



CENTRAL SECURITIES DEPOSITORY BOTSWANA RULES

Document Name	Revision Date
2025 REVISED CSDB RULES	4 APRIL 2025

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SECTION 1 DEFINITIONS AND INTERPRETATIONS

Definitions

Account Holder	Any person who holds a securities account in the CSD System.
Allotment Schedule	Information submitted to the CSDB by the Issuer containing the list of securities Account Holders together with the corresponding quantity of securities allotted to them in respect of public offers and Corporate Actions such as bonus issues, rights issues, payment of dividend in species, mergers/acquisitions etc.
Automated Trading System (ATS).	The BSEL Automated Trading System.
Beneficial Owner	Shall bear the same meaning as assigned in the Financial Intelligence Act, 2022 of the Laws of Botswana.
Broker's Note	An advice of a sale or purchase of securities to be dispatched to clients and settlement participants by a stockbroker.
BSEL	Botswana Stock Exchange Limited
CIPA	Companies and Intellectual Property Authority
Commercial Bearing	Shall bear the same meaning as assigned in the Securities (Amendment) Act, 2023
Companies Act	Companies Act of Botswana No. 32 of 2004 as amended from time to time.
Corporate Actions / Entitlements	These are decisions taken by the issuer and subsequently have a material impact on the company and the shareholders.
CSD Participants	These are brokers, custodian banks, primary dealers and Nominated Transfer Secretaries (NTS).
CSDB	Central Securities Depository Company of Botswana Proprietary Limited
CSD System	Central Securities Depository system
Custodian	Shall bear the same meaning as assigned in the Securities Act.
Custodian Participant / Bank	A CSDB bank participant providing custodial services and approved by CSDB to provide clearing services for its clients.
DvP	Delivery versus Payment
Dematerialisation	The process of transferring securities from the physical register to the CSDB account.

Entitlement Date	The date fixed by an Issuer for the purpose of determining the list of securities holders who are entitled to corporate actions.
Entitlement Schedule	Information generated by the CSDB containing the list of securities account holders who are entitled to corporate actions as at the entitlement date and their shareholdings.
FIA	Financial Intelligence Act as amended from time to time.
Issuers	Shall bear the same meaning as assigned in the Securities Act and in the Listing and Trading Rules.
Market Maker	An entity (not necessarily a stockbroker or stock dealer), approved as a Participant, that quotes bid and offer prices continuously (makes market) for specific securities that it holds in inventory and is prepared and able to buy or sell those securities at any time on its own account.
NBFIRA	Non-Bank Financial Institutions Regulatory Authority.
NBFIRA Act	Non-Bank Financial Institutions Regulatory Authority Act as amended from time to time.
NCSS Act	National Clearing and Settlement Systems Act as amended from time to time.
Net Settlement Obligation	The total value of purchases less the total value of sales for the relevant trading day in respect of the relevant Participants.
Nominated Transfer Secretary / Agents	Shall bear the same meaning as assigned in the Securities Act.
Nominee	A person or company, in whose name any security is registered on behalf of a Beneficial Owner.
Nominee Account	An account in which securities are held on behalf of a Beneficial Owner by a Nominee.
Participant	A person who has a right to conduct business on a security structure of a business.
Pledge	Financial assets on the CSDB that are used as a security for the fulfilment of a loan from a financier.
Pledge Invocation	This is when the pledgee exercises or sells the pledged assets, following a default by the pledgor.
Pledge Release	The process of unfreezing the securities that were pledged.
Pledgee	The financier of the loan facility.

Pledgor	The owner of the securities that are used as a pledge.
Procedures and Guidelines	Detailed instructions to be gradually followed in order to abide by these rules and achieve best practice in the market.
Record Date	The date set by a listed company as the date on which the company compiles the list of shareholders entitled to a corporate action.
Removal	The removal of securities from any share register in or out of Botswana emanating from dual listed securities.
Removal Schedule	A report generated for each security that gives details of securities withdrawn from the CSD System.
Securities	Shall bear the same meaning as assigned in the Securities Act.
Securities Account	An account opened in CSD System for the investor to record transactions in securities.
Securities Act	The Securities Act as amended from time to time.
Security	Shall bear the same meaning as assigned in the Securities Act.
Security Identification Number	International Security Identification Number (ISIN) and/or Financial Security Identification Number (FSIN).
Settlement Bank	Bank appointed to carry out the settlement of funds on securities transactions.
Settlement Date (S)	The date on which trades executed on the BSEL are settled.
Settlement Guarantee Fund (SGF)	A fund established by the CSDB to satisfy any liability arising from a default by any of the Depository Settlement Participants in discharging their obligations, thus minimizing settlement risk.
Settlement Schedule	A report generated that gives the net settlement obligation of each Participant and for each trade day and it is provided to the relevant Participant on T.
Statement of Account	A statement generated and sent to account holders showing the transactions carried out and the balance securities in a securities account.
Transaction Date (T)	The day on which a trade takes place on the BSEL.
Transaction Fee	The charge incurred on transactions executed on market through the ATS.
Transfer Agents	Companies or entities nominated by the CSDB and appointed by a listed company to maintain the register of its shareholders as

	approved by the BSEL Committee under BSEL Members' Rules and Equity Listing Requirements.
Transfer fee	An administration fee incurred for off-market transfer with no change in Beneficial Owner.
Tripartite Agreement	Legal contract between the CSDB, NTS and Issuer

Interpretations

- a. Unless expressly provided to the contrary, the interpretation of these Rules shall be in conformity with the interpretations set out in the Rules.
- b. The CSDB shall be the final authority in the interpretation of these Rules or any other matter connected thereto. The CSDB operational procedures and guidelines issued under these Rules, and such interpretation shall be binding on all parties.
- c. In the event of any conflict between any of the provisions of these Rules and any instructions, guidelines or operating procedures, these Rules shall prevail.

SECTION 2

GENERAL POWERS OF THE DEPOSITORY

- 2.1 The Central Securities Depository Company of Botswana Proprietary Limited (CSDB) is incorporated as a private entity under the Companies Act Cap 42:01 of the Laws of Botswana (Companies Act) and operates as a central depository to the Botswana Stock Exchange Limited (BSEL).
- 2.2 The CSDB is regulated under the Companies Act, Non-Bank Financial Institutions Regulatory Authority Act (NBFIRA Act), Securities Act and Bank of Botswana National Clearing Settlement Systems Act (NCSS Act).
- 2.3 Clearing and settlement of transactions carried out on the BSEL takes place through the CSDB which facilitates the scrip less clearance of securities.
- 2.4 The CSDB Board (Board) exercises the power to make and enforce the CSDB Rules operational procedures and guidelines that is conferred by Companies Act, NBFIRA Act, Securities Act and NCSS Act of the Laws of Botswana.
- 2.5 The CSDB Rules operational procedures and guidelines, as amended from time to time shall be binding on all CSD Participants, Issuers, Transfer Agents and Account Holders.
- 2.6 The Board shall, subject to approval by the NBFIRA exercise the power to make and enforce the CSDB Rules, operational procedures and guidelines and in a manner that is consistent with applicable laws:
 - a. Issue, amend and enforce CSDB Rules that comply with Section 83 and Section 85 of the Companies Act and all relevant legislation;
 - b. Issue, amend and enforce CSDB Rules operational procedures and guidelines that are necessary for or incidental to the performance of Central Securities Depository functions and objects with respect to:
 - i. the functioning and operation of the depository system;
 - ii. the types of depository accounts and the procedure for opening, operating and closing depository accounts;
 - iii. the hardware and software required to be installed and maintained by CSD Participants, Issuers, Transfer Secretaries;
 - iv. the fees, system usage charges, deposits, margins, penalties payable to CSDB by the Participants, Issuers and Transfer Secretaries;
 - v. the procedures for dematerialization of securities;
 - vi. the conduct of business with the CSDB Participants;

- vii. the communication of information relating to transactions and holdings between the CSDB, CSD Participants, Issuers, and Transfer Secretaries;
- viii. the reconciliation of records between the CSDB and CSD Participants;
- ix. the records and books of account to be maintained by CSD Participants;
- x. the working days and hours of the Depository and the hours of business operations.

