation or establishment, and must be operating in conformity with its memorandum and articles of association and all laws of its country of incorporation or establishment.

#### **Listing of subsidiary companies**

- 4.7 Whenever a company intends making an offer of securities in a subsidiary or procures that the subsidiary issues securities in order to obtain a listing in respect of such subsidiary, those securities to be issued which are not to be retained by the holding company must be renounced in favour of its shareholders by way of a renounceable offer (see paragraph 5.31) unless there are circumstances which the Committee considers exceptional or the shareholders of the company specifically approve otherwise in accordance with paragraph 5.81(g).

#### **Financial information**

- 4.8 The following are the requirements relating to financial information:
  - (a) the financial statements must have been drawn up in accordance with the applicants national law and must be prepared and independently audited in accordance with standards regarded by the Committee as appropriate for listed companies. Indications of compliance with this requirement would be financial statements prepared, in all significant respects, in accordance with IAS;

- (b) the auditors must have reported on the financial statements without any qualification which in the opinion of the Committee is significant for the purposes of listing; and
- (c) any profit forecast of an applicant must be accompanied by a report complying with paragraph 8.31 by the applicant's auditors or reporting accountants.

### **Relating to the securities**

#### **Status of the securities**

- 4.9 The securities for which a listing is sought must be issued in conformity with the law of the applicant's country of incorporation or establishment and in conformity with the applicant's memorandum and articles of association and all authorisations needed for their creation and issue under such law or documents must have been duly given. No application will be considered until the memorandum and articles of association of the applicant or, if applicable, the Debenture Trust Deed have been approved by the Committee.
- 4.10 Where a new applicant already has securities listed on another stock exchange, it must be in compliance with the requirements of that exchange and the relevant laws of that country.

#### **Transferability of securities**

- 4.11 The securities for which listing is sought must be fully paid up and freely transferable, except for as regulated by the Bank of Botswana.

#### **Securities excluded from listing**

- 4.12 The Committee will not grant a listing in respect of issues of non-voting equity securities or securities which the Committee, at its sole discretion, considers constitute equity instruments, with high or low votes.

#### **Convertible securities**

- 4.13 In addition to any other listings requirements affecting convertible securities, the Committee will not grant a listing to convertible securities unless there are sufficient unissued securities in the applicant's authorised capital into which the convertible securities could convert at the time such convertible securities are issued. The applicant must further undertake to the BSE that it will at all times maintain sufficient unissued securities to cater for the eventual conversion.

#### **Deferred shares**

- 4.14 The following are the requirements relating to the issue and listing of deferred shares:
- (a) the period of deferment must not exceed three years. The Committee under special circumstances may grant extensions for up to five years;
  - (b) the Committee will not in normal circumstances permit the total number of deferred shares in issue to exceed 20% of an applicant's total issued share capital. This ruling shall not apply where the shares are offered on a pro rata basis as rights to ordinary shareholders;
  - (c) approval for the issue of deferred shares, which are not the subject of a rights offer to all shareholders, must be given in general meeting of the applicant; and
  - (d) an application for the listing of all deferred shares must be made to the Committee.

### **Unlisted securities**

- 4.15 In the event of an applicant not being granted a listing for additional securities issued or if for any reason certain securities were delisted:
- (a) the certificates must be stamped "Unlisted securities" and the stamp must be perpetuated for all future registrations;
  - (b) the share register must signify that the securities are unlisted; a statement regarding the unlisted securities must appear in the applicant's annual financial statements; and
  - (c) any additional securities issued will be subject to the same requirements.

### **Undertakings**

- 4.16 An applicant must give a general undertaking, complying with Schedule 7, to the BSE in the form of a resolution of directors certified by its chairman that it will comply with the listings requirements as amended from time to time.
- 4.17 The directors of an applicant shall individually undertake to the BSE that they have exercised their fiduciary duties with due regard to the provisions of the memorandum and articles of association of the applicant and that they will honour their responsibility for the applicant's compliance with the listings requirements, as amended from time to time.

### **Public Shareholders**

- 4.18 For the purposes of paragraphs 4.21(d) and (e) or 4.22(f)(iv) and (v), securities will not be regarded as being held by the public if they are beneficially held, whether directly or indirectly, by:
- (a) the directors of the applicant or any of its subsidiaries;
  - (b) an associate of a director of the applicant or any subsidiaries;
  - (c) the trustees of any employees' share scheme or pension fund established for the benefit of any director or employees of the applicant and its subsidiaries;
  - (d) any person who, by virtue of any agreement, has the right to nominate a person to the board of directors of the applicant; or
  - (e) any person who is interested in 10% or more of the securities of the relevant class unless the Committee determines that, in all the circumstances, such person can be included in the public for the purposes of paragraphs 4.21(d) and (e) or 4.22(f)(iv) and (v).
- 4.19 Notwithstanding 4.18(a) to (e) above, securities will be regarded as being held by the public if any person who is interested in 10% or more of securities of the relevant class:
- (a) is a fund manager or portfolio manager managing more than one fund or portfolio, where each fund or portfolio is interested in less than 20% of the relevant securities, provided that this exemption shall not apply where the fund or portfolio manager is, in relation to any such fund or portfolio, acting in concert with any person who holds relevant securities which, together with those held by the fund or portfolio in question, represent 20% or more of the relevant securities;
  - (b) is the registered holder of securities which are the subject of a depository receipt programme and no depository receipt holder, together with any person with whom they may be acting in concert, holds depository receipts representing 10% or more of the securities concerned, save where the holder is a fund or portfolio manager as contemplated in sub-paragraph (a) above; or
  - (c) is a nominee shareholder and none of the beneficial shareholders which that nominee represents, together with any person with whom they may be acting in concert, is

interested in 10% or more of the securities concerned, unless the beneficial shareholder is a fund or portfolio manager as contemplated in sub-paragraph (a) above.

4.20 The Committee may, in its sole discretion, require the listed company to provide it with a declaration that, to the best of the knowledge and belief of the directors, any beneficial shareholders of the company whose shares are registered in the names of one or more nominees, do not include any person who may be acting in concert with any other person insofar as it may affect their classification as public shareholders.

## **Criteria for each market**

### **Main board listing**

4.21 An applicant seeking a listing on the main board must satisfy the following criteria:

- (a) a subscribed capital (including reserves but excluding minority interests, revaluations of assets that are not supported by a valuation by an independent professional expert acceptable to the Committee prepared within the last six months and intangible assets) of at least P1 000 000;
- (b) not less than 1 000 000 equity shares in issue;
- (c) a satisfactory profit history for the preceding three financial years, the last of which reported an audited profit of at least P1 000 000 before taxation;
- (d) 20% of each class of equity shares shall be held by the public, unless otherwise agreed with the Committee;
- (e) the number of public shareholders of listed securities shall be at least:
  - (i) 300 for equity shares
  - (ii) 25 for preference shares; and
  - (iii) 10 for debentures; and
- (f) the minimum initial issue price of securities shall not be less than 100 thebe per security, unless agreed otherwise with the Committee.

### **The Venture Capital Market**

4.22 The following are the guidelines and requirements relating to the granting of a listing on the Venture Capital Market (VCM):

#### **Requirements and procedure for listing on the VCM**

- (a) the listings requirements will apply to companies applying for a listing on the VCM of the List subject to the following concessions and requirements;

#### **Prior approval**

- (b) prior to the submission of an application for the listing of a company on the VCM the following procedure will apply:
  - (i) a memorandum giving a summary of the nature of the applicant, its modus operandi, its business plans and its prospects must be submitted to the Listings Committee, via a sponsoring broker; and
  - (ii) if this memorandum meets with the approval of the Listings Committee, it will be referred, together with such other documentation as may, in the absolute discretion of the Listings Committee, be deemed necessary, to the Committee for a decision in principle as to whether the Committee will consider, without commitment, a full application for a listing;
- (c) the Committee will list securities held by the promoters of, entrepreneurs of, directors of and/or vendors of assets in the companies listed on the VCM. However,

securities amounting to 75% of the holdings of such promoters, entrepreneurs, directors, and/or vendors in such company must in addition to any other trust arrangements or agreements be held in trust by an independent trustee, and a certificate to that effect must be lodged with the BSE. These shares are to be held in trust for a period of two years after the applicant is listed on the VCB, and may only be released for sale at the end of the two year period, provided the BSE receives notification prior to such sale.

### **Suitability**

- (d) a venture capital conglomerate must have, as its dominant business, the professional operation of a company which holds, and will in future hold, a portfolio of investments in ventures, each of which is characterised by the fact that the venture capital conglomerate:
  - (i) has an investment in each underlying venture which is substantially an equity one;
  - (ii) is able to support each of its underlying venture projects with added value by virtue of support services and proper financial disciplines;
  - (iii) has, in the Committee's opinion, conducted adequate research into the management strength and commercial viability of each of its underlying ventures; and
  - (iv) has drawn up a business plan for the following three years in respect of each underlying venture, and of the combined portfolio, with forecast balance sheets, profit and loss accounts, and cash flows;
- (e) a single venture company must have drawn up an analysis of its prospects based on market segment growth, competitive analysis and market share. From this it should present a three year business plan with forecast balance sheets, profit and loss accounts and cash flows;

### **Criteria**

- (f) applicants seeking a listing on the VCM must satisfy the following criteria:
  - (i) a subscribed capital, (including reserves but excluding minority interests, revaluations of assets that are not supported by a valuation by an independent professional expert acceptable to the Committee prepared within the last six months and intangible assets) of at least P500 000.
  - (ii) not less than 1 000 000 equity shares in issue;
  - (iii) a profit history is not necessary but the applicant should, in its analysis of future earnings, indicate credible returns on capital which, on a time-weighted basis, are above average;
  - (iv) a minimum of 5% of each class of equity share shall be held by the public;
  - (v) the number of public shareholders shall be at least 75 for equity shares, 25 for preference shares and 10 for debentures;
  - (vi) the minimum initial issue price of equity shares shall not be less than 50 thebe per share;
  - (vii) the majority of the directors and managers have successful records of achievement in their respective roles; and
  - (viii) at the beginning of its prospectus or pre-listing statement there must be a warning, in bold, block letters, of the speculative nature of investment in such a company;

**Acquisitions and disposals**

- (g) the requirements relating to transactions and related party transactions (see Sections 9 and 10) will apply to companies listed on the VCM subject to the concessions that:
  - (i) the requirements for a Category 2 transaction will apply where any percentage ratio is 20% or more but each is less than 40%; and
  - (ii) the requirements for a Category 1 transaction (see paragraph 9.5) will apply where any percentage ratio is 40% or more;

**General**

- (h) the following are the general requirements for companies listed on the VCM:
  - (i) when applying for a listing it shall be mandatory for the company to appoint a sponsoring broker. In addition, other advisors such as reporting accountants, lawyers and merchant bankers may, at the sole discretion of the Committee, be necessary;
  - (ii) share certificates shall be endorsed to the effect that the securities are listed on the VCM; and
  - (iii) the Committee may request companies to route their applications to other sectors of the List or in the future may require a transfer to another sector of the List.

## SECTION

# 5

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## Methods and Procedures of Bringing Securities to Listing

### Scope of section

This section describes the different methods and procedures by which securities may be brought to listing.

Additional and alternative requirements relating to methods of bringing securities to listing are set out in Sections 12, 13, 14 and 15 respectively dealing with mineral companies, property companies, pyramid companies and investment entities.

The main headings are:

5.1	Methods open to applicants.....	5-2
5.4	Introductions.....	5-2
5.11	Placings.....	5-3
5.17	Offers for sale or subscription.....	5-3
5.31	Renounceable offers.....	5-5
5.42	Rights offers.....	5-7
5.58	Claw-back offers.....	5-9
5.61	Capitalisation issues.....	5-9
5.69	Scrip dividend and cash dividend elections.....	5-10
5.80	Issues for cash.....	5-12
5.89	Acquisition or merger issues.....	5-14
5.94	Vendor consideration placings.....	5-14
5.96	Exercise of options to subscribe for securities (including options in terms of executive and staff share schemes).....	5-15
5.99	Issues with participating or conversion rights.....	5-15
5.100	General.....	5-15

## **Methods open to applicants**

### **Without equity securities already listed**

- 5.1. New applicants may bring equity securities to listing by way of:
- (a) an introduction;
  - (b) a placing; or
  - (c) by the methods referred to in paragraph 5.2 below.

### **With or without equity securities already listed**

- 5.2 New applicants or those with equity securities already listed may bring securities (whether or not of a class already listed) to listing by any of the following methods:
- (a) an offer for sale;
  - (b) an offer for subscription;
  - (c) an issue with participating or conversion rights; or
  - (d) a renounceable offer.

### **With equity securities already listed**

- 5.3 Only applicants with equity securities already listed may bring securities (whether or not of a class already listed) to listing by any of the following methods:
- (a) a rights offer;
  - (b) a claw-back offer;
  - (c) a capitalisation issue;
  - (d) an issue for cash;
  - (e) an acquisition or merger issue (or vendor consideration issue);
  - (f) a vendor consideration placing;
  - (g) an exercise of options to subscribe for securities (including options in terms of executive and staff share schemes); and
  - (h) such other method as may be approved by the Committee either generally or in any particular case.

## **Introductions**

### **Description**

- 5.4 An introduction is a method of bringing securities to listing not involving an issue of new securities or any marketing of existing securities because the spread of shareholders already complies with the conditions for listing (see Section 4).

### **Specific requirements**

- 5.5 For an introduction:
- (a) the Committee will require to see a certified copy of the share register; and
  - (b) the applicant must comply with the conditions for listing as set out in Section 4.
- 5.6 An applicant may not bring securities to listing by way of an introduction if:
- (a) there is a pre-existing intention by holders (other than public shareholders) to dispose of a material number of their securities; or
  - (b) within the six months prior to listing there has been a marketing to public shareholders of those securities, save where it is an external company seeking a secondary listing on the BSE.
- 5.7 In the case of an applicant whose listing has been suspended or terminated:
- (a) because it was a cash company (see paragraphs 1.22 and 1.23), or
  - (b) in connection with a reverse take-over (see paragraph 9.28);

and which is seeking to return to listing, the Committee may not permit an introduction but may require some marketing of the applicant's securities.

#### **Documents to be submitted to the Committee**

- 5.8 The Part I and all available Part II documents described in paragraphs 16.10 to 16.12 must be submitted and approved by the Committee prior to listing being granted. The remainder of Part II documents must be submitted as soon as possible thereafter and in any event not later than 28 days of the date of listing.
- 5.9 The Part III documents described in paragraph 16.13 must be submitted as soon as possible and in any event not later than 28 days of the date of listing.

#### **Documents to be published**

- 5.10 The documents to be published on the day listing commences regarding an introduction are set out in paragraphs 11.3 to 11.5.

### **Placings**

#### **Description**

- 5.11 A placing is a marketing of securities already in issue but not listed or not yet in issue, to specified persons or to clients of the sponsoring broker or any other party assisting in the placing, which does not involve an offer to the public or to existing holders of the applicant's securities generally and which takes place immediately before the applicant is listed.

#### **Specific requirements**

- 5.12 The applicant must comply with the conditions for listing as set out in Section 4.
- 5.13 At least 30% of the securities to be placed must be offered to the sponsoring broker who must, in turn, offer a reasonable proportion of his allocation to other broking members. The method of distribution to be at the sponsoring broker's discretion.

#### **Documents to be submitted to the Committee**

- 5.14 The Part I and all available Part II documents described in paragraphs 16.10 to 16.12 must be submitted and approved by the Committee prior to listing being granted. The remainder of Part II documents must be submitted as soon as possible thereafter and in any event not later than 28 days of the date of listing.
- 5.15 The Part III documents described in paragraph 16.13 must be submitted as soon as possible and in any event not later than 28 days of the date of listing.

#### **Documents to be published**

- 5.16 The documents to be published on the day listing is granted are set out in paragraph 11.6.

### **Offers for sale or subscription**

#### **Description**

- 5.17 An offer for sale is an invitation to the public by, or on behalf of, a third party to purchase securities of the issuer already in issue or to be issued and may be in the form of an invitation to tender at or above a stated price.

5.18 An offer for subscription is an invitation to the public by, or on behalf of, an issuer to subscribe for securities of the issuer not yet in issue or allotted and may be in the form of an invitation to tender at or above a stated price.

**Specific requirements**

5.19 An offer for subscription by a listed company is regarded as being an issue for cash and must comply with the requirements of paragraphs 5.80 to 5.88.

5.20 An offer for sale by a listed company of securities in the issuer must be made by way of a renounceable offer to the shareholders of the listed company and the listed company must give the Committee an undertaking that it will not dispose of those securities whilst the renounceable offer is open.

**Underwriting**

5.21 An offer for sale or subscription must be underwritten.

5.22 The underwriter must satisfy the Committee that it can meet its commitments.

5.23 Any underwriting commission paid to a shareholder of the company should not be above the current market rate payable to independent underwriters.

**Commission payable to sponsoring brokers**

**Over-subscriptions**

5.24 In the event of an over-subscription the formula for the basis of allotment must be calculated in such a way that a person will not, in respect of his application, receive an allocation of a lesser number of securities than any other subscriber who applied for a lesser number.

**Documents to be submitted to the Committee**

**Listed companies**

5.25 The documents detailed in paragraph 16.14 should be submitted to the Committee at the relevant times as specified within paragraph 5.30 below.

**New applicants**

5.26 The Part I and all available Part II documents described in paragraphs 16.10 to 16.12 must be submitted and approved by the Committee prior to listing being granted. The remainder of Part II documents must be submitted as soon as possible thereafter and in any event not later than 28 days of the date of listing.

5.27 The Part III documents described in paragraph 16.13 must be submitted as soon as possible and in any event not later than 28 days of the date of listing.

**Documents to be published/circulated**

5.28 The documents to be published/circulated regarding an offer for sale or subscription are outlined in paragraphs 11.7 to 11.9 and must be published/circulated at the relevant times as specified in paragraph 5.30 below.

**Timetable**

5.29 The following sets out the timetable for offers for sale or subscription. It should be noted that the dates after the closing of the offer are indicative and may be advanced as long as the sequence of events is not disturbed:

Day	Event
(D+0)	Publication of press announcement and/or pre-listing statement. Pre-listing statement available. Offer opens. (all Part I documentation must have been submitted to and approved by the Listings Committee. Listing will have been granted subject to approval of Part II documentation and the results of the offer meeting the requirements for shareholder spread).
(D+21)	Offer closes (earliest date). (All Part II documentation must have been submitted to and approved by the Committee).
(D+23)	Results of offer submitted to the Listings Committee.
(D+27)	Results announcement published by applicant giving date of commencement of dealing in securities if listing has been granted or appropriate negative statement.
(D+28)	Latest date for refund cheques to be returned and documents of title posted.
(D+33)	Securities listed (if listing granted).
(D+61)	Part III documents to have been submitted to the Listings Committee.

## Renounceable offers

### Description

5.30 A renounceable offer is an invitation, by a listed company to its shareholders, to subscribe, by way of rights, for securities in the applicant where the listed company has received the right to subscribe for those securities in the applicant but renounces all or part of that right to its shareholders.

### Specific requirements

5.31 The applicant must comply with the conditions for listing set out in Section 4.

### Ability to trade

5.32 The right by shareholders of the listed company to subscribe for securities in the applicant must be made by means of the issue of a renounceable offer or other negotiable document which may be traded (as "nil paid" rights) for a period of at least 3 weeks before payment is due.

### Shareholder spread

5.33 The issued share capital of the applicant and the letters of allotment issued to implement the renounceable offer will be listed at the same time.

5.34 Accordingly, the listed company making the renounceable offer and the applicant will be required to prove to the Committee that the applicant will comply with the minimum spread requirements (see paragraphs 4.21(d) and (e) or 4.22(f)(iv) and (v)) following the close of the renounceable offer.

### General

5.35 The requirements of a rights offer (see paragraphs 5.42 to 5.57) will apply to a renounceable offer so far as they are applicable.

**Documents to be submitted to the Committee**

5.36 The documents detailed in paragraph 16.15 must be submitted to the Committee according to the timetable set out below.

**Documents to be published**

5.37 The applicant is required to publish two announcements and a pre-listing statement according to the timetable set out below.

5.38 The listed company is required to:

- (a) publish two announcements giving details of the renounceable offer;
- (b) publish an announcement or issue a circular in accordance with Section 9; and
- (c) despatch letters of allotment to its shareholders.

5.39 The announcements and pre-listing statement must comply with the requirements of paragraphs 11.10 to 11.12.

**Timetable**

5.40 This timetable is for guidance only and may need to be altered, for instance, if the listed company is required to obtain the approval of its shareholders to the renounceable offer or where the offer is made by the applicant directly to the listed company's shareholders. The Listings Committee should be consulted in all cases to approve a proposed timetable.

Day	Event	
	Applicant	Listed Company
Friday (D+0)	First press announcement of intention to list. (All Part I documentation must have been submitted to the Committee)	First announcement giving last date for registration of the offer subject to BSE approval.
Monday (D+10)	(All Part II documentation is submitted to the Committee having being approved by the Listings Committee)	Second announcement giving the terms of the renounceable offer.
Tuesday (D+11)	(Formal approval by the Committee to the listing of the issued securities).	(Formal approval by the Committee to the listing of the letters of allotment).
Wednesday (D+12)	Second announcement giving salient dates for listing, when and from where pre-listing statements can be obtained.	Third announcement giving salient dates of the renounceable offer, when and from where pre-listing statements can be obtained.
Friday (D+14)	Pre-listing statements available.	Last day to register for renounceable offer. Pre-listing statements available.
Monday (D+17)	Issued securities listed on BSE (9h00).	Letters of allotment listed on BSE (9h00)
Wednesday		Last day for receipt of postal

(D+19) Friday (D+21)		registrations. Renounceable offer opens (9h00). Pre-listing statements and letters of allotment posted to shareholders.
Wednesday (D+40)		Last day for dealing letters in letters of allotment (14h30)
Thursday (D+41)		Last day for splitting of letters of allotment (9h00). The securities that are the subject of the renounceable offer are listed.
Friday (D+42)		Renounceable offer closes (14h30) (earliest date). Last date for postal acceptances (14h30).
Wednesday (D+47)		Proceeds of renounceable offer paid to applicant.
Thursday (D+48)	Proceeds of issue received by applicant.	Final press announcement giving results of renounceable offer.
Friday (D+49)	New share certificates posted.	The securities that are subject of the renounceable offer are listed. Refund cheques (if any) posted.
Friday (D+77)	Part III documents to have been submitted to the Listings Committee	

## Rights Offers

### Description

5.41 A rights offer is an offer to existing holders of securities to subscribe for or purchase further securities in proportion to their holdings made by means of the issue of a renounceable letter or other negotiable document which may be traded (as "nil paid" rights) for a period before payment for the securities is due.

### Specific requirements

5.42 Letters of application, allocation or acceptance are to be issued for the rights offer and must be renounceable. The Committee may in exceptional circumstances waive this requirement.

### Underwriting

5.43 A rights offer must be underwritten.

5.44 The underwriter must satisfy the Committee that it can meet its commitments.

5.45 Any underwriting commission paid to a shareholder of the company should not be above the current market rate payable to independent underwriters.

### Excess security applications

5.46 In a rights offer which includes the right to apply for excess securities, the right to apply for excess securities must be transferable upon renunciation of a letter of allocation.

5.47 In respect of applications for excess securities, the pool of excess securities should be allocated equitably, taking cognisance of the number of securities held by the shareholder (including those taken up as a result of the rights offer) and the excess securities applied for by such shareholder and may be used to round holdings up to multiples of 100 securities.

**Ratio for rights offers**

5.48 The ratio should not give rise to fractions of securities.

**General**

5.49 Rights offers priced at above the ruling price require the approval of the Committee if it could increase the number of shares held by a shareholder and its associates in that class to more than 50%.

5.50 Unless circumstances are such as to warrant a concession being granted by the Committee, the Committee requires the letters of allocation to be listed.

5.51 In respect of the letter of allocation, only Form A (Form of Renunciation) requires the signature of the renounee. Form B (Registration application form) and Form C (Application for split forms) are not required to be signed.

**Documents to be submitted to the Committee**

5.52 The documents detailed in paragraph 16.15 should be submitted to the Committee at the relevant times as specified within the timetable set out in paragraph 5.57 below.

**Documents to be published/circulated**

5.53 Four announcements should be published/circulated giving the following information, respectively:

- (a) the last date for shareholders to register to participate in the rights offer;
- (b) the terms of the rights offer;
- (c) the salient dates relating to the rights offer; and
- (d) the results of the rights offer.

5.54 In addition a circular or pre-listing statement must be sent to shareholders.

5.55 The announcements, rights offer circular or pre-listing statement must comply with the requirements of paragraphs 11.13 to 11.18 and must be published/circulated according to the timetable set out below.

**Timetable**

5.56 The following timetable is applicable to a listed company making a rights offer.

Day	Event
Friday (D+0)	Latest date for the first announcement giving the last day for registration for the rights.
Monday (D+10)	Second announcement giving the terms of the rights offer including the statement referred to in paragraph 5.44.
Wednesday (D+12)	Third announcement giving the salient dates for the rights offer. (All documentation described in paragraph 16.15 must have been submitted to and approved by the Committee).
Friday (D+14)	Last day to register for the rights offer.

Monday (D+17)	Letters of allocation listed. Securities listed ex rights.
Wednesday (D+19)	Last day for receipt of postal registrations.
Friday (D+21)	Circular and/or pre-listing statement and letters of allocation posted to shareholders registered for the rights offer.
Wednesday (D+40)	Last day for dealing in letters of allocation.
Thursday (D+41)	Last day for splitting letters of allocation (14h30). Securities that are the subject of the rights offer listed (if granted).
Friday (D+42)	Offer closes (14h30) (earliest date).
Wednesday (D+47)	Last day for postal acceptances of the rights offer.
Friday (D+49)	Fourth announcement giving the results of the rights offer. The securities that are the subject of the rights offer listed (if granted).

## Claw-back offers

### Description

5.57 A claw-back offer is an issue of securities for cash by an applicant to persons where the securities are then offered by such persons to the applicant's shareholders in proportion to their holdings.

### Specific requirements

5.58 The securities must be offered to the applicant's shareholders, by way of a renounceable letter or other negotiable document which must be listed (as "fully paid" or "nil paid" rights), for a period of at least 3 weeks, before payment for the securities is due.

5.59 The requirements of paragraphs 5.42 to 5.57 in respect of rights offers also apply to claw-back offers.

## Capitalisation issues

### Description

5.60 A capitalisation issue is an issue of fully paid shares capitalised from the company's share premium, capital redemption reserve fund or reserves (or combinations thereof) to existing shareholders of the company in proportion to their shareholdings at a specific date.

5.61 The Committee will not approve any announcement, advertisement or circular in which a capitalisation issue is in any way described or presented as a dividend when shareholders are not entitled to elect to receive a cash dividend.

### Specific requirements

5.62 Shareholders' approval must be obtained by the applicant to give effect to the capitalisation of the share premium or reserves where the articles of association do not permit the directors to do so without the approval of the shareholders.

### Ratio for capitalisation issues

5.63 The ratio should not give rise to fractions of securities. Where fractions of securities might arise, these should be paid in cash.

**Documents to be submitted to the Committee**

5.64 The documents detailed in paragraph 16.16 should be submitted to the Committee at the relevant times as specified within those paragraphs.

**Documents to be published/circulated**

5.65 An announcement must be published and a circular must be sent to shareholders.

5.66 The announcement and circular must comply with paragraphs 11.19 to 11.22 and be published/circulated according to the timetable set out below:

**Timetable**

5.67 The timetable for a capitalisation issue is set out below:

Day	Event
Friday (D+0)	Publication of press announcement.
Friday (D+14)	Record date for participation in capitalisation issue. Lodge application for listing the maximum number of securities that could be issued.
Monday (D+17)	Securities listed ex-entitlement. Circular made available. Maximum number of securities that could be issued listed (if granted).
Wednesday (D+19)	Last day for postal registrations.
Friday (D+21)	Post circular to shareholders. Securities allotted and listed. Lodge signed application for listing detailing actual number of securities issued. Securities allotted and listed. Share certificates posted to shareholders.

Note : Should a cash underpin for the capitalisation shares be offered by a third party, the requirements of paragraphs 5.73 to 5.79 must be adapted accordingly.

**Scrip dividend and cash dividend elections**

**Description**

5.68 A scrip dividend comprises capitalisation shares which shareholders are afforded the right to elect to receive in lieu of cash dividends. Dividend and dividend yield statistics issued by the BSE will reflect the full amount of the dividend before shareholder election.

5.69 A cash dividend election arises where a capitalisation issue is declared and shareholders are afforded the right to elect to receive a cash dividend in lieu of the capitalisation (or bonus) shares.

5.70 In either case the grant of the right of election must not be prohibited by the articles of association.

5.71 The Committee will not approve an announcement or circular in which a capitalisation issue is in any way described or presented as a dividend when shareholders are not entitled to elect to receive a cash dividend.

**Specific requirements**

- 5.72 A form of election must be despatched with the circular containing the following:
- (a) a statement that the election may be made in respect of all or part of the securities held or deemed to be held at the close of business on the record date. (Fractions will be paid out in cash);
  - (b) the ratio of entitlement; and
  - (c) a statement if no late postal elections will be accepted.
- 5.73 Shareholders' approval must be obtained by the applicant to give effect to the capitalisation of the share premium or reserves where the articles of association do not permit the directors to do so without the approval of the shareholders.

**Ratio for fractional scrip dividends**

- 5.74 The ratio should not give rise to fractions of securities. Where fractions of securities might arise, these should be paid in cash.

**Documents to be submitted to the Committee**

- 5.75 The documents detailed in paragraph 16.16 should be submitted to the Committee at the relevant times as specified within those paragraphs.

**Documents to be published/circulated**

- 5.76 For a scrip dividend or a cash dividend election three announcements must be published and a circular sent to shareholders.
- 5.77 The press announcements and circular must comply with paragraphs 11.19 to 11.22 and be issued according to the timetable set out below:

**Timetable**

- 5.78 The timetable as a guide for a scrip dividend is set out below:

Day	Event
Friday (D+0)	Publication of first press announcement.
Monday (D+10)	Publication of second press announcement.
Friday (D+14)	Record date for participation in scrip dividend (All documentation described in paragraph 16.16 must have been submitted to and approved by the Committee)
Monday (D+17)	Securities listed ex-entitlement. Circular made available. Maximum number of securities that could be issued listed (if granted).
Wednesday (D+19)	Last day for postal registrations.
Friday (D+21)	Post circular to shareholders.
Friday (D+42)	Last day for election.
Monday (D+45)	Announcement of results of issue. Lodge signed application for listing detailing actual number of securities issued.
Wednesday (D+47)	Securities allotted and listed. Share certificates and dividend warrants posted to shareholders.

## **Issues for cash**

### **Description**

5.79 An issue for cash is an issue of securities for cash (or the extinction of a liability, obligation or commitment) in compliance with paragraphs 5.81 to 5.88:

- (a) on terms which are specifically approved by shareholders in general meeting in respect of that particular issue (“a specific issue of shares for cash”); or
- (b) generally approved by shareholders by the giving of a renewable mandate (which should be valid until the company's next annual general meeting provided it shall not extend beyond 15 months) to the directors of the issuer to issue shares for cash subject to the requirements of the BSE and to any other restrictions set out in the mandate (“a general issue of shares for cash”).

### **Requirements for specific issues of shares for cash**

5.80 An applicant may only undertake a specific issue of shares for cash subject to the following:

- (a) the securities must be of a class already in issue;
- (b) if any of the securities are to be issued to non-public shareholders (as defined in paragraph 4.18) this should be disclosed;
- (c) the number or maximum number of securities to be issued should be disclosed;
- (d) if the discount at which the securities are to be issued is unlimited, this should be disclosed;
- (e) if the discount at which the securities are to be issued is limited, this limit should be disclosed;
- (f) if the discount at which the securities are to be issued is expected to exceed 10% of the weighted average traded price of those securities over the 30 days prior to the date that the price of the issue is determined or agreed by the directors of the applicant, the issue shall be subject to the company providing its shareholders with a statement complying with Schedule 5 from an independent professional expert acceptable to the Committee, indicating whether or not the issue is fair and reasonable for shareholders of the company; and
- (g) a 75% majority of the votes of all shareholders present or represented by proxy at the general meeting excluding controlling shareholders, their associates, any party acting in concert, and, if applicable, any shareholder who is participating in the issue and who is not regarded as being public in terms of paragraph 4.18 of the listings requirements, must be cast in favour of the resolution to issue the shares.

### **Requirements for general issues of shares for cash**

5.81 An applicant may only undertake a general issue of shares for cash subject to the following:

- (a) the securities must be of a class already in issue;
- (b) the securities must be issued to public shareholders (as defined in paragraph 4.18);
- (c) the general issues of shares for cash in the aggregate in any one financial year may not exceed 10% of the applicant's issued share capital (number of securities) of that class, provided that such issues shall not in aggregate in any thirty six month period (each of which commences on the first day of the financial year of the company) exceed 15% of the applicant's issued share capital of that class (in this calculation, the securities of a particular class will be aggregated with the securities which are compulsorily convertible into securities of that class; and, in the case of the issue of

compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible). The number of securities of a class which may be issued shall be based on the number of securities of that class in issue at the date of such application less any securities of the class issued during the current financial year or current and preceding two financial years (as applicable) provided that any securities of that class to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of application. The Appendix to this section gives an example of the operation of this rule;

- (d) the maximum discount at which securities may be issued is 10% of the weighted average traded price of those securities over the 30 days prior to the date that the price of the issue is determined or agreed by the directors of the applicant. The Committee should be consulted for a ruling if the applicant's securities have not traded in such 30 day period;
- (e) if the applicant has 35% or more of its securities held by public shareholders (as defined in paragraph 4.18), a 75% majority is required of votes cast by the shareholders present or represented by proxy at the general meeting to approve the resolution regarding the waiver of pre-emptive rights; and
- (f) if the applicant has less than 35% of its securities held by public shareholders (as defined in paragraph 4.18), a 90% majority will be required of votes cast by shareholders present or represented by proxy at the general meeting to approve the resolution regarding the waiver of pre-emptive rights.

#### **Committee discretion**

5.82 The Committee may, if it is satisfied that the applicant is in severe financial difficulty or that there are other exceptional circumstances, waive some or all of the requirements contained in paragraph 5.81 or 5.82.

#### **Affected transactions**

5.83 The consequences of any issue of shares for cash may not, in respect of the applicant, constitute an "affected transaction" as defined in the Securities Regulation Code.

#### **Documents to be submitted to the Committee**

5.84 The documents set out in paragraph 16.17 shall be submitted to the Committee.

#### **Circular to shareholders**

5.85 In the case of a specific issue of shares for cash, the circular should contain the information required in terms of paragraph 11.24.

#### **Announcements**

5.86 After the company has issued securities in terms of a specific issue of shares for cash authorised in accordance with paragraph 5.81(g), the company shall publish an announcement containing full details of the issue, including: the number of securities issued, the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of the placing was determined or agreed by the directors of the company; if the discount exceeded 10%, the name of the independent professional expert who prepared the required fair and reasonable

statement, and where copies of such statement can be obtained; and the effects of the issue on net asset value and earnings per share.

- 5.87 After the company has issued securities in terms of a general issue of shares for cash authorised in accordance with paragraph 5.82(e) or (f), representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on net asset value and earnings per share.

## **Acquisition or merger issues**

### **Description**

- 5.88 An acquisition or merger issue (or vendor consideration issue) is an issue of securities in consideration for an acquisition of assets (which shall not include the extinction of a liability, obligation or commitment) or an issue of securities for an acquisition of, or merger with, another company as consideration for the securities of that other company.

### **Specific requirements**

- 5.89 Listing will only be granted to securities issued as consideration for an acquisition or merger should the Committee determine that their issue be for the bona fide purchase of assets and not a circumvention of shareholders' rights of pre-emption.
- 5.90 Accordingly, the Listings Committee must be consulted when a listed company proposes to issue securities as consideration for the acquisition of assets.

### **Documents to be submitted to the Committee**

- 5.91 The documents detailed in paragraph 16.18 must be submitted to the Committee at the relevant times as specified within that paragraph.

### **Documents to be published/circulated**

- 5.92 The documents to be published/circulated with regard to an acquisition or merger issue are set out under the various categories in Sections 9 and 10.

## **Vendor consideration placings**

### **Description**

- 5.93 A vendor consideration placing is a marketing on behalf of vendors of securities which are to be issued to them as consideration for an acquisition.

### **Specific requirements**

- 5.94 In a vendor consideration placing:
- (a) all vendors must have an equal opportunity of participating in the placing;
  - (b) the minimum placing price is the lower of:
    - (i) a 10% discount to the 30 day weighted average traded price prior to the date that the placing is authorised by the directors; or
    - (ii) a 10% discount to the 30 day weighted average traded price prior to the date of the placing;provided that these limits may be exceeded if the shareholders give their specific approval (determined in accordance with paragraph 5.81(g));
  - (c) the Committee should be consulted for a ruling if the company's securities have not traded in the 30 day period referred to under (b); and

- (d) if the securities being placed are a class of equity securities not already listed, the requirements of Section 4 apply (unless the issuer has another class of equity security already listed, however, the requirement as to the spread of shareholders will apply).

### **Exercise of options to subscribe for securities (including options in terms of executive and staff share schemes)**

- 5.95 Applications for listing of securities issued in terms of options must be made in terms of Section 16.
- 5.96 Application for listing of shares in terms of executive and staff share schemes may either be for block listings or for specific allotments.
- 5.97 The BSE will grant a block listing only in multiples of P1 million for securities issued in terms of approved schemes. Subsequent issues of securities in terms of the scheme will be subtracted from the initial block until such time as that block is exhausted, at which time an application for a further block will become necessary. The Committee reserves the right to allow a block listing for a lesser amount.

### **Issues with participating or conversion rights**

- 5.98 Classes of securities which have participating rights to profits or have equity conversion rights must be offered to ordinary shareholders of a company by means of a rights offer, unless issued:
- (a) by way of a claw-back offer;
  - (b) by way of an issue for cash;
  - (c) for the acquisition of assets or merger; or
  - (d) in circumstances which the Committee considers to be exceptional.

### **General**

#### **Exchange control approval**

- 5.99 Committee approval of an issue of securities will not be given until such time as copies of the requisite authority, if necessary, from the Bank of Botswana, giving a ruling regarding the use of funds introduced.

#### **Share certificates**

- 5.100 The normal requirement of the Committee is that all share certificates must be issued on the date of commencement of the listing of new securities or within 7 days from the date of lodgement of the certificates for transfer or splitting.
- 5.101 Applicants must effect registration of scrip within 24 hours of receipt.
- 5.102 The Committee will not normally grant a listing to an issue of securities until the relevant share certificates, or other documents of title, have been made available except where the relevant securities arise out of an entitlement derived from a holding in a listed security. Deals entered into between the date of commencement of the listing and the date the document of title is made available shall be for settlement during the week following the date the document of title is made available.
- 5.103 Where it is proposed to issue share certificates which of necessity require to be distinguishable from existing listed securities, it is necessary to submit to the Listings Committee a copy of the proposed certificate and a copy of the existing certificate. The procedures to be adopted thereafter are to be agreed at this stage.

### **Securities registered in the name of nominee companies**

5.104 Where a listed company intends entering into a transaction or scheme which may, in its effect, discriminate between shareholders holding securities beneficially through nominee companies (the "nominee company") and shareholders holding securities directly in such listed company, the listed company shall procure that, in the former case, the nominee companies timeously provide it with lists, certified as correct by a director of the nominee companies, of the individual shareholdings of such beneficial shareholders, as at the relevant record date, by number and not by name, in order to ensure that all shareholders in the listed company receive equal treatment.

5.105 The requirement of paragraph 5.105 should be applied in respect of all listed company transactions, e.g. distributions in specie of, or subscription for, securities in subsidiary companies or capitalisation issues, which would give rise to fractional entitlements.

### **Over-allotment options ("greenshoes")**

5.106 Price stabilisation mechanisms known as a "greenshoes" or, more appropriately, "over-allotment options" will only be permitted by Botswana registered companies whose primary listing is on the BSE under the following conditions:

- (a) the securities involved are the subject of an international offering under which securities are to be listed on a foreign exchange that properly regulates over-allotment options;
- (b) any price stabilisation is effected on the foreign exchange referred to in (a) above; and
- (c) the total number of securities to be issued in any transaction, including the securities to be issued in terms of the over-allotment option, complies with the requirements of paragraphs 5.80 to 5.88 relating to issues for cash.

5.107 Other than paragraph 5.107, over-allotment options will not be permitted on the BSE as:

- (a) it is in conflict with the Committee's general regard to the shareholders' pre-emptive rights; and
- (b) it may be used as a mechanism for price manipulation in the securities of a listed company.

### **Application for a listing**

5.108 In respect of an application for a listing, notice of such application shall be given to the Listings Committee and from the time of giving such notice until the listing commences or the application is refused no member of the BSE shall deal in the securities in respect of which the application is made.

5.109 In the event of the application being refused a notice to that effect shall be given.

5.110 Unless the Committee otherwise directs notice of an application for a listing shall not be given during BSE operating hours.

5.111 The provisions of paragraphs 5.109 to 5.111 shall not apply to an application in respect of additional securities of a class already listed.

### **Acceptance of late postal deliveries**

5.112 Applicants must accept for registration deliveries bearing a postmark up to and including the date of the last day to register, provided these are received within three working days of that date.

- 5.113 The last day to register should be a Friday, but if the Friday is a holiday then the previous business day must be taken as the last day to register.
- 5.114 However, in exceptional circumstances that are well motivated, the Committee will consider allowing the last day to register to fall on another day.

**Odd-lot offers**

- 5.115 An "odd-lot" offer is one where the listed company intends reducing administrative costs resulting from a large number of "odd-lot" holders. The Committee interprets an "odd-lot" as a total holding of less than 100 securities.
- 5.116 When a listed company proposes to make such an offer, the following criteria will apply:
- (a) in all instances a three-way election must be provided for. Holders may:
    - (i) elect to retain their odd-lot holding;
    - (ii) elect to top up their holding to one hundred securities; or
    - (iii) elect to sell their odd-lot holding;
  - (b) if the top up and sale prices are not the same, the prices must in all circumstances be to the advantage of the holders concerned;
  - (c) listed companies may not undertake such an offer where it could lead to a contravention of the minimum spread requirements; and
  - (d) in any distribution, award or reconstruction contemplated by a listed company where shareholders may receive odd-lot entitlements, shareholders so affected must, where the listed company wishes instead to compensate such shareholders in monetary terms, be given the opportunity to elect to receive such odd-lot entitlement.

**Preferential offers**

- 5.118 A preferential offer is an offer by an applicant to directors, employees, pensioners and direct business associates (including customers with whom there is a direct and enduring contractual relationship) of the applicant by means of a non-transferable application form bearing the name of a specific party and stating a maximum number of securities which may be subscribed for in that application.
- 5.118 If a preferential offer is made, by a new applicant, in conjunction with any other method(s) of issue such that the preferential offer amounts to more than 70% of the total number of securities which were to be issued then securities must be offered to the sponsoring broker to reduce the number of securities that are the subject of the preferential offer to 70% of the total number of securities to be issued.
- 5.119 The sponsoring broker must, in turn, offer a reasonable proportion of his allocation to other broking members, the method of distribution to be at the sponsoring broker's discretion.

