



A GUIDE
TO REGISTRATION
ON THE
BOTSWANA
STOCK
EXCHANGE

**SERALA OVER-THE
COUNTER (OTC)
BOARD MANUAL**

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INTRODUCING THE BSE

The Botswana Stock Exchange (BSE) is the country's national stock exchange established in 1989 and tasked with the responsibility to operate and regulate the securities market in Botswana. The BSE demutualised in August 2018 to become a company limited by shares and is regulated by the Non-Bank Financial Institutions Regulator Authority (NBFIRA). Its subsidiary, the Central Securities Depository of Botswana Limited (CSDB) operates as a central depository to the BSE. The BSE provides a platform for various types of entities to raise capital from the public by issuing shares or debt securities whilst giving the public the opportunity to invest and trade in the issued securities.

Our strategic thrust is premised on the following;

Our Mission

- To drive sustainable economic growth by providing a gateway for raising capital and accessing investment opportunities.

Our Vision

- To become a world-class securities exchange delivering innovative products and services.

Our Values

Innovation	We are committed to continually re-inventing products and services by adopting the best technology and practices.
Integrity	We are professional and accountable for our actions, and uphold the highest ethical conduct in our execution and adhere to the highest standards of corporate governance.
Sustainability	We will employ business methods that adhere to the proper use of financial and human resources as well as the environment we operate in.
Efficiency	We endeavor to accomplish more with the available resources and time.
Commercial Focus	We are geared towards revenue maximization for the company and stakeholders.
Teamwork	We are collaborative with internal and external stakeholders to ensure excellent returns and delivery.

WHY SHOULD A COMPANY LIST?

THE ADVANTAGES OF LISTING

Ability To Raise To Capital	Listing give a companies the opportunity to raise funds from a large pool of diverse investors for ongoing business expansion.
Owner Equity Release	Founders of a company can disinvest or “cash-in” by selling a portion of their shareholding in the business.
Enhanced Corporate Governance Practices	Listed companies have to adhere to listings requirements on a continuing basis and these include high standards of corporate governance, disclosure of information to investors and regulators, provision of audited financial statements, etc.
Improved Liquidity And Marketability Of Securities	Listing eases, the buying and selling of securities in a public market, thus shareholders can liquidate their holdings with relative ease.
Enhanced Credibility	By virtue of being a listed company, a company's stakeholders such as banks, suppliers and other entities become more amicable to doing business due to good governance practices.
Increased Public Awareness	A listings leads to increased corporate profile and brand visibility.
Employee Retention/Attraction	Opportunity to create Employee Share Option Plans (ESOPs) that can help retain and attract high caliber employees.
Price Revelation And Price Discovery	Trading of listed shares unlocks and reveals the true value of the share by promoting price discovery. As such, a listed company can determine its worth by referring to the market price of its share.
Technology And Infrastructure	Trading of securities on the BSE is electronic and conducted through the Automated Trading System (ATS). The clearing and settlement of securities is done through the Central Securities Depository (CSD) system.
Investor Base	There is access to a broad base of investors ranging from various institutional and retail investors, both local and international.
Large Pool Of Capital	Botswana has a large pool of long term contractual savings especially by pension funds.
Internationalization	The BSE continually pursues strategies to align with international best practice in the global securities and exchange industry and adapt to the evolving and fast changing global investment environment.
International Affiliations	The BSE is affiliated with the following international institutions: <ul style="list-style-type: none"> • Affiliate Member of World Federation of Exchanges (WFE). WFE represents 63 regulated exchanges across the world, and acts on behalf of a total of 99 organizations including affiliate members and clearing houses. • Partner Exchange of the United Nations Sustainable Stock Exchanges (SSE) Initiative. • Member of the African Securities Exchanges Association (ASEA). • Recognized stock exchange by the United Kingdom's Her Majesty's Revenue and Customs

ABOUT SERALA

The Serala Over-The-Counter (OTC) Board often referred to as 'Serala' is a platform on the Botswana Stock Exchange (BSE) that is designed for the registration of Public Interest Entities (PIEs) as defined below under conditions of registration. The name 'Serala' is a Setswana noun that means a traditional storage facility used to store harvested grain for further refinement in future. This name is analogous with 'preparing for the future' because by registering and availing their securities for trading on this Board the issuer is able to undergo a process of familiarization and preparation with a view to subsequently undertake a listing on the Main Equity Board, Venture Capital Board or the Tshipidi SME Board.