2.7 The CSDB Board may propose any new rules, amendment to the CSDB Rules or operational procedures and guidelines to CSD Participants.

- a. The CSDB may, from time to time, issue instructions and guidelines or prescribe operating procedures relating to all or part of its operations and facilities, in the form of letters, circulars or procedure manuals to Participants in order to ensure the orderly handling of functions which shall be binding on Participants.
- b. Consult with CSD Participants regarding the new rules or amendment of any CSDB Rules or operational procedures and guidelines;
- c. Allow for public comments and objections in writing within 30 (thirty) business days to the proposed amendment to any CSDB Rules or operational procedures and guidelines;
- d. Consider all comments and objections made to the proposed amendment of any CSDB Rules or operational procedures and guidelines;
 - i. Submit the new rules or amendments to CSDB Board and NBFIRA for approval.
 - ii. Processes shall be discussed and agreed by the market and shall be submitted to CEO for approval.
- e. Publish to CSD Participants and the public, the approved amendment to the rules or operational procedures and guidelines which stipulates the effective date of the amendment.

2.8 The Board shall have the authority to interpret and enforce the CSDB Rules or operational procedures and guidelines. The Board may impose a penalty or take disciplinary action as provided for in the CSDB Rules or operational procedures and guidelines against any CSD Participant for any breach of the CSDB Rules or operational procedures and guidelines.

- 2.9 In the event of a conflict between the CSDB Rules and the operational procedures and guidelines, the CSDB Rules shall prevail over the operational procedures and guidelines.
- 2.10 An Account Statement issued by the CSDB/CSD Participants shall be prima facie evidence of title to shares as noted in Section 85 of the Companies Act.
- 2.11 The main services of CSDB include but are not limited to;
- a. Recording transactions in securities in scripless form to facilitate their trading on the ATS.
 - b. Clearing of securities on account of trades carried out through the ATS.
 - c. Co-ordinating the settlement of funds between Participants through the Settlement Bank of the CSDB.
 - d. Facilitating the opening and maintenance of Securities Accounts for investors, the deposit of securities in such accounts, the Removal of dual listed securities to other markets and the transfer of securities between Securities Accounts in CSDB.
 - e. Facilitating the transfer of securities in CSDB resulting from take-overs of listed companies.
 - f. The provision of Entitlement Schedules and other reports to listed companies and NTS in respect of securities listed on the BSEL.
 - g. Maintenance of the Securities register for all listed entities.
- 2.12 This section describes the legal provisions for the establishment of the CSDB and the legal recognition of Account Holders and as shareholders of listed entities based on their shareholding in such entities. By virtue of being recognized as shareholders of listed entities, Account Holders of CSD will enjoy the privileges and be subject to the rights and responsibilities of shareholders of the entity in which they are shareholders.
- 2.13 Section 83 (8) of the Companies Act expressly permits share registers to be maintained in electronic format and Section 85 (1) provides that an entry of the name of a person in the share register shall be prima facie evidence that legal title to the share vests in that person.
- 2.14 The CSD system is an electronic share register maintained by CSDB in its capacity as transfer secretaries to listed entities as per the Securities Act. Account Holders in the CSD system will be holders of securities recorded under their names in the accounts maintained for them in the CSD system.

- 2.15 It is compulsory for shareholders to open accounts in the CSD system and dematerialise their shareholding through the process of depositing their securities in the CSD system. The share register of the listed entity would consist only of securities held in dematerialised form in the CSD system. Any shareholders of any securities wishing to purchase or sell securities on the BSEL is compelled to open an account in the CSD system. Securities transacted on the BSEL will be credited or debited to the accounts maintained by the investor.
- 2.16 In operating the CSD system, the CSDB has delegated some of the transfer secretarial's functions vested by the Securities Act to NTS's licensed by NBFIRA for this purpose. This has to be done by the CSDB through entering into Tripartite contracts with such NTSs and Issuers.
- 2.17 CSDB shall retain responsibility for the transfer of securities that takes place within the depository due to trades executed on the BSEL or at the request of investors.
- 2.18 CSDB will apply and execute any Corporate Action as announced by the Issuer.
- 2.19 These Rules govern the procedures to be applied in performing the functions relating to the CSD system and shall be binding on all parties transacting/clearing with the CSDB. Any amendments to these Rules done by the CSDB shall also be binding on all parties.
- 2.20 Matters not covered in the Rules
- a. Any matter not addressed under these Rules shall be dealt with by the CSDB Board taking-into-account the principles embodied in these Rules and the prevailing circumstances pertaining to such matter in accordance with applicable laws.
 - b. The determination of the CSDB Board shall be conclusive and be binding on all parties.
 - c. The CSDB may, at its sole discretion, in the interest of the efficient operation of the CSDB and/or in the interest of CSD Participant/s, waive the application of any CSDB Rule/s.
- 2.21 In matters pertaining to clearing and settlement of securities transactions executed on the BSEL, the CSDB Rules shall prevail over any other rules regarding clearing and settlement of securities.

SECTION 3 PARTICIPANTS

3.1 Participants may utilize the facilities and services offered by the CSDB. All transactions carried out by Account Holders, in respect of Securities Accounts, shall be through their respective Participants.

3.2 Eligibility for appointment as a CSD Participant.

The following persons shall be eligible for appointment as a CSD Participant:

- a. Brokers who are members of the BSEL
- b. Primary dealers, who are special members of the BSEL
- c. CSD Participants licensed by NBFIRA
- d. Custodian Banks
- e. Market Makers
- f. Such other categories of persons as may be determined by the CSDB

3.3 Application to be appointed as a Participant

An application to be appointed a Participant shall be submitted by the applicant to the CSDB.