**APPENDIX TO SECTION 5**

**Issues for cash**

Example of application of the rule

Applicant's issued share capital on 30/01/X1 is 1 000 000 ordinary shares of 1 thebe each. Subsequently the following ordinary shares are issued:

- (a) acquisition of assets, issued 100 000 ordinary shares of 1 thebe each on 15/03/X1;
- (b) rights issue announced as irrevocable on 30/04/X1, issued 250 000 ordinary shares of 1 thebe each;
- (c) first application for securities for cash made to the Committee on 31/12/X1; and
- (d) securities in issue as at date of application (31/12/X1) for securities for cash = 1 350 000 ordinary shares of 1 thebe each.

Total number of ordinary shares of 1 thebe each that can be issued as securities for cash = 1 350 000 x 10% = 135 000.

After the above transaction, total issued share capital is 1 485 000 ordinary shares of 1 thebe each. Thereafter further ordinary shares are issued as follows:

- (a) acquisition of assets, issued 50 000 ordinary shares of 1 thebe each on 07/06/X2;
- (b) rights issue announced as irrevocable on 30/07/X3, 200 000 ordinary shares of 1 thebe each to be issued; and
- (c) further application for securities for cash made to the Committee on 30/07/X3.

Securities deemed in issue as at date of further application for securities for cash = 1 735 000 ordinary shares of 1 thebe each.

The maximum number of ordinary shares of 1 thebe each that can now be issued by way of securities for cash is the lesser of calculation A and calculation B.

<b>Calculation A One year limit</b>		<b>Calculation B Three year limit</b>	
Number of securities in issue less aggregate securities issued as securities for cash during current financial year:		Number of securities in issue less aggregate securities issued as securities for cash during current and preceding 2 financial years:	
1 735 000 – 0 =	<u>1 735 000</u>	1 735 000 - 135 000	<u>1 600 000</u>
10% × 1 735 000	173 500	15% × 1 600 000	240 000
less securities issued for cash during current financial year	<u>0</u>	less securities issued for cash during current and preceding 2 financial years	<u>135 000</u>
	<u>173 500</u>		<u>105 000</u>

Thus the maximum number of securities that may be issued as at 30/07/X3 as securities for cash = 105 000 ordinary shares of 1 thebe each.

# SECTION 6

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## Pre-listing Statements

### Scope of section

This section sets out the requirements relating to the pre-listing statements. If the pre-listing statement is a prospectus as defined by the Act issuers should also comply with the provisions of the Act.

The main headings are:

6.1	Requirement for pre-listing statement.....	6-2
6.2	Responsibility.....	6-2
6.6	Form and content.....	6-2
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6.12	Supplementary pre-listing statements.....	6-3
6.14	Omission of information.....	6-4
6.18	Issues not requiring pre-listing statements.....	6-4
6.21	Acquisition and merger issues.....	6-5

Additional and alternative requirements relating to pre-listing statements are set out in Section 12, 13, 14 and 15 respectively dealing with mineral companies, property companies, pyramid companies and investment entities.

**Requirement for pre-listing statements**

- 6.1 When a company applies for listing of its securities it must publish a pre-listing statement containing the particulars referred to in the Appendix to this section, save that a company whose securities are already listed shall not be so obliged in the circumstances set out in paragraphs 6.18 to 6.20 (issues not requiring pre-listing statements).

**Responsibility**

- 6.2 The pre-listing statement must include a statement, in the form set out in paragraph 7.B.17 (responsibility statement), modified as required pursuant to paragraph 6.3 or 6.4 or in such other form as may be permitted by the Committee.
- 6.3 If the pre-listing statement relates to securities issued in connection with a recommended take-over of the listed company and the directors of the other company accept responsibility for the information given on that company in the pre-listing statement, then the directors of the applicant may accept responsibility only for the rest of the information in the pre-listing statement (see paragraph 7.B.17) and the responsibility statement must be adapted accordingly.
- 6.4 The Committee may require responsibility to be extended to additional persons who have made specific statements in, or who have made contributions to, the pre-listing statement, in which case the statement must be adapted accordingly.
- 6.5 The pre-listing statement must be signed by every director of the applicant (or by his agent or attorney, with a copy of the authority of any such agent or attorney); provided that where responsibility for any information contained in different parts of the pre-listing statement has been extended to or accepted by any other person in accordance with paragraph 6.3 or 6.4, such other person (or his agent or attorney) shall also sign the pre-listing statement and it shall be stated clearly for which part or parts of the pre-listing statement each signatory bears responsibility.

**Form and content**

- 6.6 Pre-listing statements must contain:
- (a) the information described in Section 7 according to the nature and circumstances of the applicant and the type of security as specified in the Appendix to this section; and
  - (b) such additional information as the Committee may reasonably consider investors and their professional advisors to reasonably require for the purposes of making an informed assessment of the prospects and status of the applicant. If the Committee requires additional disclosure, it will inform the applicant of such additional information required.
- 6.7 Pre-listing statements must provide factual information in words and figures, in as easily analysable and comprehensible a form as possible.
- 6.8 There is no prescribed format for pre-listing statements except that:
- (a) the Committee may require that prominence be given in the pre-listing statement to important information in such manner as it considers appropriate;
  - (b) in the case of pre-listing statements to be published by a new applicant the following information must appear on the first page:

Paragraph	Nature of statement
7.A.4 or 5	share capital
7.B.17	responsibility
7.C.2 or 3	particulars of the issue
7.C.9	registration by the Registrar of Companies

- (c) pre-listing statements must not contain pictures, charts, graphs or other illustrations unless the Committee is satisfied that this is the only way in which the information can be clearly presented or is necessary in the interests of succinctness or comprehensibility and does not present the information unfairly.

### Shareholder approval

- 6.9 If the issue of securities in respect of which the pre-listing statement is to be issued is made conditional upon shareholder approval the following statement must appear on the first page of the pre-listing statement:

"This pre-listing statement has been prepared on the assumption that the ordinary and special resolutions proposed in the Notice of General Meeting forming part of the circular to which the pre-listing statement is attached will be passed at the General Meeting of shareholders to be held on ..... and registered (if applicable)."

### Formal approval

- 6.10 Pre-listing statements must be formally approved by the Committee before publication. Such approval will only be given if the Committee considers that the information in the pre-listing statement is complete.
- 6.11 Pre-listing statements submitted to the Committee for the formal approval must be in the form of a typed document, but the Committee may permit manuscript information relating to the number of securities and the price, and any figures derived from them, when these items cannot be finalised until a later stage.

### Supplementary pre-listing statements

- 6.12 The Committee must be advised immediately and supplementary pre-listing statements published if, at any time after pre-listing statements have been published and before dealings in the relevant securities commence, the applicant becomes aware that:
- there has been a significant change affecting any matter contained in the pre-listing statement; or
  - a significant new matter has arisen, the inclusion of information in respect of which would have been required to be mentioned in the pre-listing statements if it had arisen at the time of their preparation.
- 6.13 Supplementary pre-listing statements must:
- give details of the change or new matter;
  - contain the statement required by paragraph 6.2; and
  - contain a statement that, save as disclosed, there has been no significant change and no significant new matter has arisen since publication of the previous particulars.

**Omission of information**

- 6.14 If any information required by paragraph 6.6(a) is not applicable and no equivalent information is available, it need not be included in the pre-listing statement provided that the Committee is informed in writing of this and approves of such omission.
- 6.15 The Committee may authorise the omission of information which is applicable if it considers that:
- (a) the information is of minor importance only and is not such as will influence assessment of the assets and liabilities, financial position, profits and losses and prospects of the applicant.
  - (b) disclosure would be contrary to the public interest and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question; or
  - (c) disclosure would be seriously detrimental to the applicant or would constitute an invasion of the applicants rights to privacy, and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.
- 6.16 Requests to the Committee to authorise any omission of information must:
- (a) be in writing from the applicant, sponsoring broker or, where appropriate, other adviser;
  - (b) identify the information concerned and the reasons for the omission; and
  - (c) state why, in the opinion of the applicant, one or more of the grounds in paragraph 6.15 applies.

**Omission of significant contract from disclosure**

- 6.17 The Committee may allow all or part of a significant contract to be withheld from public inspection (see paragraph 7.F.1). The request must:
- (a) be in writing from the applicant, sponsoring broker or, where appropriate, other adviser;
  - (b) state why in the opinion of the applicant one or more of the grounds in paragraph 6.15 applies;
  - (c) enclose a copy of the contract in question or, if the contract is not reduced to writing, a memorandum giving full particulars of its terms, and
  - (d) include confirmation by the applicant that the contract is a significant contract not in the ordinary course of business.

**Issues not requiring pre-listing statements**

- 6.18 Pre-listing statements are not required for issues of securities by an applicant whose securities are already listed which fall into the following categories:
- (a) securities resulting from the conversion of convertible securities;
  - (b) securities resulting from the exercise of rights under options;
  - (c) securities issued in place of securities already listed (provided that there is no increase in the nominal value of the share capital as a result);
  - (d) securities allotted to employees if securities of the same class are already listed;
  - (e) where the issue relates to the extension of a business contemplated by and previously described in a pre-listing statement, the requirement to issue a pre-listing statement may be waived or the requirements reduced in the sole discretion of the Committee;
  - (f) securities resulting from capitalisation issues; or

- (g) an issue of securities (including a rights issue) which, together with any securities of the same class issued in the previous 3 months, would increase the securities issued by less than 30% (for this purpose a series of issues in connection with a single transaction, or series of transactions that is regarded by the Committee as a single transaction, will be deemed to be a single issue).
- 6.19 When a pre-listing statement is not required under paragraph 6.18(a) to (f), the following information must be announced:
- (a) where the issue would increase the securities of the relevant class by 30% or more, that required by paragraphs 7.B.6 and 17 and 7.C.2, 3, 6 and 7; or
  - (b) where the issue would increase the securities of the relevant class by less than 30% but more than 10%, the number and type of securities to be admitted and the circumstances of their issue.
- 6.20 When a pre-listing statement is not required in terms of paragraph 6.18(g), further information which the Committee may reasonably consider investors and their professional advisors to reasonably require for the purpose of making an informed assessment of the prospects and status of the applicant may be required to be announced and in some cases a circular to shareholders may be necessary (see Sections 9, 10 and 11).

### **Acquisition and merger issues**

- 6.21 In relation to an acquisition or merger where the consideration being offered consists of securities for which listing will be sought, pre-listing statements may be required as described in paragraph 6.1. A pre-listing statement may be required either as a result of the original terms of the offer or as a result of a revision of the terms during the course of an offer. When a pre-listing statement has already been published and the offer is revised, a supplementary pre-listing statement may be required (see paragraphs 6.12 to 6.13).

### **Contents of pre-listing statements**

- 6.22 The pre-listing statement required in terms of paragraph 6.21 must comply with the relevant requirements of this section and the Appendix to this section, subject to the following:
- (a) references in Section 7 to the applicant's group will not, save as required under (b) and (c) below, include the offeree company and its subsidiaries unless it has become a member of the applicant's group by the time the pre-listing statement is published.
  - (b) the information regarding major interests in securities (see paragraph 7.A.28) and directors' interests in securities (see paragraph 7.B.15) must be given in relation to the applicant's share capital both as existing and the share capital as enlarged by the securities for which listing is sought.
  - (c) if the offer is recommended by the board of the offeree company at the time of the publication of an offer document the applicant must publish a statement as to the adequacy of working capital (see paragraph 7.E.13) and details of material loans (see paragraph 7.A.15) on the basis that the acquisition has taken place. If the offer has not been recommended by the board of the offeree at the time of the publication of an offer document the applicant must publish its own statement as to the adequacy of working capital and details of material loans, but the Committee will allow the statement as to the adequacy of working capital and details of material loans on the combined basis to be given later, in a circular or supplementary pre-listing statement

which must be published in the absence of exceptional circumstances within 28 days after the offer is declared wholly unconditional. In the latter case the pre-listing statement must state that the statements on a combined basis will be available as soon as possible.

**Publication/circulation of pre-listing statements**

6.23 Pre-listing statements or supplementary pre-listing statements must be published either in full or in an abridged form in compliance with Section 11. In either case, the full pre-listing statement must be distributed to all shareholders in accordance with paragraphs 3.48. Where pre-listing statements are revised or supplementary pre-listing statements are prepared they will normally be required to be published and circulated to shareholders at the time of despatch of the revised offer document. The Committee may, in properly justified cases, be prepared to allow pre-listing statements to be published and circulated, subsequent to the despatch of the revised offer documents but before listing is granted.

**Revised take-over offers**

6.24 When a pre-listing statement has been published and circulated in connection with an offer which involves the exchange of securities for securities of another company and the offer is revised to include a new class of debt security for which a listing is to be obtained, it will be unnecessary to repeat the information contained in the original pre-listing statement but any additional information applicable to an issue of those securities must be contained in a supplementary pre-listing statement.

## APPENDIX TO SECTION 6

This Appendix sets out the information required to be included in pre-listing statements.

Where the information required by a particular paragraph is inappropriate to the applicant's sphere of activity or legal form, the information must be appropriately adapted so that equivalent information is given.

Negative statements are required only where expressly indicated.

Unless specified, all references to disclosure are at the date the pre-listing statement is issued or as near to such date as practicable.

Where another company is to become part of an applicant's group, that other company and its subsidiaries must be treated as part of the applicant's group for the purpose of the information required by this Appendix.

The Committee will not require an indebtedness statement (see paragraphs 7.A.12 to 20) to be included in a pre-listing statement published in connection with an issue of securities where the issuer's business is entirely or mainly that of banking, insurance or the provision of similar financial services, provided the Committee is satisfied that:

- (a) the inclusion of such a statement would not provide significant information for investors; and
- (b) the applicant's solvency and capital adequacy are suitably regulated by another regulatory body.

### **New applicants and issuers issuing a prospectus**

New applicants issuing a prospectus and existing listed companies issuing a prospectus are required to provide all the information in paragraphs 7.A to 7.H in the pre-listing statement.

### **New applicants and issuers not issuing a prospectus**

New applicants not issuing a prospectus are required to provide all the information in paragraphs 7.A to 7.H in the pre-listing statement except the following:

Directors, managers and advisors	7.B.9 and 13
Securities for which application is being made	7.C.9, 15 and 16
Group's activities	7.D.8
Financial information	7.E.12

Existing listed companies not issuing a prospectus are required to provide all the information in paragraphs 7.A to 7.H in the pre-listing statement except the following:

Applicant and its capital	7.A.2, 3 and 7
Directors, managers and advisors	7.B.1 (e, 9 and 13)
Securities for which application is being made	7.C.9
Group's activities	7.D.1
Financial information	7.E.1, 6, 9 (except for material acquisitions) and 12

For existing listed companies disclosures required by the following paragraphs are required for the twelve months preceding the issue of the pre-listing statement only:

Applicant and its capital Group's activities	7.A.8 7.D.9 and 10 (material acquisitions and disposals only)
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# SECTION 7

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## Listing Particulars

### Scope of section

This section sets out items of information that may be required to be included in the pre-listing statements and circulars relating to rights offers, capitalisation issues and Category 1 or 2 transactions.

The requirements vary according to the nature and circumstances of the applicant as set out in:

The Appendix to Section 6	Pre-listing statements
The Appendix to Section 9	Transactions
Section 11	Circulars and press announcements
Section 12	Mineral companies
Section 13	Property companies
Section 15	Investment entities

Where the disclosure of the information required in terms of this section cannot be obtained or is considered to be harmful to the applicant, application may be made to the Committee for reduced disclosure. The Committee's decision will be final.

The information is set out under the following paragraph headings:

A	The applicant and its capital.....	7-2
B	Directors, managers and advisors.....	7-4
C	Securities for which application is being made.....	7-7
D	Group's activities.....	7-10
E	Financial information.....	7-12
F	General information.....	7-14
G	Documents and consents to be available for inspection.....	7-14
H	Vendors.....	7-15

**7.A The applicant and its capital****Name, address and incorporation**

- 7.A.1 The name and address of the registered office and of the transfer office, the date of incorporation of the applicant and the place of incorporation or, if an external applicant, the country in which it is incorporated and the date of registration in Botswana.
- 7.A.2 If the applicant is a subsidiary, the name and address of the registered office of its holding company, or of any body corporate, which, had it been registered under the Act, would have been its holding company.
- 7.A.3 If the applicant has changed its name within the last three years the old name must be printed in bold type under the existing name on the first page.

**Share capital of the company**

- 7.A.4 If consisting of shares of par value:
- (a) the authorised and issued or agreed to be issued share capital detailing:
    - (i) the classes of shares;
    - (ii) the number of shares in each class;
    - (iii) the nominal value of each class; and
    - (iv) the amount paid up for each class; and
  - (b) share premium.
- 7.A.5 If consisting of shares of no par value:
- (a) the stated capital;
  - (b) the number of shares issued and held in reserve; and
  - (c) the classes of shares.
- 7.A.6 A description of the respective:
- (a) preferential conversion and exchange rights;
  - (b) voting rights; and
  - (c) rights to dividends, profits or capital or any other rights of each class, including redemption rights and rights on liquidation or distribution of capital assets.
- 7.A.7 Information regarding the consents necessary for the variation of rights attaching to securities.
- 7.A.8 A summary of any issues or offers of securities of the applicant and its subsidiaries during the preceding three years, including:
- (a) the prices and terms at which such securities were issued or offered;
  - (b) by whom any such offers were so made;
  - (c) the number of securities allotted in pursuance thereof;
  - (d) whether the securities were issued to all shareholders in proportion to their shareholdings or, if not, to whom they were issued, the reasons why the securities were not so issued and the basis of allotment;
  - (e) the dates of the issues or offers;
  - (f) the reasons for any premium or discount on the issue or offer, how any premium was dealt with and where some securities were issued or offered at a premium and others at par or a lower premium also the reasons for the differential; and
  - (g) the value of the asset, if any, acquired or to be acquired out of the proceeds of the issue or offer.
- 7.A.9 A summary of any consolidations or sub-divisions of the shares during the preceding three years.

- 7.A.10 A statement advising who controls the issue or disposal of the authorised but unissued securities i.e. the directors or shareholders in general meeting.
- 7.A.11 A statement as to what other classes of securities are listed and on which stock exchanges.

**Borrowings**

- 7.A.12 The borrowing powers of the applicant and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied.
- 7.A.13 A description of the circumstances, if applicable, if the borrowing powers have been exceeded during the past three years. Any exchange control or other restrictions on the borrowing powers of the applicant or any of its subsidiaries.
- 7.A.14 The amount of debentures created in terms of the trust deed and the amount issued or agreed to be issued.
- 7.A.15 Details of material loans, including debentures, to the applicant and to any of its subsidiaries, stating:
- (a) whether such loans are secured or unsecured;
  - (b) the names of the lenders if not debenture holders;
  - (c) the amount, terms and conditions of repayment or renewal;
  - (d) the rates of interest on each loan;
  - (e) details of the security, if any;
  - (f) details of conversion rights; and
  - (g) where the applicant or any of its subsidiaries has debts which are repayable within 12 months state how the payments are to be financed.
- 7.A.16 Particulars relating to debentures, or debenture stock issued by way of conversion or replacement of debentures or debenture stock previously issued stating all material differences between the security for the old stock and the security for the new stock or (if such be the case) state that the security for the new stock is identical with the security for the old stock.
- 7.A.17 Details of all material commitments, lease payments and contingent liabilities.
- 7.A.18 Disclose details of all off- balance sheet financing by the applicant and any of its subsidiaries.
- 7.A.19 Disclose how the borrowings required to be disclosed by paragraphs 7.A.12 to 7.A.18 arose stating whether they arose from the purchase of assets by the applicant or any of its subsidiaries.
- 7.A.20 If no loan capital is outstanding this fact must be stated.

**Loans receivable**

- 7.A.21 Details of material loans by the applicant or by any of its subsidiaries, stating:
- (a) the date of the loan;
  - (b) to whom made;
  - (c) the rate of interest;
  - (d) if the interest is in arrears, the last date on which it was paid and the extent of the arrears;
  - (e) the period of the loan;
  - (f) the security held;
  - (g) the value of such security and the method of valuation;
  - (h) if the loan is unsecured, the reasons therefore, and

- (i) if the loan was made to another company, the names and addresses of the directors of such company.
- 7.A.22 Details (as described in paragraph 7.A.21) of loans made or security furnished by the applicant or by any of its subsidiaries made for the benefit of any director or manager or any associate of any director or manager.
- 7.A.23 Disclose how the loans receivable arose stating whether they arose from the sale of assets by the applicant or any of its subsidiaries.

**Options or preferential rights in respect of securities**

- 7.A.24 The substance of any contract or arrangement or proposed contract or arrangement, whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for any securities of the applicant or any of its subsidiaries, giving the number and description of any such securities, including, in regard to the option or right, particulars of:
- (a) the period for which it is exercisable;
  - (b) the price to be paid for securities subscribed for under it;
  - (c) the consideration given or to be given for it;
  - (d) the names and addresses of the persons to whom it was given, other than to existing shareholders as such or to employees under a bona fide staff option scheme;
  - (e) if given to existing shareholders as such, material particulars thereof; and
  - (f) any other significant fact or circumstances concerning the granting of such option or right.
- 7.A.25 Subscribing for securities shall, for the purpose of paragraph 7.A.24, include acquiring them from a person to whom they were allotted or were agreed to be allotted with a view to his offering them for sale.

**Controlling shareholder**

- 7.A.26 The names of the controlling shareholder(s) so far as they are known to the directors of the applicant, or appropriate negative statement.
- 7.A.27 Details of any change in controlling shareholders(s) as a result of the issue.

**Major shareholders**

- 7.A.28 In so far as is known to the applicant, the name of any shareholder, other than a director who, directly or indirectly, is beneficially interested in 5% or more of any class of the applicant's capital, together with the amount of each shareholder's interest or, if there are no such shareholders, an appropriate negative statement.

**7.B Directors, managers and advisors****Directors and management**

- 7.B.1 The following details with regard to directors, alternate and proposed directors of the applicant and each of its material subsidiaries:
- (a) full names, (specifying the chairman and managing director, if any) and any former forenames or surnames;
  - (b) occupations (other than that of the director);
  - (c) residential addresses;
  - (d) their nationalities; and
  - (e) any relevant business experience over the past three years.

- 7.B.2 In the case of a foreign applicant information, similar to that described in paragraph 7.B.1 relative to the local management committee, if any. Where the Committee considers the parent company is not adequately represented on the directorate of its subsidiaries an explanation is required.
- 7.B.3 The term of office for which any director has been or is to be appointed, the manner in and terms on which any proposed director will be appointed and particulars of any right held by any person relating to the appointment of any director.
- 7.B.4 The provisions, or a sufficient summary of the provisions of the articles of association or other corresponding document of the applicant and each of its subsidiaries with regard to:
- (a) qualification of directors;
  - (b) remuneration of directors; and
  - (c) any power enabling the director to vote remuneration to themselves or any members of their body.
- 7.B.5 Particulars, in aggregate, of any remuneration paid during the last financial period and any proposed remuneration of directors or proposed directors in their capacity as director, or in any other capacity, whether determined by the articles or not, by the applicant and any subsidiary distinguishing between executive and non-executive directors earnings and providing separate figures for salary, fees, benefits, share options and bonuses.
- 7.B.6 If the remuneration receivable by any of the directors of the applicant will be varied in consequence of the transaction, full particulars of the aggregate variation in the remuneration of the directors shall be stated; if there will be no variation, a statement to that effect. If the business of the applicant or any of its subsidiaries of any part thereof is managed or is proposed to be managed by a third party under a contract or arrangement, the name and address (or the address of its registered office, if a company) of such third party and a description of the business so managed or to be managed and the consideration paid in terms of the contract or arrangement and any other pertinent details relevant to such contract or arrangement.

**Secretary**

- 7.B.7 The full name, street and postal address and professional qualifications, if any, of the secretary of the applicant.

**Auditor, legal practitioner, banker, stockbroker, trustee, underwriter and expert**

- 7.B.8 The names and street and postal addresses of the auditor, legal practitioner, banker, stockbroker and underwriter to the applicant and, if applicable, the trustee and any expert referred to in the pre-listing statement and any holding of securities in or agreed to be acquired in the company by such persons.

**Amounts paid or payable to promoter**

- 7.B.9 The amount paid within the preceding three years or proposed to be paid to any promoter, with his name and address, or to any partnership, syndicate or other association of which he is or was a member, and the consideration for such payment, and any other benefit given to such promoter, partnership, syndicate or other association within the said period or proposed to be given, and the consideration for the giving of such benefit.

**Commissions paid or payable in respect of underwriting**

- 7.B.10 The amount, if any, or the nature and extent of any consideration, paid within the preceding three years, or payable as commission to any person (including commission so paid or payable to any sub-underwriter who is the holding company or a promoter or director or officer of the applicant) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any securities of the applicant, the name, occupation and address of each such person, particulars of the amounts underwritten or sub-underwritten by each and the rate of the commission payable for such underwriting or sub-underwriting contract with such person; and if such person is a company, the names of the directors of such company and the nature and extent of any beneficial interest, direct or indirect, in such company of any promoter, director or officer of the applicant in respect of which the pre-listing statement is issued.
- 7.B.11 Particulars of any commissions, discounts, brokerages or other special terms granted during the three years preceding the date of the pre-listing statement in connection with the issue or sale of any securities, stock or debentures in the capital of the applicant, where this has not been disclosed in any annual accounts. Commission payable on the issue of shares must not exceed 5% of the price at which the shares were issued and must be authorised in the articles.

**Preliminary expenses and issue expenses**

- 7.B.12 The amount or estimated amount of preliminary expenses, if incurred within three years of the date of the pre-listing statement and the persons by, or to, whom any of those expenses were paid or are payable, and the amount or estimated amount of the expenses of the issue (including the BSE listing and inspection fee) and the persons by, or to, whom any of those expenses were paid or are payable.

**Interest of directors and promoter**

- 7.B.13 Full particulars of the nature and extent of any material beneficial interest, direct or indirect, of every director or promoter in the promotion of the applicant and in any property as referred to in paragraph 7.D.9 acquired or proposed to be acquired by the applicant out of the proceeds of the issue or during the three years preceding the date of the listing statement, and where the interest of such director or promoter consists in being a member of a partnership company, syndicate or other association of persons, the nature and extent of the interest of such partnership, company, syndicate or other association, and the nature and extent of such director's or promoter's interest in the partnership, company, syndicate or other association.
- 7.B.14 A statement of all sums paid or agreed to be paid within the three years preceding the date of the pre-listing statement to any director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the company, partnership, syndicate or other association in connection with the promotion or formation of the applicant.

**Directors' interests in securities**

- 7.B.15 A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 1% of the

share capital of the applicant distinguishing between beneficial and non-beneficial interests. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of the pre-listing statement, or, if there has been no such change, disclosure of that fact.

**Directors' interests in transactions**

7.B.16 All relevant particulars regarding the nature and extent of any beneficial interests, whether direct or indirect, of directors of the applicant in transactions which are or were unusual in their nature or conditions or material to the business of the group, and which were effected by the applicant:

- (a) during the current or immediately preceding financial year; or
- (b) during an earlier financial year and remain in any respect outstanding or underperformed; or
- (c) an appropriate negative statement.

**Responsibility statement**

7.B.17 A directors' responsibility statement as follows:

"The directors, whose names are given in paragraph ..... on page ..... of this document collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that the prospectus contains all information required by law.

The directors confirm that the listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the listing particulars relate."

**7.C Securities for which application is being made****Purpose of the issue/offer**

7.C.1 A statement of the purpose of the issue giving reasons why it is considered necessary for the applicant to raise the capital offered or, if it is a sale, the reasons, therefore, and if the capital offered is more than the amount of the minimum subscription referred to in paragraph 7.C.8, the reasons for the difference between the capital offered and the said minimum subscription.

**Particulars of the issue/offer**

7.C.2 Particulars of the securities issued/offered, including:

- (a) the class of securities;
- (b) the nominal value of the securities, if applicable;
- (c) the number of securities issued/offered;
- (d) the issue/offer price;
- (e) how the new securities rank for dividend;
- (f) whether the new securities rank *pari passu* with any existing listed securities;
- (g) any convertibility or redemption provisions;
- (h) the nature of the document of title;

- (i) the treatment of any fractions; and
  - (j) other terms and conditions of the issue/offer.
- 7.C.3 Particulars of the debentures issued/offered, including:
- (a) the class of debentures;
  - (b) the terms and conditions of the debentures;
  - (c) if the debentures are secured, particulars of the security, specifying the assets or property comprising the security and the nature of the title to the asset; and
  - (d) other terms and conditions of the issue/offer.

**Timing**

- 7.C.4 If applicable, the times and dates of the opening and of the closing of the subscription lists or of the issue/offer.
- 7.C.5 If known, the dates on which the securities will be admitted to listing and on which dealings will commence.

**Issue price**

- 7.C.6 The amount payable by way of premium, if any, on each security which is to be issued and, where some securities are to be issued at a premium and other securities at par or at a lower premium, the reasons for the differentiation, and how any such premium is to be dealt with.
- 7.C.7 Where no par value shares are to be issued, the price at which they are to be issued and the reasons for any differentiation.

**Minimum subscription**

- 7.C.8 The minimum amount which, in the opinion of the directors, must be raised by the issue/offer of the securities in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters:
- (a) the purchase price of any property, as referred to in paragraph 7.D.9, purchased or to be purchased, which is to be defrayed in whole or in part out of the proceeds of the issue;
  - (b) any preliminary expenses payable by the applicant, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting, any securities of the applicant;
  - (c) the repayment of any moneys borrowed in respect of any of the foregoing matters;
  - (d) working capital, stating the specific purposes for which it is to be used and the estimated amount required for each such purpose;
  - (e) any other material expenditure, stating the nature and purposes thereof and the estimated amount in each case; and
  - (f) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue, and the sources from which those amounts are to be provided.

**Registrar of Companies**

- 7.C.9 If the pre-listing statement is a prospectus a statement that a copy of the pre-listing statement has been registered by the Registrar of Companies in terms of the Act and the date of such registration.

**Authorisations**

7.C.10 A statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.

**Dividends**

7.C.11 The time limit (if any) after which entitlement to dividends lapses and an indication of the person in whose favour the lapse operates.

7.C.12 The fixed date(s) (if any) on which entitlement to dividends arise.

7.C.13 Particulars of any arrangement under which future dividends are waived or agreed to be waived.

**Market Value of securities**

7.C.14 Where the securities for which application is being made are of a class which is already listed, a table of the aggregate volumes traded and the highest and lowest prices traded in those securities for each month over the twelve months prior to the date of issue of the pre-listing statement or circular; for each quarter over the previous two years; and for each day over the 30 days preceding the last practicable date prior to the date of issue of the pre-listing statement or circular.

**Rights offers and capitalisation issues**

7.C.15 Where the securities for which application is being made are allotted by way of capitalisation of reserves or undistributed profits or the application of share premium to the holders of an existing listed security, the following information must be given:

- (a) the reason for the capitalisation issue or scrip dividend;
- (b) the share class and the par value (if any);
- (c) if applicable, that the shareholder may receive cash in substitution for the whole or part of their capitalisation issue or scrip dividend and vice versa;
- (d) if applicable, the last day on which shareholders must make their election;
- (e) a statement pointing out possible tax implications;
- (f) in the case of a scrip dividend a statement should appear, in bold and upper case, on the front page drawing shareholders' attention to the type of election to be made (i.e. whether shareholders will receive either cash or scrip if they fail to make the election);
- (g) the amount to be capitalised from the share premium or reserves of the applicant to pay up in full for the capitalisation securities;
- (h) the ratio in which the capitalisation securities will be allotted to shareholders of the applicant;
- (i) the last day on which a shareholder must be registered in order to receive the capitalisation securities or scrip dividend; and
- (j) whether or not the documents of title (if any) are renounceable.

7.C.16 In the case of a rights offer, the following information should be disclosed:

- (a) purpose of the rights offer;
- (b) the minimum sum to be raised through the rights offer to satisfy its purpose;
- (c) the amount to be raised by means of the rights offer, and the number of securities that are proposed to be issued;
- (d) the terms of the offer;

- (e) a statement regarding fractions of securities. The ratio should not give rise to fractions of securities and the treatment to ensure this does not occur must be disclosed;
- (f) details of the underwriter, including the underwriting commission must be clearly stated;
- (g) where the underwriter is a company the following information must be furnished:
  - (i) the place and date of incorporation and registered number of the company;
  - (ii) the names of the directors of the company;
  - (iii) the name of the secretary of the company;
  - (iv) the bankers to the company; and
  - (v) the authorised and issued share capital of the company.
- (h) details regarding the proposed listing of the letters of allocation, the subsequent listing of the new securities and the amount payable in respect of listing fees;
- (i) details regarding the letters of allocation such as:
  - (i) acceptance;
  - (ii) renunciation;
  - (iii) splitting; and
  - (iv) payment;

### **Simultaneous issues**

7.C.17 If simultaneously or almost simultaneously with the issue of securities for which application is being made, securities of the same class are issued, or to be issued, details must be given of the nature of such issues and of the number and characteristics of the securities concerned.

### **Over subscriptions**

7.C.18 State the relative facts where it is the intention in the event of over subscription to extend a preference on allotment to any particular company or group such as employees and pension funds.

## **7.D Group's activities**

### **General**

- 7.D.1 The general history of the applicant and its subsidiaries stating, inter alia:
- (a) the length of time during which the business of the applicant and of any subsidiary has been carried on;
  - (b) the name, date, place of incorporation and registration number and the issued or stated capital of its subsidiaries, together with details of the securities held by the holding company, indicating those not listed on the BSE and the main business of its subsidiaries and the date on which they became a subsidiary;
  - (c) brief particulars of any alteration of the applicant's capital during the past three years; and
  - (d) the date of conversion of the applicant into a public company.
- 7.D.2 A general description of the business carried on or to be carried on by the applicant and its subsidiaries and, where the applicant or its subsidiaries carries on or proposes to carry on, two or more businesses which are material having regard to the profits or losses, assets employed or to be employed or any other factor, information as to the relative importance of each such business.

- 7.D.3 For the business(es) described in paragraph 7.D.2 detail the degree of any government protection and of any investment encouragement law affecting the business(es).
- 7.D.4 Details of any material changes in the businesses of the applicant, during the past five years.
- 7.D.5 The opinion of the directors, stating the grounds therefore, as to the prospects of the business of the applicant and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.
- 7.D.6 The situation, area and tenure (including in the case of leasehold property the rental and unexpired term of the lease) of the principal immovable property held or occupied by the applicant and any of its subsidiaries.
- 7.D.7 Full information of all material inter-company finance.
- 7.D.8 The history of the change in the controlling shareholder(s) and trading objects of the applicant and its subsidiaries during the previous five years. A statement of the new trading objects and the manner in which the new objects will be implemented. If the applicant, or as the case may be, the group carries on widely differing operations, a statement showing the contributions of such respective differing operations to its trading results. The proposed new name, if any, the reasons for the change and whether or not consent to the change has been obtained from the Registrar of Companies.

**Property acquired or to be acquired**

- 7.D.9 The following information regarding the acquisition, within the last three years, or proposed acquisition by the applicant or any of its subsidiaries, of any securities in or the business undertaking of any other company or business enterprise or any immovable property or other property in the nature of a fixed asset (collectively "the property") or any option to acquire such property:
- (a) the date of any such acquisition or proposed acquisition;
  - (b) the consideration, detailing that settled by the issue of securities, the payment of cash or by any other means, and detailing how any outstanding consideration is to be settled;
  - (c) details of the valuation of the property;
  - (d) any goodwill paid and how such goodwill was or is to be accounted for;
  - (e) any loans incurred, or to be incurred, to finance the acquisition, or proposed acquisition;
  - (f) the nature of title or interest acquired or to be acquired; and
  - (g) the details regarding the vendors as described in paragraph 7.H.

**Disposal of property**

- 7.D.10 The following details regarding any property (as described in paragraph 7.D.9) disposed of during the past three years, or to be disposed of, by the applicant, or any of its subsidiaries:
- (a) the dates of any such disposal or proposed disposal;
  - (b) the consideration received, detailing that settled by the receipt of securities, or cash or by any other means and detailing how any outstanding consideration is to be settled;
  - (c) details of the valuation of the property;

- (d) the names and addresses of the purchasers of assets sold. If any purchaser was a company, the names and addresses of the beneficial shareholders of the company. If any promoter or director had any interest, directly or indirectly, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest.

**Litigation**

- 7.D.11 Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous 12 months) a material effect on the group's financial position or an appropriate negative statement.

**7.E Financial information****Accountant's reports**

- 7.E.1 An accountants' report as set out in Section 8, on the applicant.  
7.E.2 If applicable an accountants' report, as set out in Section 8, on the asset the subject of the transaction.

**General financial information**

- 7.E.3 The following information from the applicant's latest annual financial statements on a consolidated basis:
- (a) the income statement;
  - (b) the balance sheet;
  - (c) the cash flow statement;
  - (d) any significant accounting policies or notes to the accounts;
  - (e) retirement benefit information as required by the Act; and
  - (f) a statement that the auditors' report was without qualification or details of such qualification.
- 7.E.4 Where more than nine months have elapsed since the end of the financial year to which the last published annual financial statements relate, an interim report covering at least the first six months following the end of that financial year must be included in or appended to the pre-listing statement. If such an interim report is unaudited, that fact must be stated.
- 7.E.5 If the applicant's own annual or consolidated annual accounts do not fairly present the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given.
- 7.E.6 In respect of each of the preceding five years, or such lesser period if the company has traded for less than five years, particulars of the following (where the applicant is a holding company, appropriate information should be provided in consolidated form):
- (a) the profits or losses before and after tax;
  - (b) the dividends paid;
  - (c) the dividends paid in thebe per share; and
  - (d) the dividend cover for each year.
- 7.E.7 Particulars of:
- (a) the dividend policy to be adopted;
  - (b) the pro-forma balance sheet prior to and immediately after the proposed issue of securities; and

(c) the effect of the proposed issue of securities on the net asset value per share.

The above particulars must be prepared and presented in accordance with IAS. If the applicant is a holding company, the information must be prepared in consolidated form.

7.E.8 Particulars of all investments exceeding 10% of the total assets of the applicant.

#### **Acquisitions made from proceeds**

7.E.9 If the application for listing coincides directly or indirectly, with the acquisition by the applicant or any of its subsidiaries of securities in or the business undertaking of any other company in consequence of which that company will become a subsidiary of, or otherwise part of, the applicant, in respect of each of the preceding five years, the same particulars relating to such company or the business undertaking being acquired as are required mutatis mutandis by paragraph 7.E.6 and a general history of such company or the business undertaking being acquired as required by paragraphs 7.D.1 to 7.D.3.

7.E.10 If the application for listing coincides, directly or indirectly, with the acquisition by the applicant or any of its subsidiaries of securities in or the business undertaking of any other company then cognisance of such proposed acquisition must be taken in arriving at the particulars described in paragraph 7.E.6 above.

7.E.11 If the application for listing coincides, directly or indirectly, with the acquisition by the applicant or its subsidiaries of securities in or the business undertaking of any other company in respect of each of the preceding five years, the following particulars relating to such company or business undertaking being acquired:

- (a) the profits before and after tax; and
- (b) its general history.

#### **Statement as to adequacy of capital**

7.E.12 A statement that in the opinion of the directors the issued capital of the applicant (including the amount to be raised in pursuance of this issue) is adequate for the purposes of the business of the applicant and of its subsidiaries for the foreseeable future, and if they are of the opinion that it is inadequate, the extent of the inadequacy and the manner in which and the sources from which the applicant and its subsidiaries are or are to be financed. The statement should be supported by a report from the applicant's auditor, reporting accountant, merchant banker, sponsoring broker or other adviser acceptable to the Committee.

7.E.13 A statement by the directors that in their opinion the working capital available to the applicant and its subsidiaries is sufficient for the group's requirements for the foreseeable future and if not how it is proposed to provide the additional working capital thought by the directors to be necessary.

7.E.14 The foreseeable future should normally be construed as the 18 months subsequent to the issue of the pre-listing statement.

7.E.15 The working capital statement should be prepared on the group, as enlarged by the acquisition of any assets.

#### **Material changes**

7.E.16 A description of any material change in the financial or trading position of the applicant and its subsidiaries which has occurred since the end of the last financial

period for which either annual financial statements or interim reports have been published, or an appropriate negative statement.

**Profit forecasts**

7.E.17 Profit forecasts should comply with paragraphs 8.28 to 8.34.

**Pro-forma statements**

7.E.18 Pro-forma statements should comply with paragraphs 8.35 to 8.43.

**7.F General information****Significant contracts**

7.F.1 Subject to paragraph 6.17, the dates and the nature of, and the parties to, every significant contract entered into either verbally or in writing by the applicant or any of its subsidiaries, being a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by the applicant or any of its subsidiaries and entered into within the two years prior to the date of the pre-listing statement.

7.F.2 If any contract referred to in paragraph 7.F.1 relates to the acquisition of securities in an unlisted subsidiary, or associated company, where all securities in the company have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the applicant, or associated companies, or its subsidiaries is interested and to what extent.

7.F.3 A brief summary of existing contracts or proposed contracts, either written or oral relating to the directors' and managerial remuneration and technical fees payable by the applicant and any of its subsidiaries and restraint payments, provided that details of the directors and managerial remuneration need only be disclosed in accordance with paragraph 7.B.5.

7.F.4 Particulars of royalties payable or items of a similar nature in respect of the applicant and any of its subsidiaries.

**Experts' consents**

7.F.5 Where a pre-listing statement includes a report purporting to be made by an expert, a statement that the expert has given and has not withdrawn his written consent to the issue of the pre-listing statement, with the report in the form and context in which it is included.

**7.G Documents and consents to be available for inspection**

7.G.1 The following documents (or copies thereof) where applicable, relating to the applicant and its subsidiary companies, if any, must be able to be inspected at a place where the applicant has its registered office, and in Botswana for a reasonable time (being not less than 14 days):

- (a) the memorandum and articles of association;
- (b) any trust deed or agreement affecting the governance of the applicant or the interests of shareholders;
- (c) copies of any special or notarial contract bearing on the trust deed or memorandum and articles of association within the last 5 years;
- (d) all significant contracts (including patent rights, and franchise agreements);

- (e) in the case of a significant contract not reduced to writing, a memorandum giving full particulars thereof;
- (f) the latest competent person's report in the case of a mineral company;
- (g) The latest sworn appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;
- (h) copies of service agreements with directors (or a summary of such agreements, excluding the individual directors remuneration (but stating the aggregate remuneration of the directors)), manager or secretary/ies, underwriting agreements, vendors' agreement, promoters' agreements, entered into during the last five years;
- (i) all reports, letters and annual financial statements, income statements, valuations and statements by an expert any part of which is extracted or referred to in the pre-listing statement; and
- (j) the annual financial statements since the incorporation of the applicant or for the preceding five years, whichever is the lesser, together with all notes, certificates, or information required by the Act.

