



A GUIDE  
TO LISTING  
ON THE  
BOTSWANA  
STOCK  
EXCHANGE

(BOTSWANA DEPOSITORY  
RECEIPTS)

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# INTRODUCING THE BSE

The Botswana Stock Exchange (BSE) is the country's national stock exchange established in 1989 and tasked with the responsibility to operate and regulate the securities market in Botswana. The BSE demutualised in August 2018, becoming a company limited by shares and is regulated by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). Its subsidiary, the Central Securities Depository of Botswana Limited (CSDB) operates as a securities settlement, clearing and depository to the BSE. The BSE provides a platform for various types of entities to raise capital from the public whilst giving the public the opportunity to invest and trade in the issued securities. At present, instruments that can be listed include Equities, Bonds, Commercial Paper, Asset Backed Securities, Special Acquisition Companies, Exchange Traded Funds, Investment Funds and Depository Receipts.

**Our strategic thrust is premised on the following:**

## Our Mission

- To Transform Botswana's economy and be the torchbearer of moving Botswana to a high income and inclusive economy.

## Our Vision

- To be Africa's Premier Capital Raising Hub.

## Our strategic pillars are:

- World class talent and a high performance culture
- Internationalization of the BSE – linking Botswana to the world
- Modernization of our technology – technology as our advantage
- Product innovation – BMX, derivatives, digital assets, etc
- A force for good – Green revolution (Net Zero Alliance, SME Fund, job creation, democratization of wealth)

## Our Values

<b>Be a Thinker</b>	Innovation
<b>Engage Boldly</b>	Assertiveness, Communication
<b>Winning Together</b>	Teamwork
<b>Act Like an Owner</b>	Commercial focus
<b>Do the Right Thing</b>	Integrity, Efficiency, Sustainability

# WHY SHOULD A COMPANY LIST?

## THE ADVANTAGES OF LISTING ON THE BSE

<b>Ability to raise to capital</b>	A listing gives a company the opportunity to raise funds from the public.
<b>Enhanced corporate governance practices</b>	Listed companies have to adhere to listings requirements on a continuing basis and these include high standards of corporate governance, disclosure of information to investors and regulators, provision of audited financial statements, etc.
<b>Enhanced credibility</b>	By virtue of being listed, a company's stakeholders such as banks, suppliers and other entities become more amicable to doing business due to good business practices.
<b>Increased public awareness</b>	Listing leads to increased corporate profile and brand visibility.
<b>Technology and infrastructure</b>	Trading of securities on the BSE is electronic and conducted through the Automated Trading System (ATS). The clearing and settlement of securities is done through the Central Securities Depository (CSD) system.
<b>Investor base</b>	Listing provides access to a diverse base of investors ranging from various institutional and retail investors, both local and international.
<b>Large pool of capital</b>	Botswana has a large pool of long-term contractual savings especially by pension funds.
<b>Internationalization</b>	The BSE continually pursues strategies to align with international best practice in the global securities and exchange industry and adapt to the evolving and fast changing global investment environment.
<b>International Affiliations</b>	<p>The BSE is affiliated with the following international institutions:</p> <ul style="list-style-type: none"><li>• Member of the World Federation of Exchanges (WFE). WFE represents 63 regulated exchanges across the world, and acts on behalf of a total of 99 organizations including affiliate members and clearing houses.</li><li>• Partner Exchange of the United Nations Sustainable Stock Exchanges (SSE) Initiative.</li><li>• Member of the African Securities Exchanges Association (ASEA).</li><li>• Member and Secretariat of the Committee of SADC Stock Exchanges (CoSSE).</li><li>• Recognized stock exchange by the United Kingdom's His Majesty's Revenue and Customs.</li><li>• Member of the Net Zero Financial Service Providers Alliance.</li></ul>

# WHY INVEST IN BOTSWANA?

## No Exchange Rate Controls

Botswana does not have restrictions on the inflow and outflow of currency and this makes the country the ideal destination to raise capital and expand to the rest of the world.

## Macro-Economic Fundamentals

Botswana has strong macroeconomic fundamentals that positively affect the economy at-large. Monetary policy in Botswana has an increasing focus on the goal of price stability and a framework for forecasting inflation, which has been stable overtime.

## Political Environment

Botswana has a stable political environment with a multi-party democratic tradition that dates back to 1966 when the country first held its general elections. The last electoral cycle was held in 2024 making Advocate Duma Gideon Boko as the 6th President of the Republic of Botswana.

