



SUMMARY OF MAJOR CHANGES TO THE BSE LISTINGS REQUIREMENTS



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The New Equity Listings Requirements

- Rules governing listing process
- Continuing obligations for listed Companies
- The Current Listings Requirements introduced in 1999 after major review process
- The newly approved Equity Listings Requirements see transformation from Requirements covering all Asset Classes to those specific to each type of security e.g. recently approved Equities, Bonds, ETFs etc.

Application of the Equity Listings Requirements

- Applicable to equities and equity related securities listed on the BSE only.
- Pending the approval of the standalone rules being drafted, the current Listings Requirements apply with respect to the following securities;
 - (i) Special types of Issues (including bonds)
 - (ii) Investment Entities and
 - (iii) Exchange Traded Funds,

Highlighting Key Changes

Competent Authority

- The Main Committee has delegated its authority, inter alia, to review all matters relating to the listings requirements such as decisions on continuing obligations or interpretation of the requirements, authority to examine and approve all applications for listing and supporting documentation, Subject to certain conditions, to the **BSE Listings & Trading Executive Committee**, Chaired by the Chief Executive Officer of the BSE.
- The BSE Listings & Trading ExCo shall refer any application that requires special dispensation or waiver and appeals to the **Listings & Trading sub-Committee**

Highlighting Key Changes

Directors and Senior Management Direct Undertakings to BSE

- The applicant's Audit Committee to satisfy itself of the appropriateness of the expertise and experience of the Finance Director or Chief Financial Officer.
- Directors of an applicant shall individually undertake to the BSE that they have exercised their fiduciary duties and that they will honour their responsibility for the applicant's compliance with the listings requirements.

Highlighting Key Changes

Main Board

- 75% of shares owned by Promoter locked in for 2 years
- Trading in 33.3 % of the locked holding permitted after 12months
- Minimum subscribed capital of P5, 000,000
- 3 year profit forecast required if profit track record inadequate
- Minimum of 300 shareholders
- 30% to be held by public shareholders

Venture Capital Board

- 75% of shares owned by Promoter locked in for 2 years
- Minimum subscribed capital of P2, 500,000
- 3 year profit forecast required
- Minimum of 100 shareholders
- 10% to be held by public shareholders
- Evidence that directors and senior managers have successful track records

Highlighting Key Changes

Tshipidi SME Board

- New Capital Raising Platform for SMEs
- BSE Tshipidi SME Board (TSME) Listings Panel: a panel of industry experts established by the BSE to make independent recommendation to the BSE, on whether or not applicants to the TSME can be listed
- 75% of shares owned by Promoter locked in for 5 years
- Minimum subscribed capital of P500,000
- 3 year profit forecast and Business Plan
- Minimum of 5 shareholders
- 5% to be held by public shareholders
- Evidence that directors and senior managers have successful track records
- Nominated Adviser (NOMAD) a key part of application to list and must be retained for the observation period
- Directors of companies applying to list on the TSME Board must attend An Induction Workshop

Highlighting Key Changes

Specific Acquisition Companies (SAC)

- SAC a special purpose vehicle incorporated for raising capital
- Capital earmarked for acquisition of specific assets
- Once acquisition complete, Company must be listed on any of 3 Boards
- Investors must be refunded if acquisition is not completed within 24 months
- Promoter(s) must have subscribed for shares in the applicant of at least a 5%
- All shares owned by Promoter(s) locked in for 2 years
- Must satisfy the BSE that it has sufficient and satisfactory management experience in the type of Specific Assets in which acquisitions are proposed

Dual Listing

- Precondition to make an offer for sale or subscription of shares to the public of a size to be determined in consultation with the BSE (based on demand for the said company's shares).
- Appoint a market maker in Botswana.

Fast-track Listing

- Secondary listings on Main and Venture Boards can be fast tracked
- Only applicants listed on a Recognised Exchange(RE) for 18 months or more
- Disclosure Documents published at the RE recognized by BSE for the listing

Highlighting Key Changes

Market Maker Compulsory for Introductions

- Except for those companies applying to list on the TSME Board, an introduction shall be permitted only if the applicant company appoints a market maker to facilitate the trading of its shares on the BSE.