## **7.H Vendors**

- 7.H.1 The names and addresses of the vendors of any assets purchased or acquired by the applicant or any subsidiary company during the three years preceding the publication of the pre-listing statement or proposed to be purchased, or acquired, on capital account and the amount paid or payable in cash or securities to the vendor, and where there is more than one separate vendor, the amount so paid, or payable to each vendor and the amount (if any) payable for goodwill or items of a similar nature. The cost of assets to the vendors and dates of purchase by them if within the preceding three years. Where the vendor is a company, the names and addresses of the beneficial shareholders, direct and indirect, of that company if required by the Committee. Where this information is unobtainable, the reasons are to be stated.
- 7.H.2 State whether or not the vendors have guaranteed the book debts or other assets and whether or not "normal warranties" have been given.
- 7.H.3 State whether the vendors' agreements preclude the vendors from carrying on business in competition with the applicant or any of its subsidiaries; or impose any other restriction on the vendor, also details of any cash or other payment regarding restraint of trade and the nature of such restraint of trade.
- 7.H.4 State how any liability for accrued taxation, or any apportionment thereof to the date of acquisition, will be settled in terms of the vendors' agreements.
- 7.H.5 Where securities are purchased in a subsidiary company, a reconciliation between the amounts paid for the securities and the value of the net assets of that company. Where securities are purchased in other than subsidiary companies, a statement as to how the value of the securities was arrived at.
- 7.H.6 Where any promoter or director had any beneficial interest, direct or indirect, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest. Where the vendors or any of them are a partnership, the members of the partnership shall not be treated as separate vendors.

- 7.H.7 The amount of any cash or securities paid or benefit given within three preceding years or proposed to be paid or given to any promoter, not being a director, and the consideration for such payment or benefit.
- 7.H.8 State whether the assets acquired have been transferred into the name of the applicant or any of its subsidiary companies and whether or not the assets have been ceded or pledged.

**SECTION  
8**

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**Financial Information**

**Scope of section**

This section sets out financial information which may be required to be included in listing particulars, pre-listing statements, circulars, interim and preliminary reports and the annual financial statements.

The main headings are:

8.1	Accountants' Report.....	8-2
8.28	Profit forecast and estimate.....	8-6
8.35	Pro-forma statements.....	8-7
8.44	Minimum contents of interim reports and provisional annual financial statements.....	8-8
8.51	Minimum contents of annual financial statements.....	8-10

Where an applicant is producing a pre-listing statement additional financial information is required as set out in the Appendix to Section 6.

Additional and alternative requirements are set out in Sections 12, 13, 14 and 15 respectively for mineral companies, property companies, public sector issuers, pyramid companies and investment entities.

## **Accountants' Report**

### **Circumstances when an accountants' report is required**

- 8.1 An accountants' report is required:
- (a) on a new applicant;
  - (b) on an applicant who is issuing a prospectus;
  - (c) on any company being acquired by a new applicant or applicant issuing a prospectus if:
    - (i) such acquisition is being financed out of all or part of the proceeds of the issue; and
    - (ii) if it is a company being acquired and will become a subsidiary of the applicant;
  - (d) on a company that is not listed and is the subject of a Category 1 or 2 transaction where the transaction is either:
    - (i) the acquisition of an interest in the company which will result in consolidation of the assets of that company; or
    - (ii) the disposal of an interest in the company which will result in the net assets of that company no longer being consolidated; and
  - (e) where a company intends to apply any part of the proceeds of an issue of securities by a new applicant, directly or indirectly, to the acquisition by the company or any of its subsidiaries of the securities in or the business undertaking of any other company and this acquisition is material to the acquiror.

### **The accountant**

- 8.2 The accountant shall be a registered accountant and auditor and be independent of the issuer and, if relevant, the company the subject of the transaction. If the company is incorporated in Botswana, the accountant must hold a valid practising certificate issued by the Botswana Institute of Accountants. If the auditors have resigned, been removed or have not been re-appointed during the last three financial years and have deposited a statement with the issue of the circumstances which they believe should be brought to the attention of members and creditors of the issuer, details of such matters must be disclosed.

### **Contents of an accountants' report**

- 8.3 An accountant's report should be addressed to the directors of the applicant (in the case of an application for listing of new securities) or the listed company (in the case of acquisition or disposal) and must:
- (a) state the name of the company, its date and place of incorporation and its registration number, where applicable;
  - (b) give details of any changes to the name of the company during the period covered by the report, and the date of conversion from a private company to a public company, if applicable;
  - (c) state the names of the companies in which the company has an effective equity interest of 20% or more, as well as the percentage equity interest therein and which are regarded as material to the company;
  - (d) state the purpose for which the report has been prepared;
  - (e) give a statement to the effect that the directors of the company are responsible for the preparation of the pre-listing statement or circular to which the report relates and the information contained therein;

- (f) state the scope of the accountants' examination of the financial information contained in the report;
- (g) include a statement that the directors of the applicant or entity which is the subject of the transaction, as applicable, are responsible for the financial statements from which the accountants' report has been prepared and to the extent that any such financial statements have received a qualified audit report or have not been audited, give a statement of such qualifications or identify the periods that have not been audited.
- (h) if the accountant was not the auditor for any part of the period under review, then the accountants' report should state the extent to which the financial statements relating to such period(s) have been reviewed to assess their relevance and reliability;
- (i) where the accountant has not been the auditor for the whole of the period under review, the accountants' report should state the name(s) of the auditor(s) and the period(s) audited by them;
- (j) include the following financial information:
  - (i) detailed income statements in respect of each of the latest financial year and the previous financial year and summarised in respect of the preceding three financial years;
  - (ii) summarised balance sheets for the latest financial year and the previous financial year;
  - (iii) cash flow statements for the latest financial year and the previous financial year; and
  - (iv) notes to the income statements, balance sheets and cash flow statements;
- (k) state the accounting policies used in compiling the financial information contained in the report;
- (l) details of any material assets not owned by the company;
- (m) particulars of material contingent liabilities and commitments; and
- (n) give details of events which have occurred subsequent to the most recent financial year dealt with in (j) above which have, or could reasonably be expected to have, a material impact on the financial information contained in the report.

#### **Basis of preparation of financial information**

8.4 The basis of preparation of financial information to be included in an accountants' report is as follows:

- (a) the income statements should be prepared on a consolidated basis;
- (b) the balance sheet should be prepared for the company and on a consolidated basis;
- (c) the cash flow statement should be prepared on a consolidated basis; and
- (d) the notes to the financial information should be prepared according to the basis of the respective income statement, balance sheet or cash flow statement to which they relate.

#### **Periods to be covered by the accountants' report**

8.5 The accountants' report should cover:

- (a) the periods referred to in paragraph 8.3(j);
- (b) in addition, if more than nine months have elapsed since the end of the company's last financial year and the date of the report, interim financial information

complying with paragraphs 8.44 to 8.50 must be prepared for the six months ended subsequent to the company's last financial year.

- 8.6 If the company has not prepared annual financial statements for the periods referred to in paragraph 8.5(a) and (b) above, the accountants' report should cover those periods for which it has prepared annual financial statements.

### **Earnings, dividend and net assets per share**

- 8.7 The income statement required in paragraph 8.3 above or notes thereto must, for each period referred to in paragraph 8.5 above, disclose:
- (a) the earnings per share; and
  - (b) the dividend per share for each class of share capital.
- 8.8 Earnings per share should be calculated in accordance with the currently applicable IAS requirements. Any additional number of equity shares to be issued in terms of the document containing the accountants' report should not be taken into consideration in the calculation.
- 8.9 Dividends per share should be calculated in accordance with the currently applicable IAS requirements.
- 8.10 The balance sheets required in paragraph 8.3 above or notes thereto must, for each date referred to in paragraph 8.5 above disclose:
- (a) the net assets per share including intangible assets;
  - (b) the net assets per share excluding intangible assets; and
  - (c) the effect on (a) and (b) of this paragraph of any proposed issue of securities, if applicable.

NOTE: Mineral companies (as defined in Section 12) may treat mineral rights and any other mining assets as tangible assets.

- 8.11 Net assets per share should be calculated by dividing the net assets by the number of shares in issue at each respective balance sheet date as adjusted for the effects of share splits, share consolidations, rights issues, capitalisation issues and issues arising from capitalisation of loan accounts. The additional number of equity shares to be issued in terms of the document containing the accountants' report must not be taken into consideration in determining the number of equity shares except in regard to paragraph 8.10(c).
- 8.12 Companies which were listed for any period covered by the accountants' report should, in addition, include in the accountants' report the earnings per share, dividends per share and net assets per share disclosed in the annual financial statements published for those periods.
- 8.13 Full details of the basis of the calculations of earnings, dividends and net assets per share must be disclosed.

### **Acquisitions out of proceeds**

- 8.14 If any part of the proceeds of an issue of securities by a new applicant is to be applied, directly or indirectly, to the acquisition by the company or any of its subsidiaries of the securities in or the business undertaking of any other company and the acquisition is not material, the effects on the earnings, dividends and net assets per share as described in paragraphs 8.7 to 8.13 should be disclosed with regard to the company being acquired for each of the periods referred to in paragraph 8.5.
- 8.15 If the company the subject of the acquisition has subsidiaries the consolidated profits and losses, cash flows and assets or liabilities should be used in calculating the details

required in paragraphs 8.7 to 8.13. If the acquisition results in the body corporate becoming a subsidiary company, further information must be provided as required by the Act.

### **Statement of adjustments**

- 8.16 The accountants' report must reflect only those adjustments to the income statements, balance sheets and cash flow statements referred to in paragraph 8.3 above if this will result in fairer presentation of the financial information contained in the report, provided that these adjustments are made in accordance with IAS.
- 8.17 Notwithstanding paragraph 8.16 above, adjustments should not be made:
- (a) where the underlying transaction giving rise to the proposed adjustment was carried out at arms-length and in accordance with a business decision taken by the management of the company; and
  - (b) for events which have not yet occurred (other than for proposed changes in accounting policy).
- 8.18 Notwithstanding paragraph 8.16 above, adjustments may be made to give effect to:
- (a) retrospective application of changes in accounting policy, as defined in IAS;
  - (b) retrospective correction of fundamental errors, as defined in IAS; and
  - (c) fairer representation of transactions which were not effected at arms-length.
- 8.19 A statement of adjustments should be included in the accountants' report.
- 8.20 A written statement, signed by the accountants, of the adjustments must be prepared and submitted to the Listings Committee for each period to which the accountants' report relates, in such form and detail and with such explanations as will show how the reported figures reconcile to the corresponding information in the annual financial statements.

### **Accounting for acquisitions and disposals**

- 8.21 If, during the period covered by the accountants' report, the company or its subsidiaries acquired securities in or the business undertaking of any other company, then such acquisition must be accounted for from its effective date, and not retrospectively from the first financial year covered in the report, regardless of whether the purchase consideration was for cash, the issuance of securities, or a combination thereof.
- 8.22 Likewise, disposals of securities in or the business undertaking of any company, must be accounted for to the effective date of disposal.

### **Date of reports**

- 8.23 The accountants' report should be dated on the same day that the directors authorise the issue of the pre-listing statement or circular or the date that the pre-listing statement or circular is lodged with the Registrar of Companies, whichever is the earlier.

### **Review of pre-listing statement or circular**

- 8.24 The accountant should review the pre-listing statement or circular so as to ensure that the contents thereof are not contradictory with the information contained in the accountants' report. The accountant must inform the Listings Committee, in writing, of any such contradictions.

**Consent letters**

- 8.25 Accountants should submit a letter to the directors giving their consent to the inclusion of:
- (a) their accountants' report(s) in the pre-listing statement or circular; and
  - (b) references to, or extracts from, the accountants' report(s) included in the pre-listing statement or circular.
- 8.26 The consent letter should be dated on the same day that the directors authorise the issue of the pre-listing statement or circular, or the date that the pre-listing statement or circular is lodged with the Registrar of Companies, whichever is the earlier, if applicable.

**Further contents if a prospectus is to be issued**

- 8.27 If the accountants' report is being prepared for inclusion in a prospectus then the following additional disclosures are required:
- (a) if no dividends were paid out on any class of shares during the periods referred to in paragraph 8.5 particulars of such cases;
  - (b) if no annual financial statements were prepared in respect of any part of the period of five years ending on a date three months before the issue of the prospectus as statement of that fact;
  - (c) the amount of any losses incurred by any of the company's subsidiaries and the manner in which such losses were provided for; and
  - (d) whether or not:
    - (i) the debtors and creditors include any accounts other than trade accounts;
    - (ii) the provisions for doubtful debts are adequate;
    - (iii) adequate provision has been made for obsolete, damaged or defective goods and for supplies purchased at prices in excess of current market prices; and
    - (iv) inter company profits in the group have been eliminated.

**Profit forecast and estimate)**

- 8.28 A form of words which expressly or by implication states a minimum or maximum for the likely level of profits or losses for a period subsequent to that for which the audited accounts have been published, or contains data from which a calculation of an approximate figure for future profits or losses may be made, is a profit forecast or estimate, even if no particular figure is mentioned and the word "profit" is not used.
- 8.29 A dividend forecast must be treated as a profit forecast where the company has a known policy of relating dividends to earnings, or has an insufficient level of retained earnings or the forecast otherwise implies a forecast of profit. In the event of uncertainty the Listings Committee must be consulted.
- 8.30 If a listed company has made a profit forecast or estimate for any period for which the results have not yet been published, and subsequently is required to produce:
- (a) a pre-listing statement;
  - (b) a Category 1 circular; or
  - (c) any circular containing proposals to be put to shareholders in general meeting concerning a refinancing or reconstruction of the listed company or its group.
- a forecast or estimate complying with paragraphs 8.31 to 8.34 must be included in the pre-listing statement or the relevant circular and must be reported on by the auditors or reporting accountants.

- 8.31 The report by the accountants must comply with International Standards on Auditing or the requirements of the Listings Committee as determined at their sole discretion, and include confirmation that the forecast or estimate has been properly compiled on the basis stated and that it is presented on a basis consistent with the accounting policies of the company or group in question, and that report must be included in the document.
- 8.32 A profit forecast included in any of the documents referred to in paragraph 8.30 must include a statement of the principal assumptions upon which it is based. These assumptions must relate only to matters which are outside the control of the directors and which could have a material effect on the achievement of the forecast and must:
- (a) be readily understandable by investors;
  - (b) be specific about the particular aspect of the forecast to which they refer and about the uncertainty attaching to that aspect;
  - (c) relate only to material uncertainties; and
  - (d) not include the business estimates (e.g. sales forecasts etc) underlying the forecasts.
- 8.33 If a profit estimate, for a financial period which has expired but for which the results have not yet been published, is included in any of the documents referred to in paragraph 8.30, the estimate may only be subject to assumptions in exceptional circumstances and such exceptional circumstances should be explained.
- 8.34 Any statement or information in any of the documents referred to in paragraph 8.30 relating to the future prospects of a listed company must be clear and unambiguous. The listed company must determine in advance whether such a statement or information will constitute a profit forecast or estimate. Any profit forecast or estimate must be presented in an explicit manner.

## **Pro-forma statements**

### **Net asset statement**

- 8.35 Where a pro-forma net asset statement is prepared in accordance with the Appendix to Section 9 or where it is included in pre-listing statements or any other document published by a listed company, it must be derived, save as provided for in paragraph 8.37, from information taken from the most recent:
- (a) audited financial statements;
  - (b) accountants' report; or
  - (c) previously published pro-forma statement.
- 8.36 A net asset statement should detail the items that comprise the net assets and the adjustments to those items.
- 8.37 Where a balance sheet has been published in interim results, the net assets included in that balance sheet may be used in a pro-forma net asset statement, if it is confirmed in the statement that the balance sheet has been prepared in accordance with the listed company's accounting policies and practices. A listed company may, subject to the consent of the Committee, use the net assets in its preliminary statement of annual results if the relevant figures will be included in the published accounts.
- 8.38 Any adjustments which are made to the figures derived from published sources, in order to make the statement consistent with the events or circumstances which it is designed to illustrate, must be shown and explained.
- 8.39 The statement must clearly state that it is prepared for illustrative purposes only and that, because of its nature, it cannot give a complete picture of the financial position.

- 8.40 The statement must identify:
- (a) the basis upon which it is prepared;
  - (b) the source of each item of information; and
  - (c) any significant differences between the accounting policies of the listed company and those of any company acquired or being acquired; any such differences should be quantified if possible and adjustments made to the figures of the company acquired or being acquired.
- 8.41 The statement need not be reported on by the auditors or reporting accountants.

**Profit statement**

- 8.42 A historical pro-forma profit statement will not be allowed, otherwise than in exceptional circumstances, such as in the case of newly-formed property companies, newly-emerged groups of companies, acquisitions of businesses which are to form part of a group and investment-type companies. The only adjustments which may be made in such a statement should relate to the historic costs of funding charged against profit during that year and to any accounting entries arising as a direct consequence of adjusting the historic costs of funding, for example, in respect of tax on profit on ordinary activities. These adjustments, which must be clearly explained, must be made on the basis that the reorganisation of the applicant's funding consequent on admission is assumed to have occurred prior to the commencement of the financial year to which the pro-forma profit statement relates.
- 8.43 A pro-forma profit statement must be reported on by the accountants, either in a separate section of the accountants' report or in a separate report in the pre-listing statement, in the terms described in paragraph 8.3 and the report must, in addition, include confirmation that the adjustments are appropriate in the circumstances.

**Minimum contents of interim reports and provisional annual financial statements**

- 8.44 Every listed company other than companies engaged primarily and directly in the mining of metals or minerals, and which report to shareholders on a quarterly basis should, in addition to statutory requirements concerning half-yearly interim reports and provisional annual financial statements ("preliminary reports") include in such reports the information as detailed hereunder.

**Income statement**

- 8.45 In addition to the requirements of Section 12 of the 6<sup>th</sup> Schedule of the Act, the income statement should include at least, where applicable, the following information:
- (a) income before crediting items in (b) and charging items in (c), (d) and (e).
  - (b) dividends received (including dividends from associated companies and non-consolidated subsidiaries);
  - (c) depreciation;
  - (d) interest paid;
  - (e) net income before taxation and extraordinary items;
  - (f) net income;
  - (g) net income of the group;
  - (h) extraordinary items; and
  - (i) outside shareholders' interest

- (j) dividends payable

**Balance sheet**

- 8.46 In addition to the requirements of Part 1 of the 6<sup>th</sup> Schedule of the Act, the balance sheet should include at least, where applicable, the following information:
- (a) fixed assets;
  - (b) investments:
    - (i) listed
    - (ii) unlisted;
    - (iii) market value of listed investments; and
    - (iv) directors' valuation of unlisted investments;
  - (c) other non-current assets;
  - (d) current assets;
  - (e) ordinary shareholders' funds;
  - (f) preference shareholders;
  - (g) outside shareholders;
  - (h) deferred taxation;
  - (i) current liabilities;
  - (j) intangibles

**Supplementary information**

- 8.47 In addition to the requirements of the Act, the following supplementary information should, where applicable and material, be included:
- (a) capital expenditure for the period;
  - (b) capital expenditure committed or authorised;
  - (c) finance and operating lease commitments;
  - (d) contingent liabilities;
  - (e) interest capitalised;
  - (f) full disclosure of all borrowings and off-balance sheet borrowings;
  - (g) any exceptional increase in borrowings during the period under review, and where possible the effect of such increased borrowings on the earnings per share. Should it not be possible to disclose this effect of the earnings per share the reasons must be stated; and
  - (h) details of any Category 4 transactions as required by paragraph 9.18 which have not previously been disclosed to shareholders.

**Change of financial year**

- 8.48 If a change in the financial year is proposed, the Listings Committee must be notified in writing and consulted as to the period or periods to be covered by the interim report.

**Audited interim reports**

- 8.49 Where the figures in the interim report have been audited, the report of the auditors including any qualifications must be reproduced in full.

**Basis of presentation**

- 8.50 Interim and preliminary reports should be presented on a consolidated basis.

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**Minimum contents of Annual Financial Statements**

- 8.51 The annual financial statements must:
- (a) have been prepared in accordance with the issuer's national law and, in all significant respects, with IAS;
  - (b) have been independently audited, and reported on, in accordance with International Standards on Auditing; or, in the case of external companies, in accordance with the national auditing standards acceptable to the Committee;
  - (c) be in consolidated form if the listed company has subsidiaries, unless the Committee otherwise agrees (but the listed company's own financial statements must also be published if they contain significant additional information); and
  - (d) if they do not fairly present the state of affairs, profit or loss and cash flows of the group, provide more detailed and additional information.
- 8.52 In addition to complying with the Act, listed companies are required to disclose the following information in their annual financial statements:
- (a) Code of Corporate Practices and Conduct:
    - at a minimum, companies must provide a statement commenting on the extent of their compliance or non-compliance with any one of the Codes of Corporate Practices and Conduct contained in either the Cadbury, King, Hampel or Greenbury Reports on Corporate Governance or other similar reports on Codes of Corporate Practices and Conduct and the company must disclose which Report it has used for the basis of its commentary. This statement may be contained in a separate section of the annual report and need not be audited;
  - (b) borrowings:
    - (i) full disclosure of all borrowings, and off balance sheet borrowings. Where, during the period under review, a listed company or any of its subsidiaries incurs an exceptional increase in its borrowings it must disclose the nature of and purpose for such borrowings; and
    - (ii) as a note, disclosure must be made of the level of borrowings in relation to those authorised by the articles of association of the listed company and its subsidiaries;
  - (c) disclosure of unconsolidated investments in an unlisted company or group of companies:
    - (i) should a listed company derive in excess of 50% of its pre-tax earnings in any financial period from unconsolidated investments in an unlisted company or group of companies, and/or have 50% or more of its total assets at balance sheet or market value invested in such company or group of companies, the Committee will require that the listed company publish, in addition to its statutory financial statements for such financial period, audited financial statements of the unlisted company or group of companies; and
    - (ii) this information may be disclosed by presenting annual financial statements in a consolidated form as if the unlisted investments were subsidiaries;
  - (d) disclosure of directors' interests:
    - (i) the aggregate of the direct and indirect interests of the directors in and the direct and indirect interest of each director in the share capital of the listed company distinguishing between beneficial and non-beneficial interests. The statement should include by way of a note any change in those interests occurring between the end of the financial year and a date not more than one

- month prior to the date of the notice of meeting or, if there has been no such change, disclosure of that fact; and
- (ii) comparative figures for the previous year must also be shown;
- (e) shareholder spread:
- (i) the percentages of each class of listed security that are held by the public and non-public shareholders; and
  - (ii) the disclosure for non-public shareholders must be analysed according to the categories set out in paragraph 4.18;
- (f) major shareholders:  
the interest of any shareholder other than a director who, in so far as it is known, is directly or indirectly beneficially interested in 5% or more of any class of the listed company's capital, together with the amount of each such shareholders interest, or if there are no such shareholders, an appropriate negative statement;
- (g) share incentive schemes:  
the listed company must, in respect of its or its subsidiary company's schemes, summarise in its annual financial statements the number of securities which may be utilised for purposes of the scheme at the beginning of the accounting period, changes in such number during the accounting period and the balance of securities available for utilisation for purposes of the scheme at the end of the accounting period;
- (h) profit forecasts:  
commentary on the performance of the company against any profit forecast made by the company for the period under review;
- (i) unlisted securities:  
if applicable, a statement in accordance with paragraph 4.15(b);
- (j) special resolutions:  
full details of all special resolutions passed by the company's subsidiaries since the date of the previous directors' report relating to capital structure, borrowing powers, the object clause contained in the memorandum of association or any other material matter which affects the understanding of the company and its subsidiaries.
- (k) issues for cash:  
details of all issues of securities for cash during the period under review, distinguishing between general and specific issues, and including, at least, the number of securities issued, the price at which and (in the event of a specific issue to non-public shareholders as defined in paragraph 4.18) to whom they were issued.
- (l) intergroup contracts:  
particulars of any significant contracts between the company, or one of its subsidiary undertakings, and a controlling shareholder subsisting during the period under review.

## SECTION

## 9

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# Transactions

### Scope of section

This section deals with transactions, principally acquisitions and disposals, by a listed company. It describes how they are categorised, what the requirements are for announcements and circulars and whether shareholder approval is required.

It then considers additional requirements for take-overs and mergers. Section 10 deals with transactions with related parties.

The Appendix to this section sets out, in a table, certain requirements for the contents of Category 1 and 2 circulars.

The main headings are:

9.1	General.....	9-2
9.3	Categorisation and explanation of terms.....	9-2
9.18	Category 4 requirements.....	9-4
9.20	Category 3 requirements.....	9-5
9.25	Category 2 requirements.....	9-5
9.27	Category 1 requirements.....	9-6
9.28	Reverse take-over requirements.....	9-6
9.29	Contents of circulars.....	9-7
9.34	Detailed requirements for take-over and mergers.....	9-7

Sections 12, 13, 14 and 15 respectively deal with mineral companies, property companies, pyramid companies and investment entities.

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## General

- 9.1 References in this section to a transaction by a listed company:
- (a) include a transaction by any subsidiary of the listed company;
  - (b) exclude a transaction in the ordinary course of the company's trading activities; and
  - (c) exclude an issue of securities or a transaction to raise finance which, in either case, does not involve the acquisition or disposal of any asset of the listed company or of its subsidiaries.
- 9.2 A listed company which is in any doubt as to the application of the listings requirements contained in this section must consult the Committee at an early stage.

## Categorisation and explanation of terms

- 9.3 Any listed company considering a transaction must, at an early stage, consider the categorisation of the transaction.
- 9.4 A transaction is categorised by assessing its size relative to that of the listed company proposing to make it and the listed holding company of such listed company, if applicable.
- 9.5 The comparison of size is made by the use of the percentage ratios set out in paragraph 9.6. The different categories of transactions are:
- (a) Category 4 - a transaction where either of the percentage ratios are less than 10% but more than 5%;
  - (b) Category 3 - a transaction where any percentage ratio is 10% or more but each is less than 20%;
  - (c) Category 2 - a transaction where any percentage ratio is 20% or more but each is less than 30%;
  - (d) Category 1 - a transaction where any percentage ratio is 30% or more; and
  - (e) Reverse take-over - any transaction, or series of transactions, involving an acquisition by a listed company of a business, an unlisted company or assets which would result in a fundamental change in the business or in a de jure change in board or voting control of the listed company except in the circumstances outlined in paragraph 9.11.

## Percentage ratios

- 9.6 The percentage ratios are the figures, expressed as a percentage, resulting from each of the following calculations:
- (a) Consideration to market capitalisation - the consideration divided by the aggregate market value of all the equity securities of the listed company; or
  - (b) Dilution - the number of securities issued by a listed company as consideration for an acquisition compared to those in issue prior to the transaction.
- 9.7 In circumstances where either of the above calculation produces an anomalous result or where the calculations are inappropriate to the sphere of activity of the listed company, the Committee may disregard the calculation and may substitute other relevant indicators of size.

## Consideration

- 9.8 When calculating the consideration:
- (a) where all or part of the consideration is in the form of securities to be listed, the consideration attributable to those securities means the aggregate market value of

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- those securities based on the ruling price of such securities at the time the terms of the transaction are agreed;
- (b) the consideration is the amount paid to the vendors but the Committee may require the inclusion of further amounts (for instance where the purchaser agrees to discharge any liabilities, whether actual or contingent, of the vendors as part of the terms of the transaction), and
  - (c) if deferred consideration is or may be payable in the future, the consideration is the maximum possible total consideration payable under the agreement. If the total consideration is not subject to any maximum the transaction will normally be treated as Category 1, notwithstanding the category into which it otherwise falls.

### **Figures used for categorisation**

- 9.9 Figures used for categorisation purposes must be the aggregate market value of all those securities before the announcement or in the case of consideration in the form of a new class of securities for which an application to listing will be made, the issue price of such securities or, if no price is attributable thereto, the expected aggregate market value of all those securities.

### **Change in percentage ratios**

- 9.10 If either of the percentage ratios changes to the extent that the categorisation of the transaction is altered between the time the transaction is first discussed with the Committee and the announcement, the Committee must be consulted.

### **Exceptions to Categorisation rules**

- 9.11 In the case of a reverse take-over, if all the following conditions are satisfied, the acquisition will be treated as Category 1:
- (a) the subject of the acquisition is of a similar size to that of the acquiring company;
  - (b) the subject of the acquisition is in a similar line of business to that of the acquiring company;
  - (c) the enlarged group is suitable for listing; and
  - (d) there will be no change of board or voting control.
- 9.12 Special requirements apply in the case of mineral companies (see Section 12) and property companies (see Section 13).

### **Indemnities and similar arrangements**

- 9.13 Any agreement or arrangement with a party, not being a member of the listed company's group:
- (a) under which a listed company agrees to discharge any liabilities for costs, expenses, commissions or losses incurred by that party, whether or not on a contingent basis;
  - (b) which would be exceptional; and
  - (c) under which the maximum liability is unlimited:
- will be treated as a Category 1 transaction. For the purpose of this paragraph indemnities such as those customarily given in connection with sale and purchase agreements and indemnities given to advisers against liabilities to third parties arising out of providing advisory services are not "exceptional". In cases of doubt the Committee must be consulted at an early stage.

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**Aggregation of transactions**

- 9.14 The Committee will require transactions completed during either the 12 months prior to the date of the latest transaction or the period since the date on which the most recent published audited balance sheet was prepared, or the period since the publication of the latest pre-listing statement or circular, whichever is shorter, to be aggregated with the latest transaction for the purpose of determining the categorisation to apply to the latest transaction. In cases of doubt the Committee must be consulted at an early stage.
- 9.15 Where acquisitions are entered into during a period of 12 months which cumulatively exceed 100% in either of the percentage ratios, the provisions relating to a reverse take-over will apply.
- 9.16 Without prejudice to the generality of paragraphs 9.14 and 9.15, transactions will normally only be aggregated in accordance with those paragraphs if they:
- (a) are entered into by the company with the same party or with parties connected with one another;
  - (b) involve the acquisition or disposal of securities or an interest in one particular company; or
  - (c) together lead to substantial involvement in a business activity which did not previously form a part of the company's principal activities.
- 9.17 If under paragraph 9.14 the aggregation results in a Category 1 requirement for shareholder approval, then that approval is required only for the latest transaction.

**Category 4 requirements**

- 9.18 In the case of a Category 4 transaction the company must include details of the transaction in its next interim report, annual financial statements, announcement, circular or other document issued to shareholders. Such details must include:
- (a) particulars of the transaction, including the names of:
    - (i) any company or business, the subject of the transaction; and
    - (ii) if an acquisition, the vendors;
  - (b) a description of the business carried on by, or using, the net assets the subject of the transaction;
  - (c) the consideration, and how it was satisfied (including the terms of any arrangements for deferred consideration);
  - (d) the value of the net assets which are the subject of the transaction and the effect on the net assets (per share) of the company, if material. For the purpose of this paragraph the Committee will regard 3% as being material;
  - (e) the profits attributable to the net assets the subject of the transaction and the effect on the net profit (per share) of the company, if material. For the purpose of this paragraph, the Committee will regard 3% as being material;
  - (f) any benefits which are expected to accrue to the company as a result of the transaction;
  - (g) in the case of an acquisition where not all the securities have been acquired state the reason why all the securities were not acquired and whether, and to what extent, anyone associated with the controller of the applicant, its subsidiaries or associates has an interest in the company being acquired;
  - (h) in the case of disposal, the application of the sale proceeds; and

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- (i) in the case of a disposal if shares or other securities formed part of the consideration received, a statement whether such securities are to be sold or retained.
- 9.19 In addition, if securities have been acquired in a company which, as a result becomes a subsidiary company as defined in the Act the listed company must confirm, in writing to the Committee that the articles of association of such subsidiary company, will be amended to conform to Schedule 10.

### **Category 3 requirements**

- 9.20 In the case of a Category 3 transaction the company must, without delay after the terms of the transaction are agreed, publish, in compliance with paragraphs 3.46 and 3.47, a press announcement giving such details of the transaction as set out in paragraphs 9.18 and 9.19.
- 9.21 The press announcement must include those details required in a Category 4 transaction as stated above and include such details on all Category 4 transactions made since the last document or circular sent to shareholders.

### **Supplementary notification**

- 9.22 The Committee must be advised and a supplementary press announcement made without delay if, at any time after the notification referred to in paragraph 9.20 has been made, the listed company becomes aware that:
- (a) there has been a significant change affecting any matter contained in that earlier notification; or
- (b) a significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.
- 9.23 In paragraph 9.22, "significant" means significant for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, cash flow and prospects of the listed company and the rights attaching to any securities forming part of the consideration. It will include a change in the terms of the transaction such that the percentage ratios are affected and the transaction requires re-categorisation into a higher category.
- 9.24 The supplementary notification must give details of the change or new matter and also contain a statement that, save as disclosed, there has been no significant change affecting any matter contained in the earlier notification and no other significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

### **Category 2 requirements**

- 9.25 Upon the terms of a Category 2 transaction being agreed the company must:
- (a) immediately comply with the requirements for a Category 3 transaction and state within the announcement that a circular to shareholders will be issued in compliance with (b) below; and
- (b) within 28 days, despatch a circular to shareholders.
- 9.26 The Category 2 circular must comply with the general requirements relating to circulars as set out in Section 11 and must include:
- (a) the information required under a Category 4 transaction (see paragraph 9.18);
- (b) details of any service contracts of proposed directors of the listed company;

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- (c) where goodwill is involved, a statement regarding the company's accounting policy towards goodwill as well as the reasons for such goodwill payment;
  - (d) a statement giving the directors' opinions on the transaction;
  - (e) the information required by the Appendix to this section in relation to Category 2 circulars (see paragraph 9.29);
  - (f) in the case of an acquisition of an interest in an undertaking which will result in consolidation of the net assets of that undertaking or a disposal of an interest in an undertaking which will result in the net assets no longer being consolidated an accountants' report as set out in Section 8;
  - (g) in the case of a transaction not falling with (f) above, a summary of any relevant financial information (or a statement that none exists) together with confirmation that the directors consider that the value to the company justifies the price paid or received by it; and
  - (h) as an appendix, details of all Category 4 transactions (as specified in paragraph 9.18) and copies of all Category 3 announcements made since the publication of the company's last annual financial statements or interim report, or pre-listing statement, Category 2 or 1 circulars, whichever is the most recent.

### **Category 1 requirements**

9.27 In the case of a Category 1 transaction the company must comply with paragraphs 9.25 to 9.26 (the Category 2 requirements). In addition, the company must obtain the approval of its shareholders in general meeting, and any agreement effecting the transaction must be conditional upon such approval being obtained and the circular must include a statement giving the directors' opinions on the transaction, a recommendation as to how shareholders should vote at the general meeting to approve the transaction and an indication as to how the directors intend to vote their shares, if applicable, at the general meeting.

In addition, if the Category 1 transaction results in an issue of securities which, together with any other securities of the same class issued during the previous 3 months, would increase the securities issued by more than 30%, then the company must include in the Category 1 circular the information required to be disclosed for a pre-listing statement.

### **Reverse take-over requirements**

9.28 The listed company, as enlarged by the acquisition, must be suitable for listing as if it was a new applicant and satisfies the conditions for listing as set out in Section 4.

The announcement of a reverse take-over must contain adequate warning as to the uncertainty of whether the Committee will allow the listing to continue following the acquisition. The company must prepare a Category 1 circular and listing particulars as though the company were a new applicant. If such Category 1 circular and listing particulars are not provided to shareholders within 30 days of the announcement, the Committee will suspend the listing of the company's securities. The Category 1 circular must clearly advise shareholders whether or not the Committee will continue to grant a listing to the listed company if shareholders approve the acquisition. Also refer paragraph 9.34.

**Contents of circulars**

- 9.29 In addition to the requirements of paragraphs 9.26 to 9.28, a Category 1 or 2 circular must include the information required by the table set out in the Appendix to this section. Where the circular is accompanied by or forms part of a pre-listing statement which themselves contain the information required, such information need not be repeated.
- 9.30 The working capital statement and, where relevant, information on group prospects and any profit forecast must be on the basis of the enlarged group in the case of an acquisition and on the basis that the disposal has taken place in the case of a disposal.
- 9.31 Where the listed company is issuing securities for which listing is sought, the information regarding major interests in securities and directors' interests in securities must be given in relation to the share capital both as existing and the share capital as enlarged by the securities for which listing is sought.
- 9.32 Where a circular is required by this section and pre-listing statements are required by Section 6, a single document may be issued which comprises pre-listing statements provided that:
- (a) it contains all the information required by this section and Section 6; and
  - (b) the document is submitted to the Committee for formal approval prior to its publication (see paragraph 6.10).
- 9.33 If securities are being issued as consideration for an acquisition and a Category 2 circular is required, then listing will not be granted for those securities until the circular has been despatched. In the case of a Category 1 transaction, listing will not be granted until shareholders' approval has been obtained.

**Detailed Requirements for Takeovers and Mergers****General Requirements**

- 9.34 A company wishing to enter into a take-over or merger must comply with the requirements as detailed in the Securities Regulation Code of the Johannesburg Stock Exchange or the City Code of the London Stock Exchange
- 9.35 The BSE in its discretion may request additional information and will refer to precedents as detailed in the City Code of the London Stock Exchange or the Securities Regulation Code of the Johannesburg Stock Exchange.
- 9.36 The company must advise the BSE of the number of acceptances within 14 days after the closing date of the offer, together with an updated analysis of shareholders.

## APPENDIX TO SECTION 9

The following table identifies the information required to be included in a Category 2 or Category 1 circular (in addition to that required by paragraph 9.26 or 9.27) in respect of the listed company and the undertaking the subject of the transaction by reference to certain paragraphs of Section 7. Information denoted by a \* is required.

Paragraph	Description	Category 2		Category 1	
		Listed Company	Undertaking the subject of the transaction	Listed Company	Undertaking the subject of the transaction
7.A.1	name and address	*	*	*	*
7.A.15	statement of indebtedness			*	*
7.A.28	major interests in shares	*		*	
7.B.15	directors' interests in shares	*		*	
7.B.16	directors' interests in transactions	*		*	
7.B.17	directors' responsibility statement	*		*	
7.D.5	group's prospects	*		*	*
7.D.8	change of direction			*	
7.D.11	litigation		*	*	*
7.E.2	accountants' report		*		*
7.E.13	working capital	*	*	*	*
7.E.16	material changes	*		*	*
7.E.17	report on any profit forecast			*	*
7.E.18	pro-forma net asset statement	*		*	
7.F.1	significant contracts			*	*
7.F.3	directors' service contracts	*		*	
7.F.5	experts' consents	*		*	
7.G.1	documents to be available for inspection			*	
7.H	vendors		*		*

**SECTION  
10**

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**Transactions with Related Parties**

**Scope of section**

This section provides certain safeguards against those shareholders, directors and/or other persons related to a listed company taking advantage of their position. Transactions with parties related to a listed company are known as related party transactions. Reference should also be made to the listings requirements regarding transactions set out in Section 9.

Where any transaction is proposed between a listed company (or any of its subsidiaries) and a related party, a circular to shareholders and the approval of the shareholders of the listed company in general meeting will normally be required.

Any circular sent to shareholders in connection with a related party transaction must provide sufficient information to enable any recipient of the circular to evaluate the effects of the transaction on the listed company.

The main headings are:

10.1	Definitions.....	10-2
10.2	Consultation with the Committee.....	10-2
10.4	Usual requirements for a related party transaction.....	10-2
10.7	Transactions not regarded as related party transactions.....	10-3
10.8	Aggregation.....	10-5
10.9	Contents of circular.....	10-5

## Definitions

- 10.1 For the purposes of this section, the following definitions apply:
- (a) a "related party transaction" means a transaction, or any variation or novation of an existing agreement, between a listed company (or any of its subsidiaries) and a related party;
  - (b) "related party" means:
    - (i) a material shareholder;
    - (ii) any person who is, or within the 12 months preceding the date of the transaction was, a director of the listed company or any of its subsidiaries or its holding company or any subsidiary of its holding company. For the purpose of this definition, a director includes a person who is, or within the 12 months preceding the date of the transaction was, not a director but in accordance with whose directions or instructions the directors are or were accustomed to act;
    - (iii) any advisor to the listed company which has, or within the 12 months preceding the date of the transaction had a beneficial interest, whether direct or indirect, in the listed company or any of its associates;
    - (iv) any person, who is, or within the 12 months preceding the date of the transaction was, a principal executive officer of the company, by whatever position he may be, or may have been, designated and whether or not he is, or was, a director;
    - (v) an associate of the persons in (i) to (iv) above;
  - (c) "material shareholder" means any person who is, or within the 12 months preceding the date of the transaction was, entitled to exercise or control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the listed company (or any other company which is its subsidiary or holding company or which is a fellow subsidiary of its holding company);

## Consultation with the Committee

- 10.2 Notwithstanding any other provisions of these Listings Requirements, any contemplated related party transaction, by a listed company (or any of its subsidiaries) shall be referred by the issuer to the BSE for review before its implementation. The full details of the contemplated transaction must be disclosed to the BSE. The BSE shall give such directions to the issuer, as it may deem necessary, regarding the disclosure of the proposed related party transaction to shareholders. Issuers may not exempt themselves from the provisions of this section.
- 10.3 The Committee may, in its sole discretion, require the listed company to provide it with a declaration that, to the best of the knowledge and belief of the directors, any nominee shareholders do not include any person who may be acting in concert with any other person in relation to the related party transaction.

## Usual requirements for a related party transaction

- 10.4 If the Committee so decides, the listed company must in respect of a related party transaction:
- (a) make a press announcement containing:
    - (i) the information specified in paragraph 9.18;
    - (ii) the name of the related party concerned; and

- (iii) details of the nature and extent of the interest of the related party in the transaction;
  - (b) send a circular to its shareholders containing the information required in paragraph 10.9;
  - (c) obtain the approval, by resolution, of its shareholders either prior to the transaction being entered into or, if it is expressed to be conditional on such approval, prior to completion of the transaction; and
  - (d) include in the special or ordinary resolution to approve or give effect to the transaction a condition that the validity (for the purposes of the listings requirements) of the resolution will be subject to a simple majority of the votes of shareholders other than the related party and its associates being cast in favour of the resolution.
- 10.5 Where a meeting of the listed company has been called to approve a transaction and, after the date of the notice of meeting but prior to the meeting itself, the transaction becomes a related party transaction, the Committee may require that the listed company either:
- (a) take immediate steps to amend the relevant resolution by including the condition referred to in paragraph 10.4(d) and give notice of the amendment to shareholders by way of a circular containing also any information required by paragraph 10.9 which was not contained in the original circular accompanying the notice of the meeting; or
  - (b) withdraw the notice of the meeting and convene a fresh meeting complying with paragraph 10.4(d).
- 10.6 If the Committee decides not to impose the requirements set out in paragraphs 10.4 or 10.5 in respect of a related party transaction, the listed company must prior to completing the transaction:
- (a) provide the Committee with written confirmation from an independent professional expert acceptable to the Committee that the terms of the proposed transaction with the related party are fair and reasonable as far as the shareholders of the listed company are concerned; and
  - (b) undertake in writing to the Committee to include details of the transaction in the listed company's next published annual financial statements, circular or pre-listing statement, including the identity of the related party, the value of the consideration for the transaction and all other relevant circumstances.

