

THE CENTRAL SECURITIES DEPOSITORY BOTSWANA RISK ASSESSMENT UPGRADED FROM BBB TO A- STATUS DUE TO IMPLEMENTATION OF NEW SYSTEM

For Immediate Release, 01st March, 2023: It is with great pleasure that we announce that the Central Securities Depository Botswana's (CSDB) risk assessment has been upgraded from a **BBB** to **A- status** due to implementation of new measures by Thomas Murray rating agency effective immediately.

This new development has been attributed to the introduction of a new Central Securities Depository (CSD) System which settles on central bank money, a new Automated Trading System (ATS) and the connectivity to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) that went-live on 23rd September, 2022.

These three (3) technology systems represent a modernization of the BSE's technology infrastructure that aims to improve the resilience of the market, network security, operational efficiencies and align with international best practice in order to make the BSE competitive in the global securities market.

A CSD Rating assesses the risk exposures for investors in the post trade capital market infrastructure as well as the effectiveness of a CSD and the processes used in post-exchange settlement and safekeeping to minimize investor risk exposures.

The overall assessment risk assessment upgraded from BBB to A-.

The risks were evaluated as such;

- **Asset Commitment Risk** – Maintained at A-
- **Liquidity Risk** – Maintained at A-
- **Asset Safety Risk** – Maintained at A+
- **Asset Servicing** – Not rated as CSDB is not directly involved in processing corporate actions.
- **Financial Risk** – Maintained at A-
- **Operational Risk** – Upgraded from BBB to A-
- **G&T** – Maintained at BB

Commenting on this achievement, the Botswana Stock Exchange (BSE) CEO, Mr. Thapelo Tsheole said, ***"The rating upgrade of the CSDB by Thomas Murray serves to reaffirm our position as the BSE in adopting an aggressive approach to attract international issuers and investors to our market. These new technological advancements will aid in providing added investor confidence in the market as participants will be assured of reduced settlement, safekeeping and asset servicing risks after trade execution. We remain confident in our bid to adopt international best practice as we endeavour to transform the BSE into a world-class securities exchange by all quantifiable metrics."***