3.4 Grant of Participant status:

- a. Upon receipt of the application and CSDB being satisfied of the applicant's suitability, an applicant may be granted Participant status.
- b. For purposes of determining suitability, an applicant's financial status, operational capability in terms of system capability and financial stability, experience and competence of hired personnel shall be reviewed by CSDB.
- c. The applicant should have a license from NBFIRA to operate in the securities market and should have registered with CIPA as well have an office of operation.
- d. The grant of Participant status shall be operative upon a written contract being entered into in respect thereof, between the CSDB and the Participant.
- e. Grant of Participant status shall be subject to such terms and conditions as may be determined by CSDB and will be at the absolute discretion of CSDB.
- f. Approval or rejection of applications shall be at the sole discretion of the CSDB.
- g. An applicant aggrieved by the CSDB decision may appeal to the Board in writing within 14 calendar days of receipt of the decision.

- h. In receipt of the appeal, the CSDB Board reserves the right to uphold, set aside or vary the decision of the CSDB. The CSDB Board may also order with directions that, the matter be reconsidered by CSDB.
- i. An aggrieved party has the right to appeal the decision of the CSDB Board to the Non- Bank Financial Institutions Regulatory Authority within 30 calendar days of receipt of the decision.

3.5 Instructions, guidelines and operating procedures

- a. Upon obtaining Participant status, Participants shall be bound to comply with all CSDB Rules as shall be operative at any given point in time.
- b. All transactions carried out through the CSDB shall be subject to the rules, instructions, guidelines and operating procedures prescribed by the CSDB from time to time.

3.6 Duties of a Participant

A Participant shall:

- a. perform the services of a Participant in terms of the CSDB Rules;
- b. balance and reconcile the aggregate of the Securities Accounts with the Central Securities Accounts on a daily basis;
- c. correct discrepancies which are revealed in the reconciliation of the aggregate of its Securities Accounts administered by the Participant on behalf of its clients, or by the Participant for its own account, held at the CSDB, within 2 (two) Business Days, and the Participant must make good or provide any reconciled shortfall for which there are reasonable grounds for concluding that the Participant is responsible;
- d. deposit Securities held by it for its own account and those held for or on behalf of its clients in separate Securities Depository Accounts and must ensure that Securities held for or on behalf of its clients are segregated and identifiable as belonging to that specific person;
- e. perform such other functions as CSDB and NBFIRA may direct from time-to-time.

3.7 Participant Code

For ease of identification, each Participant shall be assigned a Participant code by the CSDB which shall be used as a reference to such Participant.

3.8 Persons authorised to act on behalf of a Participant

- a. Each Participant shall nominate persons who are authorised to act on behalf of such Participant. Such nominees shall be the contact persons in so far as the CSDB is concerned and shall be deemed to have authority

to instruct the CSDB in respect of matters concerning such Participant.

- b. The CSDB shall be given written notice of any change of such nominees at least three (3) business days before the change takes effect.
- c. Each Participant shall also provide the CSDB with a list of persons authorised to act on such Participant's behalf, specifically with regard to the following:
 - i. Opening of Securities Accounts for Investors.
 - ii. Changes to information provided to the CSDB on opening or maintaining CSDB accounts.
 - iii. Any other function involving such Participant.
- d. The CSDB shall not be bound to act on any instructions given by any person, including an Account Holder, unless such instructions are in writing and signed by such authorised persons for and on behalf of the Participant.
- e. Notwithstanding point (b) above, Participants shall ensure that any change of such authorised persons shall be communicated in writing to CSDB immediately upon a decision being taken in that respect.

3.9 Reports and statements available to Participants

- a. The CSDB may furnish Participants with reports and statements as may be determined by the CSDB. All information supplied to Participants by CSDB shall be verified by each Participant.
- b. In the event that any information provided by CSDB to a Participant is found to be inaccurate or incomplete, such Participant shall, in writing, provide the correct position to the CSDB, within three (3) Business days from the date on which such information was found to be incorrect or communicated to such Participant to enable CSDB to take remedial action in that respect.
- c. If such correct position is not received by the CSDB within the prescribed time period, any information contained in any report or statement provided by the CSDB shall be deemed by the CSDB to be correct, complete and conclusive.
- d. The Participant agrees to indemnify and hold harmless the CSDB (and its directors, officers, affiliates, agents, successors and assigns) from and against any and all losses, liabilities, deficiencies, costs, damages and expenses (including, without limitation, reasonable attorney's fees, charges and disbursements) incurred by the Participant or any third party as a result of any inaccuracy in such erroneous information.
- e. The Participant agrees to indemnify and hold harmless the CSDB and its directors, officers, affiliates, agents, successors and assigns) from and against any and all losses, liabilities, deficiencies, costs, damages and

expenses (including, without limitation, reasonable attorney's fees, charges and disbursements) incurred by the Participant or any third party as a result of any inaccuracy in or breach of the representations, warranties or covenants made by the CSDB herein.

3.10 Financial responsibility of Participants

- a. Participants shall be bound to abide by standards that may be established by the CSDB from time to time, in respect of such Participants' financial obligation and responsibilities.
- b. The CSDB shall have the authority to evaluate the financial responsibility of a Participant. In considering such evaluation, the CSDB may require a Participant to furnish such information and records as may be required, in the opinion of CSDB, to demonstrate such financial responsibility. The Participant shall be bound to comply with such requirements as may be requested by the CSDB.
- c. The CSDB may suspend a Participant from using the services and facilities offered by CSDB if such Participant is, in the opinion of the CSDB, found to fall below the requisite standards of financial responsibility.
- d. Such suspension shall be operative until CSDB is satisfied that the requisite standards have been met by the Participant.
- e. The decision of CSDB to suspend a Participant, until the requisite standards of CSDB have been met by the Participant, shall be final.
- f. Financial obligations of Participants with regard to settlement are given in Sections 9 and SGF Rules.

3.11 Operational capability, experience and competence of Participants

- a. Participants shall be bound to abide by standards that may be established by CSDB from time to time, in respect of such Participants' operational capability, experience and competence.
- b. CSDB shall have the authority to evaluate the operational capability, experience and competence of any Participant. In conducting such evaluations CSDB may require a Participant to furnish such information and records as may be required, in the opinion of CSDB, to demonstrate the operational capability, experience and competence of such Participant. The Participant shall be bound to comply with such requirements.
- c. CSDB may suspend a Participant from using the services and facilities offered by CSDB if such Participant is, in the opinion of CSDB found to fall below the requisite standards of operational capability, experience and competence.
- d. If suspended such suspension shall be operative until CSDB is satisfied that the requisite standards have been met by the Participant.

- e. The decision of CSDB to suspend a Participant, until the required standards of CSDB have been met by such Participant, shall be final.

3.12 Nominated Transfer Secretaries

NTSs to whom CSDB has delegated part of its transfer secretarial functions may utilise the facilities and services offered by the CSDB. The responsibilities of the NTS consequent to the contractual agreement with CSDB will include the following:

- a. Taking-into-account the rights and obligations of holders of securities who hold securities in electronic form in the CSDB as a consequence of a deposit, transfer, purchase, sale or Removal of securities prior to executing any Corporate Action.
- b. Reconcile the share registers of entities prior to effecting any Corporate Action.
- c. Provide upload file for depositing in the system.

3.13 Eligibility for appointment as NTS

The following persons shall be eligible to be appointed as NTS by the CSDB and with respect to which the CSDB shall delegate part of its transfer secretarial functions:

- a. An entity that has been licensed by NBFIRA as an NTS.
- b. An entity which has been duly appointed by an Issuer to provide transfer secretarial services.

