



INCENTIVE FEES FOR LISTING SUSTAINABLE BONDS ON THE BSE

1. INTRODUCTION

The BSE is reviewing and updating the BSE Debt Listings Requirements (Requirements) which came into effect on 6th January, 2022 to reflect current market practices and clarify some provisions of the Requirements. This includes a new chapter which outlines the provisions for listing Sustainable Bonds. Sustainable Bonds are defined as financial instruments aimed at supporting sustainable development by raising capital to finance or re-finance green, blue, social, gender, sustainability or sustainability-linked projects. Sustainable Bonds can be distinguished from regular bonds by the specific use of the funds or proceeds raised. In order to promote the listing of these bonds, the BSE is proposing reduced listing fees with respect to Sustainable Bonds.

2. PROPOSED INCENTIVES FEES FOR LISTING SUSTAINABLE BONDS ON THE BSE

There are prospects for Sustainable Bonds to gain momentum in Botswana to raise proceeds to finance sustainable developments projects, by both the public and the private sector. There are no clearly laid out incentives at national level with respect to Sustainable Bonds. Thus, the BSE proposes incentives by way of discounted listing fees with respect to listing Sustainable Bonds on the Exchange.

The BSE proposes a 25% discount on initial listing fees and annual sustaining fees for Sustainable Bonds, and the same amount of discount on the lower and upper bounds of the initial and annual sustaining fees.

Table 1 presents a comparison of these fees with respect to Regular Bonds and Sustainable Bonds.

Table 1: Proposed Incentives for Listing Sustainable Bonds on the BSE

TYPE OF FEE	REGULAR BONDS	SUSTAINABLE BONDS	INCENTIVE
Initial Listing Fee	0.0175% of FV; Min of P60,000 and a Max of P150,000	0.013125% of FV; Min of P45,000 and a Max of P112,500	25% discount
Annual Sustaining Fees	0.0175% of FV; Min of P40,000 and a Max of 100,000	0.013125% of FV; Min of P30,000 and a Max of P75,000	25% discount
Documentation Fee (PM/Circular/Pricing Supplement)	P40,000	P40,000	NIL
Termination of Listing	P10,000	P10,000	NIL

3. RELATED INITIATIVES GOING FORWARD

On a progressive basis, the BSE will engage with Government and various authorities to lobby for national incentives with respect to Sustainable Bonds. Information from the benchmark study of various jurisdictions on the subject matter infers that entities such as our Tax Authority could provide for fees associated with listing Sustainable Bonds to be tax deductible, or zero rating for withholding tax on interest income from Sustainable Bonds; the relevant Government ministries could provide green bonds grant schemes to cover costs of issuing green bonds within certain parameters; and pension funds regulations could be reviewed to be explicit regarding supportive allocations to Sustainable Bonds. The BSE will continue to explore additional avenues and engage with relevant stakeholders to lobby for incentives that promote the issuances of Sustainable Bonds and create an enabling environment for Debt Securities, in general, to thrive.