Guide to listing on the BSE
Overview

This guide provides an introduction to listing on the BSE. It deals with the following topics:

Why list on the BSE? Page 1
Conditions to meet Page 3
How to list Page 4
Obligations after Listing Page 6
What happens after Listing - the market Page 7
Cost of Listing Page 8
Products and services offered by the BSE Page 10
BSE contacts Page 11

If you are considering listing, contact the BSE as early as possible and request a comprehensive Listings Requirements manual from the Listings and Trade Department.

The BSE.......

Introduction

The Botswana Stock Exchange is Botswana’s national Stock Exchange given the responsibility to operate and regulate the share market. It was formally established in 1989. The BSE continues to be pivotal to Botswana’s financial system, and in particular the capital market, as an avenue on which government and the private sector can raise debt and equity capital. The cream of Botswana’s private sector is housed within the BSE. These companies represent a spectrum of industries and commerce, from banking and financial services to wholesaling and retailing, tourism and informational technology.

The BSE is one of Africa’s best performing stock exchanges, averaging 24% aggregate return in the past decade. By market capitalisation, it is Southern Africa’s third largest Stock Exchange.
Why list on the BSE......

There are significant advantages in listing on the BSE. They are as follows:

Access to investment community

Listing provides greater access to the much needed initial and growth capital.

Listing provides access to a large equity capital market that would otherwise not be available to an unlisted entity. Access to this market enables a listed entity to extend its funding base upon which it can expand and grow the business into the future.

It can provide you with a means of increasing the number and diversity of security holders, from large institutional investors to private investors. If you want to expand, listing is a means by which you can issue additional securities to raise equity or debt finance. Alternatively, existing security holders may want to realise part of their investment by selling a portion of their existing securities in a float.

A float may be a way of offering of existing securities, securities yet to be issued, or a mixture of both. Listing can turn an illiquid investment into one that can generally be realised at any time.

Companies that are already listed with the BSE and have a track record of sound management, good profitability and share performance, have a range of equity funding options that is more extensive. Additional ordinary shares may be issued on a pro-rata rights basis to existing shareholders and issue of preference shares.

Raised Profile

It enhances your profile in the eyes of the investment community and generates awareness of your products and services.

Listing of a company raises its profile in the financial markets and in the markets for its products and services. The publicity received may benefit your business and your raised profile may increase the standing and reputation of the business within its particular industry.
It may also help you to negotiate favourable terms with suppliers, customers and financiers.

Benefits to employees

Listing is an aid into motivating your staff through the introduction of employee incentive scheme.

It gives you an opportunity to be sensitive to the welfare of your employees by sharing in your growth, and providing an incentive and reward for their performance. Such schemes are provided through issue of shares or options to your employees at discount.

Immediate Community Social responsibility

Listing provides an opportunity to empower citizens.

Being a publicly listed entity is one of the options that can give access to the Botswana citizenry a part ownership in your firm. In nature, this is citizen empowerment and well in line with government’s vision to have Botswana as a self reliant and enterprising nation.

Other Reasons

- Be associated with the cream of Botswana’s private sector. All major banks in Botswana are listed together with robust companies from retail and warehousing, tourism, property, energy and oil and foreign multinational companies such as Anglo.
- The BSE returns have averaged 24% in the last decade.
- The BSE has a strong regulatory framework that ensures markets run efficiently.
- The BSE has dedicated staff and committees that ensure strict monitoring and surveillance of operations.
- Botswana capital markets continuously perform well due to strong and consistent political governance, sound national economic management and social stability.
- The Botswana Pula is a more stable currency to the US$ than any other country’s currency currently in the region. Therefore, the erosion of value for investments made in Botswana is less than that of investments made in other countries in the region.
- Botswana has been assigned “A” credit rating by the rating
agencies of Standard and Poors and Moodys. This makes Botswana Stock Exchange a cheaper avenue for raising development capital through equity and debt issues, than all other African countries and many middle-income countries Stock Exchanges.

- There are no foreign exchange controls in Botswana and dividends/profits from investments are freely repatriable.
- No restrictions are imposed on foreign investor participation and holdings of BSE investments.

What are the disadvantages of listing?

Cost

In addition to the costs of listing, the company will have to pay an annual listing fee to maintain its listing.

Requirements

Upon listing, the company is bound to comply with the listings requirements of the BSE. These requirements impose requirements on the company beyond those required under the Botswana’s Companies Act. Complying with these requirements can be expensive in terms of cost and management time. Listed companies can be sanctioned by the BSE, if they breach the listings requirements.

Conditions to meet......

To become listed, an entity must come within one of the following admissions categories.

