



**A DIAGNOSTIC STUDY
ON THE COST OF RAISING CAPITAL ON THE BSE**

PUBLICATION DATE: JULY 2024

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1. EXECUTIVE SUMMARY

At the epicentre of the capital markets ecosystem in Botswana is the Botswana Stock Exchange (BSE), whose primary interest is to broaden the depth and breadth of the capital markets by attracting companies and instruments to list and trade on the BSE, in the process providing a gateway for raising capital and for accessing investment opportunities for the benefit of our issuers, investors and stakeholders. An issue of concern, which warranted this diagnostic study, is the overall cost associated with bringing a company to list on the BSE. From the BSE standpoint, the costs that are within its control are the fees it charges (initial listing fees, annual sustaining fees and documentation fees). At present, the BSE does not regulate the fees levied by intermediaries in the listing process. Therefore, it was compelling that, with this study, we provide insights into the constituents and determinants of these fees, with the anticipation that this could help to uncover ways in which the costs could be mitigated and managed. The study reveals that, to some extent, the issuer could play an active role in mitigating some of these costs. In addition, we have recommended what could be considered to make the cost of raising capital on the BSE a lot more favourable.

2. OBJECTIVES OF THE STUDY

The objectives of the study were:

1. To find out about the drivers of fees associated with raising capital on the BSE;
2. To gather an opinion from practitioners about the fees levied by the BSE;
3. To identify ways in which applicant issuers and advisors can increase efficiencies in order to lower the cost of listing;
4. To establish what the differential is between fees associated with raising debt versus equity capital.

The hypothesis anchoring this study was that bringing the company to list is very expensive to potential issuers. It therefore was important to unpack the constituents of the cost components, its drivers, and where possible give an indication of the potential fees as gathered from various intermediaries in the ecosystem and tabulate the recent fees paid by companies that listed on the BSE from 2007. Additionally, this was an opportunity for the BSE to seek feedback on its fee structure and explore opportunities to improve where applicable.

