



A GUIDE  
TO LISTING  
ON THE  
BOTSWANA  
STOCK  
EXCHANGE

**(COMMERCIAL PAPER)**

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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

|  |  |
|--|--|
| <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 6<sup>th</sup> 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

# BENEFITS OF LISTING COMMERCIAL PAPER

Commercial paper is a form of unsecured, short-term debt that is issued at a discount from face value and paid in full at maturity. The capital raised is usually used for the financing of payroll, accounts payable and inventories, and other short-term liabilities as the maturities usually range between 30 and 365 days.

The listing of commercial paper may be either by private placement or way of offer to the public. The benefits are as follows:

- It can be issued at short-notice;
- It diversifies the funding base for an institution;
- It is an alternative to bank loans and a way to raise working capital at short-term interest rates offering competitive returns to investors in compensation for the issuer's credit risk;
- Commercial paper programmes can be arranged to provide financing for different maturities;
- For an approved programme, the issuer has the discretion to have several tranches of commercial paper with separate maturity dates or to re-open existing issues provided there is no change in the maturity date;

- Investors are inclined to invest as the yields are market-determined and often higher than instruments of similar maturities.

The below table provides a non-exhaustive list of institutions that can benefit from listing and investing in commercial paper:

| Issuers                 | Investors           |
|-------------------------|---------------------|
| Corporations            | Pension Funds       |
| State-Owned Enterprises | Asset Managers      |
| Banks                   | Insurance Companies |
| Government              | Banks               |
|                         | Individuals         |

# CONDITIONS FOR LISTING COMMERCIAL PAPER

The listing of Commercial Paper is provided for in the BSE Debt Listings Requirements. The Requirements in relation to Commercial Paper cover the following areas:

- Condition for issue of Commercial Paper;
- Tenure of Commercial Paper;
- Minimum Size, Denomination and Subscriptions;
- Underwriting and Guarantee of Commercial Paper;
- Mode of Issue;
- Procedure for Issue of Commercial Paper;
- Issue of Commercial Paper under an Approved Programme Memorandum;
- Trading and Transfer of Commercial Paper;
- Documentation Requirements for Commercial Paper Issue; and
- Duties and Obligation of the Issuer

At a minimum, the following conditions are outlined:

- Any company or body corporate can issue Commercial paper if it is duly authorised by its Constitution, or other constitutive document to issue Commercial Paper;

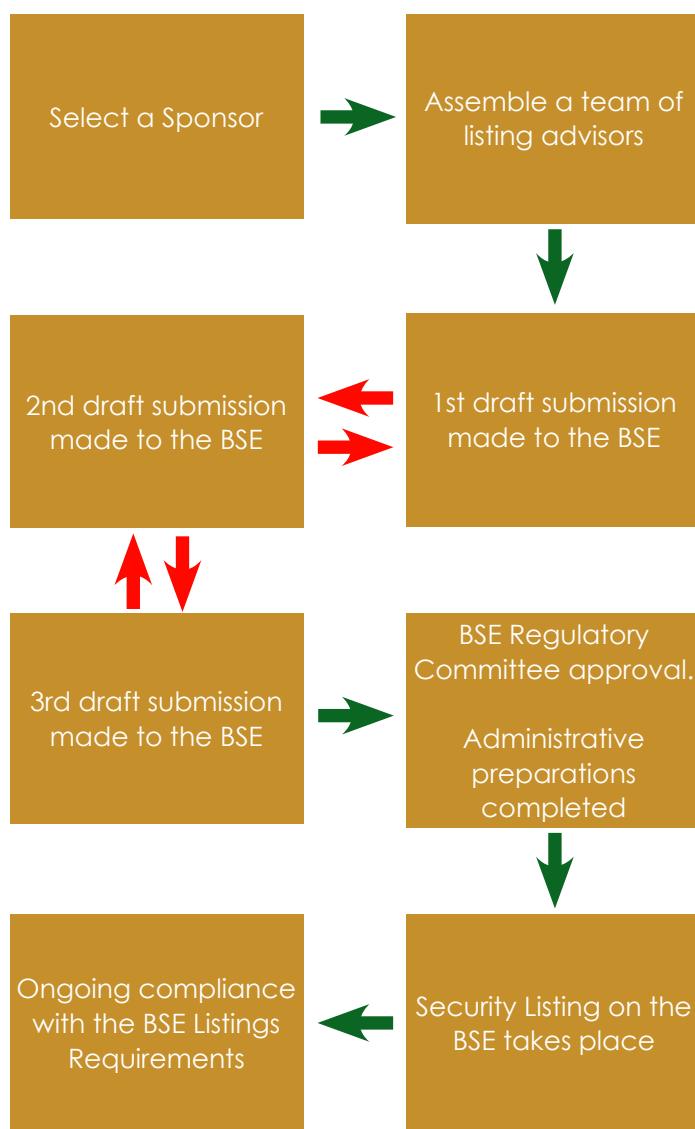
- The Commercial Paper shall be issued for tenures between minimum of 30 days and maximum of 365 days;
- In case of an approved Programme, the Issuer has the discretion to have several tranches of Commercial Paper with separate maturity dates or to re-open existing Commercial paper issues (provided there is no change in the maturity date);
- CP may be issued by way of an offer to the public and/or through private placement;
- The Commercial Paper shall be issued in minimum denomination of BWP1.00 and multiples of BWP1,000.00;
- Prepare and submit disclosure documents complying with the BSE Debt Listings Requirements;

# THE PROCESS OF LISTING COMMERCIAL PAPER ON THE BSE

The process of listing Commercial Paper 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



### 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 Debt Listing 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 Debt 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 Listings Requirements on an on-going basis once listed.

# CONTINUING OBLIGATIONS

- BSE regards the timely disclosure of relevant information as of prime importance in the operation of an efficient market. There is a general requirement to disclose to the market any information that is material. A listed entity must immediately disseminate to the market via the BSE Exchange News Services (X-News) any information that it becomes aware of, which a reasonable person would expect to have material effect on the price or value of the entity's securities. This is information which might influence investors' decisions.
- Submission of audited annual financial reports.
- Other disclosures include: changes in the terms of the securities; decisions to default payment; purchase, redemption, or cancellation of the securities etc.
- Issuers with a secondary listing of securities on the BSE should, as far as possible, ensure that the same disclosures are released, through X-News, at the same time that they are released on any other market/exchange on which the same securities are listed. If, however, such information cannot simultaneously be published through X-News because it is released on the other market/exchange outside of X-News operational hours, the company should ensure that such information is published through X-News as soon as possible but no later than the next time that trading on BSE commences.

# FEES

The BSE has formulated a fee structure for Commercial Paper that is different from the fee structure for Bonds. This is recognition of the nature of Commercial Paper in comparison to long dated fixed income instruments. These are published 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  |
|--------------------------|---|--|--|
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