**BSE domestic equity market** – This is the main board.

**BSE Venture Capital market** – Dedicated to start up ventures, has less stringent requirements.

**BSE Foreign equity market** – This category is for foreign entities seeking secondary listing on the BSE.

**BSE Debt Listing** – This category is for the admission of entities seeking quotation of debt securities only.
Foreign Equity Market

Companies wishing to secondary list on this market will require BSE scrutinising their primary listing market, to determine if it is of reputable standing. Their primary listing market requirements will apply as admission conditions for this category. BSE reserves the right to accessibility to any information required, at its discretion.

How to list......

The main steps are set out in the flow chart opposite.

<table>
<thead>
<tr>
<th>Type of Condition</th>
<th>BSE Domestic Equity Market (Main Board)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>At least P1 000 000</td>
</tr>
<tr>
<td>Number of shares issued</td>
<td>At least 1 million shares</td>
</tr>
<tr>
<td>Minimal initial price</td>
<td>100 Thebe per share. i.e. P1.00</td>
</tr>
<tr>
<td>Number of public security holders</td>
<td>300 public shareholders, 25 preference shares and 10 debentures. 20% of each equity class must be held by the public.</td>
</tr>
<tr>
<td>Profit test</td>
<td>Satisfactory profit over 3 years, P1 million before tax, as per the last results reported and audited.</td>
</tr>
<tr>
<td>Financial statements</td>
<td>Last 3 financial years’ statements</td>
</tr>
<tr>
<td>Disclosure document</td>
<td>Prospectus, or a memorandum</td>
</tr>
</tbody>
</table>
Discussions with BSE

Appointment of professional advisors and decision whether to list

Preparation of prospectus or information memorandum (if required)

Application to list and payment of fee

Review of application

Conditional Listing approval

Conditions met and entity listed

Listing ceremony and start of trading
Obligations after Listing

To protect market integrity, a listed entity is required to comply with the ongoing requirements contained in the BSE Listing Rules. These are based on listing principles which include the following:

- Timely disclosure which may affect security values, or investment decisions, and information in which security holders, investors and BSE have a legitimate interest.
- Practices must be adopted and pursued which protect the interests of security holders, including ownership interests and the right to vote.
- Security holders must be consulted on matters of significance.
- Market transactions must be commercially certain.

Keeping the market informed

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 give the BSE 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 information might reasonably influence investment decisions.

Reporting obligations

A listed entity is required to provide the BSE with regular reports. This includes annual reports, half yearly reports, quarterly dividend payments to shareholders and other significant information that is material, such as cash flow statements.

Other requirements

There are other requirements apart from disclosure rules such as voting issues and transfers of securities and transactions.
What happens after listing – the Market........

The BSE is a forum where over 32 securities are bought and sold. To trade on the BSE, investors place buy or sell orders with a broker who executes their order through BSE’s markets, twice daily on the trading floor. Settlement takes place on the fifth day after the trade (T+5).

The following flowchart set out a typical BSE market transaction.

**Trade**
- Buyer instructs broker to buy securities
- Seller instructs broker to sell shares
- Broker takes the buy order to the BSE market
- Broker takes the sell order to the BSE market
- Broker confirms executed order with buyer
- Broker confirms executed order to the seller
- Buyer pays broker
- Seller provides holder details of securities to the broker

**Settlement**
- Securities transferred from selling broker to buying broker
- Share transfer secretaries amend ownership details and issue holding statements to buyer and seller
The costs involved in listing will vary across entities and will be influenced by factors such as the complexity and size of the capital raising, the number of advisors involved and the extent of marketing.

Examples of the sorts of costs likely to be incurred are fees charged by underwriters, lawyers, accountants and other experts, advertising, marketing costs, printing fees, share registry expenses and BSE fees.

BSE Fees

The following provides a summary of the types of fees charged by the BSE for entities admitted in their markets. Government of Botswana Debt listings should discuss the fees that apply with the BSE.

Initial Listing fees

Equities:

The issuer value will pay 0.025% in nominal value in Pula of each class, provided the total amount will not be less than P25 000 and not exceed P100 000.

Dual listings pay an original fee of P25 000 or such amount not exceeding P100 000 as the BSE Committee may fix in respect of each class of security quoted.

Fixed Interest (Bonds):

Nominal Value in Pula is 0.01%. Subject to a minimum of P25 000 and a maximum fee of P50 000.

Annual Sustaining fee

Equities:

0.025%, subject to a minimum and maximum of P25 000 and P100 000 respectively.

Fixed Interest (Bonds):

0.010%, subject to a minimum and maximum of P25 000 and P50 000. This applies to commercial paper as well.
Annual Review fees

These are at P3 000.