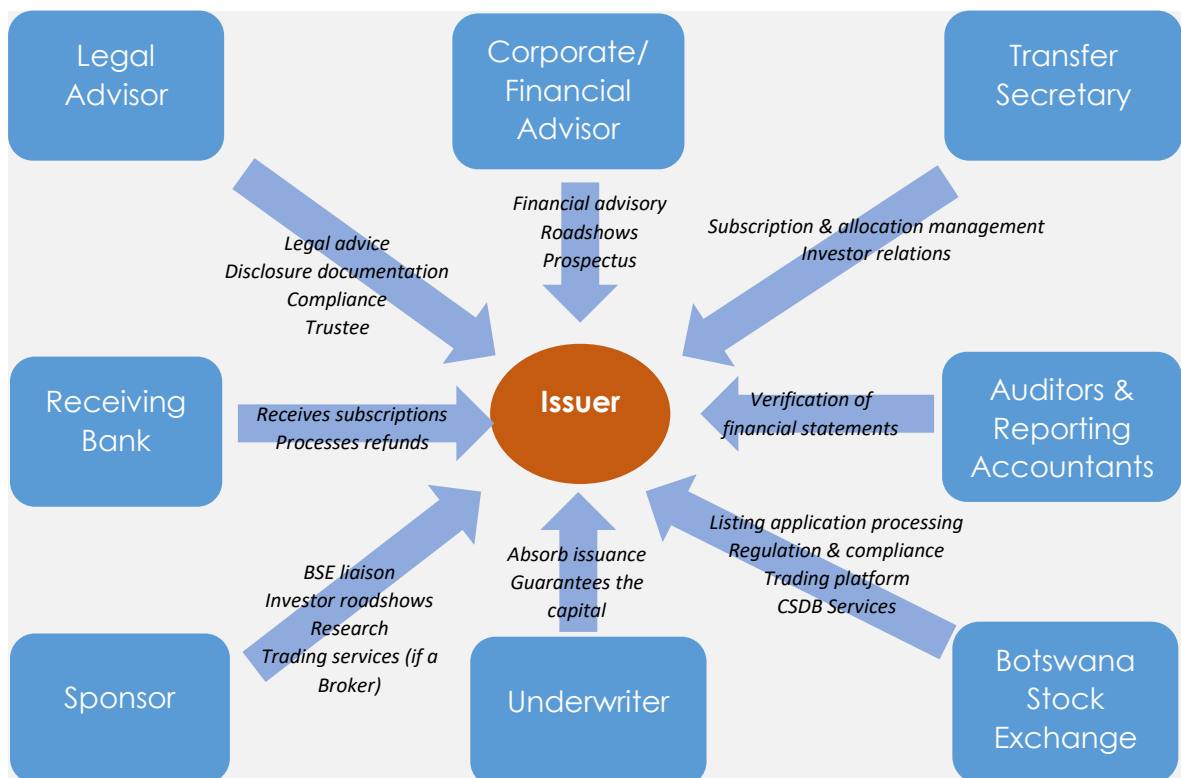
3. STUDY SAMPLE & APPROACH

The listing ecosystem generally comprises of advisors (financial advisors, legal advisors, tax and accounting advisors), sponsors, transfer secretaries,

receiving banks, underwriters, accounting and audit firms, the Central Securities Depository (CSD), the BSE and the issuers (equity and debt issuers). In addressing the objectives of the study, the focus was placed on these intermediaries and advisors. In addition, the listed companies were also included in the sample as they have already gone through the process and are well positioned to provide valuable information. In terms of the approach, the study was conducted through interviews backed up by questionnaires. Secondary data was obtained from the BSE and from the prospectuses of listed companies, which were primarily important to demonstrate the allocation of the overall costs to various activities and for giving an indication of the average costs of listing as a percentage of the capital raised.

4. THE LISTINGS ECOSYSTEM

Figure 1: An illustration of the listings ecosystem



Typically, all the intermediaries depicted in **Figure 1** are involved in bringing a company to list on the BSE. In some circumstances, there could be more than one financial advisor, being a lead financial advisor and a co-financial advisor, depending on the complexity of certain corporate elements that may need attention of specialist financial advisory firms.

The Central Securities Depository Botswana (CSDB) is the subsidiary of the BSE that is responsible for the custody, clearing and settlement of listed securities. The subscription process for securities being offered is done simultaneously with

the opening of CSD accounts as it is a requirement for listed securities to be held in dematerialized form. This also enables the clients to trade securities as soon as they wish to, after the company is listed on the BSE. The BSE is regulated by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) as a Securities Exchange. The BSE regulates listed companies, as well as brokers licensed by NBFIRA, who are members of the BSE. The CSDB is regulated by NBFIRA and Bank of Botswana (BoB).

5. THE ROLE OF VARIOUS INTERMEDIARIES

The table below shows the responsibilities of various intermediaries, also known as transaction advisors, at the point of listing and on a continuing basis.

In addition, Chapter 12 of the BSE Equity Listings Requirements provides a comprehensive description of the various Advisers, as only Advisers approved by the BSE and recorded on the 'BSE Register for Registered Advisers' may act as advisers for an issuer for listing related matters or an applicant applying to list on the BSE.

The BSE Register for Registered Advisers is available on the BSE website.

Figure 2: A description of the responsibilities of the various intermediaries

Intermediary	Responsibility
Corporate / Financial Advisors	<ul style="list-style-type: none"> • They are usually the project manager, a role that can sometimes be played by legal advisor. • They manage the listing timetable which includes data compilation and submissions, meetings and ensure that deadlines are met. • As the project manager, they help to analyse, recommend and negotiate terms of engagement with other advisors on behalf of the issuer. • The core mandate is to assess the company and help determine the value of the company in order to attain the best price for achieving the objectives of raising capital. • They do this by undertaking three major roles: restructuring or corporatization, valuation, and prospectus drafting as well as review. • Therefore, have to be as knowledgeable about the company as the directors, so full disclosure by directors to these intermediaries is very important in deriving the right structure and value. • They approach investors with the information memorandum to pitch and gauge the appetite, and gather commitments. • On a continuing basis, they advise the company on financial transactions and corporate actions related to capital raising or dilution of shareholders, as and when required.