### **Transactions not regarded as related party transactions**

- 10.7 A transaction will not be regarded as a related party transaction if any of the following situations apply:

#### **Equity securities not listed**

- (a) the listed company does not have any equity securities listed;

#### **External company**

- (b) the listed company is an external company with a secondary listing on the BSE;

#### **Issue of new securities**

- (c) the transaction is an issue of new securities either:

- (i) for cash by the listed company (or any of its subsidiaries) pursuant to an opportunity which (so far as is practicable) is made available to all holders of the listed company's securities (or to all holders of a relevant class of its securities) on the same terms other than those excluded in terms of the Act; or
- (ii) made pursuant to the exercise of conversion or subscription rights attaching to a listed class of securities or previously approved by the listed company's shareholders in general meeting;

#### **Employees' share scheme**

- (d) the transaction:
  - (i) involves the receipt of securities by a director of the listed company, its holding company or any of its subsidiaries; or
  - (ii) is a grant of an option to a director of the listed company, its holding company or any of its subsidiaries to acquire (whether or not for consideration) new or existing securities of the listed company in accordance with the terms of an employees' share scheme which does not have the effect of conferring benefits only on directors of the listed company, its holding company or any of its subsidiaries;

#### **Credit**

- (e) the transaction is a grant of credit (including the lending of money or the guaranteeing of a loan) to the related party:
  - (i) upon normal commercial terms in the ordinary course of business; or
  - (ii) in amount and on terms no more favourable than those offered to employees of the group generally;

#### **Directors indemnities**

- (f) the transaction is the grant of an indemnity to a director of the listed company (or any of its subsidiaries) to the extent permitted by the Act, or the maintenance of a contract of insurance to the extent contemplated by that section (whether for a director of the listed company or for a director of any of its subsidiaries);

#### **Underwriting**

- (g) the transaction is an underwriting by the related party of all or part of an issue of securities by the listed company (or any of its subsidiaries) and the consideration to be paid by the listed company (or any of its subsidiaries) in respect of such underwriting is no more than the usual commercial underwriting consideration and is the same as that to be paid to the other underwriters (if any); or

#### **Revenue transaction**

- (h) the transaction is one of a revenue nature in the ordinary course of business.

#### **Aggregation**

10.8 The Committee will require all transactions to be aggregated which are entered into by the listed company (or any of its subsidiaries) with the same related party (and any of its associates) in any twelve month period and which have neither been approved by shareholders nor described in a circular complying with the requirements of

paragraph 10.9. If the transactions in aggregate would be classified as a Category 3 or larger transaction (see paragraph 9.5), the Committee may require the company to comply with the requirements of paragraph 10.9 in respect of the latest transaction and to disclose in the circular all relevant details of each of the transactions being aggregated.

### Contents of circular

10.9 A circular relating to a related party transaction must comply with the general requirements relating to circulars set out in Section 11 and must also include:

- (a) a responsibility statement in accordance with paragraph 7.B.17;
- (b) in all cases the information required by the following paragraphs of Section 7 in relation to the listed company:

Paragraph	
7.A.1	name and address
7.A.28	major shareholders
7.E.3 to 5	financial information
7.E.16	material changes
7.F.1	significant contracts
7.F.5	experts' consents
7.G.1	documents available for inspection

- (c) in the case of a transaction where the related party is a director, or an associate of a director, of the company (or its holding company or any of its subsidiaries or fellow subsidiaries) the information specified by the following paragraphs:

Paragraph	
7.B.15	directors' interests in securities
7.B.16	directors' interests in transactions
7.F.3	directors' service contracts

- (d) full particulars of the transaction, including the name of the related party concerned, a description of the relationship between the listed company and the related party and the nature and extent of the interest of such party in the transactions;
- (e) in the case of an acquisition, or disposal of fixed property, or, in the case of a mineral company, an acquisition or disposal of minerals, mineral resources or mineral reserves (as defined in Section 12), an independent valuation including the value, the basis of valuation and the method of arriving at such value;
- (f) a statement complying with Schedule 5 by an independent professional expert acceptable to the Committee as to whether the transaction is fair and reasonable insofar as the shareholders of the listed company are concerned, provided that such statement shall not be required if an independent valuation has been conducted and disclosed in accordance with paragraph (e);

- (g) where applicable, a statement that the related party and its associates will not be taken into account in determining a quorum at the shareholders' meeting and their votes will not be taken into account in determining the results of the voting at such meeting in relation to any resolution in connection with the related party transaction;
- (h) if the transaction also falls within Category 1 or 2, the information required to be included in Category 1 or 2 (see Section 9) circulars respectively; and
- (i) details of any other transactions entered into by the listed company (or any of its subsidiaries) with the same related party (and any of its associates) which have not been approved by the shareholders.

## SECTION

# 11

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## Circulars and Press Announcements

### Scope of section

This section sets out:

- (a) the general requirements which apply to all circulars and press announcements published by listed companies; and
- (b) the specific requirements relating to the method of issue of securities to be listed;

Where the circular or press announcement, or the transaction or matter to which it relates, has unusual features or where it is not possible to comply with the relevant requirements set out in this section, the Committee must be consulted at an early stage.

Sections 9 and 10 detail the information to be included in press announcements and circulars relating to transactions and related party transactions.

The main headings are:

11.1	Contents of all circulars.....	11-2
11.2	Formal approval.....	11-2
11.3	Contents of press announcements and circulars.....	11-2
11.3	Introductions.....	11-2
11.6	Placings.....	11-3
11.7	Offers for sale or subscription.....	11-3
11.10	Renounceable offers.....	11-4
11.13	Rights offers and claw-back offers.....	11-4
11.19	Capitalisation issues and scrip dividends.....	11-5
11.23	Acquisitions and disposals of assets.....	11-6
11.24	Issues for cash.....	11-6
11.25	Sundry matters.....	11-6
11.38	General.....	11-9

## **Contents of all circulars**

- 11.1 Circulars and pre-listing statements must:
- (a) provide a clear and adequate explanation of its subject matter;
  - (b) if voting or other action is required:
    - (i) contain all information necessary to allow the holders of the securities to make a properly informed decision; and
    - (ii) contain a heading drawing attention to the importance of the document and advising holders of securities who are in any doubt as to what action to take to consult appropriate independent advisers;
  - (c) state that where all the securities have been sold or transferred by the addressee, the circular and any other relevant documents should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee;
  - (d) include all the information published, or to be published simultaneously with the circular or pre-listing statement, in any press announcement issued in connection with the transaction to which the circular or pre-listing statement relates; and
  - (e) where new securities are being issued in substitution for existing securities, explain what will happen to existing documents of title.

## **Formal approval**

- 11.2 Press announcements which are not required to be made in terms of the listings requirements; standard cautionary announcements (as defined in paragraph 11.36); and announcements relating to dividends/interest, quarterly reports, interim reports, preliminary reports and annual financial statements, do not require Committee approval, prior to publication (except where such press announcement includes the declaration of a scrip dividend or a capitalisation award, in which event the press announcement or relevant extract of the press announcement will require Committee approval). All other press announcements may not be published until they have received the approval of the Committee. All circulars may not be sent to shareholders until they have been approved by the Committee.

## **Contents of press announcements and circulars**

### **Introductions**

- 11.3 Applicants seeking a listing by way of an introduction are required to publish a press announcement complying with paragraph 11.4 and to circulate a pre-listing statement complying with paragraph 11.5 on the day on commencement of listing.

### **Press announcements**

- 11.4 A press announcement containing the full pre-listing statement (as set out in paragraph 11.5) or, alternatively, containing the following information:
- (a) the number and description of the securities concerned;
  - (b) the name, date of registration and registration number of the applicant;
  - (c) the general nature of the main business or proposed main business actually carried on or to be carried on by the applicant and its subsidiaries;
  - (d) the names and addresses of the directors of the applicant; and

- (e) the places at and times during which copies of the pre-listing statement may be obtained, and if the press announcement is not a full pre-listing statement a statement of such.

### **Circular**

11.5 A pre-listing statement which should:

- (a) in addition to the requirements of paragraph 6.8(b) state on the front page the following:

"This pre-listing statement is not an invitation to the public to subscribe for securities, but is issued in compliance with the Listing Requirements of the BSE, for the purpose of giving information to the public with regard to the company";

- (b) if a pre-listing statement is required as a result of a rights issue, then the additional wording on the front page should state the following:

"This rights issue circular incorporates listing particulars and is issued in compliance with the Listing Requirements of the BSE, for the purpose of giving information to the public with regard to the company"; and

- (c) contain the information described in the Appendix to Section 6.

### **Placings**

11.6 Companies seeking a listing by way of placing should publish, on the day of the commencement of listing, the documents referred to in paragraph 11.4 and 11.5.

### **Offers for sale or subscription**

11.7 Applicants seeking a listing by way of an offer for sale or subscription are required to publish an announcement complying with paragraph 11.8 and to circulate a prospectus complying with paragraph 11.9.

### **Press announcements**

11.8 A press announcement which should either contain the contents of the prospectus (as set out in paragraph 11.9) or should contain only the following information:

- (a) the number and description of the securities concerned;
- (b) the name and date of registration of the applicant;
- (c) the general nature of the main business or proposed main business actually carried on or to be carried on by the applicant and its subsidiaries;
- (d) the names and addresses of the directors of the applicant;
- (e) the places at and times during which copies of the prospectus may be obtained;
- (f) where all the securities which are the subject of an offer are intended to be offered only to the members of a company or debenture holders as the case may be, with or without the right to renounce in favour of other persons:
  - (i) the issue price of such securities;
  - (ii) the ratio in which such securities will be offered to the members or debenture holders entitled to accept the offer; and
  - (iii) the last day on which members or debenture holders must register as such in order to be entitled to receive the offer; and
- (g) the last day for subscribing.

**Circular**

11.9 The circular for an offer for sale or subscription should take the form of a prospectus and comply with the Appendix to Section 6.

**Renounceable offers**

11.10 The applicant in a renounceable offer is required to publish two press announcements and pre-listing statement as set out below:

- (a) the first press announcement must contain at least the information required in paragraph 11.8;
- (b) the second press announcement must give the following information:
  - (i) the date from which the pre-listing statement will be available and from whom it can be obtained; and
  - (ii) the date the applicant's issued securities and the letters of allotment will be listed;
- (c) the pre-listing statement must contain the information set out in the Appendix to Section 6.

11.11 The listed company renouncing the securities to its shareholders must publish four press announcements, according to the timetable set out in paragraph 5.41, containing the information referred to in paragraph 11.15.

11.12 The press announcements issued by the applicant and the listed company may be published together provided that the applicant's pre-listing statement contains all the information contained in press announcements issued by the listed company and the responsibility statement from the directors of the applicant covers such information.

**Rights offers and claw-back offers**

11.13 Listed companies seeking a listing for securities issued by way of a rights offer or claw-back offer are required to publish four press announcements complying with paragraphs 11.14 and 11.15 and to circulate a pre-listing statement or circular (as the case may be) complying with paragraphs 11.16 to 11.18.

**Press announcements**

11.14 Four press announcements in accordance with the timetable set out in paragraph 5.57.

11.15 The press announcements should contain the following:

- (a) the first press announcement must give the last date to register for shareholders to participate in an offer;
- (b) the second press announcement must give the terms of the offer and a statement that application has been made to the Committee for a listing of the renounceable letters and subsequent securities (the advertisements in (a) and (b) could be combined);
- (c) the third press announcement must:
  - (i) advise that the Committee has granted a listing for the renounceable letters of allocation and subsequent securities;
  - (ii) state the salient dates relating to the offer; and
  - (iii) state that copies of the circular or pre-listing statement will be available for inspection at the company's sponsoring brokers, transfer office, registered office and such other locations as may be appropriate, by the Friday prior to the Monday on which the listing of the letters of allocation commences.

- (d) the fourth press announcement must give the number of securities taken up by the shareholders of the applicant and the number of securities taken up by the underwriter.

**Circular**

- 11.16 If a pre-listing statement is to be published in accordance with Section 6 it should contain the information set out in the Appendix to that section.
- 11.17 If a pre-listing statement is not required by Section 6 a circular should be published containing the information required by the following paragraphs of Section 7:

The applicant and its capital Directors, manager and advisors	7.A.1, 4 or 5; 7.B.1 (with respect to the listed company only), 6, 15, 16 and 17;
Securities for which application is being made	7.C. 14 and 16;
Group's activities	7.D.2, 5 and 11;
Financial information	7.E.3, 4, 5 and 16;
General information	7.F.5; and
Documents to be available for inspection	7.G.1

- 11.18 In addition, the circular should contain details of all Category 3 or 4 transactions (as described in paragraphs 9.18 to 9.21) not previously notified to shareholders by way of a circular.

**Capitalisation issues and scrip dividends**

- 11.19 Companies seeking a listing for securities issued by way of a capitalisation of reserves and/or an application of share premium or capital redemption reserve fund are required to publish press announcements complying with paragraph 11.20 or 11.21 (as the case may be) or to send a circular to shareholders complying with paragraph 11.22.

**Press announcements**

- 11.20 For a scrip dividend or a cash underpin by a third party for a capitalisation issue, three press announcements are required
- (a) the first press announcement must give the last date on which shareholders must be registered in order to participate in the scrip dividend (or capitalisation issue where applicable) and the exact cash value of the dividend or the exact ratio of the capitalisation issue;
  - (b) the second press announcement must give the ratio of new securities offered to existing securities or the exact cash value of the underpin; and
  - (c) the third press announcement must give details of the results of the scrip dividend and the fact that the dividend has now been declared or the level of acceptances of the cash underpin.
- 11.21 For other capitalisation issues a press announcement is required giving details of:
- (a) the proposed capitalisation issue;

- (b) the last date on which shareholders must be registered in order to participate in the capitalisation issue;
- (c) the date on which the scrip arising out of the capitalisation issue will be issued;
- (d) the number of shares that will be issued in relation to the number of shares already in issue; and
- (e) the date on which the new number of shares generated by the capitalisation issue will be listed.

### **Circular**

11.22 A circular should be published containing the information set out in paragraph 7.C.15 and complying with the requirements of paragraphs 5.69 to 5.79 in the case of scrip dividends and with paragraphs 5.61 to 5.68 or in the case of capitalisation issues.

### **Acquisitions and disposal of assets**

11.23 The requirements for the contents of press announcements and circulars relating to Category 1, 2, 3 and 4 transactions can be found in Section 9.

### **Issues for cash**

11.24 Companies seeking a listing for securities issued in terms of a specific issue of shares for cash should send shareholders a circular containing the following:

- (a) the notice of general meeting;
- (b) full disclosure of the detailed effects of the proposed issue including the effect on the net asset value per share;
- (c) the disclosure referred to in paragraphs 5.81(b) to (e);
- (d) if paragraph 5.81(f) is applicable, a statement by the directors of the company as well as an independent professional expert (complying with Schedule 5) acceptable to the Committee certifying that in their opinion after due and careful inquiry, such issue is fair and reasonable and in the interests of the shareholders;
- (e) a statement that to the knowledge of the directors and controlling shareholders (if any), the company is not the subject of an announced or expected take-over bid; and
- (f) the paragraphs of Section 7 described in paragraph 11.17 above other than paragraph 7.C.16, except where a pre-listing statement is required in terms of Section 6, in which case the pre-listing statement should contain the information set out in the Appendix to that section.

### **Sundry Matters**

#### **Letters of allocation**

- 11.25 The salient details of the rights or claw-back offer or capitalisation issue must be printed on the front page of the letter.
- 11.26 The instructions in respect of acceptance, renunciation, splitting and payment and the sections to be completed by the renouncer and renounee must be printed on the subsequent pages.
- 11.27 Where excess securities are made available the application form must be printed in a different colour to the letter of allocation.

### **Voluntary liquidation**

- 11.28 Where a listed company proposes to enter into voluntary liquidation a circular should be despatched with the notice of general meeting incorporating the following:
- (a) a summary of the mechanics of the liquidation distribution and the payment procedure to be adopted;
  - (b) any exchange control rulings/procedural guidelines;
  - (c) the taxation implications of the distribution;
  - (d) a pro-forma net asset statement (see paragraphs 8.35 to 8.43) if the listed company has entered into any Category 1 to 4 transactions or, if not, the information required by paragraphs 7.E.3, 4 and 5;
  - (e) the effect on capital and earnings to the shareholder; and
  - (f) the information required by paragraph 7.C.14.
- 11.29 Should shareholders approve the voluntary liquidation a written application must be submitted for the termination of the listing on a stated date. The listing will be terminated at the close of business on that date.

### **Redemption of securities**

- 11.30 Where a listed company proposes to redeem securities a circular should be despatched with the notice of general meeting incorporating the following:
- (a) a summary of the salient features, dates, rationale and action required;
  - (b) any exchange control rulings together with a statement that remittance of redemption proceeds to non-residents are subject to Bank of Botswana approval;
  - (c) the taxation implications of the redemption;
  - (d) the effect on capital and earnings to the shareholder; and
  - (e) the information required by paragraph 7.C.14.
- 11.31 The requirements of 11.30 may be waived by the Committee where such redemption does not contain any options and must be redeemed on specific terms and at specific times.

### **Change of name of a listed company**

- 11.32 Two circulars should be sent to shareholders where a company proposes to change its name:
- (a) the first circular should call for the necessary meeting and give details of the resolutions shareholders will be asked to pass in order to affect the proposed change of name; and
  - (b) the second circular must give the results of the resolutions and, if the resolutions have been passed, state:
    - (i) whether the change of name has been registered with the Registrar of Companies;
    - (ii) the date from which the BSE will give effect to the change of name;
    - (iii) instructions as to the procedure to be adopted regarding existing share certificates.

#### **NOTE:**

1. Where share certificates are being recalled the 2nd circular must be sent to shareholders at least 2 weeks prior to the date on which the company's securities are listed under its new name.
2. The day from which the listing is amended must always be a Monday, or if this is a public holiday from the next business day.

**Sub-division/consolidation of securities**

11.33 Two circulars should be sent to shareholders where a company proposes to consolidate or subdivide its securities:

- (a) the first circular should call for the necessary meeting and include the following:
  - (i) details of the resolutions shareholders will be asked to pass in order to effect the consolidation or subdivision;
  - (ii) the reasons for the sub-division/consolidation;
  - (iii) the ratio of the sub-division/consolidation;
  - (iv) a statement that application has been made to the Committee for the amendment of the company's listing; and
  - (v) the procedure to be adopted regarding existing share certificates if the special resolution is passed by shareholders and the Committee has agreed to the amendment of the listing;
- (b) a second circular must be sent to shareholders immediately after the general meeting and should contain:
  - (i) the outcome of the meeting;
  - (ii) whether the application for the listing of the sub-divided/consolidated securities has been granted by the Committee;
  - (iii) the date from which the listing is to be amended;
  - (iv) the procedure to be adopted in respect of the recall of the existing share certificates; and
- (c) a press announcement embodying the details contained in (b) above must be published.

**NOTE:**

1. The Committee will only consider applications in respect of share splits from companies whose securities have a high market price and/or are poorly traded so as to improve the marketability of the securities.
2. No company in the "Cash Companies" section of the List will be permitted to split its securities, if as a result of such split the net asset value or indicated market price after the split is reduced to below 20 thebe per share.
3. The date from which the listing is amended must always be a Monday or if this is a public holiday from the next business day.

**Issue of authorised but unissued shares which are under the control of the directors**

11.34 Where a company is contemplating an increase of capital and the authorised but unissued shares are being placed under the direct control of the directors with no indication as to whom they will be issued; the notice to shareholders must contain the following:

"No issue of these shares is however contemplated at the present time and no issue will be made which could effectively transfer the control of the company without prior approval of shareholders in General Meeting."

**Change of transfer secretaries**

11.35 The following procedures are required when there is a change in the transfer secretary/secretaries of a listed company:

- (a) a notice advising members of the listed company's change of transfer secretary/secretaries, together with the relevant details, must be sent to all registered members;

- (b) a press announcement detailing the changes must be published at least two weeks before the due date of change; and
- (c) the listed company must advise the Committee, in writing of the change and must include details in respect of the listed company's new transfer secretary/secretaries.

### **Cautionary announcements**

- 11.36 Cautionary announcements must contain all available details regarding the information that is the subject of the cautionary announcement, and contain a warning to shareholders that they should consult their professional advisors before dealing in their securities until full details regarding such information have been announced. However, when a company is unable to provide details on the subject of the cautionary announcement, it should be substantially in the form of paragraph 1 of Schedule 19 (“a standard cautionary announcement”).
- 11.37 After a company published a cautionary announcement, it must publish a progress report (a further cautionary announcement) at least every 21 days thereafter, until full details on the subject of the cautionary announcement have been announced. Such announcement must contain all available details on the matter. However, where a company is unable to provide such details, the announcement should be substantially in the form of paragraph 2 of Schedule 19.
- Where a company decides to withdraw a cautionary announcement, it must make an announcement to this effect, which announcement should be substantially in the form of paragraph 3 of Schedule 19.

### **General**

#### **Embargo placed on company announcements**

- 11.38 To obviate leakage of information companies are not permitted to release for publication company announcements (including press announcements, circulars and pre-listing statements) under a time embargo. Release dates should be in agreement with the BSE.

#### **Name or logo of a broking firm**

- 11.39 The names of the members of the BSE may appear in any advertisement or document issued by or on behalf of any company. Where the names of members appear the following words must be added after their names "member of the BSE."
- 11.40 Where the name or logo of a broking firm appears on an advertisement or circular on behalf of another listed or unlisted entity, the following should be noted:
- (a) the advertisement/circular must be cleared with the Committee;
  - (b) the advertisement/circular must conform to the listings requirements; and
  - (c) the document will be subject to normal documentation fees (if applicable).

#### **Availability of pre-listing statements or circulars**

- 11.41 Members of the BSE may obtain copies of the pre-listing statements or circulars by submitting a request to the sponsoring broker for the number of copies required. It will be the duty of the sponsoring broker to pass on such applications to the company who will be responsible for posting these promptly to the applicants.

## Appendix to Section 11

### Guidelines on the publication of information

The following table provides a summary of the requirements for the publication of information relating to listed companies.

Reference (Paragraph unless otherwise stated)	Information	No. of copies for BSE	Distribute to each shareholder	Publish in press	Publish on X-News
3.23 16.21	Annual Report	2	Yes	No	Yes
8.44 3.20 3.22 16.21	Provisional Annual Financial Statements (Preliminary Reports) Note 2	25	Yes	Yes	Yes
3.19 3.22 8.44 8.49 16.21	Interim Reports Note 2	25	Yes	Yes	Yes
8.44	Quarterly Reports	25	Yes	Yes	Yes
16.21 3.13 8.28	Other Preliminary Reports	3	No	Yes	Yes
3.11 3.18	Dividend Announcements	3	Note 3	No	Yes
3.23 16.21	Notices of Annual General Meetings and their Minutes	3	Yes	No	Yes
3.48 16.21 Section 11	Circulars	25	Yes	Note 3	Yes
6.23 3.48 11.8	Pre-Listing Statements and Prospectuses	25	Yes	Yes	Yes
3.46 to 3.47	Press Announcements	3	No	No	Yes

NOTES:

1. Unaudited provisional annual financial statements (preliminary reports) and under certain circumstances, unaudited interim and quarterly reports, must be reviewed by the company's auditors in terms of paragraph 3.22 and published in the press.
2. Dividend announcements must be published in the press and/or be distributed to all shareholders.
3. Circulars must be published in X-News. They however need not be published in the press. Refer to Section 11 to determine whether a press announcement is required.
4. All announcements ,circulars, prelisting statements and prospectuses, whether approval of the Committee is required or not, should be Submitted to the BSE in soft copy (pdf format) for release on the BSE X-News before being released on any other media.

Simultaneously, hard copies of prospectuses, prelisting statements and circulars must be submitted as per the table accompanied by a letter from the issuer declaring that the contents of the hard copy are identical to those in the softcopy.

**SECTION  
12**

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**Mineral Companies**

**Scope of section**

This section sets out the criteria for the listing of, and the additional disclosure requirements for, mineral companies, which are defined as exploration companies and/or mining companies.

The main headings are:

12.1 Definitions..... 12-2

12.2 General..... 12-3

**Exploration Companies**

12.4 Criteria for listing..... 12-3

12.6 Contents of pre-listing statements..... 12-3

12.7 Competent persons' reports..... 12-4

12.9 Announcements and circulars..... 12-5

**Mining Companies**

12.11 Criteria for listing..... 12-5

12.13 Contents of pre-listing statements..... 12-6

12.14 Competent persons' reports..... 12-6

12.15 Announcements and circulars..... 12-7

## Definitions

12.1 For the purposes of this section, unless otherwise stated or the context otherwise requires, terms signifying the singular shall include the plural and vice versa and the following terms shall have the meanings set out below:

<b>Term</b>	<b>Meaning</b>
competent person	in relation to the preparation of a competent person's report, must be an individual, firm, company or other legal entity which has a director, partner or an employee, who: <ul style="list-style-type: none"> <li>(a) is professionally qualified and is a member in good standing of an appropriate professional association, institution or body acceptable to the Committee; and</li> <li>(b) has, in the opinion of the Committee, the necessary professional experience insofar as it relates to the contents of the report</li> </ul>
competent person's report	the report prepared by one or more competent persons and which complies with paragraph 12.7 and 12.8 in the case of exploration companies, and with paragraph 12.14 in the case of mining companies
exploration	the intentional searching or prospecting for any mineral, but not including mining
exploration company	a company whose principal activity is that of exploration
exploration information	information resulting from exploration
mineral	any substance, whether in solid, liquid or gaseous form, occurring naturally in or on the earth, in or under water or in tailings and having been formed by or subjected to a geological process, excluding water, but including sand, stone, rock, gravel and clay, as well as soil other than topsoil
mineral company	an exploration company and/or a mining company
mineral reserves	that part of a mineral resource which has been analytically demonstrated to justify mining, taking account, at the time of determination, mining, metallurgical, marketing, legal, environmental, social, economic and other applicable conditions (see note below)
mineral resources	any mineral deposit in such form and quantity that mining of a mineral may be feasible. Location, grade quality and quantity are estimated from specific geological evidence (see note below)
Mines & Minerals Act	the Mines & Minerals Act (CAP.66:01), as amended, or any law which may replace it in part or wholly
mining	any excavation of the earth, including the portion under water or in any tailings, as well as any borehole, made for the purpose of winning a mineral or the exploitation of any mineral deposit in any other manner
mining company	a company whose principal activity is that of mining

NOTE: mineral resources and reserves

Whilst the distinction between a mineral resource and reserve is sufficiently settled to permit these terms being defined, generally acceptable definitions of sub-classifications of mineral resources and reserves and, in particular, their interpretation have yet to be established in Botswana. It is therefore premature to impose mandatory sub-classifications for mineral

resources and reserves on mineral companies, who are rather encouraged to adopt sub-classifications that are appropriate to each mineral deposit and that are consistent with good Botswana practice.

## **General**

- 12.2 The listings requirements apply to mineral companies except as modified by this section. The provisions of paragraphs 12.4 to 12.10 apply exclusively to exploration companies. The provisions of paragraphs 12.11 to 12.15 apply exclusively to mining companies. To the extent that a mineral company is both an exploration company and a mining company all of these provisions will apply.
- 12.3 If information required to be disclosed under this section is confidential for legal and/or other reasons and the directors of a mineral company can prove to the satisfaction of the Committee that the mineral company's legitimate interests might be prejudiced if the information were to be disclosed, then the Committee may grant a dispensation from the requirement to make the information public.

## **Exploration companies**

### **Criteria for listing**

- 12.4 The Committee may admit to listing on the Main Board the securities of an applicant notwithstanding that the requirements of paragraph 4.21(c) are not satisfied, provided that:
- (a) the provisions of paragraphs 4.21(a), (b), (d), (e) and (f) are satisfied;
  - (b) the applicant undertakes or proposes to undertake exploration;
  - (c) the applicant demonstrates to the satisfaction of the Committee that the applicant's managers have satisfactory experience in exploration; and
  - (d) the applicant demonstrates to the satisfaction of the Committee that the applicant is entitled to explore for the relevant minerals.
- 12.5 The Committee may admit to listing on the VCM the securities of an applicant that complies with the requirements of paragraph 4.22.

### **Contents of pre-listing statements**

- 12.6 In addition to the requirements of Section 6, the following information/documentation shall be included:
- (a) a competent person's report, complying with paragraphs 12.7 and 12.8, and, if the competent person is not, in the opinion of the Committee, independent of the issuer, the pre-listing statement must clearly disclose the nature of the relationship or interest;
  - (b) details of all management and service agreements;
  - (c) the names of the issuer's directors and technical advisers;
  - (d) details of any direct or indirect interest, beneficial or non-beneficial, which each director, competent person and related party (as defined in paragraph 10.1(b)) has or, within two years of the date of the pre-listing statement, had:
    - (i) in any asset (including any right to explore for minerals) which has been acquired or disposed of by, or leased to or by the issuer, including any interest in the consideration passing to or from the issuer;
    - (ii) in the share capital of the issuer; and
    - (iii) in the promotion of the issuer;

- (e) a statement of any legal proceedings that may have an influence on the rights to explore for minerals, or an appropriate negative statement;
- (f) a glossary of the terms used in the pre-listing statement; and
- (g) a detailed estimate/statement of:
  - (i) the exploration funding requirements for at least two years following publication of the pre-listing statement;
  - (ii) the exploration expenditure incurred to date and/or budgeted for; and
  - (iii) the projected adequacy of capital raised for exploration purposes.

### **Competent persons' reports**

12.7 A competent person's report must:

- (a) if the competent person is an individual, state the full name, address, professional qualifications and relevant experience of the competent person and the name and address of the professional association, institution or body of which he or she is a member;
- (b) if the competent person is a firm, company or other legal entity, state the full name and address of the firm or company and the full name, professional qualifications and relevant experience of the key director, partner or employee who has prepared the report, and the name and address of the professional association, institution or body of which he or she is a member;
- (c) be dated less than six months prior to the date of publication of the pre-listing statement or circular and, in the case of (a), be signed by the competent person; or, in the case of (b), be signed by the person or persons authorised to sign the report on behalf of the firm, company or other legal entity, together with the key director, partner or employee who has prepared the report;
- (d) be updated prior to publication of the pre-listing statement or circular if further data becomes available, unless the pre-listing statement or circular sets out and explains the effect of such further data; and
- (e) if the competent person is not independent of the issuer, clearly disclose the nature of the relationship or interest.

An issuer may appoint more than one competent person. Each competent person's report shall comply with paragraphs 12.7 and 12.8.

12.8 The competent person's report must include:

- (a) a description of:
  - (i) the nature of the issuer's rights of exploration and the right to use the surface of the properties to which these rights relate; and
  - (ii) agreements, concessions, consents, permissions, permits or authorisations required and where those have been obtained, and details of their principal terms and conditions;
- (b) where applicable, a statement to the effect that:
  - (i) an environmental management programme as required by the Mines and Minerals Act (CAP 66:01) has been approved by the Regional Director concerned and the cost of such programme; or
  - (ii) pending the approval of an environmental management programme, temporary authorisation to commence operations has been obtained; or
  - (iii) an extension of time within which to obtain approval of an environmental management programme has been granted; or

- (iv) exemption has been obtained from the requirements of the Mines & Minerals Act;
- (c) in respect of the issuer's exploration activities to date, a statement:
  - (i) of the nature of any relevant geophysical and geological evidence;
  - (ii) where applicable, of the results of drilling and sampling, stating the number of holes drilled, sample pits or trenches and their location, with a description of their current status, and a statement whether or not those results support the existence of the relevant minerals; and
  - (iii) where applicable, of the names of the organisations that carried out the investigation and analysis;
- (d) in respect of the issuer's future exploration activities, a description of the general methods to be employed for exploration; and
- (e) in respect of each major property, maps and plans demonstrating its location, the nature and extent of workings thereon and all principal geological features.

### **Announcements and circulars**

- 12.9 In addition to other requirements under the listings requirements, announcements by exploration companies:
- (a) insofar as they relate to any mineral deposit, must include any information available to the issuer concerning the characteristics of the deposit;
  - (b) insofar as they relate to mineral resources and/or reserves, must include a description of the nature of mineralisation; and
  - (c) insofar as they relate or refer to a competent person's report, must:
    - (i) be approved in writing in advance of publication by the relevant competent person; and
    - (ii) if the competent person is not, in the opinion of the Committee, independent of the issuer, clearly disclose the nature of the relationship or interest;
- 12.10 In addition to the other requirements under the listings requirements, circulars in respect of Category 1 and 2 transactions by exploration companies must:
- (a) include a competent person's report complying with paragraphs 12.7 and 12.8 if the information in such a report is relevant to the subject matter of the circular;
  - (b) if a competent person's report is included and the competent person is not, in the opinion of the Committee, independent of the issuer, clearly disclose the nature of the relationship or interest; and
  - (c) include a glossary of the terms used in the circular.

### **Mining companies**

#### **Criteria for listing**

- 12.11 The Committee may admit to listing on the Main Board the securities of an applicant notwithstanding that the requirements of paragraph 4.21(c) are not satisfied, provided that:
- (a) the provisions of paragraph 4.21(a), (b), (d), (e) and (f) are satisfied;
  - (b) the applicant undertakes or proposes to undertake mining;
  - (c) the applicant demonstrates to the satisfaction of the Committee that the applicant's managers have satisfactory experience in mining; and
  - (d) the applicant demonstrates to the satisfaction of the Committee that the applicant is entitled to mine the relevant minerals.

- 12.12 The Committee may admit to listing on the VCM the securities of an applicant that complies with the requirements of paragraph 4.22.

**Contents of pre-listing statements**

- 12.13 In addition to requirements of Section 6 and the requirements of paragraphs 12.6(a) to (f), the following information shall be provided:
- (a) an estimate of the mining and other related funding requirements for at least two years following publication of the pre-listing statement; and
  - (b) particulars of the estimated cash flow for either the two years following publication of the pre-listing statement or, if greater, and where applicable, the period until the end of the first full financial year in which mining is expected to be conducted on an economic scale. Such particulars must include relevant revenue, cost, capital expenditure, tax and other material financial details required to enable the arithmetic calculation of such cash flow.

**Competent persons' reports**

- 12.14 The provisions of paragraphs 12.7 and 12.8 shall, mutatis mutandis, apply in respect of the content of a competent person's report for mining companies, save that the term "exploration" shall be substituted with that of "mining". In addition, the competent person's report must include:
- (a) in respect of the issuer's mineral resources and reserves, a statement providing:
    - (i) the geological features of the occurrence, the type of deposit and its dimensions;
    - (ii) an estimate of the volumes, tonnages and grades, as appropriate;
    - (iii) a general description of the methods by which the details under (ii) were estimated;
    - (iv) the anticipated mining tonnages or volumes; and
    - (v) the processing volumes or tonnages, together with the other principal assumptions relating to forecast revenues and operating costs;
  - (b) a statement in relation to the issuer, providing:
    - (i) the production policy, including production rates of sites, mines and wells where production has already been commenced;
    - (ii) the estimated production rates relating to new mines, or reworkings, or new drilling, or work-overs;
    - (iii) an estimate of the working lives of each major property;
    - (iv) an indication of the bases on which these estimates have been arrived at; and
    - (v) the qualifications and experience of the key technical staff being, or to be employed.
  - (c) the date on which mining commenced, or is expected to commence, on the issuer's major properties;
  - (d) an indication of the progress of actual working, including analysis (both in narrative and numerical form) of previous exploration, development and mining carried out on the issuers' major properties;
  - (e) commentary on the reasonableness of the directors' forecasts (if any) of the rates of mining of the issuer's major properties;
  - (f) commentary on the ownership, type, extent and condition of plant and equipment which is significant to the issuer's operations and which is currently in use on the issuer's major properties;

- (g) information on significant additional plant and equipment which will be required to achieve the forecast rates of mining;
- (h) an assessment of the value of the plant and equipment owned by the issuer currently in use for mining, save that such assessment will not be required if a statement is made confirming that the directors do not consider the plant and equipment to be of significance to an investor's assessment of the issuer's operations;
- (i) basic information and/or valuation bases relating to all key criteria which may be used in arriving at a valuation based on a discounted cash flow mining model, also known as a net present value mining model; and
- (j) a statement setting out any additional information required for an appraisal of any special factors affecting the mining businesses of the issuer, including difficulties of access to, or in recovery of, mineral resources and reserves and special circumstances, such as difficulties in transporting or marketing the ore which may affect the economic viability of the project, or an appropriate negative statement.

**Announcements and circulars**

12.15 The provisions of paragraphs 12.9 and 12.10 shall, mutatis mutandis, apply to mining companies, save that the term "exploration" shall be substituted with that of "mining".

**SECTION  
13**

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**Property Companies**

**Scope of section**

Property companies and listed companies which carry out certain property related transactions are subject to additional disclosure requirements, principally relating to valuations. Property dealing companies may be subject to different treatment depending on the circumstances of each case.

The main headings are:

13.1	Definitions.....	13-2
13.2	Additional information for listing.....	13-2
13.3	Valuation reports.....	13-3
13.14	Unit trust schemes in property shares.....	13-5

**Definitions**

- 13.1 For the purposes of Section 13, the following definitions apply:
- (a) "gross assets" is the net book value of the company's assets before deducting outstanding mortgages;
  - (b) "property" refers to freehold or leasehold property;
  - (c) "property companies" are companies primarily engaged in property activities including:
    - (i) the holding of properties and development of properties for letting and retention of investments; or
    - (ii) the purchase or development of properties; or both.
  - (d) "net annual rent" is the income generated by any property attributable to the company as estimated by an external valuer:
    - (i) ignoring any special receipts or deductions arising from the property;
    - (ii) before taxation (including tax on profits and any allowances for interest on capital or loans); and
    - (iii) after making deductions for any disbursements including expenses of managing the property and appropriate allowances to maintain it in a condition to command its rent;
  - (e) "net book value" is the value of assets after adjusting the cost to reflect any depreciation or other adjustment so as to reflect the figure at which those properties are shown in the books of account;
  - (f) "published valuation" is the valuation referred to in the listed company's annual financial statements or pre-listing statement or circular whether produced independently or by the directors and stated as such; and
  - (g) "external valuer" is an independent property valuer, who is in practice and is a member of an Institute acceptable to the Committee.

**Additional information for listing**

- 13.2 A property company's pre-listing statement must include the information required by the Appendix to Section 6, as far as is relevant and must include:
- (a) summary details of the property portfolio including location, tenancies, material lessees, rent, lease expiry, review date, option to review, escalation, average property yields and current replacement costs;  
Pie charts and bar charts may be used to illustrate the respective sectoral and geographical spread of properties in the property portfolio and leases falling due for renewal or review;
  - (b) financial details, which must include, inter alia:
    - (i) a profit history which may need to be on a pro-forma basis;
    - (ii) a pro-forma balance sheet;
    - (iii) salient details of net distributable income and distributions;
    - (iv) statements on taxation, and
    - (v) a valuation report in accordance with paragraphs 13.3 to 13.13;
  - (c) the following details in respect of each of the promoters, managers, trustees and directors of the applicant (or any subsidiary or holding company):
    - (i) any beneficial interest, whether direct or indirect, interest of those persons in relation to any property held by the applicant or to be acquired out of the proceeds of the issue, where any of those persons is or has contracted to become a tenant of any part of the property; and

- (ii) any relationship between any of those persons and another person where a duty in relation to that other person conflicts, or may conflict, with a duty to the applicant; and
- (d) in the case of a property managed by agents, details of their name, legal form, business address, terms of contract and remuneration, experience and qualifications.

## **Valuation reports**

### **Requirement for a valuation**

- 13.3 A valuation report prepared by an external valuer must be obtained by:
- (a) a new applicant if it is a property company;
  - (b) a listed property company, if it makes an acquisition or disposal of property which is either a Category 1 transaction or is a related party transaction within the meaning of Sections 9 and 10, respectively;
  - (c) a listed property company which owns property constituting security for debt securities that are to be listed; or
  - (d) a listed property company which refers to the valuation of property in pre-listing statements or circulars.
- 13.4 Where a valuation report is included in a pre-listing statement or circular, there must also be a statement reconciling that valuation with the equivalent figure included in the listed company's latest published balance sheet.

### **Previously prepared valuation reports**

- 13.5 If a valuation report has been prepared then any related pre-listing statement or circular must contain a summary of the valuation report:

### **Valuation report**

- 13.6 The valuation report must be prepared by an external valuer.
- 13.7 The valuation report to be included in the pre-listing statement or circular must:
- (a) state the following details in respect of each property:
    - (i) the valuation;
    - (ii) the address;
    - (iii) nature and date of valuer's inspection;
    - (iv) a brief description (e.g. land or buildings, approximate site and floor areas);
    - (v) existing use (e.g. shops, offices, factories, residential);
    - (vi) relevant planning permissions;
    - (vii) any material contravention of statutory requirements;
    - (viii) tenure (i.e. freehold or leasehold, giving term);
    - (ix) main terms of tenants' leases or sub-leases (including repairing obligations);
    - (x) approximate age of the buildings;
    - (xi) present capital value in existing state;
    - (xii) terms of any intra-group lease on property occupied by the group (identifying the properties);
    - (xiii) any other matters which materially affect the value (including any assumptions and any information on contamination, if any); and
    - (xiv) source of information and verification;
  - (b) state the name, address and professional qualifications of the valuer;
  - (c) be dated and state the effective date on which each property was valued;

- (d) state whether the valuation is based on either open market value or, if necessary, depreciated replacement cost subject to adequate profitability;
- (e) state any assumptions, underlying the valuation and, where open market value is the basis of valuation, identify any qualifying words to be applied to the definition of open market value and state reasons for the adoption of any such qualification;
- (f) where the directors have required a valuation of the benefit or detriment of contractual arrangements in respect of property or where there is thought to be a benefit in any options held, show such valuations separately and include a reconciliation of the costs and values; and
- (g) in cases where directors have been beneficially interested, whether directly or indirectly, in any acquisition or disposal of any of the properties during the two years preceding the valuation, contain details of the nature and extent of such interests and the date of the transactions and the prices paid or received or other terms on which the transactions were effected. Alternatively, the information on beneficial interests of directors, whether direct or indirect, may be given elsewhere in the pre-listing statement or circular.

### **Valuations of property in course of development**

13.8 Where the valuation is in respect of land currently being developed or in respect of which definite development plans have been formulated for execution in the near future, the following additional information should be given in the valuation report:

- (a) whether planning consent has been obtained, and, if so, the date of such consent and whether there are any material or onerous conditions attached to such consent;
- (b) the date when the development is expected to be completed and any estimate of letting or occupation dates;
- (c) the estimated total cost of carrying out the development including, without limitation, the cost of financial carrying charges, letting commissions, or (where part of the development has already been carried out) the estimated cost of completing the development similarly;
- (d) the open market value of the land and buildings in their existing state at the date of valuation; and
- (e) the estimated capital values at current prices and on the basis of current market conditions:
  - (i) after development has been completed; and
  - (ii) after completion and letting of property.

### **Valuation of property occupied for purposes of business**

13.9 A property which is occupied for the purposes of a business should normally be valued at open market value for its existing use. Where open market value for an alternative use materially exceeds this basis, the alternative use valuation should be stated but the costs of cessation and removal should be estimated by the directors and shown in the valuation report.

### **External property**

13.10 If the company owns an external property, that property must be stated separately, its basis of valuation clearly identified and a valuer's report given.

**Rentals used in valuations**

13.11 In respect of each property which is rented out by the company, the current net annual rent and the estimated future net annual rent at a named date (where this differs materially) must be included in the valuation report, based on its current open market rental value.