## Abundant Capital

Botswana continues to benefit from a large pool of long-term savings held by pension funds, which creates strong demand for investable

**P151.3 Billion**

As at November 2024, total pension assets stood at P151.3 Billion

Botswana does not have restrictions on the inflow and outflow of currency and this makes the country the ideal destination to raise capital and expand to the rest of the world.

instruments. More recently, Bank of Botswana figures reported in **November 2024** show that total pension fund assets stood at **P151.3 billion**, with **42.6% (P64.4 billion)** invested domestically and **57.4% (P86.9 billion)** invested offshore. This analysis reinforces the view that there is significant capital seeking a pipeline of local assets, strengthening the case for companies and issuers to raise equity and debt capital through the BSE.

## Efficiency at the BSE

The BSE has a young agile team that is experienced to work with prospective issuers from the time when companies are interested to list. The BSE is always available to make presentations to prospective issuers and observes the strict timelines in engaging with companies following the submission of an application.

## Commitment to Capital Market Development

The BSE is continuously looking to develop the local capital markets by promoting initiatives and pioneering projects aimed at increasing the number of listed financial instruments, increase investor participation and ultimately improving market liquidity.

**57.4%**

Invested offshore

**42.6**

Invested domestically

The BSE is continuously looking to develop the local capital markets by promoting initiatives and pioneering projects aimed at increasing the number of listed financial instruments

# WHAT ARE BOTSWANA DEPOSITORY RECEIPTS (BDRs)?

The definition of Depository Receipts (DRs) and Global Depository Receipts (GDRs) form the foundation of the definition and understanding of Botswana Depository Receipts (BDRs).

A Depository Receipt (DR) is a financial instrument that represents underlying securities, usually shares of a foreign company traded on a local stock exchange. The word in front of Depository Receipt (DR), defines the place where the DRs are listed and traded. It is important to note that, the place the DRs are listed and traded is not the place the underlying securities are listed.

In relation to GDRs, Global means that the DR is issued into an international or global market away from the home exchange where the underlying securities are listed. It is on that international or global exchange that the GDRs are traded.

A Botswana Depository Receipt (BDR) is a financial instrument that represents underlying securities, usually shares of a foreign company. This instrument is issued by an Underlying Entity into the Botswana market, and confers ownership in a foreign company's publicly traded securities. The BDR is listed and traded on the BSE.

An Underlying Entity is the Issuer of the Underlying Securities represented by the BDRs.

**There are two (2) types of BDRs that can be issued:**

- i) **Sponsored BDRs** - These are issued with the involvement of the Underlying Entity whose shares are represented by the BDRs. For example, if Company XYZ is the Underlying Entity, Company XYZ the Issuer (Sponsor) of the BDRs;
- ii) **Unsponsored BDRs** - These are issued without the involvement and support of the Underlying Entity whose shares are represented by the BDRs. For example, if Company XYZ is the Underlying Entity, it need not be involved in (does not sponsor) the issuance of the BDRs. In this instance, an entity such as a Depository whose main function is to provide custody for investment securities, would buy shares in the public market, hold the shares in custody and then issue BDRs.

# BENEFITS OF LISTING BDRs

BDRs are beneficial to Issuers and Investors as follows:

## Benefits to Issuers

The BDRs enable Issuers to:

- Access and raise capital outside the Issuer's home market;
- Build the Issuer's visibility locally and internationally;
- Broaden and diversify Issuer shareholder base, potentially increasing liquidity;
- Positively impact local share price as a result of global demand/trading driven by BDRs;
- Facilitate strategic corporate transactions such as mergers and acquisitions through use of BDRs;
- Develop stock option plans and stock purchase plans for employees outside the Issuer's home market.

## Benefits to Investors

- BDRs offer local investors access to global investment opportunities without having to bear most of the trading and custodial costs normally associated with such cross-border transactions;
- Investors are buying shares of a foreign listed company on the BSE where they are familiar with the trading, clearing and settlement processes of the BSE and CSDB;
- BDRs provide increased diversification into non-Botswana securities without many of the obstacles investors may experience during the purchase and holding of securities outside of their local market;
- It is easy to compare BDRs to securities or similar companies trading on the BSE;
- Investors have the right to receive distributions such as dividends accruing on the underlying securities represented by the BDRs;
- Investors have the right to exercise their voting rights directly under Sponsored BDR programs.