Legal Advisors	<ul style="list-style-type: none"> • Advise on the legal structure of the company and documentation requirements (and can even collate the statutory documents) with respect to the Companies Act, BSE Listings Requirements and other regulatory statutes relevant to the company. • Coordinate liaison and interaction between the company and the regulatory bodies such as CIPA. • In the case of the need to restructure the company, they identify the impact and requirements of such restructuring in the context of the prevailing regulatory environment. • On a continuing basis, advise the company on matters of law, corporate actions and help draft circulars and other documentation.
Sponsor	<ul style="list-style-type: none"> • Usually, the first point of contact for any company seeking education and guidance on the process of listing. • Acts as a conduit or interface between the BSE and the company as well as its other advisors. • All documentation compiled by advisors or provided by the company is submitted to the BSE through the sponsor. • Responsible for compiling research papers to help with the marketing of the company to retail and institutional investors during the offer process. They normally accompany the company on its investor roadshows. • On a continuing basis, acts a conduit or a liaison between the company, its advisors and the BSE. • If a broker, also responsible for publishing research notes and facilitating the trading of listed securities.
Transfer Secretary	<ul style="list-style-type: none"> • Helps to provide independence to the subscription process. • Responsible for verifying and reconciling the applications for securities with the money received by the receiving bank. • In the event of an oversubscription, advises the company on a fair and equitable subscription allocation policy. • Could also acts as an investor relations office for the company as they address shareholder queries and facilitate information distribution. • On a continuing basis, helps the company to handle investor relations issues, facilitates payment of dividends, compiles holdings reports for clients, and liaison with CSDB.
Auditors & Reporting Accountants	<ul style="list-style-type: none"> • Responsible for reporting on the state of financial affairs in order to give confidence to investors that the company has in place an accounting system which is compliant with the relevant standards. • Their work includes auditing and validation of historical accounts and projected financial statements, and giving an opinion on whether the financial statements present a true and fair view of the position of the company and whether they have

	been prepared in accordance with International Financial Reporting Standards (IFRS).
Receiving Bank	<ul style="list-style-type: none"> • Receives applications and the cash for the subscriptions and disburses the refunds in the event of oversubscriptions. • On a continuing basis, may provide the company with its banking services.
Underwriter	<ul style="list-style-type: none"> • Absorbs the issued shares available for subscription from the company for onward marketing to investors, in return availing to the company the capital it intends to raise. • The underwriter helps provides certainty to the company that the target capital will be raised. • The underwriter therefore takes on the risk, on behalf of the company, of the shares being undersubscribed.
Botswana Stock Exchange	<ul style="list-style-type: none"> • Receives, assesses and approves the listing application in general. • On a continuing basis, provides the platform for the trading of securities in the secondary market and ensures that the company is compliant with the listings requirements. • Also responsible for market development which includes financial literacy in order to attract investors to the market, promotion of efficiencies in the operations of the market and continuous review and enforcement of regulation in order to protect shareholder interest and ensure the market is operating fairly, equitably and efficiently.
CSDB	<ul style="list-style-type: none"> • The Central Securities Depository Company of Botswana (CSDB) provides custody and transfer secretary services for issuers. • Custody services ensure the safeguarding of securities in dematerialized form. • Transfer secretary services include share registry maintenance. • CSDB facilitates the opening and maintenance of securities accounts for investors, the deposit of securities in such accounts, the withdrawal of securities and the transfer of securities between securities accounts in CSDB. • Records transactions of securities in scripless form to facilitate their trading on the BSE. • Clears securities on account of trades carried out through BSE. • Coordinates the settlement of funds between Participants. • CSDB provides other services such as management of Annual General Meetings, and payment of dividends, including payment of dividends through mobile money.

6. MAIN FINDINGS OF THE STUDY

The findings of the study have been segmented into the 4 main areas which respond to the objectives of the study.

1. The drivers of the fees;
2. Advisors' opinion on the BSE fees;
3. Ways in which a company could improve efficiencies and lower the costs levied by intermediaries;
4. The differential costs when raising equity or debt capital.