**Other general matters**

13.12 Where a valuation is referred to in the pre-listing statement, a Category 1 circular or a circular relating to a transaction with a related party, a copy of the valuation report must be made available for inspection.

**Summary of valuations**

13.13 The valuation report must include a summary of the number of properties and the aggregate of their valuations must be split to show the separate totals for the freehold and leasehold properties. Negative values must be shown separately and not aggregated with the other valuations. Separate totals should be given for properties valued on an open market basis and on a depreciated replacement cost basis, and for any external properties.

**Unit trust schemes in property shares**

13.14 Unit trust schemes in property shares are regulated by the Collective Investment Undertakings Act, 1996.

13.15 A property unit trust is restricted to investment in the shares of property-owning companies (fixed property companies) and in approved securities, pending investment of cash resources into property. After the initial issue of units, a property trust may only issue further units by way of rights issue to existing unit holders or in consideration for the acquisition of a property investment, subject to the requirements of the BSE.

**The management company**

13.16 The management company must:

- (a) be formed solely for the purpose of establishing, carrying on or managing unit trust schemes in property shares and issuing unit certificates thereunder, and confine its activities solely to those purposes;
- (b) be registered as a public company under the Act;
- (c) have a paid up share capital and non-distributable reserves which together amount to not less than P2 000 000 actually employed or immediately available for employment in its unit trust business;
- (d) other than in terms of the Collective Investment Undertakings Act, 1996 and trust deed governing a property unit trust, neither the management company nor any director thereof shall either directly or indirectly derive any pecuniary advantage or personal interest from the acquisition or sale by the management company or by a fixed property company of any securities or underlying fixed properties of the property unit trust.

**The Trust Deed**

13.17 A unit trust scheme in property shares is governed by a trust deed entered into between the management company and the trustee. The trust deed, inter alia, sets out

the responsibilities, investment policy and restrictions under which the management company may operate. The trustee's responsibilities which include custody of underlying securities and ensuring that the management company complies with the provisions of the trust deed, are also set out therein. The trustee must be qualified under the Collective Investment Undertakings Act, 1996 to act as a trustee.

**Additional information for listing**

13.18 The requirements for listing of a unit trust scheme in property shares must include the information required by the Appendix to Section 6 as far as it is relevant and in addition thereto must include:

- (a) approval from the Registrar of Collective Investment Schemes;
- (b) a valuation report for the scheme property portfolio;
- (c) the total number of units to be issued, the issue price per unit, the number to be subscribed for to finance the initial property portfolio and other relevant details regarding inter alia, the amount to:
  - (i) be acquired by the management company;
  - (ii) be issued to the vendors of any property acquired, or to be acquired; and
  - (iii) be offered for subscription, placing or public offer;
- (d) details of the management company including its shareholders, capital resources, professional and other appointments;
- (e) details relating to the acquisition of the initial property portfolio including details of all immovable property held by every property company of which there are shares included in any of its portfolios, showing separately, in the case of each such property, the net price or valuation at which it was acquired by the fixed property concerned, and any other expenditure incurred by the company in connection with the acquisition thereof, such as agents commission and transfer costs;
- (f) the details required by paragraph 13.2;
- (g) details of the issue including inter alia, the terms, conditions, offer period and listing dates;
- (h) salient provisions of the trust deed; and
- (i) details of underwriting.

**SECTION  
14**

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**Special Types of Issuer**

**Scope of section**

This section contains the listings requirements pertaining to certain special types of issuer

The main headings are:

14.1	General.....	14-2
14.2	Pyramid companies.....	14-2
14.11	Warrants.....	14-3
14.21	Bonds.....	14-3

**General**

- 14.1 The requirements contained within the listings requirements apply to the special types of issuer contained within this section except where specifically overruled by the requirements of this section.

**Pyramid companies**

- 14.2 The Committee considers that any situation involving a proliferation into more than one listed company of the same basic assets requires its careful control. Accordingly, the following guidelines and requirements should be considered in pyramid situations.

**Classification as pyramid companies**

- 14.3 Any new applicant must make full disclosure to the Committee of any factors which could render it a pyramid company, and any existing listed company shall consult the Committee before entering into any commitment, arrangement or agreement which could render it a pyramid company in relation to another listed company.
- 14.4 The Committee will classify a company as a pyramid company where it:
- (a) may exercise, or cause the exercise of, 50% or more of the total voting rights of the equity securities of a listed company ("listed controlled company"); and
  - (b) derives 75% or more of its total attributable income before tax from such listed controlled company, or the shareholding of which in the listed controlled company represents 50% or more of its total assets.
- 14.5 In addition, the Committee may, in exceptional circumstances, classify a company as a pyramid company where it, in the Committee's opinion, holds, or proposes to acquire, a shareholding in a listed company ("listed controlled company") which represents or will represent 50% or more of the pyramid company's total assets, or produces, or is expected to produce, 50% or more of its total attributable income before tax.
- 14.6 The Committee may declassify a company as a pyramid company when it no longer meets the thresholds upon which its classification as a pyramid company were based.
- 14.7 In the event of a company being classified as a pyramid company in terms of paragraph 14.4 or 14.5, the Committee will take cognisance of, inter alia, the following provisions when considering whether or not to grant a listing to, or to maintain a listing of a company which is to become, a pyramid company.

**Listing of pyramid companies**

- 14.8 Applications may be made to the Committee for the listing of pyramid companies. However, the Committee will not grant a listing to a pyramid company, nor maintain the listing of a company which is to become a pyramid company:
- (a) which is or will become a second-stage pyramid company (the pyramid company of another listed pyramid company), unless the Committee is convinced, that after being provided with full details of the circumstances, that the second-stage pyramid will emerge (or has emerged) fortuitously as a result of a merger or take-over, the prime purpose of which, in the opinion of the Committee, is not the creation of a second stage pyramid company; and
  - (b) unless, either:
    - (i) the minority shareholders of equity securities in the listed controlled company are offered equity securities on the same terms as applicable to the controlling

- shareholders of such listed controlled company in proportion to their holdings in the listed controlled company; or
- (ii) the controlling shareholders of the pyramid company give irrecoverable written undertakings to the Committee that they will not enter into any affected transaction in relation to the pyramid company, unless the other party to such affected transaction undertakes to the Committee to make a comparable offer to the holders (excluding the pyramid company) of the equity securities in the listed controlled company; and
- (c) unless the listed controlled company has either been listed for more than two years or it satisfies each of the following criteria:
- (i) 50% or more of the listed controlled company's total assets or 50% or more of its total attributable income before tax is derived from operations which have been listed for at least 12 months;
  - (ii) the listed controlled company is not classified by the Committee to be a pyramid company;
  - (iii) the management who control the listed controlled company must have held such control for a continuous period of at least 12 months prior to the listing of the pyramid company;
  - (iv) the management of both the listed controlled company and the proposed pyramid company must have been predominantly the same for the period referred to in paragraph 14.8(c)(iii); and
  - (v) the listed controlled company has issued audited financial statements covering the period referred to in paragraph 14.8(c)(iii), that have not been qualified by the listed controlled company's auditors.
- (d) unless the cover of the circular relating to the creation of the pyramid company contains a warning that it will reduce the effective voting influence of shareholders in the listed controlled company.
- 14.9 The Committee may delist a listed pyramid company which ceases to meet the percentages referred to under paragraph 14.4 or 14.5 (as the case may be).
- 14.10 The Committee will not permit a listed controlled company to acquire securities in its listed pyramid company.

## **Warrants**

### **Definitions**

- 14.11 In these warrant listings requirements, unless the contrary intention appears the following terms shall have the meanings assigned to them.

“company” means a company whose securities are listed by the BSE and in respect of which warrants are issued, which company complies with the requirements set out in these warrant listings requirements.

“covered” means in relation to an issue of warrants that the underlying securities are held for the duration of the warrant issue by an independent custodian in Botswana, acceptable to the Committee, for the benefit of the warrant holders, and “uncovered” means in relation to an issue of warrants that the underlying securities are not so held by a custodian.

“cover rate” or “strike ratio” means the ratio which determines the number of warrants required to be exercised in relation to the underlying securities provided that in respect of call warrants no warrant may on exercise thereof entitle the warrant holder to delivery of more than one underlying security and, in respect of put warrants, no warrant shall on exercise thereof oblige the warrant holder to deliver more than one underlying security.

“exercise price” or “strike price” means the price payable by the warrant holder in respect of each warrant on exercise of the warrant.

“expiry date” or “final exercise date” means the last day on which a warrant may be exercised.

final exercise date” - see “expiry date”

“guarantor” means a third party which complies with the requirements set out in these warrant listings requirements and which provides an unconditional and irrevocable guarantee in favour of the warrant holders that the guarantor will honour the obligations of the issuer in the event that the issuer fails to fulfil its obligations in accordance with the terms of the issue of warrants.

“issuer” means an entity, other than the company in respect of whose securities warrants are to be issued, which issues warrants in accordance with the provisions of these listing requirements.

“strike price” – see “exercise price”

“strike ratio” – see “cover rate”

“warrant” means an instrument issued by a third party in respect of the securities of a company listed on the BSE, or any other exchange which is acceptable to the Committee which gives the warrant holder the right to buy the underlying securities from the issuer (in the case of a call warrant) or to sell the underlying securities to the issuer (in the case of a put warrant) at a pre-determined price and in a pre-determined ratio at any time from the date of issue of the warrant until a pre-determined future date.

### **General**

14.12 Once application has been made to, and approval granted by, the Committee in relation to an issue of warrants, those warrants will be listed by the BSE. Warrants will be traded in the same manner as any other securities. If trading in a company’s securities is suspended by the Committee, the listing of the relevant warrants will also be suspended.

14.13 Warrants will be settled through the BSE’s clearing system. Warrants must be freely transferable and each warrant holder shall be given a certificate reflecting the number of warrants held by that warrant holder and the salient terms of the issue.

**Requirements for a company in respect of whose securities warrants are issued.**

14.14 Warrants may only be issued in respect of a company which complies with the following criteria:

- (a) the securities in respect of which the warrants are issued must be listed on the BSE or on any other exchange which is acceptable to the Committee;
- (b) the company must have a market capitalisation, as at the date of approval of the issue, of at least P50 000 000 (“P50 million”);
- (c) the company’s securities must be regarded as being liquid as determined by the Committee; and
- (d) the company must comply with the listings requirements regarding shareholder spread at the time that approval is granted for the listing of the warrants.

**Criteria for the issuer**

14.15 The issuer is the entity which must make application to the Committee for the listing of a warrant issue, and which must meet the following criteria:

- (a) it must be a member of the BSE or any other person in Botswana or elsewhere (whether natural or juristic), in good standing and acceptable to the Committee;
- (b) it must prove to the Committee that it has the relevant expertise to issue warrants or has access to such expertise;
- (c) it must satisfy the Committee that it will establish a secondary market in warrants and endeavour to maintain it;
- (d) prior to application being made to the Committee, it must inform the company in respect of whose securities warrants are to be issued of its intention to issue such warrants;
- (e) the issuer must disclose to the Committee any material dealings (including those of a corporate finance nature) other than in the ordinary course of business by it or its associates in the securities in respect of which warrants are to be issued during the six week period prior to the date of formal application for listing of the warrant;
- (f) in the case of a covered warrant issue, it must provide the Committee with proof:
  - (i) That the underlying securities are to be held by an independent custodian in Botswana, acceptable to the Committee, for the benefit of warrant holders throughout the duration of the warrant issue; and
  - (ii) That it has warranted to the custodian for the benefit of the warrant holders that the underlying securities are unencumbered and will remain so for the duration of the warrant issue; and
- (g) in the case of an uncovered warrant issue, it must:
  - (i) Either
    - satisfy the Committee that it has net tangible assets of not less than P50 million in jurisdictions acceptable to the Committee;
    - undertake that throughout the duration of that warrant issue, it will maintain at least P50 million of its assets in the above-mentioned jurisdictions; or
  - (ii) Provide a guarantee in a form acceptable to the Committee from a third party which is acceptable to the Committee and which complies with the provisions set out in paragraph 14.15(g)(i) above.

If such guarantor is not resident in Botswana, the guarantee must state that the guarantee is governed by Botswana law and that the guarantor accepts the non-exclusive jurisdiction of Botswana courts.

### **Basic parameters for warrants**

#### 14.16 Warrants:

- (a) may not expire sooner than one year or later than six years after the date of issue;
- (b) together with all other warrants issued in respect of a company; should generally not exceed 10% of the issued share capital of the company if the warrant issue is uncovered or 3% of the issued share capital of the company if the warrant issue is covered;
- (c) must be scrip settled in accordance with the terms of the warrant issue provided that the issuer may provide for a cash alternative;
- (d) must be issued in a strike ratio acceptable to the Committee, but in any event not lower than 1 warrant: 1 share; and
- (e) must be covered or uncovered.

### **Content of announcements**

#### 14.17 The issuer must publish the following:

- (a) an announcement, which is to be made immediately after the Committee has approved an application for listing, containing:
  - (i) the information referred to in paragraph 14.18(a)(i)-(iii) in respect of the issuer and any guarantor (if the warrant is uncovered);
  - (ii) the period of marketing (if applicable) and the expected listing date;
  - (iii) the salient terms of the warrant issue, including, but not limited to, the expiry date, the strike price and the strike ratio;
  - (iv) a statement that Committee approval for the listing has been granted;
  - (v) the code under which the warrants will trade; and
  - (vi) places where copies of the warrant issue documentation can be obtained.
- (b) an announcement, which is to be made at least 14 days prior to the expiry dates, containing:
  - (i) the expiry date;
  - (ii) the date of payment for and delivery of the underlying security;
  - (iii) any special arrangements (eg. Cash payment or non-election); and
  - (iv) such other information as the Committee may deem appropriate.

### **Contents of warrant issue documentation**

#### 14.18 The warrant issue documentation must include:

- (a) in respect of the issuer:
  - (i) its full name;
  - (ii) the place and date of incorporation;
  - (iii) the full names and addresses of its directors;
  - (iv) its audited income statements and balance sheets for the last two completed financial years. Where more than nine months have elapsed since the end of the financial year to which the last published annual financial statements relate, an interim report as to the income statement and balance sheet, covering at least the first six months following the end of that financial year,

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must be included in the documentation. If such an interim report is unaudited, that fact must be stated;

- the issuer shall on request, make available to warrant holders a copy of the current annual report of the issuer. (Copies will at all times be available at the office of the sponsoring broker and transfer secretary);
- (v) a description of any material changes in the financial or trading position of the issuer since the end of the last financial period for which annual financial statements have been published, or an appropriate negative statement;
- (vi) information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have, or have had, a material effect on its financial position, or an appropriate negative statement;
- (vii) a description of any outstanding warrants issued or guaranteed by the issuer;
- (viii) a credit rating granted by an agency independent of the issuer; and that it will submit a new credit rating on an annual basis or as and when it is amended (copies will at all times be available at the office of the sponsoring broker);
- (ix) a description of the rights of the warrant holders in the event of the liquidation of the issuer; and
- (x) any other details that the Committee may deem appropriate;
- (b) the names and addresses of the advisors and transfer secretaries to the issue;
- (c) in respect of any guarantor, the matter listed in 14.18(a)(i) to (x);
- (d) details of the company in respect of which the warrants will be issued, including:
  - (i) the published audited income statements and balance sheets for the last two completed financial years;
  - (ii) any relevant recently published information relating to the company; and
  - (iii) any other information the Committee may deem appropriate;
- (e) the terms of the warrant issue, including:
  - (i) the strike price and strike ratio;
  - (ii) the expiry date;
  - (iii) the procedure to be followed in the event of an exercise of a warrant;
  - (iv) the procedure in the event that a warrant holder fails to exercise the warrant holder's rights prior to the expiry date;
  - (v) in the event of the issuer providing for a cash payment where any one or more warrant holders fail to exercise their rights under the warrants prior to the expiry date, a statement that the cheques will be posted within 3 business days after the expiry date;
  - (vi) the marketing period (if any), which may not exceed 10 business days after the date of approval by the Committee, the expected listing date, the expiry date of the issue and the expected termination date of listing of the warrants, as well as the code under which the warrants will trade;
  - (vii) relevant extracts of Bank of Botswana requirements in terms of their approval;
  - (viii) how corporate actions in the company or affecting the company (including its liquidation) will influence the rights of the warrant holders;
  - (ix) any tax implications;
  - (x) whether or not the warrant holders will receive any dividends declared by the company;

- (xi) the effect of any corporate actions or restructuring by the issuer;
  - (xii) a statement that any change in the terms of the warrants must be approved by at least 75% of the warrant holders present (whether in person or by proxy) and voting, excluding the votes of the issuer, any guarantor and their associates; and
- (f) the risks of investing in warrants. This should include details of the trading risk as well as the risk of the issuer not being able to fulfil its obligations, notwithstanding the fact that the issuer will have been obliged to comply with these listings requirements.
- (i) Risk statement. Every issue document will contain a similar risk statement on the front of the document.
- “Prospective purchasers of any warrants should ensure that they understand fully the nature of the warrants and the extent of their exposure to risks and that they consider the suitability of the warrants as an investment in the light of their own circumstances and financial condition. Warrants involve a high degree of risk, including the risk of their expiring worthless. Potential investors should be prepared to sustain a total loss of their investment in warrants. The warrants represent general, unsecured, unsubordinated, contractual obligations of the issuer and rank pari passu in all respects with each other. Purchasers are reminded that the warrants constitute obligations of the issuer only and of no other person. Therefore, potential purchasers should understand that they are relying on the credit worthiness of the issuer”.

#### **Documentation to be submitted to the BSE**

14.19 The documentation to be submitted to the Listings Committee via a sponsoring broker (which may also be the issuer) in accordance with the provisions of Section 16, must include the following:

- (a) a draft of the announcement referred to in 14.17(a) and the warrant issue documentation;
- (b) a copy of the letter of advice to the company required under paragraph 14.15(d);
- (c) in the case of a covered warrant, the items referred to in paragraph 14.15(f);
- (d) in the case of an uncovered warrant, the items referred to in paragraph 14.15(g);
- (e) the approval of the Bank of Botswana;
- (f) a specimen warrant certificate;
- (g) non-refundable documentation fee of P15 000 plus any indirect taxes at the rate applicable from time to time; and
- (h) such other information as may be requested by the Committee.

#### **Initial and annual listings fees**

14.20 An initial listings fee in respect of warrants will be payable at the end of the second week of trade. The initial listings fee shall be determined by multiplying the number of warrants listed by the average closing price of the warrants during their first week of trade, and by relating this value to the sliding scale contained in paragraph 17.1 of the listings requirements. In addition, an annual listings fee shall be paid in July of each year except during the year in which the warrants are listed. This annual listings fee shall be calculated in the same manner described in paragraph 17.5(a) of the listings requirements.

**Bonds****Definitions**

14.21 In these bond listings requirements, unless the contrary intention appears the following terms shall have the meanings assigned to them.

“disclosure document” means the provision of certain information to prospective investors about the listing and the issuer, that the listing complies with procedures in terms of the Act and published in the form of a:

- (a) prospectus;
- (b) placing document; or
- (c) offering circular.

“issuer” means an issuer of listed financial instruments;

“listing” means the financial instrument included in the list of financial instruments listed on the Main Board of the BSE;

“offering circular” means an document which comprises listing particulars in compliance with the listings requirements for the purpose of giving information with regard to an issuer regarding a debt issuance programme;

“placing document” means an invitation to investors to subscribe privately to the proposed listing;

“prospectus” means an invitation to the public to invest in the proposed listing;

“public sector issuers” means government, provincial and local authorities, and parastatals;

“parastatals” means organisations:

- (a) set up by or pursuant to a special law;
- (b) whose activities are governed by that law and consists solely of raising funds under state control through the issue of debt securities and financing production by means of the resources which they have raised and resources provided by the state;

“paying agent” means an organisation (bank or transfer secretaries) appointed by the issuer to provide financial services with regards financial instruments until the date on which the financial instruments are finally redeemed. The issuer itself may perform this financial service function.

“trust deeds” means trust deeds and equivalent documents securing or constituting debt securities.

**General**

14.22 The BSE will consider granting a listing subject to any special considerations it may consider appropriate at the time.

14.23 The listing of financial instruments on the BSE may be either by private placement or by an invitation to the public to subscribe.

- 14.24 The relevant documentation required must be submitted to the BSE at least 30 days, or such other date as the Exchange may stipulate, before the listing shall be granted.
- 14.25 The issuer must be duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment, and be operating in conformity with its memorandum and articles of association or equivalent constitutional documents.
- 14.26 To be listed, issuers must:
- (a) conform with the law of the applicant's place of incorporation;
  - (b) be duly authorised according to the requirements of the applicant's memorandum and articles of association; and
  - (c) have any necessary statutory or other consents.
- 14.27 Approval of the listing of a financial instrument will be granted at the time that the placing document, offering circular or prospectus is approved, subject to the submission of all the documents to the satisfaction of the BSE prior to the date of listing.
- 14.28 The listing of a financial instrument must be announced through the media on the day the offer opens to the Public.
- 14.29 For a private placement issue, the listing of a financial instrument must be announced through the media on the day of listing.

**Terms and conditions**

- 14.30 The disclosure document for any listing must describe the terms of the issue, including provisions with respect to the description of the financial instrument being offered, interest payments, conversions, redemption dates, underwriting etc.
- 14.31 The following is a summary of the requirements for disclosure that must be contained in the disclosure document. It must contain the following information, when appropriate:
- (a) Name  
The full name of the issuer, registered number and place of incorporation.
  - (b) The business of the issuer  
A broad statement must be made describing the general business of the issuer.
  - (c) Management and control  
The composition and full names of directors, council and management.
  - (d) Secretary and registered office  
The full names of the secretary and transfer secretary, and the address of the registered and transfer secretary's offices.
  - (e) Attorneys, auditors, bankers, issue managers, market-makers and sponsoring brokers  
The full name, name of contact person, address and registration number.
  - (f) Amount of the issue  
The amount of the issue, whether the amount is authorised and/or the initial amount.
  - (g) Placing conditions  
Whether the issue is a private placing or an invitation to subscribe. The issue may be initially private, however, it could go public at a later date.
  - (h) Purpose of the Issue  
Purpose of the use of the proceeds of the issue.

- (i) Loan number  
The loan number should be the same as the stock code to be issued by the BSE.
- (j) Rate(s) of interest
  - (i) The coupon rate of interest per annum payable until maturity date; or
  - (ii) The first variable interest rate; and
  - (iii) The conditions of the variable interest payment.
- (k) Redemption dates  
The maturity date when the issuer repays the principal and the final interest payment to the registered holder against delivery of the financial instrument being redeemed.
- (l) Interest payable dates
  - (i) The date on which the interest is payable;
  - (ii) For Zero Coupon bonds, the date on which interest accrues.
- (m) First interest payable  
The date on which the first interest payment will be made to the registered bondholder.
- (n) Books closed from date – Last day to register (LDR)  
The date on which the transfer secretaries to the issue close the register of holders in order to process the payment of maturity and/or interest to the registered bond holder.
- (o) Issue price  
The price on the issue date can either be at a yield to maturity or price basis. Where the issuer does not fix the offering issue price, the method of setting the offering price should be clearly laid out.
- (p) Listing or issue date  
The date from which the financial instrument has been granted the listing:
  - (i) when the offer will open and close in the case of a private placing; or
  - (ii) when the offer will open in the case of a public placing.
- (q) Settlement date  
Settlement of the issue amount allotted will be in accordance with the settlement rules of the BSE.

### **Disclosure requirements**

- 14.32 Disclosure is the cornerstone of any listing. An issuer must make public disclosures and keep the Exchange fully informed with regards its listing(s). These requirements are to ensure that the market participants have adequate information and time for consideration and response to the listing. It is necessary that changes relative to listings be continuously maintained regarding the entitlement to various benefits as they accrue to the investors and registered holders from time to time. This section describes the minimal disclosure requirements applicable to listings. In the case of financial instruments issued by public sector issuers, only the conditions in paragraphs 14.23, 14.30, 14.31, 14.55 and 14.76 apply.
- 14.33 The requirements laid down are not exhaustive and the issuer may include any additional information.

### **Directors and officers**

- 14.34 Disclosure concerning directors, executive officers and other significant employees of the issue is required, including position held.

- 14.35 Any potential conflicts of interest that are considered relevant to the issue should be disclosed.

**Use of proceeds**

- 14.36 The disclosure document must include a detailed statement of the intended use of the proceeds from the financial instrument listing.
- 14.37 If the issuer has no specific plans for using the proceeds, this must be stated together with the principle reason for the financial instrument listing.
- 14.38 If the loan or parts thereof will be issued as and when required by the issuer, details must be provided of the yields to maturity and when the issue will commence.
- 14.39 If the issue will be subject to debt issuance programme, details must be provided.
- 14.40 The issuer is required to disclose any plan of distribution or underwriting arrangements, where applicable, and any material relationship between the issuer and underwriter.

**Guarantees or underwriting**

- 14.41 A financial instrument listing should contain a statement indicating whether or not such financial instrument listing is secured (guaranteed/underwritten) or unsecured.
- 14.42 The disclosure document should include the name, address, registered number (if applicable) of the guarantor/underwriter and the name of the contact person.
- 14.43 Where the issue is government guaranteed or underwritten by a third party, the certified copy of the registered guarantee or underwriting letter of intent or agreement must be accompanied with the financial instrument listing application.
- 14.44 The BSE will require:
- (a) the name and address of the underwriter;
  - (b) the name and address of the underwriter's agent in Botswana where the underwriter is a non-resident;
  - (c) a certified copy of the Resolution of the Board of Directors authorising the issue to be underwritten or appropriate level of authority.
  - (d) any additional information concerning the underwriter's business and financial condition.
- 14.45 The guarantee details should address the following where appropriate:
- (a) the name(s) of the Minister(s) or principal representatives signature(s) to the guarantee;
  - (b) the name of the administrators/trustees acting on behalf of the said issuer and assigned with the promotion of the said issue and attending to any claims arising therefrom;
  - (c) whether the guarantee is conditional/unconditional and irrevocable;
  - (d) whether the grantor/underwriter undertakes to make payment of the amounts payable in terms of the guarantee upon receipt of a written request from the Trustee to the guarantor/underwriter.
- 14.46 The Trustee is to confirm in writing to the BSE that it has the guarantee in its possession.

**Risk factors**

- 14.47 If the issue involves particular investment considerations, a section describing/detailing the risk factors be provided.

- 14.48 The risk factors to include not only matters concerning the business and financial condition of the issuer, but also such matters (when applicable) as the absence of an operating history, the absence of profitable operations and future projections.

**Market-makers**

- 14.49 The disclosure document should include a description of the management arrangement/agreement with the market-maker of the issue.
- 14.50 Where an issuer intends appointing active market-makers to its issue, the issuer should consider the following:
- (a) a minimum of two market-makers;
  - (b) member market-makers can trade with members and clients;
  - (c) non-member market-makers have to trade with members or with clients through a member;
  - (d) market-makers may have prudential requirements that hold a specific minimum amount of capital in the Botswana;
- 14.51 The issuer must notify the BSE in writing of any change in the appointment of market-makers.

**Auditors**

- 14.52 The auditors must be independent of the issuer and comply with International Standards on Auditing.
- 14.53 The auditor(s) of the issuer shall confirm where appropriate:
- (a) the guarantee of the listing; or
  - (b) the solvency of the issuer.

**Transfer secretaries**

- 14.54 The disclosure document should include; the name and address of the transfer secretary, the name of contact person(s), telephone, facsimile number and e – mail address.

**Additions to, reduction in authorised amount and changes to an issue**

- 14.55 In the circumstances where there have been changes to an issue the following information is required:
- (a) Increase in primary issued amount
    - (i) The issuer must submit an application for an increase in the primary issued amount (preferably through the sponsoring broker), giving details where appropriate:
      - the financial instrument and short name;
      - the issue price;
      - the coupon rate/variable interest rate;
      - the change from the previous interest rate to the new interest rate payable to the registered holder on the respective interest date as determined according to the conditions of the issue;
      - the original date of the issue and the proposed date of the additional issue;
      - the total new amount.
    - (ii) Where an additional financial instrument listing exceeds its approved listing authorisation, the application must be accompanied by the appropriate resolution from the governing body of the issuer.

(b) Reduction in issued amount

In respect of a reduction (i.e. invitation to redeem, convert or split) in the issued amount of a listed financial instrument, written evidence submitted via the issuer (preferably through the sponsoring broker) shall be forwarded to the BSE, providing details of:

- (i) the reduce amount;
- (ii) the remaining balance;
- (iii) the proposed date of reduction and the circular to be issued or proposed to the financial instrument holders giving notice of the reduction where applicable.

(c) Market-making of listing

In the case of an issuer market-making its own listed financial instrument the issuer should notify the BSE of the changes of the total amounts in issue at the end of each month.

(d) Change to registered information

Issuers granted a financial instrument listing shall forthwith advise the BSE in writing of any:

- (i) change in name, together with a certified copy of the certificate from the Registrar of Companies giving approval for the new name;
- (ii) change of company secretary;
- (iii) change of company address;
- (iv) change in register or transfer officers;
- (v) “stops” placed against, or the reported loss of, financial instrument certificates; and
- (vi) liquidation or reconstruction of any issue and the dates of the closing of the transfer registers.

(e) Continued listing requirements

- (i) Issuers of listed financial instruments must continue to comply with the requirements of the BSE in order to maintain the listing on the Exchange.
- (ii) The BSE will consider delisting a listed financial instrument in the following circumstances:
  - where an Order of the Court is granted which places the issuer of listed financial instruments under judicial management or provisional liquidation, any financial instrument listing granted to such issuer shall be terminated forthwith.
  - an issuer whose financial instrument listing has been terminated may, if such court order is subsequently set aside, re-apply for a financial listing, which shall be treated as a new application for listing.

**Sponsoring brokers**

14.56 Issuers must appoint a sponsoring broker when making an application for listing.

14.57 A sponsoring broker must be an member of the BSE.

14.58 The sponsoring broker is not responsible for underwriting or guaranteeing the listing of a financial instrument. It is the choice of the sponsoring broker if it decides to underwrite or guarantee the listing. All terms of any sponsorship are to be negotiated between the member and issuer.

14.59 The duties of the sponsoring broker are:

- (a) to ensure all documents required for the application for a listing have been complied with;

- (b) to be satisfied to its best knowledge and belief, all disclosure have been complied with;
  - (c) to ensure there is no additional disclosure needed to be brought to the attention of the BSE;
  - (d) to inform the BSE of any further information which should be disclosed;
  - (e) to submit the application for a financial instrument listing to the BSE by the sponsor.
- 14.60 An issuer of financial instruments who is also a member of the BSE may act as sponsoring broker in respect of its own listings application.
- 14.61 All communications with the BSE in connection with the application shall be directed via the sponsoring broker.
- 14.62 Where the name of a broker appears on any document issued by or on behalf of any issuer, the following shall be appended to the name of the broker: “Member of the BSE”.
- 14.63 Where the name or logo of a member appears on an advertisement in respect of a financial instrument listing, the advertisement shall be submitted to the BSE for approval.
- 14.64 The sponsoring broker must confirm in writing to the BSE the terms of sponsorship.

**Ratings agency**

- 14.65 The BSE firmly supports the concept of ratings as available independent measure of default related to a listing.
- 14.66 An issuer of listed financial instruments may at their option obtain a general independent credit rating by a Rating Agency recognised by the BSE for a financial instrument listing.
- 14.67 An issuer who has not obtained an independent credit rating by a Rating Agency recognised by the BSE for a financial instrument listing shall be subject to full disclosure or other specific requirements the Exchange may consider appropriate at the time.

**Media and advertising**

- 14.68 While there are announcements that can be made about a proposed financial instrument listing, the issuer may issue a media release, which contains a brief description of:
- (a) the issuer and its business;
  - (b) the title and the amount of the issue to be issued;
  - (c) the names of the managing, sponsors, legal, underwriters (where applicable);
  - (d) whether the issue has been given or is in the process of a listing by the BSE.
- 14.69 Media announcements in connection with a listed financial instrument must state that the BSE has granted the issuer a financial instrument listing. Approval must be sought from the BSE 48 hours before release.
- 14.70 This media release is normally issued to mark the commencement of the marketing of the financial instrument listing.

**Road shows**

- 14.71 Road shows are a series of meetings at which the issuer’s management make presentations to invited market participants, or conduct one on one meetings with prospective investors only after the granting of the financial instrument listing.

- 14.72 The disclosure document as agreed to by the BSE with regards to the issue shall be included with the written material handed out.

**Financial statements**

- 14.73 An applicant, other than an issuer of asset-backed securities which is a company must have published or filed audited accounts which:
- (a) cover at least three years except as provided for in paragraph 14.73(b), the latest accounts must be in respect of a period ended not more than 18 months before the date of the listing particulars;
  - (b) have been prepared in accordance with the Act and
  - (c) have been independently audited.
- 14.74 In relation to paragraph 14.73(a) above, accounts relating to a shorter period than three years may be accepted if the BSE is satisfied –
- (a) such acceptance is desirable in the interests of the applicant or of investors and investors have the necessary information available to arrive at an informed judgement concerning the applicant and the securities for which listing is sought;
  - (b) where the applicant is in respect of guaranteed financial instruments; provided the guarantor(s) has published or filed audited accounts which cover at least three years; or
  - (c) where the application is in respect of financial instruments, the obligations created in respect of such securities are fully secured or asset-backed.
- 14.75 An issuer granted a financial instrument listing shall within six months of the end of every financial year submit audited financial statements to the BSE.
- 14.76 An issuer granted a financial instrument listing shall be obliged to inform the Exchange and to publish to any registered or beneficial holders of the listed financial instrument any financial or contractual arrangement undertakings (merger, take-over offer, acquisition of an undertaking's assets and liabilities or transfer assets) that will effect the issuers commitments to the listing.

**Signing and dating of disclosure document**

- 14.77 A disclosure document shall:
- (a) in the case where the issuer is a company, be signed by two directors of such a company, or if such company has only one director, by that director and a senior official of that company; or
  - (b) in the case where the issuer is a juristic person other than a company, be signed by two senior officials of such juristic person:
    - (i) such signatories of the placing document or prospectus shall be deemed to have authorised the issue of such disclosure document.
    - (ii) every signature to a disclosure document shall be dated and the latest of such dates shall be deemed to be the date of the disclosure document.

**Exchange control regulations**

- 14.78 The BSE will grant a listing to a financial instrument subject to exchange control approval.

**Registration of disclosure document**

- 14.79 Issuers subject to Act are required to register their placing document/prospectus with the Registrar of Companies on or before the date of listing.

**The listing process**

- 14.80 An issuer wishing to list financial instruments on the BSE should submit a listing application to the Exchange via a sponsoring broker.
- 14.81 To be listed, financial instruments should:
- (a) conform to the law of the applicant's place of incorporation;
  - (b) be duly authorised according to the requirements of the applicant's memorandum and articles of association; and
  - (c) have any necessary statutory or other consents.
- 14.82 With the submission of the financial instrument listing application the issuer must submit where applicable:
- (a) a certified copy of the certification of registration of the company;
  - (b) a copy of the resolution by the governing authority of the issuer authorising the issue of financial instruments;
  - (c) a copy of the provisions of the Act under which such financial instruments are to be issued and listed;
  - (d) a copy of the Memorandum and Articles of Association;
  - (e) the disclosure document duly signed by the authorised person(s) of the issuer;
  - (f) a notarially certified copy of any applicable government/non-governmental guarantee in respect of the financial instrument;
  - (g) a notarially certified underwriter's letter of intent or agreement in respect of the financial instrument;
  - (h) copies of all marketing material to be used in connection with the original issue of the financial instrument;
  - (i) any trust deed of the issuer relating to the issue;
  - (j) a copy of the Bank of Botswana approval in respect of the issue if applicable; and
  - (k) evidence of the credit rating issued by the rating agency.

**Debt issuance programmes**

- 14.83 Issues, which are issued under a programme and are subject to international practice, common general terms and conditions, may take advantage of debt issuance programme regime.
- 14.84 The application for listing must cover the maximum amount of financial instruments, which may be in issue and listed at any one time under the programme. If the BSE approves the application, it will admit to listing all financial instruments which may be issued under the programme within 12 months after the publications of the listing particulars, subject to the BSE:
- (a) being advised of the final terms of each issue;
  - (b) receiving and approving for publication any supplementary listing particulars that may be appropriate;
  - (c) receiving confirmation that the financial instruments in question have been issued; and
  - (d) receiving any listing fees and levies payable.
- 14.85 For issues in excess of the authorised maximum or made more than 12 months after publication of listing particulars, initial application and publication procedures as set out in paragraphs 14.83 and 14.84 above must be followed.
- 14.86 The final terms of each issue which is intended to be listed ('the pricing supplement') must be to the BSE as soon as possible after being agreed and in any event no later than 14h00 on the day before listing is required to become effective.

- 14.87 The pricing supplement relating to an issue must provide an investor with the full terms and conditions of that issue.
- 14.88 The application for admission to listing need not be submitted for issues made after the first issue in any 12 month period after publication of listing particulars.
- 14.89 The listing particulars must contain the general terms and conditions applicable to all securities that may be issued and listed under the programme.
- 14.90 The listing particulars must include a statement that documents may be inspected at the registered office of the issuer and the office of the paying agent throughout the life of the programme.
- 14.91 The issuer must make a declaration in the offering circular in the following form:  
“The issuer accepts responsibility for the information contained in these listing particulars. To the best of the knowledge and belief of the issuer (which has taken all reasonable care to ensure that such is the case) the information contained in these listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information”.
- 14.92 The listing particulars must be published in terms of paragraph 14.88.
- 14.93 The following documentation must be available for inspection at the registered office of the issuer and the office of the paying agent for as long as issues are made under the programme:
- (a) the current listing particulars;
  - (b) any supplementary listing particulars published since the current listing particulars were published; and
  - (c) any pricing supplements (relating to listing and outstanding issues) issued since the current listing particulars were published.

**Asset-backed securities**

- 14.94 Due to the complex nature of asset-backed security transactions, the BSE should be consulted at an early stage. Depending of any particular issue, the requirements set out below may be modified or additional requirements may apply.
- 14.95 The following additions and exceptions to the conditions for listing to issuers of asset-backed financial instruments apply:
- (a) the issuer must normally be a special purpose undertaking for issuance of asset-backed securities;
  - (b) subject to audited accounts in terms of paragraph 14.73;
  - (c) where an issue of asset-backed financial instruments is backed by equity securities, those securities must be listed on a stock exchange or traded on another regulated and regularly operating open market, must represent minority interests and must not confer legal or management control of the issuing companies; and
  - (d) there must be a trustee or other appropriate independent party representing the interests of the holders of the asset-backed financial instrument and with the right of access to appropriate information relating to the assets.

**Conditionality**

- 14.96 If the issue may be cancelled at any time until the document of title is issued and therefore the grant of the listing may not become effective, this must be made clear in the listing particulars. The subscription agreements must make the obligations thereunder conditional upon the debt being admitted to listing.

**APPENDIX 1****Disclosure documents for issues by public sector issuers****General**

The following is an example of minimum requirements for a disclosure document by public sector issuers on the BSE:

- (a) The name of issuer;
- (b) A statement that:  
“Application has been made to the BSE for the securities to be admitted to the Official List”,  
setting out the relevant securities.
- (c) The nominal amount and the title of the securities in respect of which the listing is sought;
- (d) The authority under which the securities are issued;
- (e) The full names of the secretary and transfer secretary, and the address of the registered and transfer secretary’s offices.
- (f) Where applicable the names and addresses of the attorneys, auditors, bankers, sponsoring brokers etc.;
- (g) The terms and conditions of issue of the securities including, in particular:
  - (i) the rights conferred as regards income and capital, with information as to the amount and application of any insurance and/or sinking fund;
  - (ii) any right of the issuer to redeem before maturity;
  - (iii) any rights of conversion or other similar rights and the securities on which any loan is charged;
  - (iv) the interest payment dates and, if included in the conditions of issue or other provisions, the dates on which a balance is struck for the purposes of payment; and
  - (v) the price which and the terms upon which the securities have been issued or agreed to be issued, and whether the securities have not been paid up in full (and if not paid up in full, particulars of all payments still to be made with due dates of payments).
- (h) Purpose of the use of the proceeds of the issue.

**APPENDIX 2**

**Pro forma of listing document**

**General**

The following is an example of a standardised form of disclosure document on the BSE other than debt issuance programmes:

**(ISSUERS NAME)**

**PROSPECTUS/PLACING DOCUMENT**

---

**Issuer Name Registered Loan Stock (Loan No: TK08)**  
**(....% coupon, redeemable on .. ..... ....)**

**Initial Nominal Value P. ... million**

---

---

**ISSUER NAME**

**Botswana's ..... Company**  
**(All data where appropriate)**

**(Reg. No. ....)**

**P... million registered stock**

**Loan No: ....**

**Issue manager and  
Sponsoring broker**

**Issue manager and  
Sponsoring broker**

**Logo**

**Logo**

**Broker name  
(Reg. No.....)**

**Broker name  
(Reg. No.....)**

**Financial arranger**

**Financial advisor**

**Logo**

**Logo**

**Financial arranger name  
(Reg. No.....)**

**Financial advisor name  
(Reg. No.....)**

**Legal advisor**

**Auditors**

**Logo**

**Logo**

**Legal advisor name  
(Reg. No.....)**

**Auditors name  
(Reg. No.....)**

**Market - maker**

**Market - maker**

**Logo**

**Logo**

**Market - maker name  
(Reg. No.....)**

**Market - maker name  
(Reg. No.....)**

Date listed on the BSE:

Date of prospectus/placing document:

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## Summary

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### Salient dates and times

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#### Issue date Payment

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### Definitions

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In this prospectus, unless otherwise stated or implied by the context, the words and phrases in the first column have the meaning stated opposite them in the second column:

“BSE”	The Botswana Stock Exchange
“business day”	any day except a Saturday, Sunday, public holiday or any other day declared by the Committee of the BSE not to be a business day;
“individual certificate holders”	stockholders to which individual certificates have been issued in respect of Issuer name stock allotted and issued to them;
“initial issue”	the initial issue of Issuer name stock with a nominal value of P ... million;
“interest payment date”	.. ..... and .. ..... in each year after the issue date and if such date is not a business day, the next succeeding business day, until redemption date;
“issue”	the authorised nominal value of Issuer name stock of P. ... million;
“issue date”	..., ..... Yr..., being the date of allotment and issue of the Issuer name stock forming part of the initial issue;
“redemption date”	..., ..... Yr... or, if such date is not a business day, the next business day;
“registers”	the registers of stockholders kept by the transfer secretaries;
“Rules”	the rules of the BSE;
‘settlement date’	....., ... Yr..., being the date upon which successful applicants are required to pay for the Issuer name stock allotted and issued to them;

“stockholders”            the successful applicants to the Issuer name stock has been allotted and issued;

“Issuer name ” or  
“the issuer”            Issuer name , a .....company in terms of the.....Act, No. .. and the Companies Act CAP 42:01;

“transfer secretaries”    .....

‘Issuer name stock’      Issuer name ..... Ltd. Registered Loan Stock (Loan No.....) classified as “loan stock”.

---

**Summary**


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**Issue** Issuer name Registered Loan Stock (Loan No....)