3.14 Appointment of NTS

- a. For purposes of determining suitability to be appointed as an NTS, the candidate's financial status, operational capability, experience and competence shall be reviewed by CSDB.
- b. The appointment of the NTS shall be operative upon a written contract being entered into by CSDB, the Issuer and the NTS.
- c. Termination of the NTS status shall be effected by the CSDB after consultation with the Issuer.

3.15 Guidelines and operating procedures

Upon obtaining NTS status, the NTS shall be bound by all CSDB Rules as shall be operative at any given point in time.

- a. CSDB may, from time to time, issue instructions and guidelines or prescribe operating procedures relating to all or part of the operations and facilities, in the form of letters, circulars or procedure manuals to the

NTS which shall be binding on NTS.

- b. All transactions carried out through the CSDB shall be subject to the rules, instructions, guidelines and operating procedures prescribed by the CSDB from time to time.

3.16 Persons authorised to act on behalf of an NTS

- a. Each NTS shall nominate persons who are authorised to act on their behalf. Such nominees shall be the contact persons in so far as the CSDB is concerned and shall be deemed to have authority to instruct the CSDB in respect of matters concerning such NTS.
- b. The CSDB shall be given written notice of any change of such nominees at least three (3) Business days before the change takes effect.
- c. Each NTS shall also provide the CSDB with a list of persons authorised to act on such NTS's behalf, specifically with regard to the following:
 - i. To authenticate and confirm the securities certificates received from Brokers on behalf of investors for dematerialization purposes;
 - ii. Any other function involving such NTS.
- d. CSDB shall not be bound to act on any instructions given by any person, including an Account Holder, unless such instructions are in writing and signed by such authorised personnel for and on behalf of the NTS.

3.17 Reports and statements provided by CSDB to NTSS

- a. CSDB may furnish the NTS with such reports and statements as may be determined by the CSDB.
- b. The NTS shall specifically check the accuracy of the transfers and Removals to and from the CSD system and continuously reconcile such information with the number of securities issued by the listed entity.
- c. In the event the information provided by the CSDB to the NTS is found to be in variance with the records of the NTS, the NTS shall provide the CSDB with a written communication of such variance within three (3) business days from the date of receipt of such report or statement.
- d. If such communication is not furnished by the NTS within the prescribed time period, the information contained in such reports or statements provided by CSDB shall be deemed by the CSDB to be correct, complete and conclusive.

- e. The NTS agrees to indemnify and hold harmless the CSDB (and its directors, officers, affiliates, agents, successors and assigns) from and against any and all losses, liabilities, deficiencies, costs, damages and expenses (including, without limitation, reasonable attorney's fees, charges and disbursements) incurred by the NTS or any third party as a result of any inaccuracy in such erroneous information.

3.18 Financial and infrastructure capability of NTS

- a. NTS shall be bound to abide by standards that may be established by the CSDB from time to time in respect of its financial and infrastructure capability.
- b. The CSDB shall have the authority to evaluate the financial and infrastructural capability of the NTS. In considering such evaluation, the CSDB may require the NTS to furnish any such information and records as may be in the opinion of CSDB, required to demonstrate its financial and infrastructure capability.
- c. The CSDB may in consultation with the listed entity suspend its agreement with the NTS if such NTS is, in the opinion of the CSDB, found to fall below the requisite standards.
- d. If the NTS is suspended such suspension shall be operative until the CSDB is satisfied that the requisite standards are met by the NTS.
- e. If the NTS fails to meet the requisite standards, the CSDB shall terminate the NTS status. The decision of the CSDB to terminate or suspend the NTS shall be final and binding on the NTS. The Issuer shall be permitted to appoint another NTS.

3.19 Operational capability, experience and competence of NTS

- a. NTS shall be bound to abide by standards that may be established by CSDB from time to time, in respect of such NTS operational capability, experience and competence.
- b. The CSDB shall have the authority to evaluate the operational capability, experience and competence of any NTS. In conducting such evaluations CSDB may require NTS to furnish such information and records as may be required, in the opinion of the CSDB, to demonstrate the operational capability, experience and competence of such NTS. The NTS shall be bound to comply with such requirements.
- c. The CSDB may suspend the NTS from using the services and facilities offered by CSDB if such NTS is, in the opinion of the CSDB, found to fall below the requisite standards of operational capability, experience and

competence or as maybe determined by NBFIRA.

- d. If suspended such suspension shall be operative until CSDB is satisfied that the requisite standards have been met by the NTS.
- e. If the NTS fails to meet the requisite standards, the CSDB shall terminate the NTS. The decision of CSDB to terminate or suspend the NTS shall be final and binding on the NTS.

3.20 Participants and NTS fees

Upon being formally admitted as a Participant, such Participant shall pay such fees, charges and expenses in respect of the services and facilities offered by CSDB as may be determined from time to time by CSDB.

SECTION 4

SECURITIES ELIGIBLE FOR CLEARING THROUGH THE CSDB

4.1 Eligible Securities

The following Securities may be transacted through the CSDB:

- a. Listed Securities.
- b. Securities which are de-listed by the BSEL pending the completion of formalities required in connection with such de-listing.
- c. Unlisted Securities seeking transfer secretarial services or for safe keeping purposes.

4.2 Security Identification Number

The CSDB shall assign a unique Security Identification Number (ISIN/FSIN) to each Security. The ISIN will conform to international standards as stipulated by the International Standards Organisation.

4.3 Acceptance/discontinuance of eligibility of Securities

The CSDB shall inform Participants and NTS the date on which a security shall become or cease to be an eligible Security.

SECTION 5

SECURITIES ACCOUNTS

5.1 Who may open Securities Accounts in CSDB

- a. Participants may open securities accounts in CSDB for all corporate bodies and natural persons, provided that in the case of the latter, minors' accounts shall be opened through a legal guardian under whom the account will operate until the minor reaches the age of 18 years.
- b. For the purpose of this rule a "corporate body" shall mean an entity or corporation duly incorporated in Botswana or elsewhere in accordance with the laws of their incorporation country or a statutory body duly incorporated under a statute/legislation.
- c. Participants shall ensure that those for whom Securities Accounts are opened have the legal capacity to contract under the laws of Botswana.
- d. Participants shall not open Securities Accounts for corporate bodies/natural persons who are prohibited to transact business under any law and/or regulations applicable in Botswana.
- e. The Participant shall ensure compliance with the requirements of the Financial Intelligence Act and Proceeds of Serious Crime Act and shall at all times check the AML/CFT sanction list as provided by the Regulators when opening client accounts.

5.2 Operation of Securities Accounts

- a. Any request to change information on Securities Accounts by an Account Holder shall be directed to CSDB through the Participant in writing. Participants shall input and authorise such information and forward to CSD for final approval, only upon being satisfied with regards to the validity and the authenticity of such requests.
- b. In the alternative the Participant may directly request the CSDB, in writing, to change information of Securities Accounts. The CSDB is deemed to assume that such instructions are accurate and that the Participant has the requisite consents and authorisations to request to change information on Securities Accounts. The CSDB shall act on such requests without making any further inquiries.
- c. The name of the Account Holder and the Securities Account number shall be indicated in the requests. The Participant shall be responsible and shall be held liable for communicating any incorrect or false information regarding changes to Securities Accounts information to the CSDB.
- d. The Participant shall check the accuracy of the edited information on the investor's account and notify the CSDB on any discrepancies within

five (5) business days. Non-confirmation by the Participant shall imply correct capturing of information by the Participant.