The findings are as discussed:

a) CORPORATE ADVISORS
1. Drivers of fees
<ul style="list-style-type: none">➤ Dependent on how the issuer is structured. If a company was not previously run like a corporate, pre-listing restructuring (corporatization) work will be required.➤ Charges a fixed upfront fee and then a commission or success fee on the capital raised if required to assist in raising capital.➤ Often, commission or success fee ranges between 1.5% and 2.5%.➤ To sometimes ensure that the transaction is expedited within stipulated timelines, the advisor may charge a monthly retainer fee. The fee also ensures that they are compensated for the work in progress should the issuer walk away from the listing process.
2. Opinion on the BSE fees
<ul style="list-style-type: none">➤ Very low and a little component of the overall costs. Not at all a deterrent to issuers.
3. Ways a company can improve efficiencies and reduce costs
<ul style="list-style-type: none">➤ Companies can ensure that they have proper and up to date records of all the affairs of the business including contracts, licenses and lease agreements.➤ Information shared with the advisors must be very detailed to limit the back and forth conversations which consume time and for which they charge.➤ Contracts, including management and employee contracts, entered into should be commercial and on an arm's length basis, to avoid drafting them from scratch and charging for that.➤ Proper record keeping and timely provision of the above will ensure that the advisors spend less time "corporatizing" the company.➤ Company directors should have a clear understanding of their business model, how they are going to increase shareholder value and set specific timelines. If this is not in place a lot of the advisor's time will be spent unpacking the business model and how it will create value. This information is important for the Prospectus and Information Memorandum.
4. Differential between costs of raising equity versus debt capital
<ul style="list-style-type: none">➤ Debt is less complex than equity, does not require a lot of work and therefore the advisory fees are relatively lower.

b) LEGAL ADVISORS

1. Drivers of fees

- Lawyers sell time. Therefore, the key determinant is the amount of time (hours) spent.
- However, their job is to ensure quality control in so far as documentation and compliance is concerned.
- Where the company's documents such as trading licenses, contracts, leases, tax documents, and the likes are not well kept the lawyer will have to spend more time organising such and doing the actual ground work instead of being a quality controller of what the issuer has prepared.
- Senior Associates charge P1,800-P3,000 per hour.
- Partners charge P2,500-P4,000 per hour.
- Senior Partners charge P3,000-P6,000 per hours.
- A great deal of document gathering and liaison is handled by Senior Associates.

2. Opinion on the BSE fees

- Not draconian and not prohibitive to listings.
- However, the cost structure for debt where the BSE charges a fee on the initial programme memorandum needs to be revised. It has to reflect the issuance activity where fees are applied on the tranches.

3. Ways a company can improve efficiencies and reduce costs

- Preparedness is paramount. BSE listing requirements are easy to comprehend and this enables the applicant to do a lot of the ground work instead of handing the work over to the legal advisors for a fee. Organized clients pay lesser fees.
- First point of contact for applicants should be the sponsor, or the corporate advisor (and not lawyers) to ascertain if listing is the best thing for the company at that moment. For this purpose, the sponsor will not charge but a corporate advisor is likely to charge.
- If legal advisors are engaged to strictly provide legal advice and not play the project manager role (assembling the team, coordinating meetings, document submission by others, etc.) they would be relatively cheaper.

4. Differential between costs of raising equity versus debt capital

- Bond advisory services are cheaper especially when dealing with an already established corporate.

c) SPONSOR

1. Drivers of fees

- The scope of work determines the fees and it can either be standard liaison role without involvement in capital raising (charges a standard fee) or with involvement in capital raising (charges a standard fee plus commission or success fee for capital raising, based on capital raised).
- Standard fee could lie between P50,000 and P150,000 and commission or success fee is around 1% to 5% of the capital raised.