BDRs offer local investors access to global investment opportunities without having to bear most of the trading and custodial costs normally associated with such cross-border transactions;

# CONDITIONS FOR LISTING BDRs

The listing of BDRs is provided for in the BSE Botswana Depository Receipts Listings Requirements. As the underlying securities could be shares or equity securities, reference is made to the BSE Equity Listings Requirements in terms of Chapters 1, 2, 3 and 4 as applicable. At a minimum, the Underlying Entity or Issuer must meet the following conditions:

- Be a company duly incorporated and validly established under the laws of its country of incorporation or establishment and which operates in conformity with those laws and its constitutional documents;
- Except for an overseas public sector Issuer, have its primary listing on an Exchange that is a member of, or an affiliate of, the World Federation of Exchanges (WFE) or an Exchange acceptable to the BSE;
- Be in full compliance with all the requirements of the Exchange on which it has its listings;
- Have obtained all necessary approvals or exemptions as applicable from the appropriate authorities in the country of its incorporation in accordance with relevant laws relating to the issuance of securities

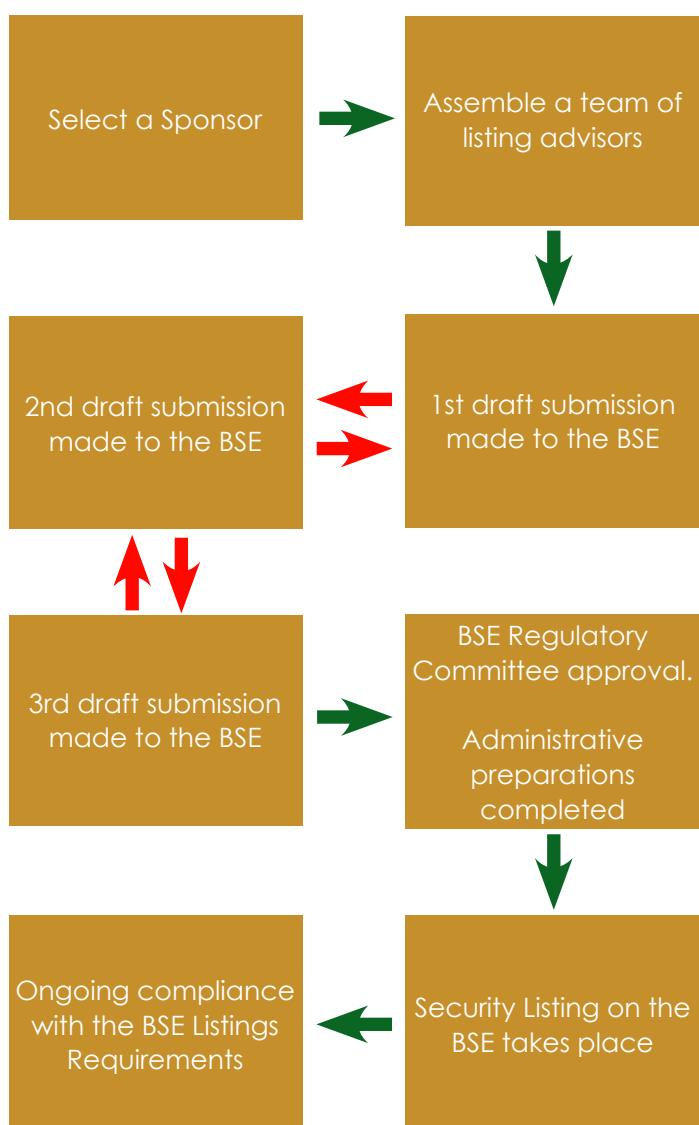
The listing of BDRs is provided for in the BSE Botswana Depository Receipts Listings Requirements.

# THE PROCESS OF LISTING BDRs

The process of listing BDRs on the BSE begins with appointing a Sponsor. All submissions and applications to the BSE for a listing are submitted through a Sponsor. The Sponsor could also assist the applicant with assembling a team of advisors who will be involved in the process of listing.

A simplified depiction of the submission and approval process is illustrated below;

## Listing Submission and Approval Process



# THE PROCESS OF LISTING BDRs

Continued

## **Step 1**

- Issuer meets with and appoints a Sponsor whose duty is to facilitate the listing process, acting as a conduit between the Issuer and the BSE.