Mergers and Acquisitions

- Botswana has no Mergers and Acquisitions Code yet
- BSE requesting NBFIRA to address this
- South African law in this regard applied to BSE listed entities
- Inadequate as unlisted entities and public not held to fair practices

Underwriting

- BSE accepts irrevocable letters of undertaking in lieu of underwriting
- Partial underwriting may also be considered

Highlighting Key Changes

Directors' KYC Documents

- Onboarding conducted in accordance with the NBFIRA and FIA requirements
- The director's personal declaration (Appendix4A) which is to be completed by each Director of a listed company and submitted to the BSE subsequent to any material change or every five (5) years.

Questionnaire tests Experience and Integrity among others

- Ever been disqualified by a court from acting as a director of a Company;
- Ever been convicted of any offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- Any company ever been put into liquidation or been placed under business rescue proceedings or had an administrator or other executor appointed during the period when you were (or within the preceding 12 months had been) one of its directors, or alternate directors or equivalent position
- Ever been adjudged bankrupt or sequestrated in any jurisdiction

Highlighting Key Changes

Continuing Obligations

- Entities now required to permanently have appointed a **Sponsor**, and/or **Sponsoring Broker** as per Chapter 12
- Listed entities not required to send hard copies of the documents to be distributed provided that shareholders have elected not to receive such hard copies
- Cautionary Announcements relating to Profit Warnings must now include more Information, including, for an example a range of expected results.
- Written Audit and Review opinions must be published on X-news
- When declaring a dividend, the company must submit to the BSE a declaration by the board of directors that the company has passed the solvency and liquidity test
- As far as waiving of pre-emptive rights is concerned, special resolution defined as 90% if public float is below 30% and 75% if at or above 30%
- Dealing in listed securities by key persons now has to be published on X-News and DMR

King III Code of Corporate Governance

- Now a listing Requirement
- Apply or Explain basis

Highlighting Key Changes

Transactions

- Category 3 - a transaction where any percentage ratio is greater or equal to 5% and less than 10%;
- Category 2 - a transaction where any percentage ratio is 10% or more but each is less than 40%;
- Category 1 - a transaction where any percentage ratio is 40% or more.

Transactions with related parties

- Less strenuous since “Small” Related Party Transactions introduced
- Instead of Shareholder approval, only the Audit Committee reviews and recommends to Board for approval.

Highlighting Key Changes

Mineral Companies

- BSE Accepted Mining Codes: the South African (SAMCODEs), Australian (JORC), Canadian (NI 43-101) National Mineral Codes as well as the Petroleum Resources Management System (SPE-PRMS) for oil and gas exploration and mining companies

Readers Panel

- BSE will refer all Competent Person's Reports to the Readers Panel for approval based on compliance with the relevant mining code

Mining Company Quarterly Cash flow Update

- Quarterly cash position updates in accordance with international practice

Highlighting Key Changes

Registered Advisers

- Sponsors
- Sponsoring Brokers
- Legal Advisers
- Corporate Finance Advisors
- Property Valuers

Highlighting Key Changes

Sanctions

- Default Board for failure to publish financial statements or upon receipt of a qualified audit opinion by any issuer whose securities are listed on the BSE
- Daily P500 fine whilst on Default Board
- Maximum fine increased to P150,000
- Detailed Procedure for Forced Termination of listings including delisting orders, referral to NBFIRA, Ban on seeking listings for 10 years
- Detailed Procedure for voluntary Termination of listings including buy out offer

Implementing the Equity Listings Requirements

- The New Requirements will become effective on **01 January 2019**.

BSE Equity Listings Requirements Implementation Plan	
Activity	Effective Date
Equity Listings Requirements Workshop	18 October 2018
Formal constitution of Panels	31 October 2018
Closing date - Registration of Advisers	9 November 2018
Formal Listing of Registered Advisers	27 November 2018
Go Live	1 January 2019
Deadline for compliance with new Free Float requirements	31 December 2019

Contact Us

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THANK YOU!
Questions and Answer Session