- Unlike legal advisors, sponsors do not charge for the preliminary time spent engaging them to explain the process and requirements for listing.
- They therefore should be the first point of contact for guidance on the process of listing.
- Initially, at the point of applying to list, the applicant issuer must appoint a sponsor from the BSE's Registered Advisors
- There is usually a retainer of about P50,000 per annum. Sometimes, this arrangement can be substituted by a pay-as-you-use type of arrangement.
- On a continuing basis, a listed company must at all times have a sponsor and this sponsor need not be the initial one but can be a professional from within the company such as a compliance officer, and this helps to eliminate the cost associated with an external sponsor

2. Opinion on the BSE fees

- BSE fees are justifiable given the level of effort involved, e.g. handling of documentation. Also being listed is a form of salient advertising and lends credibility to the corporate.
- The introduction of value-added services such X-News have significantly lowered the fees associated with publishing information and the presence of robust systems such as the ATS & CSD systems and their associated efficiencies justify the costs.

3. Ways a company can improve efficiencies and reduce costs

- BSE has prepared a listing handbook to assist prospective companies understand and prepare for the process of listing before engaging advisors.
- The company can utilize in-house resources such as accountants and lawyers to prepare the work that would ordinarily be done by external lawyers and accountants.
- Companies can improve efficiencies by encouraging electronic communication in terms of annual reports, and not incur printing costs.
- Publishing of pre-listings statements and financial statements in the newspapers is very expensive and has to be relooked at.

4. Differential between costs of raising equity versus debt capital:

- The complexity of the asset class generally drives the fees. Debt issuances are less complex, less involving and therefore are much cheaper than equity issuances.

d) TRANSFER SECRETARY

1. Drivers of fees:

- Fees vary based on assessment of the level of work but would charge just over P100,000 for facilitating a listing and on a continuing basis would levy a fixed charge of P30,000 – P40,000 per year. All this is subject to negotiation and guided by scope of work.

5. Opinion on the BSE fees

- BSE fees are usually the smallest component and sometimes the cost undervalues the level of work involved.

- BSE should review its fees related to debt instruments because a lot of work is mostly on the Programme Memorandum than on subsequent pricing supplements.

2. Ways a company can improve efficiencies and reduce costs

- BSE should consider availing to companies a checklist to the listing requirements.
- BSE must take a holistic view of all regulation passed by NBFIRA and Botswana Accounting Oversight Authority (BAOA) as these have a cost push effect on the cost of listing.
- Companies can use internal resources to compile documents such as circulars and only run them past legal advisors for quality control.
- Companies should ensure they understand the business, the market and provide information as and when needed.
- Every company should have an Investor Relations section on the website where investors can download historical information, annual reports, also using these as an opportunity to address queries and share feedback with shareholders.

3. Differential between costs of raising equity versus debt capital

- Debt is usually short term so the costs are little compared to equity.

e) REPORTING ACCOUNTANTS

1. Drivers of fees

- Fees are driven by the level of work involved and time spent on verifying financial statements and forecasts provided in the prospectus.

2. Opinion on the BSE fees

- They have no opinion on the BSE fees as they are not the main cost when listing.

3. Ways a company can improve efficiencies and reduce costs

- Preparedness ensures the listing process is swift and least costly.
- Management of the companies ought to read the BSE Listings Requirements and to ascertain they understand what is expected of them.
- Companies can improve efficiencies by ensuring they have proper records of financial transactions and past financial statements.

4. Differential between costs of raising equity versus debt capital

- They charge the same costs for either equity or debt listing as their role is to verify the financial statements of the issuer.

f) RECEIVING BANK

5. Drivers of fees

- Banks see this as a marketing opportunity for the bank especially if the IPO is likely to be a great success therefore don't usually charge a lot for this service.
- Also, they perceive the money received from the subscription as temporarily boosting their balance sheet.
- However, it depends on the volume of the work. For example, if the listing is created to attract predominantly the retail investors the process will put a bit

of pressure on the bank's branch network and attract some fees. In this case the bank will charge a fee based on the anticipated investors intended to be reached as well as the cost of incremental services, such as remittance/courier services of subscriptions to brokers, and cost of temporary labour required to receive the subscriptions.

6. Opinion on the BSE fees

- Justifiable.