BENEFITS OF REGISTERING ON SERALA

The main feature of this Board is that the issuer's registration is not a listing as there is no public offer of its securities, therefore no capital is raised. However, the benefits of registering on Serala are as follows:

Familiarization With A Regulated Environment	Serala allows the companies to familiarize themselves with the listed environment and compliance obligations that come with being a listed public entity on the BSE as the company has to comply with the BSE registration requirements during its tenure on Serala.
Price Discovery & Liquidity	Serala can be used to create a secondary market to facilitate the trading of securities of the issuer. This helps to discover a market price on a continuing basis and create liquidity in the securities. As such, existing shareholders are able to sell their holdings and the public is able to buy securities on an ongoing basis.
Increased Visibility	The issuer is afforded an opportunity to benefit in the same manner as any listed entity as regards visibility and reach of its information and market statistics across the BSE platforms and those of the BSE's international affiliates and network.
Cost Effectiveness	The registration is less costly compared to a listing on the other boards on the BSE.
Ideal For Small Companies/Family Owned Businesses	Serala is ideal for smaller companies that are not yet qualified for a listing on the BSE by providing a trading environment in a less onerous environment.
Technology & Infrastructure	The BSE offers state of the art technology for companies registered on Serala in the form of a Central Securities Depository (CSD) system.
Efficiency At The BSE	The BSE has a young agile team that is experienced to work with prospective issuers from the time when companies are interested to list. The BSE is always available to make presentations to prospective issuers and observes the strict timelines in engaging with companies following the submission of an application.

CONDITIONS OF REGISTRATION ON SERALA

For an issuer to register on Serala it must fulfil the following requirements:

- Be a Public Interest Entity (PIE) as per the Financial Reporting Act and Botswana Accountancy Oversight Authority (BAOA) Rules. PIEs are entities that are listed on the BSE, regulated by the Bank of Botswana (BoB) such as banks and deposit taking institutions, any non-bank financial institution supervised by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) or satisfy at least two (2) of the following thresholds;

P300 Million
Annual revenue of P300 Million

200 Employees

P200 Million
P200 Million in total Assets

- Securities must be fully dematerialized
- Registration only without capital raise
- Sign a registration agreement with the BSE

P100 Million
P100 Million in total Liabilities

TIMEFRAME FOR REMAINING ON SERALA

Entities registered on Serala shall only be allowed to remain registered for a maximum of five (5) years. Thereafter, the BSE will review the continued trading of the entity's issuer on this Board and may require that the registered company apply for listing on the applicable BSE Boards at the end of the five (5) year period. Issuers that have been delisted in the previous ten (10) years cannot register on Serala unless permitted by the BSE.