Subsequent fees

If you issue further securities after listing, subsequent fees are payable for their quotation. Subject to a minimum of P5 000 and P25 000 maximum fee.

Documentation fees

Payable in addition to listings fees.

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee (Pula)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescribed Inspection Fee</td>
<td></td>
</tr>
<tr>
<td>Article of Association</td>
<td></td>
</tr>
<tr>
<td>Minor amendments</td>
<td>1 000</td>
</tr>
<tr>
<td>Deponent Trust Deed</td>
<td></td>
</tr>
<tr>
<td>Per trust deed</td>
<td>2 500</td>
</tr>
<tr>
<td>Re-examination fee per deed</td>
<td>1 000</td>
</tr>
<tr>
<td>Minor amendments</td>
<td>1 000</td>
</tr>
<tr>
<td>Share incentive/option scheme</td>
<td></td>
</tr>
<tr>
<td>Salient features circular</td>
<td>5 000</td>
</tr>
<tr>
<td>Re-examination fee per deed</td>
<td>1 000</td>
</tr>
<tr>
<td>Minor amendments</td>
<td>1 000</td>
</tr>
<tr>
<td>Rights offers and claw back offers</td>
<td></td>
</tr>
<tr>
<td>Includes circular or prelisting statement</td>
<td>1 000</td>
</tr>
<tr>
<td>letter of allocation and underwriting agreement</td>
<td></td>
</tr>
<tr>
<td>Company reconstruction</td>
<td>2 500</td>
</tr>
<tr>
<td>Acquisition/disposal</td>
<td>5 000</td>
</tr>
<tr>
<td>Capital structure</td>
<td>5 000</td>
</tr>
<tr>
<td>Issue for cash</td>
<td>Min 5 000</td>
</tr>
<tr>
<td>Odd lot offer</td>
<td>Min 5 000</td>
</tr>
</tbody>
</table>
GUIDE TO LISTING ON THE BSE

<table>
<thead>
<tr>
<th>Prescribed inspection fee</th>
<th>Pula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidation/sub division</td>
<td>5 000</td>
</tr>
<tr>
<td>Change of name</td>
<td>2 500</td>
</tr>
<tr>
<td>Capitalisation issues</td>
<td>Min 5 000</td>
</tr>
<tr>
<td>Circular</td>
<td>Min 5 000</td>
</tr>
<tr>
<td>Circular (fractional entitlement)</td>
<td>Min 5 000</td>
</tr>
</tbody>
</table>

Other discretionary fees
- Inspection fee
- Indirect taxes
- Non-payment of fees

Products and services offered by the BSE......

BSE website

www.bse.co.bw offers a wealth of information to entities and investors. The site includes information about listed entities, upcoming floats, delayed share prices, and BSE products and services. Listed entities can get greater exposure to the investment community by asking BSE to provide a link from the BSE site to their own internet site.

BSE investor education

BSE also runs educational courses, lectures and other activities for investors with varying levels of experience. Topics covered start from the basics of share investment to constructing and developing a portfolio. In addition, arrangements can be made for courses to be conducted for a specific purpose – eg. for the benefit of employees of an entity introducing an employee incentive scheme. Ask your Companies Advisor to put you in touch with the Business Development Manager who is in charge of Investor Relations and Education in the BSE.
BSE market data

BSE provides daily market reports at the end of each working day (4.00pm). This contains the following:

- Daily trade activity, quote and index data (DCI, FCI, ACI)
- Market capitalisation
- News such as financial reports, announcements

The BSE also releases press announcements that are material to the investment community, and has regular commentary on economic issues in Botswana.

BSE Contacts……

Botswana Stock Exchange
Unit 11, Kgale Mews
Millennium Office Park
P/Bag 00417
Gaborone
   Phone: 3180201
   Fax: 3180175

Listings and Trade Manager
Unit 11, Kgale Mews
Millennium Office Park
Gaborone
   Phone: 3180201
   Fax: 3180175
   Email: gbakwena@bse.co.bw

Business Development Manager
Unit 11, Kgale Mews
Millennium Office Park
Gaborone
   Phone: 3180201
   Fax: 3180175
   Cell:71317397
   Email: bseretse@bse.co.bw

General Enquiries
If you would like more information about the BSE or listed entities or have general enquiries, please contact BSE on 3180201or info@bse.co.bw
With the right choice, nothing is out.
corporate finance business partner, out of reach.

You need a partner for growth, a global powerhouse of knowledge and experience, to get your business where you want it to be.

Contact our Botswana office, on 3974078.