7. Ways a company can improve efficiencies and reduce costs

- Ensure that all required Know-Your-Client (KYC) documents are communicated clearly to the public to minimise anticipation of a back and forth.

8. Differential between costs of raising equity versus debt capital

- Mostly, receiving banks handle equity subscriptions so for debt subscriptions which are mainly through private placement the service is usually free to the company with whom they have a relationship.

g) UNDERWRITER

1. Drivers of fees

- Generally, costs are driven by the perceived riskiness of the issuance and this take into account the size of the issue, the way it is packaged, priced, marketed and the intrinsic value of the issue.

2. Opinion on the BSE fees

- Justifiable.
- Offers for sale or subscription must be underwritten. The BSE accepts irrevocable letters of undertaking in the absence of formal underwriting, provided the evidence is submitted to the BSE that the entities issuing such letters have the capacity to meet their obligation on the due date.

3. Ways a company can improve efficiencies and reduce costs

- Undersubscriptions send a negative signal to the market and it would be better if the brokers were active underwriters as they can absorb the issue and gradually market it to their clientele without sending a sudden and strong negative signal.
- Companies must embrace electronic communication and avoid fancy and flashy annual reports.

4. Differential between costs of raising equity versus debt capital

- The initial listing fees for equity and debt are charged as a percentage of market capitalization (equity) and nominal value of the programme (debt). The equity listings fees are subject to a minimum of P50,000 and a maximum of P200,00 while the debt listing fees are subject to a minimum and maximum of P60,000 and P150.000 respectively.
- Depending on the size of issuance, debt can be considered a cheaper avenue of capital raising.
- Debt is not underwritten, so there are no underwriting costs.

Generally, the findings indicate the following key points:

1. **The level of fees levied by intermediaries are driven by the amount of work they do.** A company that has been duly corporatized, whose documents and records have been well kept and that can communicate its strategy and business model convincingly will normally take a lesser time to come to market as advisors would comparatively have lesser work to do.
2. **The BSE fees are not a deterrent for companies to list.** There is consensus that the BSE fees are transparent and considered to be aligned to the level and quality of service provided by the BSE.
3. **Applicant issuers, to a larger extent, can influence the amount of fees they ultimately pay by being actively involved and being prepared.** This includes availing information timeously, utilising internal resources to draft documentation, keeping records and documents in order, maintaining proper financial statements and accounts, proper governance structures, utilising electronic communication and encouraging shareholders to gain access to electronic media. The cost of printing annual reports is cited as the biggest compliance cost, as such there is no need for listed companies to print flashy and fancy annual reports when they have an opportunity to rather compile and print basic reports as long as all disclosures and updates are covered.
4. **The cost of raising debt capital is very low compared to that of equity capital.** Further, there is scope for the BSE to assess the viability of its fees in relation to debt instruments.

Holistically, the total fees associated with listing ranges between 1.0% and 4.7%, as deduced from the information compiled from the prospectuses of companies that listed between 2007 and 2024. These were paid from the proceeds of the capital raised. However, there is scope for these fees to be low on a case-by-case basis depending on the preparedness of the company, its state of corporatization, amount of advisory work involved, the success of the offering and many other factors outlined in the recommendations.