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**Purpose** The purpose of the issue is to raise funds to finance the extension of the ..... network and the provision of additional ..... services.

---

**Amount** The initial issue will be for a maximum nominal value of P... million allocated all or part at the discretion of the issuer. The issuer is authorised to increase the amount in issue at any time up to the redemption date as capital is required subject to the provisions of the .....Act, No.. of Yr...

---

**Security** In accordance with the provisions of the .....Act, the stock now issued will rank pari passu with all existing loans, and together with interest due or to become due in respect therefore, will have a first charge on all the revenues and assets of Issuer name and on all monies recovered or to be recovered.

---

**Interest rate**  
**(per annum)** .....%  
**Period** .... years  
**Redemption date** .. .....  
**Redemption value** 100%

---

**Interest payable** Interest is payable semi-annually in arrears on .. .... and .. .... in each year until redemption date, with the first payment on .. .... Yr... and the last payment .. ..... Yr...

---

**Registers closed** The registers will be closed from .. .... to .. .... and .. .... to .. .... (all dates inclusive) in each year until the redemption date.

---

**Date of issue** ....., Yr..., being the date of the issue of the Issuer name stock.

---

**Payment date** Payment by investors must be made on ....., .. Yr....

---

**Trading**            The Issuer name stock is listed on the BSE (under the designation ....) and traded by members of the BSE from ....., .... Yr.....

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**Initial Issue**

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- 1 Invitation** The issuer hereby invites applicants to apply for the initial issue of Issuer name stock having a maximum nominal value of P ... million on the basis set out in this prospectus. The issuer is authorised to increase the amount in issue at any time up to the redemption date as capital is required subject to the provisions of the ..... Act, No.. of Yr...
- 2 Purpose of the Issue** The purpose of the issue is to raise funds to finance the extension of the .....network and the provision of additional ..... services.
- 3 Payment** Payment of the full price of the Issuer name stock allocated and issued to investors must be made on .. ...., Yr..., in the currency of Botswana.

## **Terms and conditions of the issue**

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### **1 Authorisation**

- 1.1 The issue was approved by a resolution of the board of directors of the issuer dated .....
- 1.2 All Issuer name stock will be held and issued subject to the terms and conditions contained herein.
- 1.3 These terms and conditions are binding on the issuer and will be binding on each investor whose name is entered in the registers.

### **2 Allotment and issue of Issuer name stock**

- 2.1 The initial issue will be for a initial amount of P ... million.
- 2.2 The issue will be made to investors in minimum nominal values of P. ... million each.
- 2.3 All Issuer name stock shall rank pari passu in all respects with existing Issuer name debt then in issue from the respective dates of allotment and issue thereof.

### **3 Security-appropriate**

The obligation of the issuer to pay interest and repay capital on Issuer name stock is explicitly guaranteed by the Government of the Republic of Botswana in terms of the.....

### **4 BSE listing**

The Issuer name stock is listed on the BSE as an approved financial instrument.

### **5 Certificates, register and transfers of Issuer name stock**

- 5.1 The transfer secretaries shall not be bound to enter in their registers notice of any trust or to recognise any right of any other person to Issuer name stock other than the stockholders.
- 5.2 Transfer of Issuer name stock shall be done in respect of individual certificate holders. No transfer shall be registered in the register of the transfer secretaries unless the certificate and a form of transfer in the prescribed form have been lodged by the individual certificate holder with the transfer secretaries.

**6 Interest**

- 6.1 Interest, at the rate of .....% per annum, will be paid semi-annually in arrears until .. ..... Yr....
- 6.2 Interest payment dates will be.. .... and .. ..... in each year up to and including the redemption date, and the first payment of interest will be made on .. .... Yr.... calculated on a six monthly basis.
- 6.3 The registers will be closed in each year up to the redemption date from .. .... to .. .... and from .. ..... to .. ..... (all dates inclusive) or such shorter period as market conditions may allow to determine those stockholders entitled to receive interest.
- 6.4 Interest payments will, subject to Exchange Control Regulations, be made in the currency of the Republic of Botswana.
- 6.5 In the absence of Double Taxation Agreements, as at the date of this prospectus and in terms of current legislation, interest payments to non-residents are subject to 15% withholding tax.

**7 Redemption of capital**

- 7.1 The nominal value of Issuer name stock outstanding will be redeemed in full on .. ..... Yr.....
- 7.2 Redemption payments will, subject to Exchange Control Regulations, be made in the currency of the Republic of Botswana on the redemption date.
- 7.3 No individual payment in respect of Issuer name stock held by individual certificate holders will be made unless the certificate in respect of the Issuer name stock has been surrendered to the transfer secretaries.

**8 Postal agents**

Where cheques and certificates are posted, they will be posted to the registered address of individual certificate holders, provided that neither the issuer nor its agents will be responsible for any loss in delivery and the postal authorities will be deemed to be the agent of the individual certificate holders for the purpose of all such deliveries.

**9 Documents available for inspection**

Copies of the audited annual financial statements of the issuer for its most recent financial year, are available on request at the offices of Issuer name during normal business hours until the redemption date.

**10 Transfer secretaries**

Issuer name                      Contact person:  
Issuer address  
Telephone no.  
Facsimile no.

Signed at Gaborone on behalf of Issuer name on .. ..... Yr...

Chief Executive                      Director

**Corporate information**

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**Issue manager and  
Sponsoring broker**

IM & SM name  
Issuer address  
Telephone no.  
Facsimile no.

**Issue manager and  
Sponsoring broker**

IM & SM name:  
Issuer address  
Telephone no.  
Facsimile no.

**Financial arranger**

FA name  
Issuer address  
Telephone no.  
Facsimile no.

**Financial advisor**

FA name:  
Issuer address  
Telephone no.  
Facsimile no.

**Legal advisor**

LA name  
Issuer address  
Telephone no.  
Facsimile no.

**Auditors**

A name:  
Issuer address  
Telephone no.  
Facsimile no.

**Market - maker**

MM name  
Issuer address  
Telephone no.  
Facsimile no.

**Market - maker**

MM name:  
Issuer address  
Telephone no.  
Facsimile no.

# SECTION 15

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## Investment Entities

### Scope of section

An investment entity is defined as including investment companies, investment trusts and unit trusts whose principal activity is the investment in securities which for the purpose of this section includes private companies. These entities, by their nature, do not seek to control or be involved in the day to day management of their investees and are therefore passive investors.

This section sets out the listings requirements for investment entities.

The main headings are:

15.1	General.....	15-2
15.3	Criteria for listing.....	15-2
15.5	Contents of pre-listing statements.....	15-3
15.6	Annual financial statements.....	15-3
15.7	Investment policy.....	15-4
15.8	Memorandum or articles of association.....	15-4

**General**

- 15.1 The listings requirements apply to investment entities except as modified by paragraphs 15.2 to 15.8.
- 15.2 In evaluating a listing of an investment entity the Committee will have regard to the following fundamental principles:
- (a) those responsible for managing the investments must have adequate experience;
  - (b) there must be an adequate spread of risk;
  - (c) the investment entity must be a passive investor and neither it nor its management company nor any director or manager of the investment entity or its management company should control, or seek to control, or be actively involved in the management of the companies, or other entities, in which it invests; and
  - (d) the applicant must not, to a significant extent, speculate in securities.

**Criteria for listing**

- 15.3 The Committee may admit to listing the securities or debt securities of an applicant as an investment trust or investment company notwithstanding that:
- (a) the normal requirements regarding details of assets and liabilities and profit records are not given; and/or
  - (b) the applicant's assets consist wholly or substantially of cash or short-dated securities.
- 15.4 If paragraph 15.3(a) or (b) applies the applicant must satisfy the following criteria:
- (a) the applicant must comply with the criteria set out in paragraph 4.21 except that if it is not able to satisfy the criteria set out in sub-paragraph (c) (three years' audited accounts), it must satisfy the Committee that its managers have sufficient and satisfactory experience in the management of the types of investment in which the investment entity proposes to invest;
  - (b) the applicant must express an intention that its income will be derived wholly or mainly from shares or other securities and neither the investment entity for any of its subsidiaries, may conduct any trading activity which is material to the group as a whole;
  - (c) subject to (d) below, neither the investment entity nor its management company, nor any subsidiary, director or manager of the investment entity or its management company should control, or seek to control, or be actively involved in the management of the companies or other entities in which it invests, provided that an investment entity may acquire voting control of its investments if this is permitted under its investment policy;
  - (d) if the investment entity invests in other companies or funds which in turn invests in a portfolio of investments it must ensure that the policies and objectives of the investee conform with the principal objective of the investment entity;
  - (e) the board of directors (or any equivalent body) of the investment entity must be able to demonstrate that it will act independently of any investment managers of the investment entity and a majority must not be employees of or professional advisors to the investment managers; or any other company in the same group as the investment managers;
  - (f) the management company must of its own resources have at all times an investment in the capital of the applicant equal to at least 10% of the capital, unless the Committee in its sole discretion, after taking account of the relevant experience of the management company, otherwise decides; and

- (g) the applicant must disclose its portfolio to shareholders on a quarterly basis until such time as a reasonable proportion of the portfolio has been established in investments other than cash or short dated securities. This proportion will be determined by the Committee at the time of listing.

### **Contents of pre-listing statements**

15.5 The requirements of Section 6 apply with appropriate modification as agreed with the Committee. In addition, the following information should be provided, if applicable:

- (a) a description of the investment policy to be followed;
- (b) if it is intended to invest in less than ten investments a statement of that fact;
- (c) an analysis of the investment portfolio, or proposed investment portfolio, by
  - (i) broad industrial or commercial sector; and
  - (ii) listed and unlisted investments;
- (d) an analysis of funds not invested in shares or securities;
- (e) an analysis of income between dividends, interest and other forms of income;
- (f) a list of all investments with a value of greater than 5% of the fund, and at least the ten largest investments stating:
  - (i) a brief description of the business;
  - (ii) whether the securities held by the investment entity are listed and, if so, the name of the stock exchange;
  - (iii) the proportion of share capital owned;
  - (iv) the cost of the investment;
  - (v) the market value of the investments, or if the investment is not listed a valuation by the directors of the investment entity stating the date of such valuation;
  - (vi) the income received during the year (including any abnormal income);
  - (vii) any extraordinary items; and
  - (viii) the net assets attributable to the investment;
- (g) an analysis of any provision for diminution in value of investments, naming the investments against which provision has been made and stating for each investment:
  - (i) its cost;
  - (ii) its book value;
  - (iii) the provision made; and
  - (iv) the reason for the provision;
- (h) an analysis of any unrealised profits stating separately those between listed and unlisted investments;
- (i) details must be given of the name of the group or company which manages the investments, together with an indication of the terms and duration of their appointment, the basis for their remuneration and details of their investment experience.

### **Annual financial statements**

15.6 In addition to the information specified in Section 8 an investment entity must report the information required in paragraph 15.5 in its annual financial statements.

**Investment policy**

15.7 The investment policy must be stated in the pre-listing statement and must be adhered to for at least 3 years following listing. Subsequently, all material changes to the investment policy must be approved by the Committee, and by the shareholders in general meeting. Unless otherwise stated in the investment policy:

- (a) not more than 10% of the applicant group's assets (before borrowings) may be lent or invested in the securities of any one company; and
- (b) not more than 25% of the applicant group's assets (before borrowings) may be invested in the aggregate of:
  - (i) securities which are not listed on a Stock Exchange; and
  - (ii) holdings in which the applicant group's interests amounts to 20% or more of the aggregate of the equity capital of any one listed company.

**Memorandum or articles of association**

15.8 The memorandum or articles of association or equivalent documents of the investment entity must, except where the Committee otherwise agrees, prohibit the distribution as dividend of:

- (a) profits from associate companies unless and until distributed to the investment entity; and
- (b) surpluses arising from the realisation of investments except to the extent that the Committee agrees.

**SECTION  
16**

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**Documents to be Submitted  
to the Committee**

**Scope of section**

This section outlines the documents to be submitted to the Committee.

In addition, the schedules to the listings requirements, set out the prescribed contents of documents that are referred to in this section.

The main headings are:

16.1	General.....	16-2
16.2	Documents to be submitted through a sponsoring broker.....	16-2
16.3	Procedure for approval.....	16-3
16.5	Documents requiring approval.....	16-4
16.9	Documents to be submitted by new applicants.....	16-4
16.14	Documents to be submitted by listed companies.....	16-7
16.23	Sundry.....	16-10

## **General**

- 16.1 For the guidance and information of companies it should be noted that:
- (a) documents submitted by companies must be copies which will become the property of the BSE and therefore are not returnable;
  - (b) any proposed amendments should be submitted for approval by the Committee before they are published;
  - (c) if an application for listing is not made within 9 months of the examination of the articles of association then the articles of association will have to be re-submitted for examination for which a further fee will be payable, and
  - (d) drafts of documents to be sent to shareholders which have been approved by the Committee will not be regarded as final documents until advice is received by the Committee that the document to shareholders was identical to the draft approved by the Committee.

## **Documents to be submitted through a sponsoring broker**

- 16.2 Any documentation pertaining to the following matters, which is subject to the prior approval of the Committee, or requiring action to be taken by the Committee, must be submitted to the Committee through the medium of a sponsoring broker:

- (a) ;
- (b) Non- price sensitive press announcements;
- (c) applications for additional securities/amendments to listings/termination of listings;
- (d) "backdoor" listings;
- (e) capitalisation issues;
- (f) changes of name;
- (g) conversion of securities;
- (h) debenture issues;
- (i) disposals;
- ;
- (k) memorandum and articles of association/amendments
- (l) new classes of securities;
- (m) new listings;
- (n) notices of general meeting;
- (o) pyramid companies/changes of control;
  
- (q) rights and claw-back offers;
- (r) schemes of arrangements/reorganisations/restructuring;
- (s) share incentive/option schemes/amendments;
- (t) "cash companies" operations and reverse take-overs;
- (u) standby offers;
- (v) sub-divisions/consolidations of securities;
- (w) take-overs and mergers;
- (x) termination of listings at the company's request;
- (y) transfer of listings;
- (z) trustee deeds/amendments; and/or
- (aa) any other document bearing the logo of a sponsoring broker.

### **Procedure for approval**

16.3 As indicated in the introduction to the listings requirements, the Committee has delegated authority inter-alia to examine and approve documentation to the Listings Committee or the Secretary to the BSE. The procedure for approval of documentation is as follows:

#### **Informal comments (of the Committee)**

- (a) A copy of the documentation required to be approved in terms of the listing requirements ("documents") should be submitted to the Committee as early as possible for informal comments, together with payment of the appropriate inspection fee as set out in paragraph 17.9 ("the first submission").
- (b) If the documents are received by the Committee on or before 10h00 on such business day they will be deemed to have been lodged at 10h00 on such business day; and if they are received by the Committee after 10h00 on a business day, they will be deemed to have been lodged at 10h00 on the following business day ("the deemed lodgement time").
- (c) Within five working days of the deemed lodgement time, the Committee will provide the relevant sponsoring broker with its informal comments.

#### **Informal approval (of the Committee)**

- (d) Once the informal comments of the Committee have been incorporated, the draft documents may be submitted to the Committee for informal approval.
- (e) Within five working days of the deemed lodgement time for informal approval, the Committee may:
  - (i) grant informal approval, if the documents are found to be in accordance with the listings requirements; or
  - (ii) refuse informal approval and return the documents to the relevant sponsoring broker with comments (if they are not found to be in accordance with the listings requirements) or without comments (if an incomplete set of documents was submitted or the inspection fee was not paid) ("omission").
- (f) In the event of (e)(ii), the sponsoring broker may re-submit the documents after incorporating the Committee's comments or rectifying the omission, whereupon (d) and (e) will again apply.
- (g) The procedures under (d) to (f) will re-apply until the Committee grants informal approval, provided that if the documents are returned to the sponsoring broker after the third submission, the Committee may charge an additional inspection fee amounting to 50% of the original inspection fee for every subsequent submission.

#### **Formal approval (of the Committee)**

- (h) Once the informal approval of the Committee has been obtained, three copies, unless otherwise stated, of the final documents must be submitted to the Committee for formal approval.
- (i) Upon submission for formal approval, the Committee may:
  - (i) within two working days of the deemed lodgement time for formal approval, grant formal approval (if necessary, subject to conditions); or
  - (ii) within two working days of the deemed lodgement time for formal approval, refuse formal approval (with comments, if the documents are capable of repair).

It is the responsibility of practitioners and companies to ensure that the above procedure regarding the approval of documents can be accommodated within the timetables set out in the listings requirements. In addition, practitioners are advised to structure their timetables relating to extremely complex submissions, so as to allow the Committee, upon request, to have an additional two working days to consider the relevant documents.

#### **Annotation of drafts**

16.4 All submissions up to, and including, submission for informal approval must be annotated in the margin to indicate which specific paragraph numbers of the listings requirements have been complied with. All submissions subsequent to the first submission must be marked up to reflect changes from the previous submission. A draft submitted by facsimile transmission or other electronic means is acceptable.

#### **Documents requiring approval**

16.5 The following documents must be approved by the Committee:

- (a) all press announcements other than announcements which are not required to be made in terms of the listings requirements; standard cautionary announcements (as defined in paragraph 11.36); and announcements relating to dividends/interest, quarterly reports, preliminary reports and annual financial statements (except where such announcements include the declaration of a scrip dividend or a capitalisation award);
- (b) Part I, Part II and Part III documents for new applicants;
- (c) pre-listing statements;
- (d) circulars relating to:
  - (i) rights issues;
  - (ii) capitalisation issues;
  - (iii) Category 1 or 2 transactions;
  - (iv) reverse take-overs;
  - (v) related party transactions;
  - (vi) changes of name; and
  - (vii) subdivisions and consolidations of securities.

16.6 The documents referred to in paragraph 16.5 will be scrutinised by the Committee in order to ensure, as far as may be possible in the circumstances, that all relevant facts are adequately disclosed in the clearest manner possible, and informal approval of the documents will be granted on this basis.

16.7 Unless otherwise specified, three copies of the documents referred to in paragraph 16.5, together with a copy of the applicable exchange control approval (see paragraph 16.27), must be submitted for formal approval by the Committee.

16.8 Approval of documents by the Committee will not in any way reflect the Committee's views as to whether the underlying transactions which are the subject of such documents are fair or reasonable. Neither does such approval constitute a guarantee by the Committee or its officials of the accuracy of the contents of such documents.

#### **Documents to be submitted by new applicants**

16.9 New applicants are required to submit the documents described in paragraphs 16.10 to 16.13 below according to the timetables outlined in Section 5.

**Part 1 documents**

16.10 The following documents are classified as Part 1 documents:

- (a) the formal application for listing complying with Schedule 1;
- (b) an explanation of how the required spread of shareholders (see paragraphs 4.21 (d) and (e)) is to be achieved.
- (c) the proposed pre-listing statement dated and signed by the directors of the company including their respective alternates, or under power of attorney, together with a statement of the proposed date and details relating to its publication in the press;
- (d) if the pre-listing statement is a prospectus a certificate from the company's attorneys stating that the requirements of the Act have been complied with;
- (e) if the pre-listing statement contains an accountants' report, a statement from the accountant that the contents of the pre-listing statement are not contradictory with the information contained in the accountants' report;
- (f) where an offer is not being made in conjunction with the application for listing, the following information must be submitted:
  - (i) a list of shareholders; and
  - (ii) an analysis of shareholders;
- (g) the underwriting agreement and a statement containing the following:
  - (i) a statement that the underwriting agreement will become irrevocable no later than 16h30 on the day prior to the pre-listing statement being made available, or the last day to register where a rights offer circular is being made available;
  - (ii) evidence that the underwriter is in a position, at the date of signing the underwriting agreement, to meet the commitments in terms of the underwriting agreement in conjunction with any other underwriting or similar agreements running concurrently with the present commitment;
  - (iii) the number of securities offered to the public and the number of securities offered other than to the public;
  - (iv) the number of securities offered as a preferential right to any other persons. A brief summary of such offer to be given;
  - (v) the minimum subscription (if any) in terms of the pre-listing statement; and
  - (vi) confirmation that the underwriting agreement provides that the underwriting consideration will not be paid until the underwriting commitments have been met;
- (h) the memorandum and articles of association complying with Schedule 10;
- (i) the debenture trust deed, if debentures are to be listed;
- (j) a specimen, which must be cancelled by mutilation, of the share certificate, allotment letter, or other document in which it is desired to deal prior to the issue of shares or other security. The share certificate should comply with Schedule 11;
- (k) a statement whether the company's securities are listed on any exchange outside Botswana and particulars of that listing. In the event of any application for listing on any stock exchange having been refused or deferred details are to be stated;
- (l) list of other companies of which directors are also directors and nature of business conducted by such companies; and
- (m) the draft placing document, where an issue of securities is being made by means of a placing.

16.11 Should amendments be required by the Committee, the amended document, must be submitted and approved, prior to publication.

**Part II documents**

16.12 The following documents are classified as Part II documents:

- (a) a certificate by the company's attorneys, auditors, merchant bankers or sponsoring brokers certifying that the pre-listing statement published was in accordance with the signed pre-listing statement approved by the Committee or, if not, then in what respects it did not so agree;
- (b) a notarially certified copy of any prospectus to be published in connection with the issue, dated and signed by the directors of the company, or in their absence, by their respective alternates, or person/s making the offer;
- (c) one copy of the newspaper(s) in which the pre-listing statement or announcement was published;
- (d) three copies of the pre-listing statement or circular published are required;
- (e) a notarially certified copy of the memorandum and articles of association of the applicant embodying any amendments required by the Committee. (These documents may be submitted within such extended period as may be agreed to by the Committee, on the company's written application setting out the circumstances);
- (f) a notarially certified copy of certificate of incorporation. (A company registered outside Botswana must furnish a notarial copy of the certificate of memorandum and articles of association of external company);
- (g) a specimen (cancelled by mutilation) of the share or debenture certificates or other security in which it is proposed to deal;
- (h) the general undertaking by the company in the form of a resolution of the board of directors, certified by the chairman complying with Schedule 7;
- (i) the statutory declaration complying with Schedule 8;
- (j) a copy of every prospectus or statement in lieu of a prospectus issued during the past three years;
- (k) where the issue of securities was achieved by way of a placing, the sponsoring broker must submit a letter stating that the provisions of paragraph 5.13 have been complied with;
- (l) copies of any experts consents (see paragraph 7.F.5) appearing in the pre-listing statement;
- (m) three copies of a statement by the company's secretary stating:
  - (i) the registered address and post office box number;
  - (ii) the address and post office box number of the transfer office;
  - (iii) the name of the official authorised to deal with all matters relating to the company's listing;
  - (iv) the date on which the financial year ends;
  - (v) the approximate date on which the annual financial statements will be issued;
  - (vi) the approximate date on which the annual general meeting will be held;
  - (vii) the approximate date on which notices of the annual general meeting will be issued; and
  - (viii) regarding dividends, the approximate date of declarations, date of closing of transfer registers and date of payment;
- (n) cheque in payment of the listing fee as set out in paragraph 17.1;
- (o) details of any dividend recommended or declared, but not yet paid at the date of application;

- (p) mechanical signatures on certificates of title (Schedule 9); and
- (q) requirements for temporary documents of title (Schedule 13).

NOTE : Where any of the documents listed in Part II are available at the date of submission of Part I of the application, they should be submitted together with Part I documents.

### **Part III documents**

16.13 The following documents are classified as Part III documents:

- (a) a certificate signed by the auditors, certifying that the capital and premium thereon, if any, issued since the date of the last annual financial statements presented to shareholders, or if no annual general meeting has yet been held, since the date of incorporation of the company have been subscribed and deposited, for the company's account, with the company's bankers;
- (b) an audited list of share and/or debenture holders as at the date listing was granted;
- (c) a statement detailing:
  - (i) the number of securities applied for by the public;
  - (ii) the number of securities allotted and the basis of allotment; and
  - (iii) the number of securities taken up by any underwriter, sub-underwriter or placee;
- (d) an analysis of securities held by shareholders including:
  - (i) the number of shareholders in Botswana and total number of securities held exclusive of those referred to in (iii) and (iv) below;
  - (ii) the number of shareholders other than in Botswana and total number of securities held exclusive of those referred to in (iii) and (iv) below;
  - (iii) the number of shareholders who are employees and are beneficiaries of any trust or scheme for their benefit, and the total number of securities held by them;
  - (iv) details of securities held by the directors and any controlling shareholder and any associate of such director and controlling shareholder, and any associates of the company. Also the securities held by the vendor/s, promoter/s and underwriter/s; and
  - (v) the combined total.

### **Documents to be submitted by listed companies**

#### **Offers for sale and subscription**

16.14 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular or pre-listing statement;
- (b) the information with respect to underwriting described in paragraph 16.10(g);
- (c) the application for listing complying with Schedule 1;
- (d) copies of any exchange control (see paragraph 16.27) approvals required;
- (e) copies of any experts' consents (see paragraph 7.F.5) appearing in the circular or pre-listing statement; and
- (f) the appropriate documentation and listing fee as per Section 17.

#### **Rights and claw-back offers**

16.15 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular or pre-listing statement;
- (b) the information with respect to underwriting described in paragraph 16.10(g);
- (c) the application for listing complying with Schedule 2;
- (d) the provisional allotment letter;
- (e) copies of any exchange control (see paragraph 16.27) approvals required;
- (f) copies of any experts' consents (see paragraph 7.F.5) appearing in the circular or pre-listing statement; and
- (g) the appropriate documentation and listing fee as per Section 17.

### **Capitalisation issues and scrip dividends**

16.16 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular;
- (b) the application for listing complying with Schedule 3;
- (c) the form of election which must contain at least:
  - (i) a statement that the election may be made in respect of all or part of the shares held or deemed to be held at the close of business in the record date (fractions will be paid out in cash);
  - (ii) the ratio of application; and
  - (iii) a statement if no late postal elections will be accepted.
- (d) copies of any exchange control (see paragraph 16.27) approvals required;
- (e) copies of any experts' consents (see paragraph 7.F.5) appearing in the circular; and
- (f) the appropriate documentation and listing fee as per Section 17.

### **Issues for cash**

16.17 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular;
- (b) the application for listing complying with Schedule 6;
- (c) a statement detailing all issues of securities in the previous three years;
- (d) copies of any exchange control (see paragraph 16.27) approvals required;
- (e) copies of any experts' consents (see paragraph 7.F.5) appearing in the circular; and
- (f) the appropriate documentation and listing fee as per Section 17.

### **Acquisitions and disposals**

16.18 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular or pre-listing statement
- (b) the acquisition or disposal agreement;
- (c) any vendor placing document;
- (d) articles of association of the listed company and the company being acquired;
- (e) the application for listing, if applicable, complying with Schedule 4;
- (f) copies of any exchange control (see paragraph 16.27) approvals required;
- (g) an audited analysis of shareholders subsequent to the transaction;
- (h) copies of any experts' consents (see paragraph 7.F.5) appearing in the circular or pre-listing statement; and

- (i) the appropriate documentation and listing fee as per Section 17.

**Periodical returns**

- 16.19 Company secretaries are requested to diarise all periodical information and documents required by the Committee as set out in paragraphs 16.20 to 16.22. It is essential, in the interests of registered, unregistered and future shareholders that the information and documents be sent to the Committee in order that accurate information concerning the company may be promptly disseminated.
- 16.20 The Committee must be advised in writing of:
- (a) any increase or reduction of authorised share or loan capital. Such notification must be accompanied by a notarially certified copy of the certificate from the Registrar of Companies, showing registration of the change of capital;
  - (b) any increase of issued capital and issue of new securities. Where the new securities are of the same class as that already listed the procedure described in this section is to be followed;
  - (c) any declaration of dividends or rights and dates of closing of transfer registers and the rate of any taxes if applicable or non-declaration of preference or ordinary dividends;
  - (d) changes in directorate;
  - (e) change of company secretary;
  - (f) change of address of registered or transfer offices;
  - (g) "stops" placed against transfer of securities; and
  - (h) liquidation or reconstruction of the company and the dates of the closing of the transfer registers.
- 16.21 The Committee must be promptly furnished with the following:
- (a) In terms of the appendix to Section 11, copies of:
    - (i) notices of annual general meetings. The notices must include the dates of the closing of the transfer registers if relevant;
    - (ii) the annual financial statements;
    - (iii) notices of general meetings;
    - (iv) all notices, pre-listing statements and circulars issued to shareholders or debenture holders;
    - (v) interim and preliminary reports; and
    - (vi) quarterly statement of profits, etc. when published in the press;
  - (b) a copy of the minutes of annual general meetings or general meetings should be furnished within 30 days of the holding of the said meeting. Should copies of these documents be sent to shareholders, a further three copies should be furnished to the Committee;
  - (c) evidence that special resolutions have been registered by the Registrar of Companies, where special resolutions have been passed by shareholders;
  - (d) notifications of any preliminary or other announcements required by any other stock exchange on which the listed company, or any of its subsidiaries are listed; and
- 16.22 Companies must submit for the Committee's prior approval:
- (a) draft circulars, timetables etc., as enumerated in the various sections;
  - (b) proposed alterations to articles of association; and

- (c) proposed alterations to share certificates or proposed new share certificates. All specimen certificates submitted must be cancelled by mutilation.

## **Sundry**

### **Letters of application and letters of allotment**

16.23 Where listing is desired in respect of letters of application and/or letters of allotment, or other similar documents, the proposed timetable (schedule of dates) should be submitted to the Committee for approval prior to the closing of the transfer registers of the company from which the issue accrues. The procedure to be adopted should be discussed with the Committee by the sponsoring broker.

### **Extensions of listed options**

16.24 The company must submit for approval:

- (a) a draft of the press announcement announcing the extension and the results of the shareholders' meeting. The press announcement announcing the extension should be published at least six weeks prior to the expiry date;
- (b) a draft of a circular to registered option holders and to shareholders. The circular should be in the form of a notice to shareholders to obtain their sanction or, if the power of extension has been delegated to the directors, notification of the extension of the options and the authority under which the extension was made. The circular must also state the procedure for recording the extension on the option certificates;
- (c) a copy of the proposed alteration and/or endorsement, to be used on the option certificate;
- (d) a written application for the extension of the listing, stating:
  - (i) number of options to which the extension applies;
  - (ii) the period of the extension;
  - (iii) the amounts of the nominal and issued capital and the number of the securities issued; and
  - (iv) that all options issued have been granted a listing; and
- (e) the application must be accompanied by:
  - (i) a certified copy of the resolution extending the options;
  - (ii) a certified copy of the relevant resolution of shareholders, or if extended by the directors, a copy of the resolution empowering the directors to extend the option;
  - (iii) a copy of the circular, approved by the Committee and issued to registered option holders and shareholders; and
  - (iv) three copies of the circular are to be sent to the Committee.

### **Expiry of listed options on securities or on other conversion rights**

16.25 Notice must be given to the Committee at least 30 days before the expiry date of the option or conversion rights stating:

- (a) the date on which the options or conversion rights expire, and requesting the removal of the options from the list as and from the close of business on the date of expiry; and
- (b) that all registered option holders or registered holders of the securities with conversion rights have been notified of the date on which the option or conversion rights expire and that after that date, the option or conversion right

will have no value. This notification should be published at least 6 weeks prior to expiry date.

- 16.26 Application must be made for the listing of securities issued on the exercise of options.

**Exchange control approval**

- 16.27 The Exchange Control authorities may require details of certain transactions. Clarity, on a case by case basis, may be obtained from the sponsoring broker who will consult with the Bank of Botswana as necessary.
- 16.28 Exchange control clearance should be obtained as early as possible.

**Change of name of a listed company**

- 16.29 Preliminary approval must be obtained from the Committee for the proposed new name and the proposed new abbreviated name to be used on the board. The abbreviated name must not be more than seven letters.
- 16.30 An application must then be submitted to the Committee together with the drafts of both circulars (see paragraph 11.32) for approval of:
- (a) acceptance of the new name; and
  - (b) consequent amendment of the listing.
- 16.31 The application is to embody an undertaking that, for a period of not less than 1 year, the former name of the company will be shown on the document of title in brackets under the new name of the company.
- 16.32 The application must be accompanied by:
- (a) a copy of the certificate from the Registrar of Companies giving approval of the new name. If this is not available at the time the application is made, the application should state that the name has been reserved or approved by the Registrar of Companies; and
  - (b) a specimen of the proposed new share certificates.

**Executive and staff share schemes**

- 16.33 The following documents pertaining to executive and staff share schemes should be submitted to the Committee for prior approval:
- (a) a draft copy of the incentive or option scheme which must comply with Schedule 14;
  - (b) the trust deed, if applicable; and
  - (c) a draft of the circular or notice relating to the adoption of or amendment to a scheme.



SECTION

**17**

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**Listing and Other Fees**

**Scope of section**

This section sets out the listing and other fees that are to be charged to listed companies or applicants.

The main headings are:

17.1	Original listing fees.....	17-2
17.4	Additional listing fees.....	17-3
17.5	Annual sustaining and annual review fees.....	17-3
17.8	Documentation fees.....	17-3
17.9	Inspection fee.....	17-5
17.10	Indirect taxes.....	17-5
17.11	Non-payment of fees.....	17-5

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Unless otherwise determined by the Committee, the following scale of fees are payable in respect of each security included in the official list of the Botswana Stock Exchange:

### **Original listing fees**

17.1 Where the Committee has, in terms of Section 16(1)(c) of the BSEA, granted an application made by an issuer for securities issued by him to be included in the official list, the issuer shall, within a period fixed by the Committee, but not later than the date of listing, pay to the Exchange:

- (a) in the case of an issuer whose securities are quoted on a recognised external stock exchange, an original listing fee (ie dual listing on the Botswana Stock Exchange) of 0.025% of market capitalization subject to a minimum of P50,000 and a maximum of P200,000 or such other amount as the Committee may fix in respect of each class of security so quoted;
- (b) in the case of an issuer other than an issuer referred to in paragraph (a) above in respect of each class of security concerned, in respect of the monetary value of each class, an amount of 0.025%:

Provided that the total amount payable in terms of paragraph shall:

- (i) not be less than P50,000;
- (ii) not exceed P200,000;
- (iii) be calculated to the nearest Pula.

The monetary value of securities will be determined as follows:

- (i) The number of securities listed multiplied by the issue price per security;
  - (ii) In respect of vendor considerations, the number of securities listed multiplied by the higher of the issue price or the middle market price on the date of signature of the agreement; and
  - (iii) In respect of introductions where no price is attributable to the securities, they will be deemed to have a value calculated by multiplying the number of securities listed by the closing price on the first day of trading.
- (c) save for Government of Botswana financial instruments, in respect of fixed or variable coupon listed financial instruments, an original listing fee to be calculated in accordance with the following formula on the date of the original listing application:
    - (i) primary issue amount per original application for listing a financial instrument (including Programme Memorandums in the case of bonds).
    - (ii) nominal value in Pula of item (1) x 0.01%.
    - (iii) calculation of item (2) subject to a minimum fee of P50,000 and a maximum fee of P125 000.
    - (iv) Where original listing fees have been charged, additional listing fees shall not be charged for listing tranches under the same Programme
  - (d) save for Government of Botswana financial instruments, in respect of Zero Coupon listed financial instruments, an original listing fee will be calculated on the cash value of the financial instrument in accordance with the following formula:
    - (i) primary issue amount per original application.
    - (ii) cash value in Pula of item (1) x 0.01%.
    - (iii) calculation of item (2) subject to a minimum fee of P60 000 and a maximum fee of P125 000.

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- (iv) Where original listing fees have been charged, additional listing fees shall not be charged for listing tranches under the same Programme.
  - (e) Government of Botswana financial instruments, in respect of fixed or variable rate coupon listed financial instruments, an original fee to be calculated in accordance with the following formula on the date of the original listing application;
    - (i) primary issue amount per original application.
    - (ii) cash value in Pula of item (1) x 0.35% for the first P1 billion aggregate tranche(s) listed on the BSE at any time, and thereafter,
    - (iii) cash value in Pula of item (1) x 0.005% for the subsequent listed tranches above the first P1 billion aggregate tranche(s) referred to in (ii) above.
  - (f) Government of Botswana financial instruments, in respect of Zero Coupon short-term listed financial instruments, an original listing fee will be calculated on the cash value of the financial instrument in accordance with the following formula:
    - (i) primary issue amount per original application.
    - (ii) cash value in Pula of item (1) x 0.01%,
- 17.2 Notwithstanding the above, and save for the Government of Botswana financial instruments, no such fee shall be payable in respect of the listing of a new security by a listed company that is a direct replacement for a security of that company already listed in respect of which a fee has been paid in terms of paragraph 17.1.
- 17.3 In paragraph 17.1(a):  
"recognised external stock exchange" means a stock exchange which is outside Botswana as recognised officially by the Committee.

### **Additional listing fee**

- 17.4 Where the Committee has, in terms of Section 16(1)(c) of the BSEA granted an application:
- (a) made by an issuer for securities issued by him to be included in the official list, which securities belong to a class of security, other than as referred to in paragraph 17.4(b) below, issued by him in respect of which such an application has previously been granted, the issuer shall, within a period fixed by the Committee, pay to the Exchange an additional listing fee in accordance with the scale of fees, but in any event not less than P5,000, except in the instance of an additional listing in respect of an approved share incentive/option scheme, not less than P500.

### **Annual sustaining and annual review fees**

- 17.5 An issuer of listed securities shall, not later than the *31 January* in each year pay to the Exchange:
- (a) in respect of each class of securities listed, an amount equal to 0.025% of the market value of each class of securities in the company listed calculated at the greater of the bid and last price on the last business day of *December*.  
Provided that the total amount payable in terms of this paragraph shall-
    - (i) ***not be less than P50,000***
    - (ii) not exceed P150,000;

(iii) be calculated to the nearest Pula;

*Provided that, a company that lists after the 31<sup>st</sup> December shall pay annual Sustaining fees pro rated for the remainder of the year in which it lists and calculated at the greater of the last bid or last price on the day of listing.*

- (b) in the case of an issuer whose securities are quoted on a recognised external stock exchange (ie dual listed on the Botswana Stock Exchange), an annual sustaining fee of P70,000 for the following year ended 30 June or such other amount as the Committee may fix in respect of each class of security so quoted;
- (c) an annual review fee of P4,000 in respect of all companies listed on the Botswana Stock Exchange.
- (d) Save for Botswana Government financial instruments, in the case of fixed or variable coupon or zero coupon listed financial instruments, an amount calculated in accordance with the following formula:
  - (i) cumulative value of listed tranches cu.
  - (ii) cash value in Pula of item (1) x 0.01%.
  - (ii) calculation of item (2) subject to a minimum fee of P25 000 and a maximum fee of P50 000.
- (e) for Botswana Government financial instruments, in the case of fixed or variable coupon or zero coupon short-term listed financial instruments, an amount calculated in accordance with the following formula:
  - (i) cumulative listing amounts in terms of Section 17.1(e) for fixed or variable coupon instruments, and
  - (ii) cumulative listing amounts in terms of Section 17.1(f) for zero coupon short-term instruments

17.6 If a listing is terminated none of the above fees will be refunded to the issuer.

**Documentation fees**

17.7 The following prescribed minimum fee structure will be charged for documentation with the provision that should the time spent or the complexity of a document be such that it requires greater than normal attention, an additional charge may be imposed by the Committee.

<b>DOCUMENTATION FEES</b>		
(i)	Constitution Per new listed Company (if part of the prospectus) If submitted separately Per subsidiary of listed company Re-examination Fee Per amendment	<b>Nil</b> <b>2,500</b> <b>2,500</b> <b>2,500</b> <b>Nil</b>
(ii)	Debenture Trust Deed Per Trust Deed in a new listing (if part of the prospectus). If submitted separately Re-examination per deed Per amendment	<b>Nil</b> <b>3,000</b> <b>3,000</b> <b>Nil</b>
(iii)	Employee Share Option Scheme with a new listing, (if part of the prospectus) If submitted separately Salient features circular Re-examination per scheme per amendment	<b>Nil</b> <b>4,000</b> <b>4,000</b> <b>Nil</b>
(iv)	ETFs(new listing)	<b>Will be fixed depending on source of ETF.</b>
(v)	Rights Offer	<b>10,000</b>
(vi)	Clawback Offer	<b>10,000</b>
(vii)	Mergers Acquisitions & Disposals	<b>12,500</b>

(viii)	Capital Restructure	<b>Nil</b>
(ix)	Issue for Cash Circular	<b>10,000</b>
(x)	Odd Lot Offer	<b>Nil</b>
(xi)	Consolidation/Sub Division Circular	<b>3,000</b>
(xii)	Change of Name	<b>2,500</b>
(xiii)	Scrip Dividends	<b>2,500</b>
(xiv)	Category 1 Transactions	<b>10,000</b>
(xv)	Category 2 Transactions	<b>10,000</b>
(xvi)	Increase in Authorised Share Capital	<b>Nil</b>
(xvii)	New Issues - includes pre-listing statement, prospectus, constitution, debenture trust deed, employee share option schemes, related party transactions excluding charges for subsidiaries.	<b>40,000</b>
(xviii)	Warrants Issue	<b>15,000</b>
(xix)	Pre Issue Advise/Trading	<b>Nil</b>
(xx)	Price Stabilisation	<b>Nil</b>
(xxi)	Redemption of Bonds, Preference Shares etc	<b>Nil</b>
(xxii)	Related Party Transactions	<b>10,000</b>
(xxiii)	Renounceable Offers	<b>To be charged under Rights Issues</b>
(xxiv)	Revised Listing Particulars	<b>Nil</b>

(xxv)	Rulings (Committee Decisions on exemptions and appeals).	<b>5,000</b>
(xxvi)	Scheme of Arrangement & SRP Regulated Offers	<b>Nil</b>
(xxvii)	Small Related Party Transactions	<b>To be charged under Related Party Transactions</b>
(xxviii)	Specific Issue of Shares for Cash	<b>To be charged under Issue for Cash</b>
(xxix)	Specific Payments	<b>Nil</b>
(xxx)	Specific Share Re-purchase by the issuer	<b>5,000</b>
(xxxi)	Termination of Listing	<b>10,000</b>
(xxxii)	Transfer of Sector on Board	<b>2,500</b>
(xxxiii)	Unbundling	<b>To be charged under the relevant Transaction Category</b>
(xxxiv)	Voluntary Liquidation	<b>To be charged under Termination of Listing</b>

### Inspection Fee

17.8 Should any documentation referred to in paragraph 17.1, 17.4 or 17.7 be presented to the Secretary or the Committee for inspection, comment or review and subsequently withdrawn without any fees having been raised, the Committee may, at its sole discretion, raise a fee of not less than P2,000 in this regard. In the event of a failed listing, for whatever reason, the Committee may, at its sole discretion, raise a fee not exceeding the maximum amount payable, if a successful listing had occurred, in terms of paragraph 17.1.

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**Fees applicable to regulatory publications on X-News shall be as follows:**

17.9

<b>Regulatory Publications</b>	<b>Charge (BWP)</b>
<b>Short Announcements not exceeding one A4 page</b>	<b>Nil</b>
<b>Quarterly, Interim and Provisional Financial Statements</b>	<b>2,000</b>
<b>Circulars</b>	<b>2,000</b>
<b>Annual Reports, Prospectuses and Pre-Listing Statements</b>	<b>4,000</b>
<b>Other Announcements and Reports exceeding one A4 page</b>	<b>2,000</b>

**Indirect Taxes**

17.10 The above fees exclude sales tax, value added tax and any other indirect taxes. Should these apply, they will give rise to an additional charge.