- e. The CSDB reserves the right to rectify any erroneous or inaccurate entry made to a Securities Account at any point in time after the detection of such error/inaccuracy.
- f. In rendering services, the CSDB shall be under no obligation to recognise any right of interest, which any person other than a Participant may have, or claim to have in relation to any matter concerning the operation of a Securities Account.
- g. When documents are returned by the CSDB to Participants without processing due to discrepancies, such documents will be returned under cover of a 'returned document advice' stating the reason/s for returning such documents.

5.3 Account Dormancy

5.3.1 Declaration of dormancy on inactive Account Holders

- a. A CSD Account Holder shall be declared inactive and hence flagged as dormant if there has not been any activity or transactions going through their trading (depo and position) accounts for a period of twenty-four (24) calendar months.
- b. Activity or Transactions shall only include those which are initiated by the Account Holder such as transfers, deposits, removals and the normal selling and buying of securities to which the account will either be debited or credited.
- c. No transactions shall be executed in an account that has been declared dormant except for those that have been initiated by the Issuers of Securities through Corporate Actions.
- d. Allowable transactions through Corporate Actions in dormant accounts shall include bonus issues, scrip dividend, splits, reverse splits, rights issues or any other form of additional issued shares. The redemption of debt instruments shall be effected automatically.
- e. Allowable transactions through Corporate Actions and redemption of debt securities shall not be deemed to lift the dormancy status of the investor's accounts.
- f. Upload of initial public offering and uploads of converted rights securities shall require the investor to re-activate their CSD account.
- g. Account statements on dormant accounts shall only be generated following uploads of corporate actions as initiated by the issuers. The dormant account shall not in any way be deemed to be activated by

generation of statements.

5.3.2 Activation of dormant CSD accounts

- a. A dormant CSD account may be re-activated by the Account Holder in line with Rules 5.1 (e) on account opening.
- b. The Account Holder who wishes to activate their dormant account shall submit a written request in the form of an affidavit or authorised instruction accompanied by KYC documents to their CSD Participant.
- c. The CSD Participant shall verify the accuracy of the KYC documents as submitted by the Account Holder and thereby submit the reactivation request to CSD for further approval.
- d. The CSD will re-activate the account upon receipt and verification of information from the client's Participant.
- e. The client Participant's shall indemnify CSDB against any liability for activation of dormant accounts as instructed by the Participant(s).

SECTION 6

SETTLEMENT OBLIGATIONS OF SELLERS/BUYERS PARTICIPANTS ON CLEARING OF SECURITIES

6.1 Settlement obligations of sellers of Securities

- a. The seller shall have a credit balance in his Securities Account in respect of the relevant Security prior to placing a sell order.
- b. All short sale transactions should be carried out in accordance with the procedure laid down in line with the SBL Rules on Section 20.4 and 20.5 and will be liable to collateral requirements as detailed in SBL Rules.

6.2 Inter-participant settlement of funds

In order to effect the inter-participant settlement of funds for trades carried out through BSEL, the CSDB shall appoint a Settlement Bank for the purpose of facilitating the inter-participant settlement of funds.

6.3 Participant in default

A fund settlement failure due to a buyer's default or any other reason will be deemed to be a breach of these rules by the Participant concerned and consequentially, the Participant will be held responsible and accountable to the CSDB for such default notwithstanding the application of Section 12 and 13 of the SGF Rules and 6.5 of these Rules.

6.4 Prior settlement of trades - early settlement

The circumstances in which the CSDB may not approve prior settlement of trades will include but not be limited to the following:

- a. The buyer or buying broker shall not be allowed to make payment for a trade before T+3 in instances where Corporate Actions are pending unless there is an agreement between the seller and the buyer, where the seller forfeits the pending Corporate Action.

6.5 Inter-participant settlement failure

- a. The exposure on the transaction value will be covered by Delivery versus Payment (DvP). In case of failure, the SGF shall be involved to cover the failed transaction. Where the SGF fall below the transaction amount a failed trade will be initiated. The change in the prices of the security pending settlement shall be covered by the compensation / penalty formula below;

Exposure on potential settlement failure by the buyer's Participant.

$$\sum_{i=1}^n \sum_{e=1}^j [(P_{ie} - P_e) * Q_{ie} + n\% Q_{ie} * (\text{higher of } P_{ie} \text{ or } P_e)] \geq 0$$

$$i=1 \quad e=1$$

Exposure on potential settlement failure by the seller's Participant on account of short sales

J

$$\sum_{e=1}^J [(P_e - P_{ie}) * Q_{ie} + n\% Q_{ie} * (\text{higher of } P_e \text{ or } P_{ie})] \geq 0$$

e=1

Where;

Pe = Marked to market Price of security e

Pie = Price paid by investor i for security e

Qie = Quantity of security e purchased by investor i pending Inter-Participant settlement

n% = Parameter for damages to the aggrieved party and any fees, commissions, charges and dues payable to CSDB, BSEL, government or any regulatory body (Global Parameter) which will be set by CSDB and communicated to Participants.

- b. The compensation parameter n% detailed in 6.5 above will be set by the CSDB and communicated to Participants. Any amendments made to the compensation parameter by the CSDB from time to time will also be communicated to the Participants.
- c. CSDB may delay settlement depending on the circumstances of each case as it may arise on the day.
- d. Nothing in the CSDB Rules shall absolve a Participant from their clearing, settlement and payment obligations to other CSD Participants and investors in the event the settlement funds/SGF are inadequate to meet the payment of failed transactions.

6.6 Trade affirmations by Participants

- a. Custodian Banks who are Participants of the CSD shall have the facility of affirming or rejecting trades carried out by or on behalf of its clients.

- b. Trade affirmation or rejection shall be carried out by Custodian Banks on or before T+2.
- c. Any dispute arising between the Broker and the Custodian Bank/account holder due to a rejection of a trade shall be resolved according to the BSEL's procedure for dispute resolution.
- d. The dispute resolution shall not in any way absolve either the Brokers or Custodians responsibility for settlement of rejected trades on T+3.

SECTION 7

DEPOSIT OF SECURITIES

7.1 The NBFIRA Directive No.1 of 2014 on Compulsory Dematerialisation;

- a. Investors wishing to subscribe for Securities during initial public offering or other subsequent offers through Corporate Actions and who do not already hold a CSD Security Account shall open a Securities Account through a CSD Participant.
- b. Allotment of Securities to investors shall be deposited in their Securities Accounts with the depository.
- c. All Securities held in certificate form shall be dematerialised and converted to electronic holding notwithstanding the time they were acquired.
- d. The Issuers of Securities shall fully indemnify the CSDB from all demands, actions and proceedings made by any depositor for any loss suffered by such depositor in respect of or arising from any error in the list of allottees provided that such error did not arise as a result of negligence on the part of CSDB.