7. COST OF CAPITAL RAISED: 2007 – 2024

Figure 3: The cost of capital raised on the BSE: 2007 – 2024

Company	PrimeTime	Cresta	LLR	Choppies ¹	Afinitas ¹	BTCL	FPC	Minergy	CA Sales	BancABC	Botala Energy
Date of listing	2007	2010	2011	2012	2015	2016	2016	2017	2017	2018	2023
Capital Raised (BWP)	107.6 Mn	87.6 Mn	420.0 Mn	350.0 Mn	94.0 Mn	462.0 Mn	205.6 Mn	71.9 Mn	469.6 Mn	None ^A	None ^A
Expenses (BWP)											
Lead Financial Advisor	440,000	-	952,000	4,645,383	-	5,365,000	5,000,000	862,400	2,690,537	-	-
Legal Advisor	558,800	-	2,319,552	1,800,000	195,000	3,580,000	1,750,000	560,000	149,500	600,000	20,000
Sponsor	154,000	-	448,000	956,962	278,000	320,000	100,000	168,000	122,447	75,000	75,000
Co Financial Advisor	-	-	56,000	900,000	-	-	-	-	-	-	-
BSE Listing & Documentation Fees	27,500	330,000	120,960	532,400	93,487	50,000	220,000	129,920	100,000	240,000	27,213
Underwriting Charges	167,467	-	2,240,000	500,000	-	-	-	-	-	-	-
Transfer Secretary	-	-	67,200	412,932	73,000	480,000	50,000	39,200	57,000	70,000	6,000
Marketing	220,000	40,000	835,520	401,616	107,000	540,000	274,000	112,000	-	150,000	-
Printing & Publication	-	70,000	-	-	62,000	250,000	-	258,720	65,000	100,000	-
Auditors & Reporting Accountants	550,000	-	604,800	250,000	23,000	2,930,000	570,000	652,960	232,560	1,000,000	-
Receiving Bank	-	-	-	-	135,000	950,000	40,000	-	-	-	-
Independent Valuer	110,000	-	1,168,972	-	-	-	532,000	356,705	-	-	-
Asset Manager	-	-	3,391,500	-	-	-	-	-	-	-	-
Sundry & Contingency	272,233	3,060,000 ²	115,495	875,043	-	-	876,100	258,720	82,956	1,000,000	-
TOTAL	2,500,000	3,500,000	12,319,999	11,274,336	966,487	14,465,000	9,412,100	3,398,625	3,500,000	3,235,000	128,213
Expenses as a % of Capital Raised	2.3%	4.0%	2.9%	3.2%	1.0%	3.1%	4.6%	4.7%	0.7%	N/A	N/A
BSE Costs as a % of Total Costs	1.1%	9.4%	1.0%	4.7%	9.7%	0.3%	2.3%	3.8%	2.9%	7.4%	0.3%

¹ These represent actual expenses and not the budgets outlined in the Prospectus

² The Prospectus did not attribute the budget expenses to different advisors therefore this value includes all the professional advisor fees

^A The company listed by introduction and did not raise capital

Source: Company Prospectuses

8. BSE COSTS ASSOCIATED WITH RAISING CAPITAL (EQUITY AND DEBT)

The table below shows the fee structure of the BSE fees for equity and debt applications.

Figure 4: Fees associated with listing on the BSE

	Equity	Bonds	Sustainable Bonds	Commercial Paper
Documentation Fee	BWP40,000	BWP40,000	BWP40,000	BWP20,000
Initial Listing Fee	0.025% of Market Capitalization subject to a min. of BWP50,000 and a max. of BWP200,000.	0.0175% of the total nominal value of the Programme Memorandum subject to a min. of BWP60,000 and a max. of BWP150,000. As such listing fees on individual tranches are not incurred.	0.013125% of the total nominal value of the Programme Memorandum subject to a min. of BWP45,000 and a max. of BWP112,500. As such listing fees on individual tranches are not incurred.	0.01% of the total nominal value of the Programme Memorandum subject to a min. of BWP5,000 and a max. of BWP10,000. As such listing fees on individual tranches are not incurred.
Annual Sustaining Fee	0.025% of Market Capitalization subject to a min. of BWP50,000 and a max. of BWP150,000.	0.0175% of nominal value of bonds listed subject to a min. of BWP40,000.00 and a max. of BWP100,000.	0.013125% of nominal value of bonds listed subject to a min. of BWP30,000.00 and a max. of BWP75,000.	BWP5,000

NB: All the charges above exclude VAT

The structure of the BSE fees comprises of a minimum fee and a maximum fee. The initial listing fee implies that companies with a market capitalization of between P200Mn and P800Mn would pay a fee of 0.025% or 2.5 basis points subject to a minimum of P50,000 and a maximum of P200,000. As such for a market capitalization below P200Mn the floor of P50,000 applies and for a market capitalization of above P800Mn a ceiling of P200,000 applies. The practice in other markets is to levy the fees on a sliding scale basis in line with market capitalisation.