REGISTRATION AND APPROVAL PROCESS

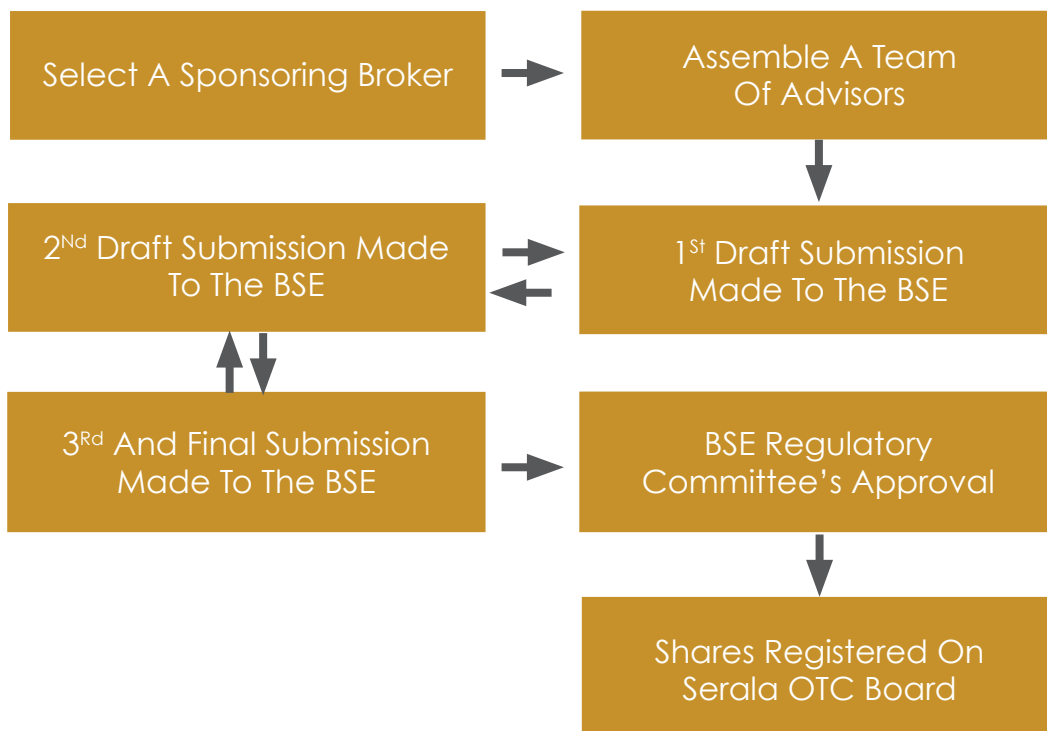
Submission And Approval Process

The process of registering securities on the Serala begins with appointing a Sponsoring Broker from one of the licensed brokers or members of the BSE. All submissions and applications to the BSE for a registration are submitted through a Sponsoring Broker.

The Sponsoring Broker also assists the applicant with assembling a team of advisors who will be involved in the process and these include:

- Legal Advisors;
- Reporting Accountants;
- Corporate Finance Advisors;
- External Auditors

A simplified depiction of the submission and approval process is illustrated below and subsequently explained further.



REGISTRATION AND APPROVAL PROCESS

Continued

Step 1

- Issuer meets with and appoints a Sponsoring Broker whose duty is to facilitate the listing process, acting as a conduit between the Issuer and the BSE.

Step 2

- Sponsoring Broker assists the issuer in appointing a team of advisors on the transaction being, lawyers, reporting accountants, auditors, corporate finance advisers etc.

Step 3

- Issuer makes the first submission to the BSE, through the Sponsoring Broker.
- BSE evaluates the submission and responds within 5 working days.

Step 4

- If there are amendments to be made to the first submission, the Issuer is required to re-submit the application with amendments. Again, the BSE responds within 5 working days from the date of each re-submission.

If the Issuer applies for waivers in respect of the Equity Listings Requirements, the application and recommendation shall be made to the BSE Regulatory Committee and a response from the BSE Regulatory Committee will be provided within an additional 5 working days.

- This submission and evaluation process is repeated until the submission is compliant with the BSE Listings Requirements.

Step 5

- Once the submission is fully compliant, the Issuer submits the final documents for formal consideration. BSE responds within 2 working days of the submission with a formal approval to list.

Step 6

- BSE Regulatory Committee's provisional approval is obtained. A provisional listing approval is a "green light" for the applicant to commence the offer process while working towards satisfying conditional requirements, if any, in order to earn a permanent listing.
- After a provisional approval of listing has been granted, the applicant will have to undertake a series of events in order to issue the shares. The applicant is expected to adhere to the timetable of events which are outlined in the BSE Equity Listings Requirements.

Step 7

- The listing takes place on the BSE and the security begins to trade on the effective listing date.

Step 8

- The Issuer is required to maintain compliance with the BSE Listings Requirements on an on-going basis once listed.

CONTINUING OBLIGATIONS

The BSE regards the timely disclosure of relevant information as of prime importance in the operation of an efficient market. There is a general requirement to disclose to the market any information that is material. A registered entity must immediately disclose price sensitive financial information as stated in section 8 of the BSE Conditions for registration to the BSE for public dissemination via the BSE Exchange News Services (X-News).