**Non-payment of fees**

17.11 Securities may be removed from the list unless fees and charges, due and unpaid, are paid within one (1) month after written notice of non-payment has been given under authority of the Committee.

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## **SECTION 18**

### **Exchange Traded Funds**

18.1 The following requirements are for listing Exchange Traded Funds (ETFs). ETFs will be listed on the **Exchange Traded Funds Board** (ETF Board).

#### **18.2 General**

18.2.1 Once an application has been made to the Committee for listing an ETF, and such application has been approved, the ETF will be listed by the BSE.

18.2.2 ETFs will be traded in the same way as any other securities on the BSE and will be subject to the BSE's Trading Rules.

18.2.3 Trades on ETFs will be settled through the CSD.

18.2.4 ETFs must be freely transferable.

18.2.5 An application for the issue of ETFs must include the following information:

- (a) combination or structure of the ETF and details of the index on which the ETF is structured if applicable;
- (b) Net Asset Value (NAV) of the ETF as at the date of application;
- (c) Percentage change of the NAV of the underlying basket of securities for the previous 6 months on a daily basis;
- (d) Liquidity (turnover/market capitalisation) of each of the underlying securities & basket of securities as a whole over the past year;
- (e) The basis of computation of management fees if any;
- (f) Course of action that will be taken by the issuer in the event an underlying security is suspended or de-listed, and its repercussion on the computation of NAV;
- (g) Details of the issuer;
- (h) Currency in which the ETF will be structured and traded;
- (i) Rules pertaining to the treatment of corporate actions including unbundling and re-bundling of securities;
- (j) Any other information that may be required by the BSE on a case by case basis;
- (k) Any other information that may be required as detailed in the following sections.

#### **18.3 Criteria for listing**

18.3.1 ETFs must be:

- (a) open ended (unless an exemption has been granted otherwise);
- (b) issued over an index or be structured on a combination of securities/commodities or financial instruments based on a given ratio acceptable to the BSE;

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- (c) disclose the methodology of computation of the index, if the ETF is structured on such index;
  - (d) disclose the methodology of computation of the NAV of ETF if such ETF is based on a commodity or commodities;
  - (e) fully secured at all times: either by the underlying securities/commodities or financial instruments it represents, a proxy security acceptable to BSE which should be listed, freely tradable and have adequate liquidity or cash;
  - (f) the component securities should be housed in a trust and trustee should be appointed, subject to approval by the BSE, to protect the interests of the investors in the ETF.

18.3.2 The underlying index or portfolio must consist of securities that are listed on the BSE or any other Securities Exchange acceptable to the BSE;

18.3.3 The ETF issuer must:

- (a) prove to the BSE that it has the relevant expertise to issue ETFs or has access to such expertise;
- (b) satisfy the BSE that a secondary market in the ETF will be established and maintained through appointing market makers;
- (c) Undertake to compute the Net Asset Value (NAV) of the ETF on a daily basis and make the NAV public to all market participants at the same time through the BSE;
- (d) Ensure that the computation of NAV will take into account any corporate actions on the underlying securities and management fees.

#### **18.4 Corporate actions and dividends**

18.4.1 In the case of ETFs that make provision for regular distribution of dividends to shareholders, such distributions must be made at least on a half yearly basis. Such distributions should be announced through the BSE in accordance with the following requirements:

- a) The last day to register (last day to settle transactions to qualify for the dividend) must be made at least 14 working days prior to this date;
- b) The cash amount to be distributed and the date on which the distribution will be paid, must be made at least 14 trading days prior to the last day to register.

18.4.2 Where corporate actions, including but not limited to, mergers, takeovers, re-bundling, unbundling, rights issues, capital reductions or scrip dividends, occur in a constituent security of the ETF, the manager of the ETF shall rebalance its portfolio in accordance with the rules of the providers of the index and/or the rules pertaining to the ETF.

18.4.3 Where such rules allow the payment of special distributions to shareholders, rather than the re-investment of such proceeds in the constituent component of an index, the manager will distribute such proceeds to the ETF shareholders in accordance with its rules.

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## **18.5 Continuing obligations**

- 18.5.1 The applicant issuer is required to disseminate any announcement on the underlying securities to the BSE, latest on or before the expiry of 1 market day subsequent to such announcement in respect of the constituent security.
- 18.5.2 The issuer of the ETF will be required to make an announcement should there be a change in the constituent portfolio or the underlying index.
- 18.5.3 Disseminate the NAV of the ETF to participants based on the last traded price on a daily basis before the commencement of trading. This must be done through the BSE.

## **18.6 Conditions for Listing**

- 18.6.1 An issuer of ETFs must comply with the following requirements:
- (a) All applications for listing ETFs are to be submitted to the Committee through a sponsoring broker;
  - (b) The BSE may, in its overriding discretion, grant a listing to an issuer who does not fulfil the requirements set out or refuse a listing to an issuer who does not comply with the listing requirements on the basis that, in the BSE's opinion, the grant or refusal of the listing is in the interest of the investing public. The BSE reserves the right to withhold the reasons for refusal to grant a listing. Issuers that wish to apply for a listing, but do not meet all of the objective criteria prescribed by these listing requirements for the grant of a listing are therefore advised to discuss their intended applications with the BSE.
  - (c) The issuer must be duly incorporated or otherwise validly established under the law of the country of incorporation or establishment of the ETF, and must be operating in conformity with its memorandum and articles of association (or similar statutory provision) and all laws of its country of incorporation or establishment.
  - (d) Where an issuer is seeking a secondary listing for ETFs listed on another Stock Exchange, it must be in compliance with the requirements of that Exchange and the relevant laws of that country and such Exchange should be acceptable to the BSE.

## **18.7 Pre-listing statements**

- 18.7.1 An applicant issuer of ETFs must include the following in a pre-listing statement/prospectus:
- a) Full name of issuer, manager and trustee;
  - b) Place and date of incorporation of issuer, manager and trustee;
  - c) The full names, details and addresses of directors of the issuer, manager and trustee;
  - d) A statement that the BSE's approval of the listing of the ETF is not to be construed in any way as an indication of the merits of the issuer or of the ETF,

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that the BSE has not verified the accuracy and truthfulness of the contents of the ETF documentation and that to the extent permitted by law, the BSE will not be liable for any claim of whatever nature;

- e) A statement that claims against the BSE Security Fund may only be made in respect of trading in ETFs on the BSE and in accordance with the terms of the rules of the Security Fund, and can in no way relate to the issue of ETFs by an applicant issuer;
- f) The names and addresses of the advisors and transfer secretaries to the issue;
- g) A professional opinion regarding the effect of Capital Gains Tax on the Fund and the security holder;
- h) A statement to the effect that:
  - “ Prospective purchasers of any ETF should ensure that they fully understand the nature of ETFs and the extent of their exposure to risks, and that they consider the suitability of ETFs as an investment in the light of their own circumstances and financial position”;
- i) Basis and formula for the computation of management fees applicable to the ETF;
- j) Audited financial statements of the issuer, manager and trustee for the previous 3 years;
- k) A description of the index, including the name of the publisher of the index, its date of establishment and how it is compiled;
- l) A description of the constituent stocks (if applicable) and the ratio of their combination;
- m) The identity of the party that sponsors and/or calculates the index;
- n) An explanation of the computation of the index;
- o) The frequency with which the index is updated and published;
- p) Provisions in the event of modification and discontinuance of the index;
- q) The authority to use the index from the party that sponsors and /or calculates the index;
- r) NAV of the ETF as at the date of application;
- s) Basis of pricing of the ETF by the issuer and/or manager;
- t) Trust Deed;
- u) Any other information that is required in respect of section 18.2 or any other section of these rules.

18.7.2 Pre-listing statements must be formally approved by the BSE prior to its publication. Such approval will only be given if the BSE considers that the information in the pre-listing statement is complete.

## **18.8 Listing announcements**

18.8.1 The applicant issuer must publish an announcement immediately after the BSE has approved an application for listing, containing:

- (a) The information in respect of details of the ETF;
- (b) The period of marketing (if applicable) and the expected listing date;
- (c) A statement that BSE approval for the listing has been granted;
- (d) The code or name under which the ETF will trade;
- (e) Places where copies of the ETF issue documentation can be obtained.

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## **18.9 Daily Publication**

18.9.1 The applicant issuer must publish the following details on an approved information dissemination system and also report the same to the BSE on a daily basis:

- (a) The NAV of the ETF for the preceding day;
- (b) The accrued reserves distributable to ETF holders, if applicable each preceding day;
- (c) The index level for the preceding day;
- (d) Management fees payable;
- (e) The constitution of the index basket which an investor wishing to subscribe in specie must deliver on the following trading day;
- (f) The cash amount which an investor wishing to subscribe in specie must deliver on the following trading day; and
- (g) The cash amount which a holder wishing to redeem in specie (i.e. exercise his delivery rights) will receive.

## **18.9 Increases and redemptions in issue size of existing ETF's**

18.10.1 In the event of an increase in the issued quantity of existing ETFs, issuers shall submit a memorandum detailing the specific terms of the increase in issue size including the quantity and price of the ETFs to be issued.

18.10.2 Issuers may increase or reduce the issue size of existing ETFs, subject to the approval of the BSE and the announcement of such change in the issue size through the BSE.

## **18.11 ETF risk management**

18.11.1 The issuer of the ETF shall undertake the responsibility of ensuring that the value of the underlying securities and collateral at any given point in time is greater than or equal to the NAV of the ETF units issued.

18.11.2 ETFs should be backed 100% by the securities they represent or in the alternative be backed by a sample selection of such securities and other collateral acceptable to the BSE such as cash.

## **18.12 The appointment of market makers**

18.12.1 An applicant issuer shall, prior to the listing of the ETF, be required to appoint a market maker and such duly appointed market maker must undertake to quote buy and sell prices in respect of the ETF on a daily basis.

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### **18.13 Initial and annual listings fees**

18.13.1 The initial listing fees payable by the issuer will be 0.025% of the NAV of the ETF at the point of listing subject to a minimum of P25 000 or such amount not exceeding P100 000 as the Committee may fix.

18.13.2 The annual listings fees on account of ETFs will be computed 0.025% of the NAV of the ETF at the beginning of the calendar year subject to a minimum of P25 000 or such amount not exceeding P100 000 as the Committee may fix.

### **18.14 Responsibilities of the Manager**

18.14.1 The issuer may appoint a Manager to act on its behalf for the purpose of managing the ETF or undertake to manage the ETF.

18.14.2 The ETF Manager may levy a management fee and be reimbursed expenses incurred for managing the ETF.

18.14.3 The basis of computation of such fees and expenditures should be disclosed to the BSE and investors.

18.14.4 The Manager may at any time, at its discretion, waive or rebate its remuneration or reimbursement of expenditure or any part thereof.

18.14.5 Subject to the Listing Rules and ETF rules, the Manager may in its absolute discretion-

- (a) Do all such things and enter into all such arrangements as are necessary for the administration of the scheme and to achieve the investment objectives of the ETF;
- (b) Select, purchase, sell, exchange or change any of the assets of the underlying securities in the ETF
- (c) Appoint persons to exercise powers and perform duties on its behalf and in particular, appoint transfer secretaries, secretaries and agents;
- (d) Act on the advice or information obtained from professional advisers and others considered by it to be experts.

18.14.6 Any expenditure incurred by the Manager for the following purposes shall not be reimbursed-

- (a) Preparing cheques, warrants, notices, accounts, summaries, declarations, offers or statements which the trustee is required to issue, serve or send, and deposit the same with the trustee together with stamped and addressed envelopes, if so required.
- (b) Preparing, signing and executing certificates and transfers of assets which, would have to be prepared by the trustee, and the deposit of same with the trustee for signature and execution.

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18.14.7 Assigning responsibilities:

- (a) The Manager may, with the written approval of the Trustee and the BSE, appoint any company qualified to act on its behalf, and may assign to such appointee all its rights and duties as Manager in a form as approved by the Trustee and the BSE in terms of which it undertakes to fulfil all the obligations of the retiring Manager.
- (b) The retiring Manager is then, upon payment to the trustee of all sums then due by it to the Trustee (without prejudice to the rights of the trustee, investors or other persons, in respect of any act or omission prior to such retirement) be absolved and released from all its duties and obligations under these rules.
- (c) The new Manager shall thereafter exercise all powers, enjoys the rights, and perform duties and obligations of the Manager of the ETF under these rules.

18.14.8 If the Manager is liquidated, the trustee shall take immediate steps for the appointment of a new Manager.

18.14.9 The ETF Manager must be a body corporate, a company or a collective investment undertaking, registered under a regulatory authority acceptable to the BSE and must be competent, have required expertise for the performance of duties and have an unblemished reputation..

18.14.10 The Manager must satisfy the section 15(3) of the CIU Act regarding minimum financial resources.

## **18.15 The Trustee**

18.15.1 The Issuer or Manager shall appoint a Trustee to protect the interests of investors.

18.15.2 The Trustee must satisfy section 18 of the CIU Act.

18.15.3 The powers, authority, obligations and responsibilities of the Trustee shall be detailed in the trust deed and shall include the following:

- (a) The Trustee shall have all the powers necessary to protect the interests of investors and have the powers necessary to perform its functions to achieve the objectives of the ETF.
- (b) Legal proceedings relating to an ETF must be instituted by or against the Trustee in its capacity as the Trustee and as such and the Trustee may institute, prosecute, intervene in or defend any legal proceedings relating to or concerning an ETF and may as a prerequisite to such action, require the manager to indemnify it against all costs, expenses and liabilities thereby incurred.
- (c) The Trustee is not liable to make any payments to any investor except out of any funds held by or paid to it for the purpose under these rules.

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- (d) The assets of a portfolio must be registered either in the name of the Trustee or with written consent of the registrar in the name of the nominee company of the Trustee. The Trustee is liable for any act or omission of the nominee company in relation to any assets held in the name of the nominee company. Despite the foregoing, the Trustee or its nominee company must take delivery of and retain in safety custody and under its supervision and control the documents of title to the assets.
- (e) The Trustee may deal in participatory interests and act as banker to the scheme. In particular the trustee may:
- (1) Purchase, hold, deal in or dispose of participatory interests for its own account;
  - (2) If the trustee is a bank, act as banker for the scheme;
  - (3) The trustee is not accountable in any way to the Manager or investors for any profits made or benefits derived by it from any of the matters referred to in clause e(1).
- (f) The Trustee may act upon the advice, statements of or information obtained from lawyers, the manager, bankers, and accountants, members of any Exchange or other persons considered by the Trustee to be experts in relation to the matters upon which they are consulted.
- (g) The Trustee may be required to resign from office by written notice at the request of not less than 50 per cent of the investors excluding the Manager, in all the portfolios, holding not less than 50 per cent in value of the total number of participatory interests then in issue.
- (h) A Trustee appointed in the place of a retiring Trustee must execute an instrument in a form approved by the manager and the registrar in terms of which it undertakes to fulfil all the obligations of retiring Trustee. The new Trustee shall exercise all the powers, enjoy all the rights, and subject to all the duties and obligations, as fully as if such new Trustee had originally been a party to the scheme.
- (i) A Trustee is deemed to have resigned if its certificate of registration is revoked or suspended and the manager must in that event immediately appoint another person qualified to act as Trustee.

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## SCHEDULE 1

### **The application for listing for new applicants**

- 1.1 The application should contain the following:
- (a) a statement that:

"It is understood that the granting of a listing pursuant to this application shall constitute a contract between this company and the Botswana Stock Exchange and that in giving the general undertaking referred to in paragraph 4.16 of the listings requirements of the BSE ("the listings requirements"), the company undertakes to comply with the listings requirements as they may exist from time to time";
  - (b) full name of the applicant;
  - (c) the addresses of the registered and transfer offices in the Republic of Botswana;
  - (d) regarding the applicant's share capital:
    - (i) the amount of the authorised share capital of each class of share, and the nominal value and number of securities in each class;
    - (ii) the amount of the share capital issued and to be issued in conjunction with the application of each class of share, and the number of those securities in each class, also indicating clearly in respect of which securities listing is applied for; and
    - (iii) the nominal amount and number of securities in each class of the authorised but unissued capital of the applicant;
  - (e) the nominal amount and number of securities of each class:
    - (i) offered to the public for subscription (either by the applicant or otherwise), and the date the offer was made;
    - (ii) the number of securities of each class applied for, and the date the offer closed (where this information is available at the date of application); and
    - (iii) the number of securities of each class allotted, and the date of allotment (where this information is available at the date of application). If an issue is being made in conjunction with this application, the opening and closing dates of the offer, the date of allotment and the date of issue of the certificates of title to be stated;
  - (f) that monies in respect of excess applications will be refunded within 7 days of the closing of the offer;
  - (g) a statement whether or not it is desired to deal in any other documents prior to the issue of the securities;
  - (h) a statement as to the section (if applicable) of the List in which listing is applied for, and the abbreviated name of the applicant; and
  - (i) an undertaking by the applicant in the form of a directors' resolution that the documents referred to in paragraphs 16.19 to 16.22 will be submitted within the period specified therein.
- 1.2 The application must be signed by the secretary and a director of the applicant and the sponsoring broker.
- 1.3 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

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## SCHEDULE 2

### **Application for the listing of securities resulting from rights and claw-back offers**

- 2.1 The application for the listing of securities resulting from a rights or claw-back offer should include:
- (a) description and number of renounceable letters for which a listing is applied for, and the relevant dates,
  - (b) description and number of securities for which a listing is applied, and the relevant dates;
  - (c) brief description of the offer;
  - (d) date on which renounceable letters and the circular or pre-listing statement will be posted;
  - (e) date on which certificates will be issued;
  - (f) last day for splitting and that the renounceable letters will be split as often as required;
  - (g) date on which the offer closes;
  - (h) the authorised and issued share capital of the applicant prior to the issue of the rights or claw-back securities;
  - (i) the issued capital after the issue of the rights or claw-back securities; and
  - (j) in addition to the above information the following undertakings must be given:
    - (i) all renounceable letters dispatched by the applicant to registered shareholders will be sent by registered mail; and
    - (ii) all acceptances of the offer sent by post by the beneficial holders will be accepted by the applicant provided the envelope bears the postmark of a day on or before the closing of the offer and provided such acceptances are received within 3 business days of the closing of the offer.
- 2.2 The application must be signed by the secretary and a director of the applicant and the sponsoring broker.
- 2.3 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

### **SCHEDULE 3**

#### **The application for the listing of securities resulting from capitalisation issues or scrip dividends**

- 3.1 The application must state:
- (a) the number of capitalisation securities/scrip for which a listing is applied;
  - (b) the date from which the listing is to commence;
  - (c) that the capitalisation securities/scrip rank *pari passu* with the other issued securities of the applicant;
  - (d) the date on which the capitalisation securities/scrip are to be allotted;
  - (e) the date on which the certificates of title are to be issued;
  - (f) the authorised and issued share capital of the applicant prior to the issue of the capitalisation securities/scrip; and
  - (g) the issued capital after the issue of the capitalisation securities/scrip.
- 3.2 The application must be signed by the secretary and a director of the applicant and the sponsoring broker.
- 3.3 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

**SCHEDULE 4****The application for the listing of securities resulting from acquisitions, take-overs and mergers, share incentive schemes and convertible securities**

- 4.1 The following basic information should be given in the application for the listing of securities:
- (a) description and number on securities for which a listing is applied and the relevant date;
  - (b) reason for allotment and issue;
  - (c) date of allotment;
  - (d) date of issue of certificates;
  - (e) a statement that the securities subject to the application rank pari passu in all respects;
  - (f) the present authorised and issued capital; and
  - (g) the issued capital after the issue of the securities which are subject to the application.
- 4.2 The application must be signed by the secretary and a director of the applicant and by the sponsoring broker.
- 4.3 The application must be accompanied by a resolution of the board of directors of the applicant authorising the application for a listing together with the relevant listing fee.

## **SCHEDULE 5**

### **Fair and reasonable statements**

5.1 Fair and reasonable statement should:

- (a) be prepared by an independent professional expert, such as an Auditor or Merchant Banker, acceptable to the Committee, who has no material interest in the transaction or in the success or failure of the transaction. If the company is incorporated in Botswana, the auditor must hold a valid practising certificate issued by the Botswana Institute of Accountants;
- (b) make appropriate disclosure where the independent professional expert enjoys any relationship with the applicant; and
- (c) set out the material factors and assumptions taken into account in the preparation of the statement.

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## SCHEDULE 6

### **The application for the listing of securities resulting from an issue for cash**

- 6.1 The application must state:
- (a) the number of securities for which a listing is applied;
  - (b) the date from which the listing is to commence;
  - (c) the securities rank *pari passu* with the other issued securities of the applicant;
  - (d) the date on which the securities are to be allotted;
  - (e) the date on which the certificates of title are to be issued;
  - (f) the authorised and issued share capital of the applicant prior to the issue of the securities;
  - (g) the issued capital after the issue of the securities;
  - (h) the number of public shareholders in the applicant and the number and percentage of each class of security held by them;
  - (i) the level of voting required at the general meeting required by the listings requirements to approve the issue of securities for cash;
  - (j) when the shareholders approved or will approve the issue;
  - (k) details of all issues of securities over the past 3 years;
  - (l) that the issue will be to public shareholders; and
  - (m) what discount or premium, if any, the securities are to be issued at.
- 6.2 The application must be accompanied by the opinion on the issue from an independent professional expert acceptable to the Committee (only for specific approval).
- 6.3 The application must be signed by the secretary and a director of the applicant and by the sponsoring broker.
- 6.4 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

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## SCHEDULE 7

### General undertaking

The following provisions should be contained in the general undertaking by the issuer which should be in the form of a resolution of directors certified by the Chairman:

- 7.1 That the issuer will not apply for the loan, or return, of any document submitted in support of the application for listing, and that all such documents will become the property of the Committee.
- 7.2 That the issuer agrees that in the event of the application for listing being granted such listing shall be subject to the listings requirements which now are or hereafter may be in force.
- 7.3 That no restrictions are placed on the transfer of fully paid securities other than when the relative statutory requirements prevail.
- 7.4 A statement if companies do or do not propose to introduce the "Temporary Documents of Title" procedure that no charge will be made in Botswana for transfer of securities or the splitting of certificates of title.
- 7.5 That no charge will be made in Botswana for the registration of any powers of attorney or letters of administration.
- 7.6 That the articles of association of the issuer and its subsidiary companies comply with the listings requirements which now are or hereafter may be in force.
- 7.7 That securities in each class for which listing is applied rank pari passu in respect of dividends, rights and in all other respects. It should be noted that a statement that securities in each class rank pari passu is understood to mean that:
  - (a) they are in all respects identical;
  - (b) they are of the same nominal value, and that the same amount per share has been paid up;
  - (c) they carry the same rights as to unrestricted transfer, attendance and voting at meetings, and in all other respects; and
  - (d) they are entitled to a dividend at the same rate and for the same period, so that at the next ensuing distribution the dividend payable on each share will amount to exactly the same.
- 7.8 The issuer will disclose with the issue the information which is required under paragraph 7.B.10.
- 7.9 That in the event of any further offer of securities to shareholders, powers of renunciation will be granted in respect of any rights accruing to shareholders and an application for listing of the provisional documents will be made within sufficient time before the closing of the share registers. (Should it be desired to depart from this procedure, the consent of the Committee must be obtained).
- 7.10 That the minutes of all shareholders' meetings, either general or special, will be read at the next succeeding meeting of shareholders at the request of any shareholders at the meeting, if the proceedings of such meeting have not been made available.
- 7.11 That should the directors of the issuer declare a final dividend prior to the publication of the annual accounts, the dividend notice given to shareholders will contain a statement of the ascertained or estimated combined net trading profits of the issuer and its subsidiaries for the year, and also particulars of any amounts appropriated from reserves, capital profits, accumulated profits of past years, or other special source, to

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- provide wholly or partly for the dividend.
- 7.12 That where the issuer is already listed or is subsequently granted a listing on another stock exchange and notification of any preliminary or other announcement is made by the issuer from time to time to that stock exchange copies of all such notifications will be made available simultaneously to the BSE.
- 7.13 That the issuer will, in future, furnish the BSE with 25 copies of the issuer's annual financial statements when they are issued for distribution to broking members.
- 7.14 That all communications from the issuer to the BSE will be by letter, and will emanate from the secretary of the issuer or any other duly authorised persons to whom all correspondence from the BSE should be addressed.
- 7.15 That in the event of the company being placed in judicial management or liquidation, whether voluntary or compulsory, provisional or final, the issuer will immediately notify the Committee of this fact.
- 7.16 Should the issued share capital of the issuer for which listing is applied, consist of securities without distinctive numbers, the following additional undertakings are required:
- (a) that all the said securities (or in the case of these being more than one class of share, all the securities of each respective class) are, and will remain identical in all respects, viz:
    - (i) they are of the same nominal value and are all fully paid;
    - (ii) they carry the same rights as to unrestricted transfer, attendance and voting at meetings and in all other respects; and
    - (iii) they are entitled to dividend at the same rate and for the same period, so that on the next ensuing distribution and the dividend payable on each share will amount to exactly the same;
  - (b) that before taking any action which, for statutory or other reasons would require the reinstatement of distinguishing numbers of the said securities or would or might cause difficulty or doubts in distinguishing between securities for which listing is granted and other securities in the capital of the issuer, formal notice will be given to the BSE of the intentions with full particulars of all relevant facts;
  - (c) that where the directors have resolved to convene a shareholders' meeting to consider a special resolution for the consolidation or subdivision of securities or for the increase of the authorised share capital of the issuer notice thereof will, within 48 hours of the passing of the directors' resolution be given in writing to the BSE. Notice in writing must also be given to the BSE within 48 hours of the issue by the issuer of additional securities of any class. In either case, full particulars of all relevant facts and copies of all relevant documents, resolutions and circulars must be incorporated in or, in the case of copies, accompany, the notice.
  - (d) regarding such issued share capital, compliance will be made with any requirements of the Committee necessary for the maintenance or grant of listing, as the case may be for such capital, especially that an application for listing for new securities ranking *pari passu* will be made within 30 days from date of issue;
  - (e) that the issuer will accept for registration transfer deeds containing no distinctive numbers where the relative certificates of title, issued prior to the cessation of distinctive numbers, bears distinctive numbers, and vice versa; and
  - (f) where the securities, which are the subject of this application are also listed on any other stock exchange evidence must be submitted that such listing is in respect of securities without distinctive numbers.
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**SCHEDULE 8****Statutory declaration**

The sworn declaration by the chairman and secretary must state, to the best of their knowledge, judgement and belief, arrived at after due and careful enquiry, where applicable, the following particulars:

- 8.1 That all documents required by the Act, have been duly filed with the Registrar of Companies, and that all legal requirements have been fulfilled.
- 8.2 That the minimum subscription has been received.
- 8.3 The number of securities, or amount of stock or debentures applied for by the public.
- 8.4 The number of securities, or amount of stock or debentures issued for cash to the public, with price of issue and the actual amount per share paid thereon in cash.
- 8.5 The number of securities, or amount of stock or debentures allotted for a consideration other than cash.
- 8.6 That the certificates, or debentures or other documents in which it is desired to deal have been or are ready to be delivered, and that they are identical to the specimen approved.
- 8.7 That, where applicable, the purchase of any assets has been completed, their transfer registered in the name of the issuer and the purchase money was paid subsequent to registration of transfer. Where any such purchase has not been completed or registered an undertaking that completion will be conditional upon registration.
- 8.8 That, where applicable, a trust deed has been executed and completed, the effect of such trust deed, and the nature of the security created thereby in favour of the debenture holders or debenture stockholders.
- 8.9 That all monies refundable in respect of any application or where no allotment has been made, have been refunded to the applicants.
- 8.10 That external companies will open and maintain a transfer office in Botswana during such time as the securities are listed on the BSE.
- 8.11 That all documents specified in paragraph 7.G.1 have been or are lying open for inspection in the manner prescribed.
- 8.12 That there are no other circumstances arising from the application which should be disclosed to the Committee.

## **SCHEDULE 9**

### **Mechanical signatures on certificates of title**

An application for mechanical signatures on certificates of title must be made in the following form:

Botswana Stock Exchange  
Gaborone  
Botswana

Dear Sir

### **MECHANICAL SIGNATURES**

The Board undertakes that no mechanical signatures will be affixed to certificates issued in respect of the securities/stock of the issuer unless the following conditions are complied with:

The means of affixing such signatures shall be by (here insert the method to be employed).

Suitable blocks or dies bearing the facsimile signatures of the several directors and, of the secretary or transfer secretary, shall be procured at the cost of the issuer and kept respectively in the custody or under the control of the persons whose signatures they bear, or their duly authorised representatives, and in whose presence and by whose authority alone they shall be used. Each of such persons shall on each occasion on which such authority is given by him record in a register to be maintained for this purpose by the secretary the granting of such authority, its purpose and extent.

A certified copy of the resolution of the Board, adopting this procedure for mechanical signatures, is enclosed.

Yours faithfully

CHAIRMAN

**SCHEDULE 10****Requirements for articles of association**

No application for listing will be considered until the articles of association (or other instrument constituting or defining the constitution of the applicant) ("The articles") has been approved by the Committee.

These documents must be in English and must comply with the requirements in respect of an applicant or in respect of any of the applicant's subsidiary companies whose securities are not sought to be separately listed.

The requirements laid down are not exhaustive. The Committee will not allow any provisions contained in the articles which may in any way restrict free dealings in the securities or which may in the Committee's opinion be unreasonable or which are unlawful.

**Contents of articles of association - applicants****Preference securities**

10.1 If there are cumulative and/or non-cumulative preference shares in the capital of the company, the following right must attach to such shares:

No further securities ranking in priority to or *pari passu* with the existing preference shares of any class shall be created or issued without the consent in writing of the holders of 75% of the existing preference shares of such class or the sanction of a resolution of the holders of such class of preference shares passed at a separate general meeting of such holders and at which members holding in the aggregate not less than 1/4 of the total votes of all the members holding securities in that class entitled to vote at that meeting are present in person or by proxy and the resolution has been passed by not less than 3/4 of the total votes to which the members of that class present in person or by proxy are entitled.

**Unissued securities**

10.2 Provision should be made in the articles that unissued equity securities shall be offered to existing shareholders *pro rata* to their shareholding unless issued for the acquisition of assets. The articles may however in addition to the above provide that the shareholders in general meeting may authorise the directors to issue unissued securities and/or give options to subscribe for unissued securities as the directors in their discretion may think fit, provided this has been approved by the Committee.

**Signing of certificates of titles**

10.3 The provision of the Act shall constitute the BSE requirements for the signatures of certificates of title.

**Calls on securities - external company**

10.4 Neither the directors nor the company are to be given power on the issue of securities to make any difference between the holders of the same class of share in the amount of calls to be paid and the time of payment of such calls or in any other respect whatever.

- 10.5 Any amount paid up in advance of calls on any share shall carry interest only and shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.
- 10.6 Provision should be made in the articles of an external company for the payment of calls at the branch office in Botswana.

**Lien upon securities**

- 10.7 The articles must not give a company power to claim a lien on fully paid securities and the lien upon partly paid securities must be limited to the amounts owing upon partly paid securities.

**Transfer of securities**

- 10.8 Provision must be contained in the articles for the use of the common form of transfer.
- 10.9 There must be no restriction on the transfer of securities.
- 10.10 The following provision must be made in the articles:  
"Every instrument of transfer shall be left at the transfer office of the company at which it is presented for registration accompanied by the certificate of the securities to be transferred and or such other evidence as the company may require to prove the title of the transferor or his rights to transfer the securities.  
All authorities to sign Transfer Deeds granted by members for the purpose of transferring securities which may be lodged, produced or exhibited with or to the company at any of its proper offices shall as between the company and the grantor of such authorities be taken and deemed to continue and remain in full force and effect and the company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the company's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notices the company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the company as being in order before the giving and lodging of such notice".

**Transmission clause**

- 10.11 A provision to the effect that securities registered in the name of a deceased or insolvent shareholder shall be forfeited if the executor fails to register them in his own name or in the name of the heir etc., when called upon by the directors to do so will not be permitted.

**Share warrants to bearer**

- 10.12 Provision should not be made for the issue of a new share warrant in place of one lost unless suitable documentation is provided to the satisfaction of the directors of the company concerned.
- 10.13 Where the memorandum prohibits the issue of share warrants and the articles make provision for the issue etc., thereof the following clause should be inserted in the articles.  
"Notwithstanding the provisions contained in these articles with reference to the issue of share warrants the company is prohibited from issuing share warrants unless and until the objects of the company are altered to permit the issue of share warrants".

**Commission**

10.14 The articles should provide that, subject to the Act, the company may not pay commission exceeding 5% to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the company.

**Capital**

10.15 Power should be contained in the articles for:

- (a) increase of capital;
- (b) consolidation of securities;
- (c) conversion of securities into stock;
- (d) sub-division of securities;
- (e) cancellation of securities;
- (f) reduction of capital;
- (g) conversion of securities into no par value and vice versa;
- (h) conversion of ordinary shares into redeemable preference shares; and
- (i) conversion of securities of any class into securities of any other class, whether issued or not.

10.16 Provision should be made that new securities created shall be offered to the existing shareholders pro rata to their shareholding or that new securities are only to be disposed of or dealt with as directed by a general meeting of shareholders. Subject to the listings requirements of the BSE, the articles may however in addition to the above provide that the shareholders in general meeting may authorise the directors to issue the new securities as the directors in their discretion may think fit.

10.17 The clause in the articles dealing with the reduction of capital should not provide that capital shall be re-paid upon the basis that it may be called up again.

10.18 Provision should be made that in the case of a fraction of a security, that fraction will not be issued to the shareholder and will be paid out in cash for the benefit of the shareholder.

**Notice of meeting**

10.19 In the articles of all companies provision should be made that the notice be given by mail at least 21 days notice of a meeting shall be given to all shareholders entitled to notice.

10.20 In the articles of all companies provision should be made for sending notices of meetings to the BSE at the same time as notices are sent to shareholders.

10.21 The articles should provide that an accidental omission to give notice of any meeting to members shall not invalidate any resolution passed at any such meeting.

**General meetings**

10.22 The business of a general meeting must include power to sanction or declare dividends.

10.23 The quorum at a general meeting must be as detailed in paragraph 10.54.

**Voting at general meetings**

10.24 In the case of an external company the articles should make provision for depositing proxies at the branch office in Botswana.

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**Directors**

- 10.25 The articles of association must provide that the minimum number of directors shall be four and for companies incorporated in Botswana, one of the directors must be resident in Botswana.
- 10.26 The articles should provide that the appointment of a director to fill a casual vacancy or as an addition to the board must be confirmed at the next annual general meeting.
- 10.27 The articles should provide that if the number of directors falls below the minimum provided in the articles the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.
- 10.28 If the articles contain a provision that directors may be employed in any other capacity in the company or as a director or employee of a company controlled by or subsidiary to this company a further provision should be made to the effect that his appointment and remuneration in respect of other such office must be determined by a disinterested quorum of directors.
- 10.29 The articles should provide that the directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof, and that if any director shall be required to perform extra services or to go to reside abroad or otherwise shall be specifically occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of directors which may be either in addition to or in substitution for any other remuneration.
- 10.30 In a new company all the directors are to retire at the first annual general meeting and at each annual general meeting of the company one-third of the directors, or if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office. In the case of an existing company at least one-third of the directors shall retire at each annual general meeting. The aforesaid provisions are however, subject to the proviso that if a director is appointed a managing director or as an employee of the company in any other capacity the contract under which he is appointed may provide that he shall not, while he continues to hold that position or office under contract for a term of rotation be subject to retirement by such contract and he shall not in such case be taken into account in determining the rotation of retirement of directors provided that less than half of the directors may be appointed to any such position on the condition that they shall not be subject to retirement by rotation.
- 10.31 The period to be allowed before the date of an annual general meeting for the nomination of a new director must be such as to give sufficient time after the receipt of the notice of the holding of the meeting for nominations to reach the company's office from any part of Botswana.
- 10.32 If the quorum of directors is two the chairman shall not be permitted to have a casting vote if only two directors are present at a meeting of directors.
- 10.33 The directors shall be entitled to elect a chairman and deputy chairman and determine the period for which they shall hold office. A resolution signed by directors (or their alternatives, if applicable) who are present at the time when the resolution in question is signed by the first of such directors, in Botswana, whose number is a majority of the directors for the time being in office and not less than a quorum for a meeting of directors, inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors.

Any such resolution may consist of several documents, each of which may be signed by one or more directors (or their alternates, if applicable) and shall be deemed to have been passed on the date on which it was signed by the last director who signed it unless a statement to the contrary is made in that resolution.

**Dividends**

- 10.34 The articles should provide that the company in general meeting or the directors may declare dividends. However, the company in general meeting should not be able to declare a larger dividend than that declared by the directors.
- 10.35 It should be noted that dividends are to be payable to shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend whichever is the later. A period of 14 days at least should be allowed between the date of declaration or date of confirmation of the dividend whichever is the later, and the date of the closing of the transfer registers in respect of such dividend.
- 10.36 A provision to the effect that dividends which remain unclaimed for 3 years may become the property of the company will be permitted. Monies other than dividends due to shareholders must be held in trust by the company indefinitely until lawfully claimed by the shareholder.
- 10.37 The articles of an external company may provide that the directors may retain any dividend or bonus upon which the company has a lien and may deduct from dividends or bonus all claims or sums of money which may be due on account of calls.

**Annual financial statements**

- 10.38 Provision should be made in the articles of a company incorporated in Botswana for a copy of the annual financial statements to be sent to shareholders at least 21 days before the date of the meeting at which it will be considered.
- 10.39 In the articles of an external company provision should be made that a copy of the annual financial statements will be sent to all shareholders at least 21 days before the date of the meeting at which it will be considered.

**Notices**

- 10.40 Notices are to be sent to all registered members. Notices to the holders of share warrants unless the conditions of issue provide that such holders are to receive notices shall be given by advertisement in Gaborone and in the town or district where the registered office of the company is situated, if such registered office is situated outside Gaborone in a daily English newspaper. The articles should provide accordingly.

**Members registered address**

- 10.41 A clause in the articles to the effect that members shall register an address in Botswana or in some other country will be permitted.
- 10.42 In the articles of an external company a provision that members are to register an address in the foreign country only will not be permitted.

**Advertisement of notices**

- 10.43 In addition to the notice to be sent to all registered shareholders a provision that notice by advertisement shall be published in Gaborone and in the town or district where the

registered office of the company is situated, if such registered office is situated outside Gaborone in English in a daily newspaper will be permitted.

### **Content of articles of association - (subsidiary companies)**

#### **Unissued securities**

10.44 Provision shall be made in the articles that unissued securities shall be offered to existing shareholders pro-rata to their shareholding, unless issued for the acquisition of assets. The articles may, however, in addition to the above, provide that the shareholders in general meeting may authorise the directors to issue unissued securities and give options to subscribe for unissued securities as the directors in their discretion may think fit, provided this has been approved by the Committee.

#### **Calls on securities - external company**

10.45 Neither the directors nor the company are to be given power on the issue of securities to make any difference between the holders of the same class of share in the amount of calls to be paid and the time of payment of such calls.

#### **Lien upon securities - external company**

10.46 The articles must not give a company power to claim a lien on fully paid securities and the lien upon partly paid securities must be limited to amounts owing upon partly paid securities.

#### **Transfer of securities**

10.47 Provision must be contained in the articles for the use of the common form of transfer.

10.48 The following provision must be made in the articles:

"Every instrument of transfer shall be left at the transfer office of the company at which it is presented for registration accompanied by the certificate of the securities so transferred and/or such other evidence as the company may require, to prove the title of the transferor or his rights to transfer the securities. All authorities to sign transfer deeds granted by members for the purpose of transferring securities, which may be lodged, produced or exhibited with or to the company at any of its proper offices shall, as between the company and the grantor of such authorities be taken and deemed to continue and remain in full force and effect and the company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the company's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice the company shall be entitled to give effect to any instrument signed under the authority to sign and certified by any office of the company as being in order before the giving and lodging of such notices".

#### **Transmission clause**

10.49 A provision to the effect that securities registered in the name of a deceased or insolvent shareholder shall be forfeited if the executor fails to register them in his own name or in the name of the heir etc., when called upon by the directors to do so will not be permitted.

**Share warrants to bearer**

- 10.50 Provision should not be made for the issue of a new share warrant in place of one lost unless suitable documentation is provided to the satisfaction of the company concerned.
- 10.51 Where the memorandum prohibits the issue of share warrants and the articles make provision for the issue etc., thereof the following clause should be inserted in the articles:  
"Notwithstanding the provisions contained in these articles with reference to the issue of share warrants the company is prohibited from issuing share warrants unless and until the objects of the company are altered to permit the issue of share warrants".

**Capital**

- 10.52 Provision should be made that new securities created shall be offered to existing shareholders pro-rata to their shareholding or that new securities are only to be disposed of or dealt with as directed by a general meeting of shareholders. The articles may, however, in addition to the above provide that the shareholders in general meeting may authorise the directors to dispose of the new securities as the directors in their discretion may think fit, subject to the provisions of the Act and to the listings requirements of the BSE.

**Borrowing powers**

- 10.53 That the directors may, from time to time at their discretion raise or borrow to secure the payment of any sum or sums of money for the purposes of the company, provided that the total amount owing by the company in respect of monies so raised, borrowed or secured shall not exceed the amount authorised by its listed holding company.

**Quorum at general meetings**

- 10.54 The articles must provide that a quorum at a general meeting and at an adjourned or postponed meeting shall be at least two members, present in person or by proxy, of whom one member shall be the representative of the holding company, or if a company is a wholly owned subsidiary the representative of the holding company shall suffice.

**Directors**

- 10.55 The articles should provide that the appointment of a director to fill a casual vacancy or as an addition to the board must be confirmed at the next annual general meeting.
- 10.56 The articles should provide that if the number of directors falls below the minimum provided in the articles, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.
- 10.57 If the articles contain a provision that a director may be employed in any other capacity in the company or as a director or employee of a controlled or subsidiary company, a further provision should be made to the effect that his appointment and remuneration in respect of such other office must be determined by a disinterested quorum.
- 10.58 The period to be allowed before the date of an annual general meeting for the nomination of a new director must be such as to give sufficient time after the receipt of the notice of the holding of the meeting for nominations to reach the company's office from any part of Botswana.

- 10.59 If the quorum of directors is two the chairman shall not be permitted to have a casting vote if only two directors are present at a meeting of directors.
- 10.60 The directors shall be entitled to elect a chairman and a deputy chairman and determine the period for which they shall hold office.
- 10.61 A resolution signed by all directors (or their alternates, if applicable) inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors. Any such resolution may consist of several documents, each of which may be signed by one or more directors (or their alternates, if applicable) and shall be deemed to have been passed on the date on which it was signed by the last director who signed it (unless a statement to the contrary is made in that resolution).
- 10.62 Life directorships are not permissible.