9. RECOMMENDATIONS

9.1 TO APPLICANT ISSUERS AND LISTED COMPANIES

- a) Maintain proper and up to date records of all the affairs of the business including contracts, lease agreements, licenses, company returns and tax filings.
- b) Ensure that the information shared with the advisors is fairly detailed to limit the back and forth conversations which may require time and attract charges. Advisors have to know as much about the business as the directors or owners themselves.

- c) Company directors should have a clear understanding of their business model, how they are going to increase shareholder value and set specific timelines for achievement of their milestones. This helps to minimise the time advisors spend trying to build a business plan for the company for inclusion in the Prospectus.
- d) BSE listings requirements are fairly easy to understand and the directors can take time to read them, enquire with the BSE, BSE brokers, sponsors, all for free, and prepare relevant information and documents as per the check list from the BSE before they engage the advisors. On an ongoing basis, the BSE conducts refresher workshops on listing requirements.
- e) Listed companies are encouraged to have an Investor Relations (IR) resource in-house or an IR section on the website where investors can download historical information, annual reports, also using these as an opportunity to address queries and share feedback with shareholders.
- f) The BSE has produced a handbook detailing guidelines to raising capital on the BSE, for various instruments, in order to assist prospective issuers to understand and prepare for the process of listing before engaging advisors.
- g) Companies can utilize in-house resources such as accountants and lawyers to prepare some of the documents that would ordinarily be done by external lawyers (e.g. circulars) and only run them past legal advisors for quality control. Post-listing or issuance, they can utilise in-house sponsors for liaison with BSE.
- a) Companies are not required to print glamorous annual reports and therefore can resort to cheaper annual report layouts as long as all relevant information is captured. Also, companies are not required to print annual reports, except a few copies for the BSE for filing, and therefore can utilise electronic platforms for distributing annual reports to investors with access to electronic communication and post hard copies to those without access to electronic communication.
- b) Companies must encourage shareholders to provide email contacts for purposes of electronic communication.

9.2 TO THE BSE

- a) The BSE has an internal checklist of the listing requirements for companies to compile the required information and documents ahead of engaging advisors. This is an internal tool designed to improve internal efficiencies. This can be requested from the BSE.

- b) As the publishing of pre-listing statements and financial statements in the newspapers is very expensive, the BSE has, since 2014, introduced BSE Exchange News Service (X-News) where information from listed companies is uploaded and sent to X-News subscribers instantly by email, subsequently becoming available on the BSE website after 15 minutes. This has substantially reduced the cost of newspaper publications and investors and issuers are encouraged to utilise X-News and/or the website.
- c) BSE, in an understanding with its key stakeholders such as NBFIRA and Botswana Accountancy Oversight Authority (BAOA), must take a holistic view of all regulation passed as the cost of regulation has a cost-push effect on the cost of listing. Notably, listed companies and some potential issuers are Public Interest Entities (PIEs), and regulated by more than one regulator to whom they pay some fees.
- d) The BSE could maintain the fee structure as is or explore an even more conducive fee structure. For Sustainable Bonds and Commercial Paper, the BSE has formulated a separate fee structure, which is more favourable to conventional debt, and also provides discounts on listing fees.

10. CONCLUSION

An important point to highlight is that the cost of raising capital need not be an upfront cost. Rather, the cost could be paid, or recouped, from the proceeds of the capital raised. To some extent, the costs are also within the control of management or directors of the company as highlighted by the ways through which a company can improve efficiencies to mitigate the costs. From a BSE standpoint, competitiveness and efficiencies are a key priority and this can be noted from the initiatives that the BSE has implemented to eliminate or subsidise certain costs associated with compliance. At present, the market has a positive view of the BSE fees in the context of the investment in infrastructure, value-added services and enhancement in quality of service over the years. Progressively, there might be a need to re-assess the fees to strengthen competitiveness, or to reflect value added by the BSE to its customers. This paper will form the basis for future discussions around the subject matter and for prospects of making the environment more conducive for capital markets participants and BSE customers.