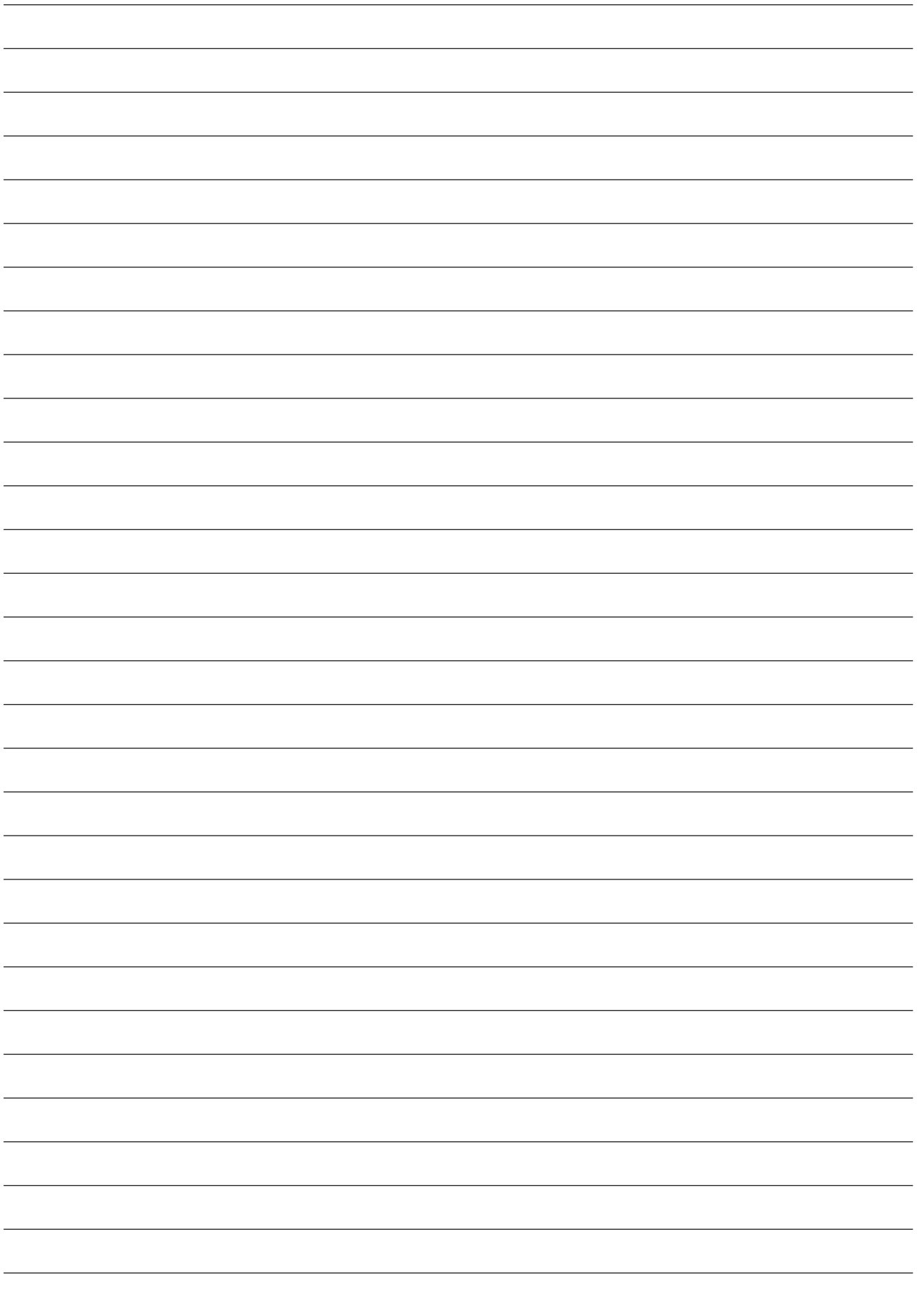
FEES RELATED TO REGISTRATION ON SERALA

The following fees shall be applicable for registration on Serala

Fee Description	Payable to BSE	Payable to CSDB
Registration	10,000.00	-
CSD Fees	-	10,000.00
Reporting Fees	-	6,000.00
	10,000.00	16,000.00
Total Annual Cost		26,000.00

BROKERS CONTACTS

Stock Broker	Telephone	Physical Address	Email
Imara Capital Securities	(+267) 318 8886	Unit 1E Ground Floor Peelo Place Plot 54366 Western Commercial Rd New CBD Gaborone	enquiriesbots@imara.com
Motswedi Securities	(+267) 318 8627	Plot 113, Unit 30, Kgale Mews, Gaborone	motswedi@motswedi.co.bw
Stockbrokers Botswana	(+267) 395 7900	Plot 67978, Ground Floor, East Wing, Mokolwane House, Fairgrounds	info@stockbrokersbotswana.co.bw
African Alliance Botswana Securities	(+267) 318 8958	Exchange House Plot 64511 Fairgrounds Office Park, Gaborone	info@africanalliance.com





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