**Dividends**

- 10.63 The articles should provide that the company in general meeting or the directors may declare dividends. However, the company in general meeting should not be able to declare a larger dividend than that declared by the directors.
- 10.64 A provision to the effect that dividends which remain unclaimed for 3 years may become the property of the company will be permitted. Monies other than dividends due to shareholders must be held in trust by the company indefinitely until lawfully claimed by the shareholder.
- 10.65 The articles of an external company may provide that the directors may retain any dividend or bonus upon which the company has a lien and may deduct from dividends or bonus all claims or sums of money which may be due on account of calls.

**Notices**

- 10.66 Notices are to be sent to all registered members. Notices to the holders of share warrants unless the conditions of issue provide that such holders are to receive notices, shall be given by advertising in Gaborone and in the town or district where the registered office of the company is situated, if such registered office is situated outside Gaborone, in a daily newspaper in English. The articles should provide accordingly.

**Members' registered addresses**

- 10.67 A clause in the articles to the effect that members shall register an address in Botswana or in some other country will be permitted.

**SCHEDULE 11****Requirements for certificates of title**

The following are the requirements for certificates of title:

**Size**

- 11.1 Minimum and maximum sizes of certificates of title:
- (a) breadth minimum 250mm maximum 300mm; and
  - (b) depth minimum 200mm maximum 275mm, or as agreed with the BSE.

**Name**

- 11.2 The name of the company should be clearly printed in bold type. The name must agree in every particular with that under which the company was registered. Abbreviations of words should not be used unless the name of the company is so registered, e.g. the word "AND" should be printed, and not the abbreviation "&" and the word "LIMITED" should be printed and not the abbreviation "LTD". Should the company be registered with either of these words abbreviated a note should be printed at the foot of the certificate of title to the effect that certificates of title accompanied by transfer deeds having the name of the company abbreviated "&" or the word "and" written in full will be accepted for transfer. A similar procedure should be adopted for any other abbreviations.

**Change of name**

- 11.3 The former name of the company must be shown in brackets under the new name of the company for a period of at least one year after such change of name.

**Country of registration**

- 11.4 The country of registration must be printed under the name of the company.

**Translation of name**

- 11.5 Should it be desired to show the translation of the name in another official language this may be shown under the name provided a statement is made on the certificate that the company will accept either name on transfer deeds.

**Certificate number**

- 11.6 The certificate of title number must be shown on the top left-hand corner.

**Number of securities**

- 11.7 The number of securities represented in the certificate must be shown on the top right-hand corner. In the case of units of stock the number of units and the nominal value must be shown.

**BSE code**

- 11.8 All certificates of title should bear the BSE code where applicable.

**Preference share certificates**

11.9 Certificates in respect of a first issue of preference shares must be printed in red, including the border, if any. Certificates in respect of shares, other than a first issue of preference shares, may be printed in any other approved colour. Where preference shares of a new class are issued, second and subsequent issues of preference shares should be described as "Second Preference Shares", "Third Preference Shares", etc.

**Description of securities**

11.10 A full description of the class of securities must be printed in the body of the certificate, Where special rights and obligations pertain to the securities (as in the case of preference shares and debentures), salient details of these rights and conditions must be printed on the back of the certificate. Specifically in the case of debt securities, the date on which the interest will be paid and the last day to register for the interest payment must be stated.

**Class of securities**

11.11 A description of the class of securities must be printed in bold type above the name of the company.

**Certificates of Title to indicate re-construction**

11.12 Where securities have been split, reduced, and/or consolidated a summary of this information must be clearly shown at the top of the certificate. This information must be perpetuated on such certificates of title for a period of one year. These securities must be clearly distinguishable from other securities of the company in circulation. As an additional safe-guard companies should use a different colour and series of numbers.

**Address of registered and transfer offices**

11.13 The physical and postal addresses in Botswana of the registered and transfer offices of the company must be stated.

**Signatures on certificates of title**

11.14 The provisions of the Act shall constitute the BSE requirements for the signatures on certificates of title.

**Date and place of issue**

11.15 The date and place of issue of the certificate must be stated.

**Certificates cancelled by mutilation**

11.16 Specimens submitted must be cancelled by mutilation. (A rubber stamp, or statement in ink to the effect that the certificate has been cancelled, is not sufficient.)

**Specimens retained**

11.17 Specimen certificates of title submitted will be retained and will not be returned.

**Securities listed on the Venture Capital Market (VCM) sector**

11.18 Share certificates of securities listed on the VCM sector must be endorsed to reflect that they are listed on the VCM sector.

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## SCHEDULE 12

### Requirements for option certificates

The conditions of issue of the options to be printed on option certificates must make provision for the following:

- 12.1 The term of option:
- (a) the minimum period during which an option may be exercised shall be not less than one calendar month. The company must advise option holders at least six weeks prior to the date upon which options may be exercised; and
  - (b) in cases where the option may be exercised at any time the company shall undertake to send a reminder to registered option holders not less than six weeks or more than two months prior to the final date for the exercise of the option.
- 12.2 Upon exercise of the option, the securities to be allotted by the company in satisfaction of the option shall rank *pari passu* and in all respects be identical with existing issued securities of the same class in the capital of the company and certificates of title in satisfaction of such rights will be issued within twenty-one (21) days of the option having been exercised.
- 12.3 New option certificates shall be issued upon transfer to a transferee.
- 12.4 In cases where the exercise of the option is restricted to a specific period the company shall undertake not to fix a record date for a dividend, a rights offer, capitalisation issue, capital reconstruction or offer to purchase (take-over bid) on ordinary shares which will fall within that period. In other cases holders of the options shall be precluded from exercising their options between the date of declaration of dividend and the record date for such purposes.
- 12.5 The number, description and nominal value of the securities over which the option is granted.
- 12.6 The price at which the option may be exercised.
- 12.7 That the option over a specified number of securities will be exercisable either in whole or in part.
- 12.8 Additional issues of options or of the issue of securities with conversion rights or of the amendment of the conditions of the options will require the sanction of the holders of the options and the holders of such of the following securities as may be issued as at the date it is proposed to amend the conditions of issue:
- (a) ordinary shares or ordinary stock;
  - (b) convertible securities;
  - (c) securities with inherent option rights; and
  - (d) participating securities.
- 12.9 The holders of the options shall be advised simultaneously with the notification of the holders of ordinary shares or stock of a contemplated rights issue or bonus issue and of a specified date by which they must exercise their options in order to participate in the rights issue or bonus issue. The ratio for the rights issue or bonus issue shall not be determined until after the date referred to above and a subsequent date shall be determined as being the record date for the rights issue or bonus issue.
- 12.10 In a capital reconstruction, the ratio of:
- (a) the total number of securities which may be issued on the exercise of the option to the total number of securities issued; and

(b) the issue price per ordinary share or stock to the nominal value per share or stock; shall be adjusted to correspond proportionately to the total number of securities or stock issued and the nominal value per share or stock in the reconstructed capital.

12.11 Ordinary share capital shall not be repaid during the period of the option.

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## SCHEDULES 13

**Requirements for temporary documents of title**

It should be noted that certified deeds are specifically disallowed in Botswana.

The application to be submitted by companies for approval to issue temporary documents of title must take the following form:

The Botswana Stock Exchange  
Gaborone  
Botswana

Dear Sir

**TEMPORARY DOCUMENTS OF TITLE**

On behalf of my company I hereby apply for the approval of your Committee to the introduction by my company of certified transfer procedure as covered by your rules in respect of all listed securities of this company which at present consist of:

..... ordinary shares  
(number)

..... preference shares  
(number)

..... (Description)

and number of any other class of security to which the system can be applied, and any additional securities of the same class(es) which may be granted a listing in the future.

The Board has passed a resolution authorising the adoption of the system of certification in Botswana and if and when applicable on an interchange basis with offices elsewhere and it has made the necessary arrangements regarding the signing of certifications. The company agrees that the Committee's approval shall be subject to the Listings Requirements of your exchange which now are or which may hereafter be in force.

Without in any way limiting the application of the Listings Requirements referred to above, the company undertakes:

- (a) that paragraphs 3.55 to 3.57 of your Listings Requirements shall be deemed to form part of this undertaking; and
- (b) that certificates for any of the above securities will be issued in such denominations as may be expedient (not necessarily in 100's) and that transfer deeds in the required denominations will be certified against such of the following documents as may be issued from time to time by the company:
  - (i) certificates of title;
  - (ii) transfer receipts;

- (iii) postal acknowledgements;
  - (iv) removal (or transmission) receipt (where branch registers are maintained);
  - (v) balance receipts (or tickets);
  - (vi) split balance receipts (or tickets);
  - (vii) bearer share reconversion receipt;
  - (viii) interchange receipts; and
  - (ix) letters of allocation or allotment and similar new issue documents after allowing a period for renunciation;
- provided any document referred to above shall have been surrendered prior to delivery of the relative scrip;
- (c) that temporary documents of title will not be updated; and
  - (d) that provided the documents of title are in order the relative temporary documents of title will be issued within 24 hours of lodgement. That, upon request, temporary receipts which shall be surrendered upon delivery of the temporary documents of title, will be issued to persons who lodge documents of title.

The certified transfer deed procedures will apply to Botswana registrations and to interchange between Botswana and name(s) of foreign country(ies) in which additional transfer office(s) is/are situated.

I enclose for approval a specimen of the certifications to be applied by or on behalf of the company.

Once these have been approved they will not be altered without notifying your exchange.

Kindly advise me of your Committee's decision in due course.

Yours faithfully

**CHAIRMAN**

Notes:

1. Companies should satisfy themselves that they are adequately covered under their forged transfer policies in respect of temporary documents of title.

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## SCHEDULE 14

### **Requirements for executive and staff share schemes**

The following provisions apply, with appropriate modifications, to all schemes involving the purchase of securities and/or the issue of shares or other securities (including options) by listed companies (or trusts formed for this purpose) to, or for the benefit of, employees. They apply also to schemes of all subsidiaries of listed companies.

The BSE must be consulted on the application of these provisions to schemes intended to apply to employees of associates.

- 14.1 The scheme, which must be approved by shareholders of the listed company or company applying for listing in general meeting prior to its implementation, must contain provisions relating to:
- (a) the category of persons to whom or for the benefit of whom securities may be purchased or issued under the scheme ("participants"). Notwithstanding the above requirement, the Committee restricts the definition of participants to persons involved in the business of the group including non-executive directors;
  - (b) the aggregate number of securities which may be utilised for purposes of the scheme which must be stated together with the percentage of the issued share capital that it represents at that time;
  - (c) a fixed maximum percentage for any one participant;
  - (d) the amount, if any, payable on application or acceptance; the basis for determining the purchase, subscription or option price which must be a fixed mechanism for all participants; the period in which payments, or loans to provide the same, may be paid or after which payments or loans to provide the same, must be paid; the terms of any loan; the procedure to be adopted on termination of employment or retirement of a participant; and
  - (e) the voting, dividend, transfer and other rights, including those arising on a liquidation of the company, attaching to the securities and to any options (if appropriate).
- 14.2 A scheme may provide, in the event of a capitalisation issue, a rights issue, subdivision, consolidation of securities or reduction of capital, for adjustment of the purchase, subscription or option price or the number or amount of securities subject to options already granted to participants and to the scheme. Such adjustments should give a participant entitlement to the same proportion of the equity capital as that to which he was previously entitled:
- (a) the issue of securities as consideration for an acquisition or a waiver of pre-emptive rights will not be regarded as a circumstance requiring adjustment; and
  - (b) adjustments, where necessary must be confirmed to the directors in writing by the company's auditors that these are calculated on a reasonable basis.
- 14.3 The scheme must provide, or the circular must state, that the provisions relating to the matters contained in 14.1 above cannot be altered without the prior approval of shareholders in general meeting.
- 14.4 The trustees may not be participants under the scheme.

- 14.5 Shares shall upon release to participants rank pari passu in all respects with the existing issued shares of the company.
- 14.6 Application must be made for a listing of those securities of a class already listed at the time of their issue.
- 14.7 The scheme document, if not circulated to the shareholders, must be available for inspection for at least 14 days at the company's registered office or such other places as the BSE may agree.
- 14.8 The terms of the resolution must approve a specific scheme and refer either to the scheme itself (if circulated to the shareholders) or to a summary of its principal terms included in the circular which must contain all the provisions set out in paragraph 14.1 above.
- 14.9 The listed company must, in respect of its or its subsidiary companies schemes, summarise in its annual financial statements the number of securities which may be utilised for purposes of the scheme at the beginning of the accounting period, changes in such number during the accounting period and the balance of securities available for utilisation for purposes of the scheme at the end of the accounting period.

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## SCHEDULE 15

### Requirements for trust deeds in respect of debentures

The following are the requirements for trust deeds in respect of debentures:

#### Special provisions

- 15.1 Trust deeds and debentures not secured by a trust deed must contain provisions to the following effect, that:
- (a) where provision is made that the debenture shall be repayable at a premium either at a fixed date or at any time upon notice having been given, the debenture shall not in the event of the company going into voluntary liquidation be repayable at less than the premium then current;
  - (b) a provision that debentures may be issued with special privileges as to allotment of securities, attending and voting at general meetings, appointment of directors or otherwise, will be permitted if the clause contains a proviso that such special privileges etc., shall not be afforded save with the sanction of the company in general meeting;
  - (c) where debentures are subject to periodic redemption such redemption shall be in units and not in the reduction of nominal value;
  - (d) there be a fixed initial period of not less than one year during which redemptions may not take place;
  - (e) where there is a sinking fund and the company has the right to buy for sinking fund purposes, it shall not anticipate its sinking fund requirements by more than one year;
  - (f) redemption conditions shall remain unaltered unless sanctioned by general meetings of ordinary shareholders and debenture holders;
  - (g) where power is reserved to purchase a redeemable debenture, purchases shall not be made by the company or the trustee at a price which is higher than the market price. Debentures so purchased shall be cancelled. The company's obligation to redeem and pay off the debentures shall be reduced by the par value of the debentures so cancelled; and
  - (h) the last day of registration for interest payments, conversion, and redemption rights must be a Friday. However, if the Friday is a holiday, then the previous business day will be the date for registration.

#### Conversion

- 15.2 The right of conversion must be authorised by ordinary shareholders in general meeting.
- 15.3 The earliest redemption date must not be earlier than the final conversion date or alternatively the holder shall be issued with an option certificate where redemption takes place at an earlier date than the final conversion date.
- 15.4 Conversion rights may not be exercised between the date of declaration of dividends or rights on the underlying security and the record date for such purposes.
- 15.5 The date of the final closing of the registers for conversion and/or redemption shall not be earlier than the final conversion date/redemption date.
- 15.6 In cases where only part of the debentures may be converted, ensure if possible:

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- (a) that the unit/s of debentures required to exercise the subsequent conversion rights shall be exactly divisible into P100; and
- (b) that the converted and unconverted portion of debenture unit/s of P100 are capable of being consolidated into a dealing unit of 100 debentures.
- 15.7 Convertibility conditions shall remain unaltered unless sanctioned by ordinary shareholders in general meeting.
- 15.8 The company may not issue capitalisation ordinary shares or options on securities prior to the final conversion dates unless sanctioned in general meeting by the holders of the convertible debentures.

**Conversion period**

- 15.9 Conversion period must be for at least one month.
- 15.10 Variation of rights must also be subject to the consent of ordinary shareholders in addition to the usual, viz, either:
- (a) consent in writing in respect of 75% of debentureholders; or
- (b) necessary resolutions passed by debentureholders.
- 15.11 Debentures purchased must be cancelled and not re-issued.

**Trustees**

- 15.12 The trustee or trustees shall be a corporation or persons of standing and repute and must have no interest in or relationship with the company which might conflict with their position as trustee.
- 15.13 The new trustee appointed under any statutory or other power must prior to appointment be approved by an extraordinary resolution of the debenture (or debenture stock) holder.

**Meetings and voting rights**

- 15.14 A meeting of debenture (or debenture stock) holders must be called on a requisition in writing signed by holders of at least one tenth of the nominal amount of the debentures (or debenture stock) for the time being outstanding.
- 15.15 The quorum for passing a special resolution shall be the holders of a clear majority in the value of the whole of the outstanding debentures (or debenture stock). If such a quorum should not be obtained, provision may be made for the adjournment of the meeting for not less than 14 days; in that event notice of the adjourned meeting shall be sent to every debenture (or debenture stock) holder and shall state that if a quorum as above defined shall not be present at the adjournment meeting, the debenture (or debenture stock) holders then present will form a quorum.
- 15.16 The necessary majority for passing a special resolution shall be not less than three-fourths of the persons voting thereat on a show of hands and if a poll is demanded then not less than three-fourths of the votes given on such a poll.
- 15.17 On a poll, each holder of debentures or debenture stock shall be entitled to at least one vote in respect of every P20 of debentures or debenture stock held by him, except that where the lowest denomination in which such securities can be transferred is more than P20 such denomination may be substituted for the P20 referred to above.
- 15.18 In the case of an external company provision should be made that notice be given to all debenture holders at least 21 days prior to the meeting. The notice is to be sent from a branch office in Botswana or by mail from the registered office of the company.

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- 15.19 Provision should be made for sending of notices of meetings to the BSE at the same time as notices are sent to debenture holders.

**Notices**

- 15.20 Notices shall be sent to debenture holders at least six weeks before each:
- (a) conversion date; and
  - (b) redemption date.

**Interest on partly paid debentures**

- 15.21 State how the payment of interest will be calculated until the next interest date or the next succeeding date upon which debentures will become fully paid.

**Transfer**

- 15.22 In the case of a listed debenture the common form of transfer will be used.
- 15.23 Every instrument shall be left at the transfer office of the company at which it is presented for registration, accompanied by the certificate of the debentures to be transferred and/or such other evidence as the company may require, to prove the title of the transferor or his rights to transfer the debentures.
- 15.24 All authorities to sign transfer deeds granted by members for the purpose of transferring debentures, which may be lodged, produced or exhibited with or to the company at any of its proper offices shall, as between the company and grantor of such authorities be taken and deemed to continue and remain in full force and effect, and the company may allow the same to be acted upon until such time as expressed notice in writing of the revocation of the same shall have been given and lodged at each of the company's transfer offices at which the authority was lodged, produced or exhibited.
- 15.25 Even after the giving and lodging of such notice, the company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the company as being in order before the giving and lodging of such notice.
- 15.26 There shall be no restrictions on the transfer of fully paid debentures.

**Definitive certificates**

- 15.27 In any payment of part of the amount due on the security, unless a new certificate is issued, a note of such payment shall be enfaced on the certificate.

**Special privileges**

- 15.28 The sanction of a separate general meeting of ordinary shareholders shall be obtained for the grant of special privileges.

**General conditions**

- 15.29 "Secured debentures" shall be secured to a substantial extent by a direct specific mortgage of freehold or long leasehold property or other immovable property or such other fixed assets as the Committee in its discretion may deem acceptable. Debentures which do not enjoy such security must be called "unsecured debentures".
- 15.30 Until the debentures have been redeemed in full, the company shall not have the right to borrow in excess any specified sum without the consent of the debenture holders in general meeting.
- 15.31 Redemption of debentures may be by drawings or fixed annual repayments.

- 15.32 First interest payment on debentures must be calculated from date of payment.
- 15.33 Any stock redeemed shall be cancelled and must not be re-issued.
- 15.34 Certificates must be issued within 21 days.
- 15.35 Certificates must be for P100 unless otherwise requested.
- 15.36 There must be no restrictions on splitting in denominations under P100.
- 15.37 A company must give at least 14 days notice of the last day to register for interest payments. Copies of notices must also be sent to the BSE.
- 15.38 Where the debentures of a company are listed, prior approval of amendments to the original conditions of issue must be obtained from the Committee. The last day for debenture holders to be registered must be a Friday or if the Friday is not a business day, then the last day to register should be the preceding business day.

**SCHEDULE 16****Sponsoring broker's undertaking**

- 16.1 The following must be included in a letter from the sponsoring broker to the Committee when appointed by an issuer for a specific matter or transaction ("appointment"):
- (a) that they will discharge their responsibility as a sponsoring broker under the listings requirements as amended from time to time for the purposes of the appointment;
  - (b) that they will advise the Committee, in writing, without delay, of their resignation or dismissal from an appointment, giving details of any relevant facts or circumstances;
  - (c) a description of the interest held by the sponsoring broker, his firm and any partner or director of that firm in the issuer or any of its subsidiaries; and
  - (d) that they acknowledge that the Committee may censure them if the Committee considers that they are in breach of their responsibilities and that the Committee may publicise the fact that they have done so and the reasons for their action.

**SCHEDULE 17**

**Declaration by sponsoring broker**

To : Botswana Stock Exchange  
 Gaborone  
 Botswana

..... Yr .....

Full name of sponsoring broker .....

The undersigned request that you will allow ..... (number) shares of .....  
 (denomination) each of ..... (name of issuer) to be admitted to the List.

I, ..... a partner/director/duly authorised office of the above sponsoring broker, hereby confirm that I have satisfied myself to the best of my knowledge and belief, having made due and careful enquiry of the issuer and its advisers, that all the documents required by the listings requirements to be included in the application for listing have been supplied to the BSE, that all other relevant requirements of the listings requirements have been complied with; and that there are no matters other than those disclosed in the pre-listing statement or otherwise in writing to the BSE which should be taken into account by the BSE in considering the suitability for listing of the securities for which application is being made. Should any further information come to my notice before the grant of listing, I will inform the Committee.

The securities in respect of which the application is being made will be included in the List.

This declaration is furnished to you in accordance with the listings requirements of the BSE. It may not be relied upon for any other purpose or by any other person.

SIGNED BY ..... or SIGNED BY .....  
 partner/director of ..... duly authorised officer, for and on behalf of  
 ..... .....

To be completed in all cases

Application to be heard on: ..... Yr.....

Dealings expected to commence on: ..... Yr.....

Name(s) of contact(s) at the sponsoring broker  
 regarding the application: .....

Telephone number .....

## SCHEDULE 18

### **Annual compliance certificate**

I, the undersigned, ..... (full names), being duly authorised hereto, certify to the Botswana Stock Exchange (the "BSE") that .....("the company") has, during the twelve\* months ended 31 December ..... , complied with every disclosure requirement for continued listing on the BSE imposed by the Committee of the BSE during that period.

Signed by .....  
(duly authorised hereto, for and on behalf of the directors of the company)

\*Note: Adjust, if necessary

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## SCHEDULE 19

### Standard wording for the issue, renewal and withdrawal of cautionary announcements

#### First cautionary announcement

##### 19.1 “Cautionary announcement

[Shareholders are advised that the company has entered into negotiations, which if successfully concluded] [Events/developments relating to ....., the full impact of which is currently being determined and which] may have an effect on the price of its securities. Accordingly, shareholders are advised to exercise caution when dealing in the company’s securities until a full announcement is made.”

#### Renewal of existing cautionary

##### 19.2 “Further cautionary announcement

Further to the cautionary announcement/s of ....., shareholders are advised that [negotiations are still in progress which, if successful,] [the full impact of the events/developments are still being determined. These events/developments] may have an effect on the share price of..... . Accordingly, shareholders are advised to continue exercising caution when dealing in their ..... securities until a full announcement is made.”

#### Withdrawal of cautionary

##### 19.3 “Withdrawal of cautionary announcement:

Shareholders are referred to the cautionary announcement/s of ..... and are advised that as ....., caution is no longer required.”

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## SCHEDULE 20

### Exchange News Service (X-News)

**20.1** The following words and/or phrases will have the meanings assigned to them herein.

Word/Phrase	Meaning
Regulatory Publications	Press announcements, prospectuses, prelisting statements and circulars prepared and released as per these Requirements.
X-News Operational Hours	From 0800 to 1700 on trading days

### **20.2 Introduction**

As a result of a need to disseminate relevant company information to the market on a real time basis, the BSE has established a system called the Exchange News Service (“X-News”).

X-News will facilitate early, equal and wide dissemination of relevant company information, and will improve communication between issuers and the market.

All relevant company information received by X-News will also be electronically transmitted to the X-News subscribers which include members of the BSE and major international data vendors, who will immediately disseminate such information to their customers.

### **20.3 Method and form of submission**

20.3.1 With the exception of prospectuses, prelisting statements and circulars, all draft regulatory publications containing price sensitive information must be submitted directly to the BSE by email or hard copy for review and approval. Finalized regulatory publications after BSE Approval can then be submitted for publication through X-News as per 20.3.2. Regulatory publications not requiring BSE review and approval must be submitted as per 20.3.2. All other regulatory publications must be submitted through the sponsoring broker.

20.3.2 Finalized regulatory publications containing price sensitive information must be submitted to X-News through email, USB memory device or CD in pdf

format for release on the BSE X-News before being released on any other media as applicable.

Simultaneously, hard copies of prospectuses, prelisting requirements, and circulars must be submitted accompanied by letter from the issuer declaring that the contents of the hard copy are identical to those in the softcopy.

20.3.3 The relevant company information must conform to the specifications set out in this schedule, to prevent any delay in publication through X-News.

20.3.4 File names should not include any of the following characters #,%,&\*,<,>?,|,{or}.

20.3.5 The file size must not exceed 5 mega bytes.

#### **20.4 Publication through X-News**

20.4.1 All Regulatory Publications will be published through X-News as soon as practically possible after such information has been approved (if applicable).

20.4.2 Publication through X-News will take place by the BSE electronically uploading the regulatory publication to the BSE Website and real time distribution to X-News subscribers who will disseminate such information to their customers.

#### **20.5 X-News Processing**

Submissions of documents will be processed on a “first-in-first-out” basis.

#### **20.6 Fees for Publication through X-News**

Fees for publishing on X-News shall be charged on issuers as per Section 17.9

#### **20.7 Publication on other markets**

20.7.1 Issuers with a secondary listing on the BSE should, as far as possible, ensure that the same regulatory publications is released on any other market/exchange on which it's securities are listed. If, however, such information cannot simultaneously be published through X-News because it is released on the other market/exchange outside of X-News operational hours, the company should ensure that such information is published through X-News as soon as possible but no later than the next time that trading on BSE commences.

20.7.2 Sponsoring brokers of issuers with dual listings should liaise with X-News and the other exchanges with a view to achieving the above objectives.

## **20.8 Confirmation of publication through X-News**

Confirmation of publication through X-News will be sent by email to the submitter.

## **20.9 Publication on Newspapers and other Media**

20.9.1 Notwithstanding publication through X-News, regulatory publications which must also be published in the press in accordance with the BSE Listings Requirements must also be released in the press as soon as possible after it has been approved by the BSE(\*If applicable) but only after release on X-News.

20.9.2 Issuers who update their websites with regulatory publications can only release the announcements on their websites with regulatory publications can only release the announcements on their websites after such publications have been released through X-News.

20.9.3 Issuers cannot release regulatory publications to the public through any other media, including social media, unless they have received written confirmation from the BSE that the announcements have been released through X-News.

## **20.10 Indemnity**

20.10.1 The BSE will endeavour to ensure that regulatory publications submitted to X-News are published in the form submitted to X-News. The BSE, however, makes no undertaking, representation or warranty, either in this regard or as to the accuracy or completeness of the information published through X-News.

20.10.2 No liability shall attach to any Committee member or employee or agent of the Exchange for any loss or damage sustained by any person, member or by any employee or agent of the Exchange, of any power or duty conferred or imposed upon the Committee by the BSE Act.

20.10.3 Each Issuer indemnifies the BSE and holds the BSE harmless against all and any loss(direct, indirect, or consequential), liability, action, suit, proceeding, cost, demand, and damage of all and every kind or nature, directly or

indirectly arising from reliance on or receipt or use of the service or from the provision of the service(or its failure) as well as, but not limited to, the circumstances set out above, save when such loss, liability, action, suit, proceeding, cost, demand or damage is directly attributable to the BSE's own wilful default or gross negligence.

### **20.11 Copyright**

Any person that submits regulatory publications to X-News for publication is deemed to warrant to the BSE that it is the owner of the copyright and other intellectual property rights in such information ("the rights") or, if it is not the owner of such rights, that it has submitted such information with the owner's consent. The owner shall, in submitting or causing such information to be submitted to X-News, be deemed to have licensed the BSE to disseminate such information through X-News and the BSE shall, accordingly, not infringe any of the owner's rights by so doing.

### **20.12 Contact**

All issues relating to X-News must be routed through the Listings & Trading Department of the BSE.

## **BSE GUIDELINES FOR THE DISSEMINATION OF PRICE SENSITIVE INFORMATION BY LISTED COMPANIES**

### **Introduction**

Disclosure of price sensitive information by listed companies is a highly complex issue. A balance has to be maintained between the need to keep the market adequately informed and the danger of creating a false market.

While companies want to comply with legal and regulatory requirements, and want to maintain constructive relations with the market, it is not always clear what can legitimately be said and to whom, and when cautionary announcements should be made.

In the light of these concerns, the Committee has decided to issue the guidelines contained in this document.

These guidelines are aimed at improving the dissemination of price sensitive information on the market; at helping companies manage price sensitive information; and at giving the media, company advisors, institutional shareholders and analysts a greater understanding of the framework within which companies should disseminate such information.

Although the guidelines cover certain important aspects of the BSE Listings Requirements, they do not form part of the requirements and are still subject to judicial or regulatory decisions by the courts and the BSE. Situations will inevitably arise which are not covered in the guidelines.

It must be noted that, the guidelines notwithstanding, companies should still make their own judgements regarding the timing of dissemination of information. Advisors can play a crucial role here, as they have day-to-day experience of difficult situations and of assessing market expectations.

If there is any doubt about the application of these guidelines, the Secretary should be consulted:

Address:

The Secretary

Botswana Stock Exchange

Private Bag 00417

Gaborone

Botswana

Tel: +267 374 078/305 190

Fax: +267 374 079

e-mail: bse@info.bw

## **Guidelines**

### **Price sensitive information**

- 1.1 By "price sensitive information" we mean unpublished information which, if it were to be published, would be reasonably likely to affect a company's share price.

### **The duty of confidentiality**

- 2.1 Arrangements must be made to keep price sensitive information confidential right up to the moment of publication. Information must not be allowed to filter into the public domain, notwithstanding the fact that filtering of information is sometimes justified by companies as a means of allowing a share price to adjust gradually to unexpected information. This is unfair to both shareholders and potential investors and is unlikely to change the long-term impact of the information.
- 2.2 In terms of paragraph 3.4 of the listings requirements, companies may not release, even subject to a time embargo, price sensitive information to any third party, such as an analyst, printer or the media, including the Internet:
- during BSE operating hours (ie 08h00 to 17h00 on a business day), until such information has been released through the BSE; or
  - outside BSE operating hours, until such information has been authenticated and approved, and arrangements have been made for the publication of such information through the BSE prior to the next opening of BSE trading hours.
- 2.3 It is a general principle of the listings requirements that shareholders should enjoy fair and equal treatment. Accordingly, companies should avoid consulting with material shareholders before other shareholders on price sensitive issues.
- 2.4 At certain times companies may want to give price sensitive information in strict confidence to relevant parties, such as advisors and persons with whom it is negotiating with a view to effecting a transaction or negotiating finance. Before the meeting is held where price sensitive information is to be given, the relevant parties should be notified in writing that, by attending the meeting, they are obliged to observe the confidentiality of the information and will not be able to trade in the company's shares before the information is made public.
- 2.5 Relevant parties should give their written consent to being made an "insider". No-one should be made an insider without express consent or for a longer period than necessary. The objective should be that all price sensitive information given in this way should be published as soon as possible.
- 2.6 Security arrangements should be made before, any discussion with employees or trade union representatives about price sensitive information. They should give their written consent to being made insiders and be made aware of the need, at all times, to observe the price sensitivity of the information given to them. Companies which have a policy of keeping their employees informed in broad terms about the prospects and performance of the business should ensure that their "in-house" publications or personal presentations to employees do not inadvertently include price sensitive information. Where detailed information relating to a particular division of a company is provided, its confidential status should be made clear.

## **The duty to disclose**

### **General principle of disclosure**

- 3.1 It is a general principle of the listings requirements that significant company information should be publicised in full and timeously.

### **Specific duties to disclose**

- 3.2 The above general principle of disclosure is reflected throughout the listings requirements, which specify the timing, form and content of disclosures with regard to share issues, transactions and financial reporting. Disclosure most commonly takes the form of an announcement through the BSE and in the press.

### **General obligation of disclosure (material price sensitive information)**

- 3.3 In addition to these specific requirements, paragraph 3.3 of the listings requirements places a general obligation on companies to announce through the BSE and the press:
- (a) circumstances or events that have or are likely to have a material effect on the financial results, the financial position or cash flow of these issuers and/or information necessary to enable holders of the issuer's listed securities and the public to avoid the creation of a false market in its listed securities; and
  - (b) any new developments in its sphere of activity which are not public knowledge and which may by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of business, lead to material movements in the price of its securities."

"Material" is defined in the listings requirements as "information which if omitted or understated, could influence the economic decision of users and includes a change in or constituent of a particular factor which may be regarded in the circumstances as being material and which, as a rule of thumb, would probably exceed 10 %."

Attempts at a more precise definition of "material" are not possible, as they would need to take account of a number of factors specific to each individual case, including prevailing market conditions and the price and liquidity of the share. Companies will have to use their own discretion in assessing the material nature of information. If information is assessed as material, an announcement is required.

### **Disclosure of other price sensitive information**

- 3.4 (a) Release of price sensitive information

Many events can trigger movements in share prices. These could include information on a new product; the news that sales of a new product are not meeting expectations or that the company has obtained a large order or has embarked on a major redundancy programme. There is a risk that this type of price sensitive information may appear in a trade journal, an internal briefing or another limited communication channel.

It is vital to assess the likely impact of the information promptly. In doing so, the company and its advisors should be aware of the market expectations built into a company's share price, and take account of prevailing market conditions and the price and liquidity of the company's shares.

As a general rule, the more specific the information, the greater the risk of it being price sensitive. Consequently, companies should not, for example, disclose

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significant financial data, especially aggregated sales and profit figures, to select groups rather than to the market as a whole.

Disclosure of trading performance, prospects, strategy and the prevailing business environment in general terms is less likely to result in disclosure of price sensitive information. Nevertheless, such general disclosure will still assist the market in forming a more accurate assessment of the business.

(i) Release of price sensitive information at meetings

Where meetings are held with shareholders, analysts or the press, companies should consider, in advance, their response to questions designed to elicit price sensitive information. If the disclosure of price sensitive information is planned, such information should be communicated at the meeting at the same time that it is released through the BSE. If it was not planned, but price sensitive information is nevertheless disclosed at a meeting, immediate steps should be taken for an appropriate disclosure through the BSE and in the press. When companies make an announcement which includes comments on current or future trading prospects, this information should be given prominence and not hidden in the body of the announcement.

(ii) Unexpected circumstances or events

If a company is faced by an unexpected circumstance or event such as a large foreign exchange loss, an announcement would normally be required in terms of the general obligation of disclosure. However, a short delay is acceptable if clarification of the situation is necessary, provided that the company makes a cautionary announcement through the BSE and in the press as soon as possible, and undertakes to announce further details as soon as possible.

(iii) Release of price sensitive information by other companies

Information released by one company can have a material impact on the price of another company's shares. If, for example, a competitor, supplier or subcontractor announces a substantial drop in demand for a product, a company might have to consider whether there is a need to clarify its own position in an announcement through the BSE and in the press.

(iv) Inadvertent dissemination of price sensitive information

If price sensitive information is inadvertently given to, for example, an analyst or journalist, the company must take immediate steps to publish a suitable announcement through the BSE and in the Press.

(b) Release of formal financial information

(i) Annual reports and annual general meetings

Companies are encouraged to make the most of existing opportunities for communicating with investors. The annual report, for example, is an opportunity for reinforcing corporate messages and providing indicators of the company's future direction and strategy. Subject to (a) (i) above, the annual general meeting is the forum in which directors and both institutional and individual investors can discuss issues affecting the company.

(ii) Profit forecasts

If a company publishes a profit forecast and subsequently becomes aware that the actual figures will differ materially from the forecast figures, an immediate announcement concerning the forecast should be made through the BSE and in the press.

(iii) Regular reports on a company's position

Companies should consider using their internal management information as the basis for the publication of unaudited formal quarterly reports, including a few key financial figures and an explanation of underlying trading conditions. These reports need not be detailed and do not require an independent audit or an auditor's review.

Companies might prefer to report to the market at the end of each interim period and financial year end. This can be particularly helpful if market expectations are out of line, or if there is a long delay between the end of an interim period and the publication of the interim report or between the financial year end and the publication of the preliminary report or annual financial statements. This update need not include financial figures and should probably be focused primarily on general comments about the company's overall performance, as well as any variation from previous trading statements or published financial information. After publication through the BSE and the press, these reports could either form the basis of discussions with analysts or be used to replace such discussions.

### **Duty to make cautionary announcements**

3.5 In terms of paragraph 3.9 of the listings requirements, a company has to make a cautionary announcement as soon as possible after it is in possession of material price sensitive information:

- when the necessary degree of confidentiality cannot be maintained; or
- when such information has or may have been leaked to the market.

Where price sensitive information has been assessed as material, a decision has to be taken as to the timing of a cautionary announcement. A balance has to be achieved between cautioning the market and avoiding the creation of a false market. Generally, no cautionary announcement has to be made if the company has taken adequate steps to ensure the confidentiality of price information and a leak is not suspected. It should be noted, however, that the more people who are exposed to the information, the greater the risk of a leak.

Accordingly, it is strongly recommended that companies adopt the following approach to the timing of cautionary announcements:

- (a) When the material price sensitive information does not relate to negotiations with a third party:
  - (i) no cautionary announcement will be required if the information can be restricted to directors, certain key employees and company advisors, provided that before such information is given, the relevant people agree in writing that they are obliged to observe the confidentiality of the information and will not be able to trade in the company's shares before the information is made public.
  - (ii) a cautionary announcement will be required if knowledge of the information extends beyond the directors, certain key employees and company advisors, or if it is suspected that the confidentiality of such information has or may have been breached. Suspicions might, for example, arise as a result of rumours in the company, media or market, or as a result of unusual price or volume movements in the company's shares.
- (b) When the material price sensitive information relates to negotiations with a third party:

- (i) no cautionary announcement will be required before the substantial terms of an agreement in principle have been finalised. This is, however, subject to certain conditions: Firstly, knowledge of the negotiations must be limited to directors, key employees and company advisors. Secondly, before entering into such negotiations, both the company and the third party must take the precautions recommended in (a) (i) above.
- (ii) a cautionary announcement will be required if knowledge of the negotiations extends beyond the directors, key employees and company advisors or the third party; where the substantial terms of an agreement in principle between the parties have been ascertained; and where the company at any time suspects that the confidentiality of the negotiations has or may have been breached.

If there is a suspected leak of material price sensitive information and the company cannot immediately publish an announcement or cautionary announcement through the BSE and the press, the BSE may in exceptional circumstances, upon request from the company, suspend the company's listing until an announcement or cautionary announcement is published.

It should be noted that in terms of listing requirements, after a cautionary announcement has been published, further cautionary announcements must be published every 21 days until a full announcement, or an announcement withdrawing the previous cautionary announcement, has been published.

## **A framework for communication**

(Adapted from the London Stock Exchange's "Guidance on the dissemination of price sensitive information".)

### **Clear policies**

- 4.1 Companies should have a consistent policy regarding the determination of price and material price sensitive information, the maintenance of confidentiality, and the prompt dissemination of such information.

### **Clear responsibilities**

- 4.2 Responsibility for communication with the BSE, advisers, analysts, investors and the media should be clearly defined. In the past, many problems and uncertainties have arisen because companies have not allocated responsibility for communication. Problems can be obviated if a few employees familiar with both the company's communication policy and the regulatory restraints, are identified. This enables senior management to control the dissemination of information and reduces the chances of unauthorised or careless disclosure.

### **Special controls during close periods**

- 4.3 The term "close period" refers to a specified period before any regular reporting event when the directors of a company are, through an "in-house" rule, prevented from dealing in its shares. Some companies also make it an in-house rule that they will not communicate with analysts, the media, investors or potential investors during these periods. This is not a regulatory requirement and, even if companies do not wish to be pro-active in their investor communications during that period, they should announce price sensitive information when necessary. They should also issue correcting

statements in the usual way if they believe that a false market is developing in their shares.

### **Publicise communications policy and those responsible for communication**

4.4 Companies should consider making their internal policies on communication known outside the company. This may be particularly helpful in avoiding being pressurised into revealing information. The policy could, for example, include a statement that a company never comments on a market rumour, or refuses to comment on retail performance in the Christmas period before a given date.

### **Consult advisors**

4.5 Where appropriate, companies should involve their advisors in determining whether information is potentially price sensitive and ensure they are obliged to keep that information confidential.

## **Dealing with analysts**

### **Questions from analysts**

5.1 Analysts have a constructive role to play in assisting the market in its understanding and valuation of companies. Where possible, companies are encouraged to assist analysts in forming a view of their activities and trading prospects. Companies should, however, have a firm view about the extent to which analysts' questions are answered. For example, while companies can expand on information already in the public domain or discuss the markets in which they operate, they should decline to answer analysts' questions where individually or cumulatively, the answers would provide price sensitive information. In rectifying analysts' comments or views which appear to be inaccurate, (because they are based, for example, on a misleading view of sales growth), companies should draw on public information.

### **Draft reports from analysts**

5.2 Companies should not, subject to 5.3, correct draft reports from analysts which are sent to them with a view to commenting on incorrect figures or assumptions. They should consider the assumptions and discuss, in broad terms, whether they are sustainable, with a view to prevailing upon the analyst to reconsider the assumptions. Companies can, of course, choose to correct information that cannot be regarded as price sensitive.

### **Correction of analysts' forecasts**

5.3 Analysts' forecasts often differ significantly. This does not, however, mean that companies should feel obliged to make a formal announcement correcting any forecasts by analysts unless it is clear that the market is being materially misled because such forecasts are way out of line. Some companies privately decide on a "bracket" of forecasts by analysts which they regard as reasonable and only consider an announcement if forecasts are outside that bracket.

### **Conduct of meetings with analysts**

- 5.4 Companies are sometimes concerned that they may be misinterpreted or mistakenly accused of providing price sensitive information following meetings with analysts. In this case, companies should consider establishing internal procedures which would reduce these risks. An example might be making sure that more than one company representative was always present during meetings and that accurate records of all discussions were kept.

### **Dealing with the media**

- 6.1 Relationships with the media, though often contributing to a well informed market, need particularly careful management in instances where potentially price sensitive information is involved. A situation might arise, for example, where companies are confronted with questions by journalists about rumours circulating in the market. Companies should be prepared to give a "no comment" answer where journalists are pressing for unpublished price sensitive information.
- 6.2 Where there is a risk that sufficient price sensitive information has been collected for a story to be broadly accurate, a company should ensure that an announcement is made through the BSE and in the press, to guarantee that the correct information is widely available. If it would be premature to publish a full announcement relating to material price sensitive information, the company should make a detailed cautionary announcement through the BSE and in the press. This is preferable to attempting to refute a story by making counter-comments to sections of the press. Established internal procedures are helpful in handling queries of this nature.

### **Takeovers and mergers**

- 7.1 Companies involved in a takeover or merger must comply with the provisions of the Securities Regulation Code on Takeovers and Mergers relating to the content and timing of announcements and cautionary announcements. The Code can be obtained from the Securities Regulation Panel:  
Address Securities Regulation Panel  
P O Box 334  
NEWTOWN  
2113  
Telephone No (011) 834-5172  
Facsimile No (011) 834-5175