## **Step 2**

- The Sponsor assists the issuer in appointing a team of advisors on the transaction being, lawyers, reporting accountants, auditors, corporate finance advisers etc.

## **Step 3**

- Issuer makes the first submission to the BSE, through the Sponsor.
- BSE evaluates the submission and responds within 5 working days.

## **Step 4**

- If there are amendments to be made to the first submission, the Issuer is required to re-submit the application with amendments. Again, the BSE responds within 5 working days from the date of each re-submission.
- If the Issuer applies for waivers in respect of the BSE BDRs Listings Requirements, the application and recommendation shall be made to the BSE Regulatory Committee and a response from the Committee will be provided within an additional 5 working days.
- This submission and evaluation process is repeated until the submission is compliant with the BSE BDRs Listings Requirements.

## **Step 5**

- Once the submission is fully compliant, the Issuer submits the final documents for formal consideration. BSE responds within 2 working days of the submission with a formal provisional approval to list.

## **Step 6**

- BSE Regulatory Committee's provisional approval is obtained. A provisional listing approval is a "green light" for the applicant to commence the offer process while working towards satisfying conditional requirements, if any, in order to earn a permanent listing.
- After a provisional approval of listing has been granted, the applicant can begin to undertake a series of events, such as roadshows, in preparations for the offer of the security.

## **Step 7**

- The listing takes place on the BSE and the security begins to trade on the effective listing date.

## **Step 8**

- The Issuer is required to maintain compliance with the BSE BDRs Listings Requirements on an on-going basis once listed.

# CONTINUING OBLIGATIONS

## CONTINUING OBLIGATIONS FOR SPONSORED BDRs

As a condition for maintaining a listing, the Issuer shall observe the following continuing obligations with respect to Sponsored BDRs Issues:

- The Issuer must without delay, announce any information known to the Issuer including but not limited to information which; (i) is necessary to avoid the establishment of a false market; or (ii) might reasonably be expected to materially affect market activity and the price or value of listed BDRs;
- Must ensure equitable treatment of all holders of listed BDRs in respect of, but not limited to, voting rights, pre-emptive rights and conversion rights;
- Must ensure the Depository performs the Depository's obligations under the Deposit Agreement and in accordance with the BSE BDRs Listings Requirements and that the rights of holders of the BDRs are fully recognized;
- Must notify the BSE of any modification in the rights of the listed BDRs or any underlying securities into which the BDRs are exchangeable;
- Must circulate annual reports and interim reports as well as notices of annual general meetings;
- Must ensure that all necessary facilities and information are available to enable holders of BDRs to exercise their rights;
- Any change of Depository must be published through X-News, in accordance with the BSE BDRs Listings Requirements;
- Other disclosures include: dividend announcements; changes in the terms of the BDRs or underlying securities; decisions to default payment; purchase, redemption, suspension or cancellation of the securities etc.

## CONTINUING OBLIGATIONS FOR LISTING UNSPONSORED BDRs

As a condition for maintaining a listing, the Depository shall observe the following continuing obligations with respect to Unsponsored BDR Issues:

- Shall notify the BSE of the creation of new BDRs when additional underlying securities of the same specific issue are to be deposited with the Depository;
- The Depository or the Custodian shall publish through X-News the resignation or termination of its appointment and shall give the BDR holders notice of such resignation or termination as provided by the Deposit Agreement. The replacement Depository shall satisfy the applicable conditions for listing BDRs set out in the Requirements;
- The Depository shall publish through X-News any modification in the rights of the Depository or any Underlying Securities into which the listed BDRs are exchangeable, to the extent that it becomes aware of the same;
- Shall provide a link on its website, to the investor relations section of the Underlying Entity's website.

# FEES

Fees related to initial listing, maintaining a listing and raising additional capital on the BSE are available on the BSE website ([www.bse.co.bw](http://www.bse.co.bw)) or you may contact the Listings & Trading Department via email on [listings@bse.co.bw](mailto:listings@bse.co.bw). These fees are subject to periodic review.

# BROKERS CONTACTS

Stock Broker	Telephone	Physical Address	Email
Imara Capital Securities	(+267) 318 8886 c: +267 71321421 f: +267 318 8887	Unit 1E   Ground Floor Peelo Place   Plot 54366   Western Commercial Rd   New CBD   Gaborone	icssales@imara.com
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