7.2 Dematerialisation

In line with 7.1 above, the investor shall approach the CSD Participant to open an account and deposit their holdings and have them in electronic format.

7.3 Deposit of unlisted securities with the CSDB

The CSDB may admit for Securities Dematerialisation of unlisted securities. The CSD system shall keep records of book entry Securities and perform functions providing for the deposit and transfer of Securities deposited therein.

SECTION 8

REMOVAL OF SECURITIES

- 8.1 Removal of Securities shall only apply to Securities that are dual listed. Subject to the CSDB Rules, an Account Holder may remove any Securities held in his Securities Account, either in whole or in part. Any request to remove Securities shall be made through the relevant Participant through whom the Securities Account is maintained in the CSD.
- 8.2 Participants shall ensure that a request to remove Securities by an Account Holder shall contain a duly completed removal form, duly executed, endorsed and stamped as appropriate and submit the same to the CSDB for processing.
- 8.3 Removal rejection

Any Removal rejected together with the reason for the Removals rejection, shall be notified to the respective CSD Participant within two (2) business days.

SECTION 9

TRANSFER OF SECURITIES IN THE CSDB

9.1 The authority to transfer listed and unlisted (those that are housed in the CSD) Securities shall vest with the CSDB. Except as otherwise provided in the CSDB Rules, the CSDB shall only effect transfers for transactions executed through the BSEL.

9.2 Transfer of securities between Securities Accounts

CSDB shall authorise off-market transactions with no change in beneficial owner and subject to approval of no commercial bearing by NBFIRA in accordance with Financial Intelligence Act and Securities Act respectively.

a. Obligation of Participants

- i. Subject to the provisions of the CSDB Rules, an Account Holder may request any Participant, with whom the Account Holder's Securities Account is maintained, to transfer Securities held in such Securities Account to another designated Securities Account.
- ii. A Participant shall not delay or refuse to process transfers unless the Account Holder has not paid for such Securities or the Securities are held under lien for payments outstanding to the Participant or there is a security interest registered against the Securities. If there is a delay in processing such transfers for any reason, the transferor Participant shall promptly inform the Account Holder and transferee Participant, giving reasons for such delay.
- iii. If for any reason, a transfer cannot be processed by the transferor Participant through whom the Securities are held, the transferee Participant should be informed on or before two (2) Business days from the date of receipt of such request.
- iv. If the transferee Participant is not satisfied with the reasons attributed for the delay, the matter should be brought to the attention of the CSDB. The CSDB shall then consider the merits of the delay and take appropriate action at its sole discretion.
- v. The prescribed time for a transfer of Securities between Securities Accounts following verification and validation by the CSDB shall follow the settlement cycle or otherwise as advised by the Participant.

9.3 Verification

- a. In processing a transfer request made by an Account Holder, it shall be the responsibility of both the transferor and transferee Participants to check and verify the completeness and accuracy of the request.

- b. The transfer of Securities between Securities Accounts in the CSDB shall be authorised by the CSDB subject to the above procedure being followed.

9.4 Transfers in respect of off-market transactions

- a. All transfers for off market transactions shall be subject to prior approval by the CSDB. Off market transactions shall include the following;
 - i. transactions carried out in an environment that provides fair play, transparency and competitive price discovery and is similar to the trading environment provided by a stock exchange;
 - ii. a gift to an immediate family. For purposes of this section, an "immediate family", in relation to an individual, means the individual's spouse and children (including lawfully adopted children) and shall exclude companies regardless of Beneficial Ownership.
 - iii. a transaction that does not result in a change in Beneficial Ownership.
- b. All such transfers under Section 9.4(a)(i) and (ii) shall be subject to CSD transaction fee of 0.12% of the value.
- c. Transfers such as those within Section 9.4(a)(iii) above shall be subject to the CSDB transfer fees.

9.5 Documents to be submitted with transfer requests

Participants shall provide the CSDB with the following documents to process and approve the transfer of Securities;

Type of transfer	Requirements
1. Inter/intra account-Same client	(a) Duly completed CSDB5 transfer form (b) KYC documents; ID, passport, birth certificate, company registration etc (c) Letter of instruction detailing the reasons for transfer
2. Transfer/distribution of late Estate	(a) Duly completed CSDB5 Form (b) Value of securities at the time of instruction (c) KYC documents for beneficiaries (d) Court Order (e) Death certificate (f) Letter of instruction from Executor (g) Family resolution (h) Letter from Tribal Administration (i) Letter from the Master of the High Court (j) Will (k) Letter from District Commissioner (l) Any other relevant document
3. Transfer between immediate family members	(a) Duly completed CSDB5 Form (b) Value of securities at the time of instruction (c) KYC documents and proof of relation (marriage certificate, marital regime certificate, birth certificate, adoption order) (d) Letter of instruction
4. Transfer due to divorce settlement	(a) Duly completed CSDB5 Form (b) Value of securities at the time of instruction (c) Decree Absolute (d) Settlement Order (e) KYC documents
5. Transfers due from employee share participating scheme	(a) Duly completed CSDB5 transfer form (b) KYC documents; ID, passport, (c) Letter of instruction from the Issuer detailing the reasons for transfer (d) Board Resolution from the Listed Entity (e) Listing and Trading Department approval
6. Transfer due to change in local/global Custodian or Asset Manager due to loss of mandate (Transitioning)	(a) Duly completed CSDB5 Form (b) Value of securities at the time of instruction (c) Letter of instruction from old Asset Manager/client representative releasing the securities and detailing the reasons for movement (d) Acceptance letter from new Asset Manager /client representative (e) Pension Fund/client Instruction to Asset Manager.

9.6 Rejection of transfer requests

The CSDB may, at its sole discretion, reject a transfer request made by a Participant, if such request does not conform to the CSDB Rules. Any rejection together with the reason for the rejection, shall be notified to the respective CSD Participant within two (2) business days.

SECTION 10

CORPORATE ACTIONS ENTITLEMENTS

10.1 Entitlements of Account Holders in the CSDB

- a. The Transfer Secretary of the listed entity shall process entitlements of CSDB Account Holders based on information provided by the CSDB, subject to Rule 10.1 (c) hereof.
- b. For the purpose of entitlements, only those Securities registered in the names of the Account Holders as at the Record Date of entitlement will be taken-into-account i.e. transactions pending settlement will be excluded in generating the entitlement schedule.
- c. Investors are compelled to open a CSD Securities Account to benefit from the entitlement as announced by the Issuer.
- d. The NTS may, at his sole discretion and own risk, deviate from the information given by the CSDB pertaining to the address and the dividend instructions of an Account Holder who is entitled to a Corporate Action, if sufficient proof is produced by the Account Holder to the satisfaction of the NTS in writing, giving reasons for such deviation from the instructions/information given by the CSDB.

