

IMPLEMENTATION OF THE SETTLEMENT GUARANTEE FUND (SGF)

The public is hereby informed that the Botswana Stock Exchange through its subsidiary, the Central Securities Depository Company of Botswana (CSDB), is in the process of implementing a Settlement Guarantee Fund (SGF) in terms of the Settlement Guarantee Fund Rules (Rules).

The primary objective of the SGF is to guarantee the settlement of trades executed on the exchange trading platform, thus reducing and/or eliminating counterparty risk.

In the event of a settlement participant failing to honor their obligations, the SGF will be used to fund the respective obligations and complete settlement without affecting the normal settlement process.

All settlement participants shall be required to contribute to the SGF in the form of cash and/or securities from amongst a list of eligible

securities as advised by the CSDB Board from time to time.

The SGF is beneficial for the following main reasons:

- a. It provides confidence that settlement shall take place on time and completed irrespective of default by some members;
- b. It ensures stability and control of the market.

The SG Fund is expected to be operational from 1st April 2023.

The Rules may be accessed on BSEL website www.bse.co.bw

Should you require any further information or clarity, please contact the Clearing and Settlement Department at csd@bse.co.bw or 3674400