SECTION 11

DISCIPLINARY ACTIONS

11.1 Circumstances subject to disciplinary actions

The CSDB may institute disciplinary proceedings against a Participant in respect of an act of misconduct committed or reasonably believed to have been committed by it. An act of misconduct includes, but is not limited to, the following:

- a. A breach of the CSDB Rules.
- b. A failure to comply with any decision, instruction, requirement, direction or condition from the CSDB.
- c. Default of settlement of funds and/or Securities on account of short sales.
- d. Failure to maintain the SGF deposits as detailed in the SGF Rules.
- e. Errors, delays or other actions deemed to be detrimental to the operations of the CSDB and conduct which in the opinion of the CSDB is detrimental to the interests and/or reputation of the CSDB or its Participants.
- f. Provision to the CSDB of information (including information for the purpose of becoming a Participant or NTS) which is false, misleading or inaccurate.
- g. Failure to pay a fine or comply with any other disciplinary action or penalty imposed by the CSDB within the stipulated time period.

11.2 Disciplinary actions against a Participant

Without prejudice to any other right the CSDB may have, on each charge admitted by or proved against a Participant, the CSDB may impose one or more of the sanctions set out below:

- a. Terminate Participant status in the CSDB.
- b. Suspend Participant status in the CSDB.
- c. Limit the Participant's activities or access to certain services and facilities in the CSDB as may be determined by the CSDB.
- d. Impose a fine on the Participant of an amount not exceeding a sum of BWP 200, 000.00 for each offence.

- e. Report the matter to any competent authority to which the Participant is subject to.
- f. Take such other disciplinary action as the CSDB shall deem appropriate in the circumstances.

11.3 Fines for violation or non-compliance with CSDB Rules

The CSDB may impose fines not exceeding the sum of BWP 200,000.00 for each offence for violation or non-compliance of the CSDB Rules.

11.4 Suspension and termination of licenses of CSD Participants by the relevant regulator authority

- a. In the event the BoB or NBFIRA or BSEL suspends the license of a CSD Participant for a particular period, the CSDB too shall suspend CSD participation by such CSD Participant for the period determined by the regulatory authority.
- b. In the event the BoB/NBFIRA/BSEL terminates the license of a CSD Participant, the CSDB too shall terminate the CSD Participant status granted to such CSD Participant. Such termination shall be subject to the CSD Participant settling all its liabilities and obligations towards the CSDB, BSEL, Account Holders and other stakeholders, as determined by the CSDB and detailed on Section 12.
- c. In the event a Participant is being subject to an adverse finding by any competent authority wherever situated, including without limitation, any court of competent jurisdiction and/or any regulatory or self-regulatory organisation or other body exercising regulatory or disciplinary functions, then the CSDB shall, without any further inquiry, suspend or terminate the participation by such Participant in CSDB.

SECTION 12

RULES TO BE FOLLOWED IN THE EVENT A PARTICIPANT IS SUSPENDED/TERMINATED

Involuntary suspension or termination

- 12.1 The Board has the right to suspend or terminate membership of a Participant from the CSDB in the following grounds but not limited to the following:
- a. where the Participant materially fails to comply with the CSDB Rules, Directives, or any other applicable law;
 - b. where the Participant fails to make full disclosure in its application for participation to the CSD or furnishes any false or misleading information;
 - c. where the Participant has any material legal proceedings or legal judgments against it that may impact on the business of the CSDB, the Participant or the financial market as a whole;
 - d. where the Board is satisfied, on reasonable grounds, that the manner in which the Participant conducts its business is not in the best interests of the CSDB, other Participants or clients of Participants, and Issuers;
 - e. where the Participant has any insolvency proceedings lodged against it;
 - f. where the Participant has lodged an application for voluntary liquidation;
 - g. where the Participant has failed to pay any applicable fees and charges as stipulated;
- 12.2 The Participant, or its trustee, liquidator, curator, judicial manager, administrator or other lawful agent, as the case requires, shall immediately notify the Admissions and Disciplinary Committee of the CSDB, in writing, upon the happening of any of the events referred to above and shall, in addition to their obligation to transfer Securities Accounts, immediately upon termination ensure that all of its records are placed in custody as determined by the Board.
- 12.3 The Board has the power to investigate any material complaints against a Participant and may take any appropriate action, including but not limited to termination or suspension of participation.
- 12.4 The Board shall inform the Participant if it intends to suspend or terminate its participation, in writing, and give reasons for the suspension or termination, and allow the Participant a reasonable time to remedy its non-compliance or any other matter that requires rectification.

- 12.5 The Board shall notify the Participant of its termination or suspension, in writing, and give reasons for the participant's termination or suspension and the effective date of such termination or suspension.

Voluntary Termination

- 12.6 A Participant may voluntarily terminate its participation by giving the Board at least 90 days written notice of its intention to terminate participation.
- 12.7 The Board may, in its sole discretion unconditionally or provisionally accept such notice of termination. The provisional termination is granted in order to afford the Participant time to ensure that all its obligations to clients, Issuers, other Participants and the CSDB have been met and to settle all outstanding transactions. The Board will determine the period of such provisional termination and may prescribe any conditions that it considers necessary to achieve the termination.
- 12.8 The Board shall notify the Non – Bank Financial Institutions Regulatory Authority and other Participants of the intention of a Participant to voluntarily terminate its participation having received notification to that effect from a Participant and the effective date of termination.
- 12.9 Duties in the event of Participant termination or suspension:
- a. Upon termination or suspension, all the Securities Accounts of the Participant, clients, Issuers and Nominees shall be transferred to other Participants as stipulated by the clients, Issuers or Nominees in the client mandate within a period of 6 months or as directed by the Board.
 - b. This obligation to transfer the Securities shall be binding on any curator, judicial manager or liquidator.
 - c. Participants shall remain liable for all past and current obligations specifically relating to the business of the CSDB;
 - d. In the event of the Board terminating or suspending a Participant, all funds shall be deposited in a trust account held by the CSDB and distributed as required;
 - e. A Participant who has been terminated or suspended cannot use the services of the CSDB or an approved Nominee, unless it has been mandated to perform any outstanding duties by the Board; and
 - f. Any other duty that may be imposed by the Board from time to time.

12.10 Insolvency

In instances where insolvency proceedings are initiated against a Participant, the Participant shall:

- a. immediately inform the CSDB Board of such proceedings;
- b. make arrangements to transfer all Securities it administers to another Participant as indicated in the client mandate or an approved directive/instruction;
- c. Make full disclosure as to the nature and details of all such Securities, including who the Registered and Beneficial Owners are, to the CSD or other Participant; and
- d. Where insolvency proceedings are instituted against a client, the CSDB or a Participant may terminate any pending Transactions.

SECTION 13

FEES AND PENALTIES CHARGEABLE BY CSDB

- 13.1 The CSDB shall levy fees on account of services provided.
- 13.2 Such fees shall be levied from investors, NTSs, CSD Participants and listed entities.
- 13.3 Fees to be charged and any amendments thereto will be communicated to investors, NTSs, CSD Participants and listed entities from time to time.
- 13.4 All fees are payable within forty-five (45) business days from the date of invoice (due date).
- 13.5 If a CSD Participant fails to pay any outstanding fees, charges and penalties within ten (10) business days from the date of written notice of the outstanding debt, the CSDB shall forthwith suspended the Participant from the CSDB.
- 13.6 As per the provisions laid out on Section 12, the CSDB shall forthwith suspend the CSD Participant.

SECTION 14

GENERAL PROVISIONS

14.1 Acting on behalf of the CSDB

Except where it is specifically provided, the CEO of the BSEL or any other person designated by the CSDB Board of Directors from time to time, shall act on behalf of CSDB.

14.2 Forms

- a. The CSDB may, from time to time, prescribe forms or documents to be used by CSD Participants in their participation in the CSDB.
- b. Such forms and other documents shall be used in connection with any transaction or matter handled through, with or by the CSDB under or pursuant to the CSDB Rules.
- c. Any additions or changes to and elimination of any such forms and other documents may be made by the CSDB at any time and at its discretion.
- d. In addition, any information required to be delivered to the CSDB by use of any CSDB prescribed forms, may be delivered by the use of any media, such as magnetic tapes, discs, diskettes or paper, as shall be prescribed in the CSDB Rules or procedures adopted by the CSDB from time to time.

14.3 Release or disclosure of the information held by the CSDB

- a. Upon a written request by a Participant, the CSDB may release or disclose information pertaining to such Participant or Securities Accounts held by Account Holders in the CSDB through such Participant.
- b. Upon a written request being made by an Account Holder, the CSDB may release or disclose information pertaining to the Securities Account of such Account Holder in the CSDB, provided that the CSDB is satisfied with regard to the authenticity of such request. Such information will be forwarded by the CSDB to the registered address of such Account Holder.
- c. The CSDB may release or disclose information pertaining to a particular Security listed in the BSEL by a listed entity to the NTS of such listed entity.
- d. The CSDB may release or disclose any information and/or documentation pertaining to an Account Holder in the CSDB holding Securities of a listed entity, to the NTS, upon a written request being made by the NTS.
- e. The CSDB shall have the authority to release or disclose the details of any information if so required by any applicable law, decree, regulation or order

of the government of Botswana, court, tribunal or other competent authority.

- f. The CSDB shall have the authority to provide information pertaining to the settlement of funds to the Settlement Bank of CSDB, as provided in these Rules.
- g. The CSDB may, at its sole discretion, release any information pertaining to the CSDB to regulatory organisations and self-regulatory organisations, as required under the relevant statutes.
- h. Nothing, in these Rules shall prevent the CSDB from releasing the CSDB information to any other party, provided that such information shall be in a form that would prevent it from being identified as information pertaining to a particular Participant or an Account Holder in CSDB.

No act carried out or omitted to be carried out by the CSDB and/or its respective servants, and/or agents bona fide in connection with or for the purpose of these Rules shall subject the CSDB and/or its respective servants and/or agents to liability whether personally or otherwise.

14.4 Confidential Information

14.4.1 The CSDB and Participants shall keep confidential all information relating to the CSDB, a client, a Securities Account, unless the –

- a. CSDB or Participant is required to disclose the information before any court, for the purpose of any legal proceedings or by any law;
- b. CSDB or Participant has obtained the prior written consent of the owner of the information; or
- c. information is publicly available.

14.5 Risk management

14.5.1 A Participant shall –

- d. adopt and implement policies and procedures for the effective delivery of its services to the satisfaction of the CSDB;
- e. have its policies and procedures regarding services reviewed, on an annual basis, by its external auditors;
- f. Introduce sound and effective internal controls for the delivery of its services;
- g. conduct an annual internal audit review of its Securities business;

- h. submit internal audit confirmation letter reporting any material findings to the CSDB on business dealings on the CSD system;
- i. ensure daily reconciliation of client Securities Account balances and holdings;
- j. ensure Corporate Actions are executed;
- k. ensure segregation of client holdings in the CSD system;
- l. on a daily basis, report any system discrepancies on trade transactions and holdings

14.6 Complaints procedure

14.6.1 Complaints against Participant

- a. Any person may submit a complaint in writing against a Participant, officer or employee of a Participant to the Head of CSDB.
- b. The Head of CSDB shall notify the relevant Participant, in writing, of a complaint made against it and the Participant must respond, in writing, to the complaint within 10 (ten) business days of receiving such notification.
- c. The Head of CSDB shall ensure that all complaints are resolved and responded to the complainant within 30 (thirty) business days after the complaint has been received. Complaints that cannot be resolved within 30 (thirty) business days must be communicated to the complainant with regular updates regarding the progress of the investigation.
- d. Complaints that have been fully resolved must be communicated to the complainant in writing by the Head of CSDB.
- e. Head CSDB shall submit a monthly report to the Board through Head of Risk and Compliance regarding any complaints submitted against Participants and the status of the investigations.

14.6.2 Complaints against the CSDB

- a. A Participant may submit a complaint in writing against the CSDB in respect of the exercise of functions by the CSDB, Chief Executive Officer of the BSEL.
- b. The Chief Executive Officer shall ensure that all complaints submitted are resolved and responded to the complainant within 30 (thirty) business days after the complaint has been received. Complaints that

cannot be resolved within 30 business days must be communicated to the complainant with regular updates regarding the progress of the investigation.

- c. Participant that is aggrieved with the decision of the Chief Executive Officer may appeal such decision to the CSDB Board within 14 (fourteen) days of receipt of the decision.
- d. The CSDB Board shall ensure that all complaints submitted are resolved and responded to the complainant within 30 (thirty) business days after the complaint has been received. Complaints that cannot be resolved within 30 business days must be communicated to the complainant with regular updates regarding the progress of the investigation.
- e. Participant aggrieved by the decision of the CSDB Board has a right of appeal to the Non-Bank Financial Institutions Regulatory Authority within 14 (fourteen) days of receipt of the decision.

SECTION 15 PLEDGING

15.1 Pledging of Securities

- a. Investors shall be permitted to Pledge only unencumbered and free Securities in their accounts. Securities that are under BLOT sub balance cannot be pledged. Those Securities will have to settle first before they can be pledged.
- b. It is the responsibility of the Participant to verify that the Account Holder has a free balance on the Securities to be pledged and that the Securities are not earmarked for settlement nor are frozen for collateral purposes.
- c. The beneficiary of Corporate Actions for pledged securities will be the Pledgor.

15.2 Release or discharge of pledged securities

- a. The Participant shall confirm the release or discharge to the Pledgee and issue them with a copy of approval which shall also be forwarded to the Account Holder.

15.3 Pledge Invocation

- a. In the event of a default by the Pledgor, the CSD Participant shall, upon receipt of a request in writing from the Pledgee for invocation, forward the request to the CSDB to effect the invocation.

It is the responsibility of the CSD Participant to verify that the request is in compliance with the terms of the Pledge agreement.

SECTION 16

AMENDMENTS TO THESE RULES AND APPLICABLE LAW

The CSDB may from time to time amend, extend or delete the provisions of these Rules. Such amendments, extensions or deletions may be made with immediate effect or otherwise, as the CSDB shall determine. The CSDB shall notify the Participants regarding such amendments, extensions or deletions.

The CSDB Rules are to be interpreted in accordance with the Laws of Botswana.

All parties submit to the jurisdiction of the High Court of Botswana.